Standard Chartered PLC
4Q'22 and FY'22 Results

16 February 2023

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Table of contents

Performance highlights	1
Statement of results	3
Group Chairman's statement	4
Group Chief Executive's review	7
Group Chief Financial Officer's review	10
Supplementary financial information	20
Underlying versus statutory results reconciliations	41
Risk overview	46
Risk review	59
Capital review	64
Financial statements	70
Other supplementary financial information	75
Shareholder information	82

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. All disclosures in the Strategic report, Directors' report, Risk review and Capital review and Supplementary information are unaudited unless otherwise stated. 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 – full-year and fourth quarter 2022 results

All figures are presented on an underlying basis and comparisons are made to 2021 on a reported currency basis, unless otherwise stated. A reconciliation of restructuring and other items excluded from underlying results is set on pages 41-45.

Bill Winters, Group Chief Executive, said:

" We have delivered a strong set of results in the fourth quarter and for the full-year 2022, with both income and profit before tax up 15%, and a return on tangible equity of 8.0%, up 120bps on 2021. We are also announcing a new $1bn share buy-back, and a final dividend of 14 cents per share, taking total shareholder distributions announced since the start of 2022 to $2.8bn, more than half the three year $5bn target we set ourselves by 2024. We continue to make significant progress against the five strategic actions outlined last year, and we remain confident in the delivery of our financial targets. We are upgrading our expectations, and are now targeting a return on tangible equity approaching 10% in 2023, to exceed 11% in 2024, and to continue to grow thereafter".

Update on strategic actions (FY'22 unless otherwise stated)

- **CCIB: drive improved returns:** Income RoRWA of 6.5%, up 160bps year-on-year (YoY); $14bn of RWA optimisation initiatives executed in 2022
- **CPBB: transform profitability:** Cost-to-income ratio improved by 5%pts to 69% in 2022; $0.2bn of gross expense savings in 2022
- **Seize China opportunity:** China on-shore income up 10% YoY; off-shore income up 21% YoY
- **Cost discipline to create operational leverage:** $0.4bn of gross structural cost savings delivered in 2022, well on-track to deliver $1.3bn by 2024; Cost-to-income ratio improved by 4%pts to 66% in 2022
- **Substantial shareholder distributions:** $2.8bn of total shareholder distributions announced since the start of 2022

Other highlights

- **Ventures:** >450k new accounts opened since launching Trust Bank, the Singapore digital bank, in September 2022
- **Sustainability:** Sustainable Finance income $0.5bn, up 41% YoY; mobilised $48bn in sustainable finance over the last 21 months

Selected information concerning FY'22 financial performance

- **Return on tangible equity** of 8.0%, up 120bps year-on-year
- **Income** up 10% to $16.3bn, up 15% excluding the debit valuation adjustment (DVA) and at constant currency (ccy)
  - Net interest income up 18% at ccy, representing around half of total income growth
  - Record Financial Markets up 21% excluding DVA at ccy
  - Wealth Management down 17% at ccy, from risk-averse customer sentiment and the impact of COVID-19 restrictions
  - Net interest margin (NIM) up 20bps YoY to 1.41%, rising interest rates partially offset by hedges and product mix change
- **Expenses** increased 4% YoY to $10.6bn, or up 9% at ccy
  - Up 7% excluding increase in performance related pay accruals, primarily due to inflation and increased investment spend
  - Positive 6% income-to-cost jaws excluding DVA and UK bank levy at ccy
- **Credit impairment** charge of $838m, up $575m YoY
  - China commercial real estate (CRE) exposures: $582m charge
  - Sovereign downgrades relating to Pakistan, Ghana and Sri Lanka: $283m charge
  - Management overlay now $210m; COVID-19 overlay down $228m to $21m and China CRE overlay up $78m to $173m
  - High-risk assets of $9.9bn, down $0.8bn since 31.12.21
  - Loan loss rate of 21bps (FY'21: 7bps)
- **Underlying profit before tax** of $4.8bn, up 15% at ccy
- **Restructuring and Other items** includes $308m of impairment relating to the investment in China Bohai Bank (and retrospectively reclassified $300m charge taken in 2021 into Restructuring and Other Items)
- **Tax** charge of $1.4bn: underlying effective tax rate of 29.6% up 2.9%pts
- The Group's **balance sheet** remains strong, liquid and well diversified
  - Customer loans and advances up $12bn or 4% since 31.12.21; up 3% on an underlying basis
  - Advances-to-deposit ratio 57.4% (31.12.21: 59.1%); liquidity coverage ratio 147% (31.12.21:143%)

Standard Chartered PLC – full-year and fourth quarter 2022 results

- **Risk-weighted assets (RWA)** of $245bn, down 10% or $27bn since 31.12.21
  - Credit risk RWA down $23bn, including $25bn decrease from RWA optimisation and efficiency actions, $10bn FX, offset by $7bn regulatory changes
  - Market risk RWA down $4bn and no change to Operational risk RWA broadly flat
- The Group remains strongly capitalised
  - **CET 1 ratio** 14.0%, at the top of the 13-14% target range (31.12.21: 14.1%)
  - Proposed final **dividend** of $405m or 14c per share will result in a full-year dividend of $523m or 18c, up 50%
  - $1bn **share buy-back** starting imminently is expected to reduce the CET1 ratio by approximately 40bps
- **Underlying Earnings per share** increased 15.3 cents or 18% to 101.1 cents

Selected information concerning 4Q'22 financial performance

- **Income** up 12% to $3.7bn, up 26% excluding DVA and at ccy
  - Net interest income up 28% at ccy
  - Record Financial Markets up 33% excluding DVA and at ccy
  - Wealth Management down 19% at ccy
  - NIM up 15bps QoQ to 1.58%, rising interest rates, trading book funding adjustment,s partially offset by hedges and product mix change and deposit passthrough
- **Expenses** increased 4% YoY to $2.7bn, or up 14% at ccy
  - Up 8% at ccy excluding increase in performance-related pay accruals, primarily due to inflation and increased investment spend
  - Positive 12% income-to-cost jaws excluding DVA and UK bank levy at ccy
- **Credit impairment** charge of $344m, up $141m QoQ
  - China CRE exposures: $163m charge; Sovereign downgrades: $109m charge
- **Underlying profit before tax** of $0.5bn, up 17% at ccy

Outlook

Our performance has been strong, and the pace of economic recovery in many of our footprint markets is encouraging.

Whilst recessionary and inflationary pressures will continue to impact many parts of the world, particularly in the first half of 2023, we expect most of the markets in which we operate to continue their recent momentum with GDP growth in the Asian economies at above 5% over the next two years being pivotal to progressive global recovery.

The recent opening-up of China and the generally receding impacts of COVID-19 should help in that regard albeit we will continue to monitor closely the sovereign risks in markets that are most exposed to tightening liquidity.

Overall, the markets in which we operate, the further benefits of rising interest rates and the evidential improvement in many of our operating metrics cause us to be optimistic about the period ahead. For 2023 and 2024 our expectations are now:

- Income to grow in the 8-10% range excluding DVA and at ccy
- Full year average NIM of around 175bps in 2023 and above 180bps in 2024
- Asset and RWA growth in the low single digit percentage range
- Around 3% positive income-to-cost jaws in 2023 and in 2024, excluding DVA and UK bank levy at ccy
- Credit impairment to continue to normalise towards the historic through the cycle loan-loss rate range of 30-35bps
- To operate dynamically within the full 13-14% CET1 target range
- RoTE to be approaching 10% in 2023
- RoTE to exceed 11% in 2024, with further growth thereafter

Statement of results

	2022 $million	2021 $million	Change[1] %
Underlying performance			
Operating income	16,255	14,713	10
Operating expenses	(10,743)	(10,375)	(4)
Credit impairment	(838)	(263)	nm[6]
Other impairment	(79)	(55)	(44)
Profit from associates and joint ventures	167	176	(5)
Profit before taxation	4,762	4,196	13
Profit attributable to ordinary shareholders[2]	2,999	2,667	12
Return on ordinary shareholders' tangible equity (%)	8.0	6.8	120bps
Cost-to-income ratio (%)	65.5	69.8	430bps
Statutory performance			
Operating income	16,318	14,701	11
Operating expenses	(10,913)	(10,924)	-
Credit impairment	(836)	(254)	nm[6]
Goodwill and other impairment	(439)	(372)	(18)
Profit from associates and joint ventures	156	196	(20)
Profit before taxation	4,286	3,347	28
Taxation	(1,384)	(1,034)	(34)
Profit for the period	2,902	2,313	25
Profit attributable to parent company shareholders	2,948	2,315	27
Profit attributable to ordinary shareholders[2]	2,547	1,905	34
Return on ordinary shareholders' tangible equity (%)	6.8	4.8	200bps
Cost-to-income ratio (%)	66.9	74.3	740bps
Net interest margin (%) (adjusted)	1.41	1.21	20bps
Balance sheet and capital			
Total assets	819,922	827,818	(1)
Total equity	50,016	52,636	(5)
Average tangible equity attributable to ordinary shareholders[2]	37,186	39,671	(6)
Loans and advances to customers	310,647	298,468	4
Customer accounts	461,677	474,570	(3)
Risk-weighted assets	244,711	271,233	(10)
Total capital	53,151	57,644	(8)
Total capital ratio (%)	21.7	21.3	40bps
Common Equity Tier 1	34,157	38,362	(11)
Common Equity Tier 1 ratio (%)	14.0	14.1	(19)bps
Advances-to-deposits ratio (%)[3]	57.4	59.1	(170)bps
Liquidity coverage ratio (%)	147.0	143.0	400bps
Leverage ratio (%)	4.8	4.9	(10)bps

	Cents	Cents	Change[1]
Information per ordinary share			
Earnings per share – underlying[4]	101.1	85.8	15.3
– statutory[4]	85.9	61.3	24.6
Net asset value per share[5]	1,453	1,456	(3)
Tangible net asset value per share[5]	1,249	1,277	(28)
Number of ordinary shares at period end (millions)	2,867	3,057	(6)

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

Group Chairman's statement

Delivering growth opportunities in our dynamic markets

In 2022, Standard Chartered continued to make good progress executing its strategy and delivered a strong financial performance. The external environment we faced was mixed. The war in Ukraine created significant uncertainty in Europe and other key markets. However, the global economy remained resilient, with the recent relaxation of COVID-19 restrictions in China providing more grounds for optimism in 2023.

As these events unfold, it is clear that Standard Chartered's role – connecting high-growth and emerging markets in Asia, Africa and the Middle East with each other, and with Europe and the Americas – is more vital than ever. Our financial performance, and the resiliency of our unique geographic footprint, mean that we are well-positioned to capitalise on opportunities for growth in the years ahead.

Our performance in 2022 is due in large part to the incredible work of over 83,000 people across the world, supported by the Management Team, and led by Group Chief Executive Bill Winters. Every day, Standard Chartered colleagues deliver first-rate results for our clients, providing tailored products and services to help them grasp the opportunities ahead.

Anchored in our Purpose, we continue to drive commerce and prosperity in markets across the world through our unique diversity. I am extremely proud of what we have achieved together in 2022, and I look forward to the opportunities that 2023 will bring.

Continued financial momentum

We continue to deliver an improving financial performance. Bill Winters, and Andy Halford, our Group Chief Financial Officer, will provide more detail on our financial results in the following pages.

Last year, our income grew by 15 per cent to $16.3 billion, our highest since 2014, and underlying profit before tax increased by 15 per cent to $4.8 billion. It is clear that our strategy to drive improved levels of return on tangible equity (RoTE) is working. RoTE for the year increased to 8 per cent, 120 basis points higher year-on-year. We have revised our target RoTE for 2024 from 10 per cent to exceed 11 per cent, with further growth thereafter.

The Group maintained a robust liquidity position and our capital levels remain strong, with a Common Equity Tier 1 (CET1) ratio of 14 per cent at year end, at the top of our target range of 13-14 per cent. Our asset quality and earnings trajectories are strong, which gives us confidence that we can deliver substantial shareholder returns of at least $5 billion by the end of 2024, as set out last year.

The Board is very clear that any capital not required for growth will be distributed to shareholders. We have increased the total dividend by 50 per cent to 18 cents per share and have announced a new share buy-back of $1 billion, starting imminently. This will take total capital, including dividends, announced since the start of 2022, to $2.8 billion, which is well over halfway towards our target.

Ambition and progress on our strategic priorities

Our strategy, outlined in 2021, aligns us with the major engines of global growth and we see strong progress across our four strategic priorities: Network, Affluent, Mass Retail and Sustainability.

Our Network business continues to facilitate investment, trade and capital flows across our geographic footprint, where we are one of the leading international wholesale banks. Our Affluent business is setting the standard for wealth management across Asia, Africa and the Middle East. We are providing new digital solutions, strategic partnerships and advanced analytics to our Mass Retail clients, lifting participation and generating Affluent clients of the future. And we continue to focus on our Sustainability agenda that supports a just transition ensuring that we are making a difference where it matters most. The additional strategic actions we are targeting to accelerate our performance are outlined in Bill's report and I am pleased to say that we are executing against these at pace.

Our strategy is underpinned by our Stands, the areas where we have set long-term ambitions for impact in the markets we call home: Accelerating Zero, Resetting Globalisation and Lifting Participation.

Through Accelerating Zero, we are progressing on our commitment to be net zero in our financed emissions by 2050, supporting a just transition – one where climate objectives are met without depriving emerging markets of their opportunity to grow and prosper – which will underpin future social and economic prosperity. Our 2050 Net Zero roadmap was endorsed by our shareholders at our 2022 Annual General Meeting, following extensive engagement with shareholders, clients and NGOs. During 2022 we facilitated $23.4 billion of sustainable finance, as we make progress towards our 2030 target of mobilising $300 billion in sustainable finance.

Through Resetting Globalisation we are leveraging our network and role as one of the world's largest trade banks, to create a fairer and more inclusive model of global growth, and building more resiliency in global supply chains through international diversification and digital technologies. We are also helping to address funding gaps for businesses across Asia, Africa and the Middle East, particularly for small and micro enterprises.

Through Lifting Participation, we continue to broaden access to financial services and create specialised programmes to support disadvantaged communities across our footprint. We remain hugely proud of our Futuremakers programme, which was set up in 2019 to improve economic inclusion in our markets, with a focus on women and girls, and in 2022 worked with over 335,000 young people. In India and Kenya, we have set up Solv, an e-commerce marketplace for small and medium-sized enterprises, which served over 230,000 customers in 2022.

Elsewhere, we worked in partnership with FairPrice Group to successfully launch the fully digital Trust Bank in Singapore, gaining 450,000 customers in our first five months.

SC Ventures continues to invest in potentially transformational business models and ecosystems, connecting more and more clients with economic opportunity. This is just one example of our collaborative approach to innovation and financial inclusion.

Enhancing governance and culture

During the year, we continued to drive diversity in our Board, recognising the benefits of diverse mix of gender, social and ethnic backgrounds, skills, knowledge, experience and adequate reflection of our key markets to support our strategy.

The Board was heartened by the results of the externally facilitated effectiveness review of the Board and its committees. It assessed the Board's progress since the last external review in 2019 and concluded that the Board continues to operate effectively while also identifying some areas for improvement. More detail on process, outcomes and actions can be found on page 156 in the Annual Report.

In 2022, we welcomed four new independent non-executive directors to the Board. Shirish Apte was appointed in May 2022 and joins the Remuneration, Audit and Board Risk Committees. Robin Lawther was appointed in July 2022 and joins the Remuneration and Board Risk Committees. Jackie Hunt was appointed in October 2022 and joins the Audit and Culture and Sustainability Committees. Dr. Linda Yueh was appointed in January 2023 and joins the Remuneration and Culture and Sustainability Committees. I am delighted to welcome them and I am sure that we will greatly benefit from their broad experience and contributions.

Last year also saw the retirement of several long-standing and valued directors from our Board. I would like to thank Naguib Kheraj, former Deputy Chairman and Chair of the Board Risk Committee who retired from the Board in April for his unwavering dedication and most significant and impactful contributions to the Board and Committee discussions. My thanks also go to Byron Grote who retired from the Board in November for his many contributions to the Board and its Committees. In addition, I would like to thank Christine Hodgson, former Senior Independent Director and Chair of the Remuneration Committee, for her many insightful contributions and great dedication as well as for agreeing to remain on the Board until January 2023 to ensure a smooth transition to a new Remuneration Committee Chair.

We also announced that Jasmine Whitbread, Chair of the Culture and Sustainability Committee, and a long-standing and much valued board member, would not be seeking re-election at the 2023 AGM and will retire from the Board at that time.

Group Chairman's statement continued

Looking ahead

We are well positioned to take advantage of considerable growth opportunities in our footprint as we navigate an uncertain external environment in 2023. Global growth, while slower, should remain resilient. But, with central banks focusing on controlling inflation against a backdrop of trade and geopolitical tensions, significant uncertainties remain.

Our markets are some of the world's most dynamic places, with a growth potential that significantly outstrips more established economies. Asia is likely to be the fastest-growing region in the world, and the significant re-opening of the Chinese economy from COVID-19 restrictions is likely to materially boost demand and growth. This, together with India and ASEAN's high rates of economic expansion and continued dynamism in commodity-exporting countries in our footprint, gives us plenty of reasons for optimism as we continue to help customers build growth, prosperity and a stronger future.

The Board will continue to ensure an appropriate balance of opportunity and risk, acting in your interests as shareholders. We are grateful to you for the trust you place in us and for your ongoing support of the Group. I am confident that we will continue to create long-term, sustainable value for all stakeholders in 2023 and beyond.

Dr José Viñals

Group Chairman

16 February 2023

Group Chief Executive's review

Executing on our strategy and driving shareholder returns

The Group delivered a strong performance in 2022, executing well against our strategy and the five strategic actions we set out this time last year, whilst continuing to invest for the future. 2022 income was over $16 billion, our highest since 2014 and up 15 per cent, with about half coming from underlying business growth and the remainder from the normalisation in interest rates. This is particularly impressive given the material headwinds in our Wealth Management business. We have been disciplined with expenses, generating savings which allow for continued investment and significantly positive income-to-cost jaws. Loan impairment rose, mainly due to the challenges of the China commercial real estate sector and sovereign risk. The broader portfolio remains resilient and we continue to be vigilant in the face of volatile global markets. All this has helped us increase underlying profit before tax for the year to $4.8 billion, an improvement of 15 per cent year-on-year.

Our strategy is working and delivering improved performance and returns to shareholders. Return on Tangible Equity (RoTE) at 8 per cent is now above the levels it was before the pandemic. We intend to build on our momentum to approach 10 per cent RoTE in 2023, to over 11 per cent in 2024, and continue to grow thereafter. Our equity generation and discipline on RWA this year has meant our year end Common Equity Tier 1 (CET1) ratio is at the top of our target range, allowing us to increase our full year ordinary dividend to 18 cents per share, a 50 per cent increase. We have also announced a further share buy-back of $1 billion, starting imminently, which will bring our total shareholder returns since the start of 2022 to $2.8 billion, well on our way to our 2024 target of at least $5 billion.

Good progress on our strategic actions

We are proud to connect the world's most dynamic markets. Our Purpose is to drive commerce and prosperity through our unique diversity and this guides our strategy and everything we do. The businesses we serve, and with which we connect and partner, are the engines of trade and innovation, and central to the transition to a fair, sustainable future.

In support of our Purpose, we continue to focus on three 'Stands', areas where we have long-term ambitions for positive business and societal impact – Accelerating Zero, Resetting Globalisation and Lifting Participation. These stands are fully consistent with our strategy, stretching our thinking, our action and our leadership to accelerate our growth.

We set out our strategy in early 2021, built on the four pillars of Network, Affluent, Mass Retail and Sustainability. Two years on, these themes and areas of focus are even more relevant; our strategy is working, and will continue to drive future growth. In 2022 we also set out five strategic actions that we would take to accelerate delivery of double-digit RoTE, including:

- Driving improved returns in Corporate, Commercial & Institutional Banking (CCIB)
- Transforming profitability through productivity in Consumer Private & Business Banking (CPBB)
- Seizing the opportunity in China with the ambition to double onshore and offshore profit before tax
- Creating operational leverage and delivering gross cost savings of $1.3 billion
- Delivering over $5 billion of capital returns to our shareholders

We have made good progress across all five areas.

In CCIB we are targeting around a 160 basis point improvement in income return on risk weighted assets (IRORWA) to 650 basis points with RWA capped at full year 2021 levels. We have already delivered on this IRORWA improvement target in 2022 and RWA levels are $20 billion below 2021 levels. The recently announced strategic review of our Aviation Finance business will create further capacity for CCIB to grow higher return business.

In CPBB the team has already achieved gross savings of $233 million against their 2024 target of $500 million. These savings have come from rationalising the branch network, process re-engineering, headcount efficiencies and further automation. Despite a challenging Wealth Management performance in 2022 the CPBB cost-to-income ratio improved 5 percentage points to 69 per cent and should show further improvement in 2023.

China has faced COVID-19 and economic headwinds. Despite those difficulties, our onshore China business increased its income by 10 per cent in 2022, and offshore-related income is up 21 per cent. However, impairments on China commercial real estate related risk have pushed our offshore and onshore China operating profit down in 2022. We are confident in the long-term opportunity in China and committed to achieving our 2024 targets for China-related growth.

The Group's positive income-to-cost jaws of 6 per cent in 2022 were driven by strong income growth and discipline on expenses. We have delivered about a third of the $1.3 billion expense save target we set out earlier this year. Inflationary pressures are now evident in many of our footprint markets and these expense saves help us manage those pressures, whilst creating capacity to invest. We will now target positive income-to-cost jaws of around 3 per cent in 2023 and 2024.

Further opportunities emerging

In 2022 we continued to transform and innovate within our business to drive sustainable growth, including developing our digital and sustainability capabilities. Our colleagues bring unrivalled financial expertise to help identify opportunities across growing markets, sectors and in sustainable finance. We continue to prove ourselves as a trusted partner, working with start-ups, multinationals, fintechs and governments to create new ideas, technology and innovation.

In our Ventures segment, we were delighted to announce the launch of our second wholly digital bank, Trust Bank, in Singapore. Partnering with FairPrice Group, the largest supermarket chain in Singapore, and building on our successful experience of creating the Mox virtual bank in Hong Kong, we were able to bring Trust Bank to the market quickly and efficiently. The early success of Trust Bank onboarding over 450,000 customers so far, or 9 per cent of the addressable market, has exceeded our most ambitious expectations. In 2023, Trust Bank will build on this momentum to roll out additional products to better serve our customers. Together with Mox, we now have fully developed virtual and traditional bank offerings in two of our most significant markets.

The sustainability agenda continues to gather pace as the world faces significant climate and environmental challenges, with the imperative to invest, find solutions and support a just transition to net zero having never been greater. In 2022 we reshaped our organisation to better address the challenges and opportunities, creating a Chief Sustainability Officer role as we continue to invest in the capabilities and expertise that our business and clients need.

At the 2022 Annual General Meeting, our 2050 Net Zero pathway was endorsed by our shareholders, and we are on track to deliver on our plans to reach net zero in our operations by 2025 and in our financed emissions by 2050. We have made good progress during the year and we have accelerated progress in some areas where more market data on emissions has become available.

We have a deep understanding of how climate change affects our footprint markets, clients and communities and we continue to play a leading role in addressing these challenges. The estimates of the financing needed to deliver net zero continues to grow and we mobilised $48 billion of sustainable finance in the last 21 months as we support our clients on their transition plans. Our ambition is to mobilise $300 billion in sustainable finance by 2030 and we have developed a Green and Sustainable Product Framework and Transition Finance Framework to guide us.

Optimistic outlook for the markets in our footprint

Looking forward into 2023, whilst there is recession risk in the US and Europe, ongoing geopolitical issues and the war in Ukraine we also see reasons for increased optimism for the areas of the world in which we operate.

The impact of the COVID-19 pandemic is now finally abating in the last few markets in our footprint. China's new approach to dealing with COVID-19 will drive economic growth and this in turn will help further improve GDP growth in the economies of Asia.

Group Chief Executive's review continued

This will also act as a catalyst for our Wealth Management business which was subdued in 2022. Clients remained on the side-lines as market volatility undermined confidence. This together with the last remaining pandemic restrictions led to a year-on-year fall in income. As we go into 2023, we are optimistic that as these factors recede the Wealth Management business can rebound from a difficult year.

Rising interest rates will inevitably feed through further into loan impairment at some stage. However, reflecting the work we have done over a number of years to reshape our loan portfolios, there are only relatively small pockets of stress in our books. Our loan loss rate remains well below the historic range. Whilst China commercial real estate exposures remain a challenge for the banking sector generally, it remains a small part of our portfolio, against which we feel appropriately provided. We remain watchful on sovereign risk where continued USD strength will remain problematic for some of our markets though we have the capital strength to navigate these challenges.

Finally, reflecting our increased optimism, we are lifting our earnings targets. We had said that we will deliver double digit RoTE in 2024, if not earlier. As we start the new year we think we will be approaching 10 per cent RoTE in 2023 and have raised our 2024 RoTE target to be at least 11 per cent and to continue to grow thereafter.

In conclusion

The Group has delivered a strong performance in 2022. The revenue outlook into 2023 is positive, with our core business momentum supported by the tailwind of rising interest rates.

We are optimistic for the markets in our footprint as they finally emerge from the challenges brought by the pandemic and as economic activity rebounds. Our strategy is clear, we continue to make good progress on our five targeted strategic actions and remain committed to delivering over $5 billion of shareholder returns by 2024.

Finally, echoing José, I would like to highlight the remarkable efforts of our more than 83,000 colleagues. Their deep expertise combined with resilience in some challenging circumstances in certain markets has delivered seamless service to our customers and communities that we serve, bringing to life our brand promise to be here for good.

Bill Winters
Group Chief Executive

16 February 2023

Group Chief Financial Officer's review

Back to growth and improving returns

Summary of financial performance

The Group delivered a strong performance in 2022 generating a 120 basis point uplift in underlying return on tangible equity to 8.0 per cent with underlying profit before tax increasing 15 per cent on constant currency basis. Income at $16.3 billion, grew 15 per cent on a constant currency basis excluding DVA, and is at its highest level since 2014, with a record performance in Financial Markets and strong expansion in the net interest margin. Loans and advances to customers grew an underlying 3 per cent despite the rising interest rate environment. Expenses increased 9 per cent at constant currency, due to continued investment in the business, salary inflation, and increased performance-related pay on the back of business performance. Credit impairment charges increased to $838 million including further charges relating to the China commercial real estate sector and the impact of sovereign-related downgrades. However, the loan-loss rate of 21 basis points remains well below our historic through-the-cycle loan loss range. The Group remains well capitalised and highly liquid with a CET1 ratio of 14.0 per cent at the top end of its target range enabling the Board to announce a 50 per cent increase in the full-year dividend and a further $1 billion share buyback programme to start imminently.

All commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2021 on a reported currency basis, unless otherwise stated.

- **Operating income** increased 10 per cent, or 15 per cent on a constant currency basis, normalising for a $27 million positive movement in DVA. About half of the growth in income was from strong, sustained business momentum, through a combination of balance sheet growth and increased fee and trading income, with the remaining increase reflecting the benefit of a higher interest rate environment
- **Net interest income** increased 12 per cent or 18 per cent on a constant currency basis. The net interest margin averaged 141 basis points and is 20 basis points higher year-on-year aided by rising interest rates despite a 4-basis point negative impact from short-term and structural hedges
- **Other income** increased 9 per cent, with a record performance in Financial Markets partly offset by lower Wealth Management income impacted by subdued market conditions
- **Operating expenses** excluding the UK bank levy increased 4 per cent and were up 7 per cent on a constant currency basis after adjusting for the increase in performance-related pay driven by the strong business performance. The underlying expense growth reflects the impact of a high-inflation environment including the impact on salary increases, additional investment into transformational digital capabilities and headcount. The cost-to-income ratio decreased 4 percentage points to 66 per cent excluding DVA and UK bank levy and the Group generated 6 per cent positive income-to-cost jaws at constant currency excluding DVA
- **Credit impairment** was $838 million, an increase of $575 million. The impairment charge includes $582 million in relation to China commercial real estate sector and $283 million in relation to sovereign downgrades partly offset by releases in the management overlay relating to COVID-19. Total credit impairment of $838 million represents a loan-loss rate of 21 basis points, a year-on-year increase of 14 basis points in the cost of risk, but still well below the historic through-the-cycle loan loss range of 30 to 35 basis points.
- **Other impairment** increased by $24 million to $79 million. The $300 million impairment charge recorded in 2021 relating to the Group's investment in its associate China Bohai Bank (Bohai) has been reclassified out of underlying performance and into goodwill and other impairments. The remaining other impairment primarily relates to the aviation leasing portfolio
- **Profit from associates and joint ventures** decreased 5 per cent to $167 million reflecting a lower profit share from Bohai
- Charges relating to **restructuring, other items and goodwill and other impairment** reduced by $373 million to $476 million, with $333 million lower restructuring costs, principally a non-repeat of the prior-year retirement programme in Korea. Goodwill and other impairment of $322 million is $22 million higher year-on-year following a $14 million write off of the goodwill relating to Bangladesh. Furthermore, there has been a $308 million impairment relating to Bohai, primarily a result of industry challenges and uncertainties that may impact credit losses and profitability.

Group Chief Financial Officer's review continued

- **Taxation** was $1,384 million on a statutory basis, with a statutory effective tax rate of 32 per cent. Taxation on underlying profits was at an effective rate of 30 per cent, an increase of 3 percentage points compared to 2021 primarily driven by lower prior year credits and higher taxes in UK, Pakistan and US.
- Underlying **return on tangible equity** increased 120 basis points to 8.0 per cent due to the increase in profits and lower tangible equity, reflecting shareholder distributions and adverse movements in reserves due to movements in interest rates and currency translation. The reclassification of the 2021 Bohai impairment out from underlying performance increased the 2021 underlying return on tangible equity by 80 basis points to 6.8 per cent and has made the treatment of Bohai impairment consistent across both the 2021 and 2022 computation of underlying return on tangible equity
- Underlying basic **earnings per share (EPS)** increased 18 per cent to 101.1 cents and statutory EPS of 85.9 cents increased by 40 per cent
- A final **ordinary dividend** per share of 14 cents has been proposed taking the full-year total to 18 cents, a 50 per cent increase along with a new share buyback programme of $1 billion, taking total shareholder distributions announced since the start of 2022 to $2.8 billion

Summary of financial performance

	4Q'22 $million	4Q'21 $million	Change %	Constant currency change[1] %	3Q'22 $million	Change %	Constant currency change[1] %	**FY22 $million**	FY21 $million	Change %	Constant currency change[1] %
Net interest income	**2,024**	1,697	19	28	1,933	5	6	**7,599**	6,807	12	18
Other income	**1,713**	1,633	5	13	2,385	(28)	(27)	**8,656**	7,906	9	14
Underlying operating income	**3,737**	3,330	12	21	4,318	(13)	(12)	**16,255**	14,713	10	16
Other operating expenses	**(2,710)**	(2,595)	(4)	(14)	(2,659)	(2)	(4)	**(10,641)**	(10,275)	(4)	(9)
UK bank levy	**(107)**	(94)	(14)	(29)	-	nm[4]	nm[4]	**(102)**	(100)	(2)	(15)
Underlying operating expenses	**(2,817)**	(2,689)	(5)	(14)	(2,659)	(6)	(8)	**(10,743)**	(10,375)	(4)	(9)
Underlying operating profit before impairment and taxation	**920**	641	44	46	1,659	(45)	(45)	**5,512**	4,338	27	30
Credit impairment	**(344)**	(203)	(69)	(86)	(227)	(52)	(57)	**(838)**	(263)	nm[4]	nm[4]
Other impairment[3]	**(45)**	5	nm[4]	nm[4]	(32)	(41)	(48)	**(79)**	(55)	(44)	(46)
Profit from associates and joint ventures	**(2)**	(4)	50	50	16	(113)	(113)	**167**	176	(5)	(5)
Underlying profit/(loss) before taxation[3]	**529**	439	21	17	1,416	(63)	(63)	**4,762**	4,196	13	15
Restructuring	**(104)**	(285)	64	59	(25)	nm[4]	nm[4]	**(174)**	(507)	66	64
Goodwill and Other Impairment[3]	**(322)**	(300)	(7)	(7)	-	nm[4]	nm[4]	**(322)**	(300)	(7)	(8)
Other items	**20**	(62)	132	132	-	nm[4]	nm[4]	**20**	(42)	148	148
Statutory profit/(loss) before taxation	**123**	(208)	159	173	1,391	(91)	(91)	**4,286**	3,347	28	30
Taxation	**(387)**	(174)	(122)	(143)	(313)	(24)	(26)	**(1,384)**	(1,034)	(34)	(44)
Profit/(loss) for the period	**(264)**	(382)	31	15	1,078	(124)	(126)	**2,902**	2,313	25	24
Net interest margin (%)[2]	**1.58**	1.19	39		1.43	15		**1.41**	1.21	20	
Underlying return on tangible equity (%)[2,3]	**1.5**	1.3	20		10.1	(860)		**8.0**	6.8	120	
Underlying earnings per share (cents)[2,3]	**3.9**	4.1	(5)		33.1	(88)		**101.1**	85.8	18	

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 Goodwill and Other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment. The 2021 Underlying earnings per ordinary share (cents) has been correspondingly restated to reflect this reclassification
4 Not meaningful

Statutory financial performance summary

	4Q'22 $million	4Q'21 $million	Change %	Constant currency change[1] %	3Q'22 $million	Change %	Constant currency change[1] %	FY22 $million	FY21 $million	Change %	Constant currency change[1] %
Net interest income	2,023	1,696	19	28	1,932	5	6	7,593	6,798	12	18
Other income	1,741	1,613	8	16	2,397	(27)	(27)	8,725	7,903	10	15
Statutory operating income	3,764	3,309	14	22	4,329	(13)	(12)	16,318	14,701	11	16
Statutory operating expenses	(2,889)	(3,056)	5	(4)	(2,696)	(7)	(9)	(10,913)	(10,924)	-	(6)
Statutory operating profit before impairment and taxation	875	253	nm[3]	nm[3]	1,633	(46)	(47)	5,405	3,777	43	46
Credit impairment	(346)	(197)	(76)	(92)	(227)	(52)	(58)	(836)	(254)	nm[3]	nm[3]
Goodwill & Other impairment	(393)	(273)	(44)	(46)	(31)	nm[3]	nm[3]	(439)	(372)	(18)	(19)
Profit from associates and joint ventures	(13)	9	nm[3]	nm[3]	16	(181)	(188)	156	196	(20)	(20)
Statutory profit/(loss) before taxation	123	(208)	159	172	1,391	(91)	(91)	4,286	3,347	28	30
Taxation	(387)	(174)	(122)	(143)	(313)	(24)	(26)	(1,384)	(1,034)	(34)	(44)
Profit/(loss) for the period	(264)	(382)	31	15	1,078	(124)	(126)	2,902	2,313	25	24
Statutory return on tangible equity (%)[2]	(3.2)	(4.6)	140		10.5	(1,370)		6.8	4.8	200	
Statutory earnings per share (cents)	(10.1)	(14.9)	32		32.7	(131)		85.9	61.3	40	

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

Operating income by product

	4Q'22 $million	4Q'21[2] $million	Change %	Constant currency change[1] %	3Q'22 $million	Change %	Constant currency change[1] %	FY22 $million	FY21[2] $million	Change %	Constant currency change[1] %
Transaction Banking	1,268	730	74	83	1,082	17	18	3,925	2,886	36	42
Trade & Working capital	322	348	(7)	-	344	(6)	(5)	1,371	1,447	(5)	(1)
Cash Management	946	382	148	160	738	28	29	2,554	1,439	77	85
Financial Markets	1,092	1,012	8	17	1,540	(29)	(27)	5,728	4,899	17	21
Macro Trading	624	433	44	61	734	(15)	(13)	2,962	2,216	34	40
Credit Markets	422	361	17	24	440	(4)	(3)	1,696	1,790	(5)	(3)
Credit Trading	153	60	155	166	156	(2)	nm[3]	506	437	16	18
Financing Solutions & Issuance	269	301	(11)	(4)	284	(5)	(5)	1,190	1,353	(12)	(9)
Structured Finance	96	104	(8)	(8)	116	(17)	(17)	408	491	(17)	(17)
Financing & Securities Services	83	97	(14)	(6)	195	(57)	(56)	620	387	60	67
DVA	(133)	17	nm[3]	nm[3]	55	nm[3]	nm[3]	42	15	180	200
Lending & Portfolio Management	114	184	(38)	(33)	166	(31)	(30)	562	759	(26)	(22)
Wealth Management	359	466	(23)	(19)	455	(21)	(19)	1,802	2,225	(19)	(17)
Retail Products	1,155	835	38	49	1,109	4	5	4,068	3,358	21	29
CCPL & other unsecured lending	297	316	(6)	2	301	(1)	-	1,216	1,272	(4)	1
Deposits	808	213	nm[3]	nm[3]	625	29	30	2,044	860	138	157
Mortgage & Auto	12	261	(95)	(92)	141	(91)	(87)	635	1,036	(39)	(35)
Other Retail Products	38	45	(16)	(11)	42	(10)	(7)	173	190	(9)	(4)
Treasury	(170)	155	nm[3]	nm[3]	(4)	nm[3]	nm[3]	348	698	(50)	(47)
Other	(81)	(52)	(56)	(55)	(30)	(170)	nm[3]	(178)	(112)	(59)	(16)
Total underlying operating income	3,737	3,330	12	21	4,318	(13)	(12)	16,255	14,713	10	16

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 Following a reorganisation of certain clients, there has been a reclassification of balances across products
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 2021 on a constant currency basis, unless otherwise stated.

Transaction Banking income increased 42 per cent. Cash Management income increased 85 per cent reflecting strong pricing discipline to take advantage of a rising interest rate environment. Trade & Working Capital decreased 1 per cent, with balance sheet growth offset by margin compression. The margin compression reflects a shift towards investment credit grade clients and a shift in product mix towards lower margin but more RWA-efficient products.

Financial Markets income increased 21 per cent and was a record performance. Macro trading increased 40 per cent with FX income delivering strong double-digit growth as macro events led to increased client demand and elevated volatility, widening bid-offer spreads. Commodities also delivered strong double-digit growth, including a record first quarter, when it benefited from volatility in energy prices, while Rates also provided strong double-digit increase in income on the back of policy rates increases. Credit Markets income decreased 3 per cent driven by subdued market conditions in spite of a strong performance in Credit Trading. Structured Finance declined 17 per cent with lower fee income within Aviation Finance. Financing & Securities Services income increased 67 per cent, including $184 million of gains on mark-to-market liabilities and benefiting from improved margins in Securities Services.

Lending and Portfolio Management income decreased 22 per cent due to increased cost of funds and the impact of risk-weighted asset optimisation actions.

Wealth Management income declined 17 per cent as customer sentiment became more risk-averse in volatile market conditions leading to lower transaction volumes. There was a negative impact from COVID-19 restrictions, in particular in North Asia, resulting in a number of branch closures and lower footfall which negatively impacted face-to-face sales. Managed Investments income was down 39 per cent, there was a 6 per cent decline in Treasury Products income while Bancassurance income declined 6 per cent. Wealth Management secured lending income fell by a third on the back of client deleveraging. Net new sales remained positive albeit at a lower level than 2021 but assets under management volumes reduced on the back of negative market movements.

Retail Products income increased 29 per cent. Deposit income increased 157 per cent due to active passthrough rate management in a rising interest rate environment, partly offset by migration from CASA to time deposits. Mortgages & Auto income decreased 35 per cent reflecting margin compression with the majority of mortgages in Hong Kong reaching the Best Lending Rate cap. Credit Cards & Personal Loans income increased 1 per cent reflecting a growth in credit card balances, particularly in our digital banks Mox and Trust Bank.

Treasury income declined 47 per cent, reflecting the losses from structural and short-term hedges in a rising interest rate environment which offset increased yields on the remainder of the Treasury portfolio.

Profit before tax by client segment and geographic region

	4Q'22 $million	4Q'21[2] $million	Change %	Constant currency change[1] %	3Q'22 $million	Change %	Constant currency change[1] %	FY22 $million	FY21[2] $million	Change %	Constant currency change[1] %
Corporate, Commercial & Institutional Banking	**848**	435	95	103	1,285	(34)	(34)	**4,100**	3,124	31	35
Consumer Private & Business Banking	**398**	80	nm[3]	nm[3]	478	(17)	(19)	**1,596**	1,226	30	35
Ventures	**(127)**	(76)	(67)	(68)	(85)	(49)	(51)	**(363)**	(261)	(39)	(42)
Central & other items (segment)	**(590)**	-	nm[3]	nm[3]	(262)	(125)	(124)	**(571)**	107	nm[3]	nm[3]
Underlying profit/(loss) before taxation	**529**	439	21	17	1,416	(63)	(63)	**4,762**	4,196	13	15
Asia	**763**	250	nm[3]	nm[3]	1,063	(28)	(28)	**3,688**	3,416	8	12
Africa & Middle East	**75**	159	(53)	(39)	163	(54)	(47)	**819**	856	(4)	4
Europe & Americas	**(134)**	146	(192)	(190)	293	(146)	(147)	**863**	644	34	33
Central & other items (region)	**(175)**	(116)	(51)	(118)	(103)	(70)	(69)	**(608)**	(720)	16	(1)
Underlying profit/(loss) before taxation	**529**	439	21	17	1,416	(63)	(63)	**4,762**	4,196	13	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 Following the increased strategic importance and reporting of Ventures to management, this has been established as a separate operating segment from 1 January 2022. Prior period has been restated
3 Not meaningful

As part of the ongoing execution of its refreshed strategy, the Group has expanded and reorganised its reporting structure with the creation of a third client segment, Ventures, effective from 1 January 2022. Ventures is a consolidation of SC Ventures and its related entities as well as the Group's two majority-owned digital banks Mox in Hong Kong and Trust Bank in Singapore, reported alongside the current client segments; Corporate, Commercial & Institutional Banking (CCIB) serving larger companies and institutions and Consumer, Private & Business Banking (CPBB) serving individual and business banking clients. There was no change to the regional reporting structure.

Corporate, Commercial & Institutional Banking profit increased 31 per cent as robust Financial Markets and Cash Management performance drove 19 per cent income growth excluding positive movements in DVA. This was partly offset by a 4 per cent increase in expenses and a $469 million increase in impairments reflecting further charges in relation to the China commercial real estate sector and lower releases on the remaining portfolio.

Consumer, Private & Business Banking profit increased 30 per cent and was 35 per cent higher on a constant currency basis. Income grew 10 per cent on a constant currency basis with increased Deposit income partly offset by subdued Wealth Management and the impact of the Best Lending Rate cap on Hong Kong mortgage income. On a constant currency basis, expenses grew 3 per cent and impairments decreased $10 million.

Ventures loss increased to $363 million. Income totalled $29 million for the year, with an increasing customer base at Mox and Trust Bank. Expenses increased by a third reflecting further investment into the segment and increased operational costs to support the significant increase in customer onboarding and transactional volumes within the new digital banks. Other impairment of $24 million was taken in relation to the value of one of the Group's investments within the Ventures portfolio.

Central & other items (segment) recorded a loss of $571 million as income declined 71 per cent reflecting the losses from structural and short-term hedges booked within Treasury. Expenses increased 26 per cent while credit impairments were $112 million higher as a result of the ratings downgrades of select sovereigns.

Asia profits increased 8 per cent on the back of a 7 per cent increase in income. This was partly offset by 1 per cent expense growth and an 82 per cent increase in impairments reflecting increased charges relating to the China commercial real estate sector.

Africa & Middle East profits decreased 4 per cent but grew 4 per cent on a constant currency basis. Income increased 14 per cent while expenses grew 9 per cent, both on a constant currency basis. Impairments went from a net release in the prior year to a $118 million charge, partly due to the sovereign ratings downgrades of Pakistan and Ghana.

Europe & Americas profit increased by a third with a 17 per cent increase in income on the back of a strong Financial Markets and Cash Management performance. Expenses increased 5 per cent while the net release in credit impairment halved to $77 million.

Central & other items (region) loss decreased by $112 million to $608 million due to a 30 per cent increase in expenses. Income increased 145 per cent, while impairments reduced by 16 per cent.

Adjusted net interest income and margin

	4Q'22 $million	4Q'21 $million	Change[1] %	3Q'22 $million	Change[1] %	FY22 $million	FY21 $million	Change[1] %
Adjusted net interest income[2]	2,256	1,689	34	2,023	12	7,976	6,796	17
Average interest-earning assets	568,302	565,719	-	562,509	1	565,370	559,408	1
Average interest-bearing liabilities	524,610	522,996	-	522,641	-	525,351	515,769	2
Gross yield (%)[3]	3.76	1.78	198	2.88	88	2.70	1.83	87
Rate paid (%)[3]	2.36	0.65	171	1.57	79	1.38	0.67	71
Net yield (%)[3]	1.40	1.13	27	1.31	9	1.32	1.16	16
Net interest margin (%)[3,4]	1.58	1.19	39	1.43	15	1.41	1.21	20

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

Adjusted net interest income increased 17 per cent driven by a 17 per cent increase in the net interest margin, which averaged 141 basis points in the year, a 20 basis points year-on-year uplift benefiting from a rapid increase in policy interest rates across many of our markets:

- Average interest-earning assets grew 1 per cent, or 7 per cent excluding the impact of currency translation and risk-weighted asset optimisation actions, reflecting an increase in investment securities held by Treasury Markets. Gross yields increased 87 basis points compared with the average in the prior year
- Average interest-bearing liabilities increased 2 per cent, or 5 per cent excluding the impact of currency translation, reflecting an increase in customer accounts while the rate paid on liabilities increased 71 basis points compared with the average in the prior year

Credit risk summary

Income Statement

	4Q'22 $million	4Q'21 $million	Change[1] %	3Q'22 $million	Change[1] %	FY22 $million	FY21 $million	Change[1] %
Total credit impairment charge	**344**	203	69	227	52	**838**	263	nm[2]
Of which stage 1 and 2	**238**	153	56	178	34	**406**	78	nm[2]
Of which stage 3	**106**	50	112	49	116	**432**	185	134

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods
2 Not meaningful

Balance sheet

	31.12.22 $million	30.09.22 $million	Change[1] %	30.06.22 $million	Change[1] %	31.12.21 $million	Change[1] %
Gross loans and advances to customers[2]	**316,107**	303,538	4	298,728	6	304,122	4
Of which stage 1	**295,219**	284,877	4	279,136	6	279,178	6
Of which stage 2	**13,043**	11,460	14	12,539	4	16,849	(23)
Of which stage 3	**7,845**	7,201	9	7,053	11	8,095	(3)
Expected credit loss provisions	**(5,460)**	(5,148)	6	(5,220)	5	(5,654)	(3)
Of which stage 1	**(559)**	(497)	12	(502)	11	(473)	18
Of which stage 2	**(444)**	(434)	2	(385)	15	(524)	(15)
Of which stage 3	**(4,457)**	(4,217)	6	(4,333)	3	(4,657)	(4)
Net loans and advances to customers	**310,647**	298,390	4	293,508	6	298,468	4
Of which stage 1	**294,660**	284,380	4	278,634	6	278,705	6
Of which stage 2	**12,599**	11,026	14	12,154	4	16,325	(23)
Of which stage 3	**3,388**	2,984	14	2,720	25	3,438	(1)
Cover ratio of stage 3 before/after collateral (%)[3]	**57 / 76**	59 / 77	(2) / (1)	61 / 80	(4) / (4)	58 / 75	(1) / 1
Credit grade 12 accounts ($million)	**1,574**	1,140	38	835	89	1,730	(9)
Early alerts ($million)	**4,967**	4,957	-	7,524	(34)	5,534	(10)
Investment grade corporate exposures (%)[3]	**76**	75	1	71	5	69	7

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods
2 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of $24,498 million at 31 December 2022, $$18,032 million at 30 September 2022, $7,894 million at 30 June 2022 and $7,331 million at 31 December 2021
3 Change is the percentage points difference between the two points rather than the percentage change

Asset quality remains stable, despite a year-on-year increase in the impairment charge, with an improvement in a number of underlying credit metrics. However, the Group continues to remain alert to an unpredictable and challenging external environment including pressures in the China commercial real estate sector, commodity price volatility and the impact of the Russia/Ukraine war. This war in part contributed to both commodity price volatility and the accelerated trajectory of inflation and interest rate rises across our footprint, which in turn have contributed to both an increased risk of global recession and the appreciation of the US dollar versus the majority of developed and emerging market currencies. These factors have contributed to increased sovereign credit stress in a handful of our markets which we continue to monitor closely and undertake mitigating actions where appropriate.

Credit impairment totalled $838 million, an increase of $575 million, representing a loan loss rate of 21 basis points, still some way below the historic loan loss rate range. Impairment charges relating to the China commercial real estate sector totalled $582 million in the year, including a $78 million increase in the management overlay relating to the China commercial real estate sector, which now totals $173 million. Sri Lanka and Ghana had their sovereign ratings downgraded into stage 3 , while Pakistan sovereign ratings were downgraded into credit grade 12. These sovereign ratings downgrades incurred a $283 million impairment charge in the year. The CPBB normalised run-rate charge increased by 9 per cent while recoveries in CCIB declined by a third. The above were partly offset by a $228 million decrease in the COVID-19 related management overlay, which now totals $21 million.

Gross stage 3 loans and advances to customers of $7.8 billion were 3 per cent lower, primarily as repayments, client upgrades and write-offs more than offset new inflows, including those relating to the sovereign ratings downgrade of Ghana and Sri Lanka and the China commercial real estate sector. Credit-impaired loans represented 2.5 per cent of gross loans and advances, a decrease of 18 basis points.

The stage 3 cover ratio of 57 per cent was lower by 1 percentage point, while the cover ratio post collateral at 76 per cent increased by 1 percentage point.

Credit grade 12 balances have decreased by 9 per cent to $1.6 billion as the sovereign ratings downgrade of Pakistan was more than offset by downgrades into stage 3 primarily as a result of Sri Lanka and Ghana sovereign ratings downgrade.

Early Alert accounts of $5.0 billion have reduced by 10 per cent, reflecting the net impact of regularisations of accounts back into non-high-risk categories, net impact of downgrades into credit grade 12 and exposure reductions partly offset by new inflows. The Group is continuing to carefully monitor its exposures in vulnerable sectors and select markets, given the unusual stresses caused by the currently challenging macro-economic environment.

The proportion of investment grade corporate exposures has increased by 7 percentage points to 76 per cent, reflecting the increase in reverse repurchase agreements held to collect.

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 securities portfolio.

Restructuring, goodwill impairment and other items

	FY22			FY21			4Q'22		
	Restructuring $million	Goodwill and other impairment $million	Other items $million	Restructuring $million	Goodwill and other impairment[1] $million	Other items $million	Restructuring $million	Goodwill and other impairment $million	Other items $million
Operating income	43	-	20	(32)	-	20	7	-	20
Operating expenses	(170)	-	-	(487)	-	(62)	(72)	-	-
Credit impairment	2	-	-	9	-	-	(2)	-	-
Other impairment	(38)	(322)	-	(17)	(300)	-	(26)	(322)	-
Profit from associates and joint ventures	(11)	-	-	20	-	-	(11)	-	-
Loss before taxation	**(174)**	**(322)**	**20**	(507)	(300)	(42)	**(104)**	**(322)**	**20**

1 Goodwill and other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from other impairment within Underlying profit to Goodwill and other impairment

The Group's statutory performance is adjusted for profits or losses of a capital nature, amounts consequent to investment transactions driven by strategic intent, other infrequent and/ or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period and items which management and investors would ordinarily identify separately when assessing underlying performance period-by period. A reconciliation of restructuring, goodwill impairment and other items excluded from underlying results is set on pages 41-45.

Restructuring charges of $174 million for 2022 reflects the impact of actions to transform the organisation to improve productivity, primarily redundancy related charges.

Goodwill and other impairment of $322 million includes $308 million in relation to a further reduction in the carrying value of the Group's investment in its associate China Bohai Bank (Bohai). To ensure consistency, the Group has retrospectively reclassified the $300 million impairment charge taken in 2021 on its investment in Bohai, from other impairment included in underlying operating profit, to goodwill and other impairment which is excluded from underlying operating performance. The remaining $14 million goodwill impairment relates to Bangladesh primarily due to lower economic growth forecasts and higher discount rates.

Other items include a $20 million fair-value gain relating to the sale of a property in Thailand.

The Group has announced that it is exploring strategic alternatives for its Aviation Finance business as well as the exit of seven markets in the AME region and will focus solely on the CCIB segment in two more. It is expected that the results from the markets and businesses being exited will be reported in restructuring from 1 January 2023 with prior periods retrospectively restated.

Balance sheet and liquidity

	31.12.22 $million	30.09.22 $million	Change[1] %	30.06.22 $million	Change[1] %	31.12.21 $million	Change[1] %
Assets							
Loans and advances to banks	**39,519**	43,315	(9)	36,201	9	44,383	(11)
Loans and advances to customers	**310,647**	298,390	4	293,508	6	298,468	4
Other assets	**469,756**	522,730	(10)	506,208	(7)	484,967	(3)
Total assets	**819,922**	864,435	(5)	835,917	(2)	827,818	(1)
Liabilities							
Deposits by banks	**28,789**	27,728	4	31,173	(8)	30,041	(4)
Customer accounts	**461,677**	447,259	3	453,742	2	474,570	(3)
Other liabilities	**279,440**	339,445	(18)	301,310	(7)	270,571	3
Total liabilities	**769,906**	814,432	(5)	786,225	(2)	775,182	(1)
Equity	**50,016**	50,003	-	49,692	1	52,636	(5)
Total equity and liabilities	**819,922**	864,435	(5)	835,917	(2)	827,818	(1)
Advances-to-deposits ratio (%)[2]	**57.4%**	58.1%		59.6%		59.1%	
Liquidity coverage ratio (%)	**147%**	156%		142%		143%	

1 Variance is increase/(decrease)comparing current reporting period to prior reporting periods
2 The Group now excludes $20,798 million held with central banks (30.09.22: $21,683 million, 30.06.22: $16,918 million, 31.12.21: $15,168 million) that has been confirmed as repayable at the point of stress

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

- Loans and advances to customers increased 4 per cent since 31 December 2021 to $311 billion. This includes a $24 billion increase in Treasury and securities backed loans held to collect partly offset by a $13 billion reduction from risk-weighted asset optimisation actions undertaken by CCIB and a $8 billion reduction from currency translation. Excluding the above, there was 3 per cent underlying loan growth, with growth in Trade partly offset by deleveraging in Wealth Management.
- Customer accounts of $462 billion decreased 3 per cent since 31 December 2021 as a result of currency translation. Excluding the impact of currency translation, customer accounts were broadly flat in the year.
- Other assets decreased 3 per cent since 31 December 2021 with a reduction in reverse repurchase agreements designated at fair value through profit or loss partly offset by an increase in investment securities held within Treasury Markets and increased derivative balances.
- Other liabilities were 3 per cent higher since 31 December 2021 reflecting an increase in derivative balances.

The advances-to-deposits ratio decreased to 57.4 per cent from 59.1 per cent at 31 December 2021 reflecting a reduction in loans and advances to customers excluding reverse repurchase agreement as a result of risk-weighted asset optimisation actions. The point-in-time liquidity coverage ratio of 147 per cent increased 4 per cent and remains well above the minimum regulatory requirement.

Risk-weighted assets

	31.12.22 $million	30.09.22 $million	Change[1] %	30.06.22 $million	Change[1] %	31.12.21 $million	Change[1] %
By risk type							
Credit risk	**196,855**	202,523	(3)	205,179	(4)	219,588	(10)
Operational risk	**27,177**	27,177	-	27,177	-	27,116	-
Market risk	**20,679**	22,593	(8)	22,726	(9)	24,529	(16)
Total RWAs	**244,711**	252,293	(3)	255,082	(4)	271,233	(10)

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

Total risk-weighted assets (RWA) decreased 10 per cent or $26.5 billion from 31 December 2021 to $244.7 billion.

- Credit risk RWA decreased $22.7 billion to $196.9 billion. There was a $13.9 billion reduction in the CCIB low-returning portfolio targeted for optimisation, a $11.1 billion decrease from other RWA efficiency actions and a $9.9 billion reduction from currency translation. This was partly offset by a $6.9 billion increase from regulatory changes, $3.5 billion inflation from credit migration and a $1.9 billion increase from a combination of asset growth and mix
- Market risk RWA decreased by $3.9 billion to $20.7 billion primarily reflecting reduced standardised specific interest rate risk positions and changes in value at risk methodology
- Operational risk RWA was broadly flat at $27.2 billion

Capital base and ratios

	31.12.22 $million	30.09.22 $million	Change[1] %	30.06.22 $million	Change[1] %	31.12.21 $million	Change[1] %
CET1 capital	**34,157**	34,504	(1)	35,373	(3)	38,362	(11)
Additional Tier 1 capital (AT1)	**6,484**	6,485	-	5,244	24	6,791	(5)
Tier 1 capital	**40,641**	40,989	(1)	40,617	-	45,153	(10)
Tier 2 capital	**12,510**	12,502	-	13,020	(4)	12,491	-
Total capital	**53,151**	53,491	(1)	53,637	(1)	57,644	(8)
CET1 capital ratio (%)[2]	**14.0**	13.7	0.3	13.9	0.1	14.1	(0.1)
Total capital ratio (%)[2]	**21.7**	21.2	0.5	21.0	0.7	21.3	0.4
Leverage ratio (%)[2]	**4.8**	4.8	-	4.5	0.3	4.9	(0.1)

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

The Group's CET1 ratio of 14.0 per cent was 19 basis points lower than at 31 December 2021, but approximately 50 basis points above the CET1 ratio at 1 January 2022 when regulatory changes, which reduced the Group's CET1 ratio, came into force. The underlying 50 basis points increase reflects the impact of RWA optimisation actions and profit accretion during the year despite funding $1,258 million of share buybacks and an increased ordinary dividend. The CET1 ratio is 3.6 percentage points above the Group's current regulatory minimum of 10.4 per cent and at the top end of the Group's 13-14 per cent medium-term target range.

The regulatory changes which came into force on 1 January 2022 included the cessation of software relief, the impact from the IRB model repair programme and the introduction of standardised rules for counterparty credit risk on derivatives and other instruments (SA-CCR). In aggregate, these regulatory changes resulted in a decrease in the CET1 ratio of approximately 70 basis points by reducing CET1 capital by $1.1 billion and increasing RWAs by $5.7 billion. In the fourth quarter, further regulatory changes including the IRB model repair programme increased RWAs by $1.3 billion, reducing the CET1 ratio by approximately 10 basis points

The CET1 ratio was reduced by approximately 70 basis points from a reduction in reserves mainly relating to a reversal of prior year unrealised gains on debt securities as a result of higher market yields and movements in currency translation reducing both the translation reserve and RWAs.

Profit accretion increased the CET1 ratio by approximately 110 basis points whilst lower RWAs as a result of efficiency and optimisation actions within CCIB and Treasury, provided an approximate 120 basis point uplift to the CET1 ratio.

Ordinary shareholder distributions reduced the CET1 ratio by approximately 65 basis points. The Group spent $1,258 million purchasing 184 million ordinary shares of $0.50 each during the year, representing a volume-weighted average price per share of £5.48. These shares were subsequently cancelled, reducing the total issued share capital by 6 per cent and the CET1 ratio by approximately 45 basis points. The Board has recommended a final dividend of 14 cents per share resulting in a total 2021 ordinary dividend of 18 cents a share or $523 million, reducing the CET1 ratio by approximately 20 basis points . Payments due to AT1 and preference shareholders cost approximately 15 basis points.

The Board has announced a share buyback for up to a maximum consideration of $1 billion to further reduce the number of ordinary shares in issue by cancelling the repurchased shares. The terms of the buyback will be announced and the programme will start shortly and is expected to reduce the Group's CET1 ratio in the first quarter of 2023 by approximately 40 basis points.

The Group's leverage ratio of 4.8 per cent is approximately 10 basis points lower than the 4.9 per cent ratio as at 31 December 2021. This reflects lower Tier 1 capital partly offset by a decrease in leverage exposures largely driven by efficiency and optimisation initiatives. The Group's leverage ratio remains significantly above its current minimum requirement of 3.7 per cent.

Outlook

Our performance has been strong, and the pace of economic recovery in many of our footprint markets is encouraging.

Whilst recessionary and inflationary pressures will continue to impact many parts of the world, particularly in the first half of 2023, we expect most of the markets in which we operate to continue their recent momentum with GDP growth in the Asian economies at above 5 per cent over the next two years being pivotal to progressive global recovery.

The recent opening-up of China and the generally receding impacts of COVID-19 should help in that regard albeit we will continue to monitor closely the sovereign risks in markets that are most exposed to tightening liquidity.

Overall, the markets in which we operate, the further benefits of rising interest rates and the evidential improvement in many of our operating metrics cause us to be optimistic about the period ahead. For 2023 and 2024 our expectations are now:

- Income to grow in the 8-10 per cent range excluding DVA and at constant currency
- Full year average net interest margin of around 175 basis points in 2023 and above 180 basis points in 2024
- Asset and RWA growth in the low single digit percentage range
- Around 3 percentage point positive income-to-cost jaws in 2023 and in 2024, excluding DVA and UK bank levy and at constant currency
- Credit impairment to continue to normalise towards the historic through the cycle loan-loss rate range of 30-35 basis points
- To operate dynamically within the full 13-14 per cent CET1 target range
- RoTE to be approaching 10 per cent in 2023
- RoTE to exceed 11 per cent in 2024, with further growth thereafter

Andy Halford

Group Chief Financial Officer

16 February 2023

Supplementary financial information

Underlying performance by client segment

	2022				
	Corporate, Commercial & Institutional Banking $million	Consumer, Private & Business Banking $million	Ventures $million	Central & other items $million	Total $million
Operating income	10,045	6,016	29	165	16,255
External	8,899	4,989	29	2,338	16,255
Inter-segment	1,146	1,027	-	(2,173)	-
Operating expenses	(5,480)	(4,148)	(336)	(779)	(10,743)
Operating profit/(loss) before impairment losses and taxation	4,565	1,868	(307)	(614)	5,512
Credit impairment	(425)	(262)	(16)	(135)	(838)
Other impairment	(40)	(10)	(24)	(5)	(79)
Profit from associates and joint ventures	-	-	(16)	183	167
Underlying profit/(loss) before taxation	4,100	1,596	(363)	(571)	4,762
Restructuring	(50)	(63)	(1)	(60)	(174)
Goodwill and Other impairment[1]	-	-	-	(322)	(322)
Other items	-	-	-	20	20
Statutory profit/(loss) before taxation	4,050	1,533	(364)	(933)	4,286
Total assets	401,567	133,956	2,451	281,948	819,922
Of which: loans and advances to customers	184,254	130,985	702	41,789	357,730
loans and advances to customers	139,756	130,957	702	39,232	310,647
loans held at fair value through profit or loss (FVTPL)[2]	44,498	28	-	2,557	47,083
Total liabilities	479,981	185,396	1,658	102,871	769,906
Of which: customer accounts[3]	332,176	180,659	1,548	5,846	520,229
Risk-weighted assets	143,582	50,730	1,358	49,041	244,711
Underlying return on tangible equity (%)	13.7	15.8	nm[4]	(14.1)	8.0
Cost-to-income ratio (%)	54.6	68.9	nm[4]	410.3	65.5

1 Goodwill and other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment
2 Loans held at FVTPL includes $40,537 million of repurchase agreements
3 Customer accounts includes $11,706 million of FVTPL and $46,846 million of repurchase agreements
4 Not meaningful

Supplementary financial information continued

	2021 (Restated)[1]				
	Corporate, Commercial & Institutional Banking $million	Consumer, Private & Business Banking $million	Ventures $million	Central & other items $million	Total $million
Operating income	8,407	5,735	1	570	14,713
External	7,952	5,375	1	1,385	14,713
Inter-segment	455	360	-	(815)	-
Operating expenses	(5,278)	(4,227)	(253)	(617)	(10,375)
Operating profit/(loss) before impairment losses and taxation	3,129	1,508	(252)	(47)	4,338
Credit impairment	44	(282)	(3)	(22)	(263)
Other impairment	(49)	-	-	(6)	(55)
Profit from associates and joint ventures	-	-	(6)	182	176
Underlying profit/(loss) before taxation	3,124	1,226	(261)	107	4,196
Restructuring	(114)	(235)	(3)	(155)	(507)
Goodwill and Other impairment[2]	-	-	-	(300)	(300)
Other items	-	-	20	(62)	(42)
Statutory profit/(loss) before taxation	3,010	991	(244)	(410)	3,347
Total assets	405,778	139,364	1,098	281,578	827,818
Of which: loans and advances to customers	208,729	136,477	88	24,409	369,703
loans and advances to customers	139,335	136,410	88	22,635	298,468
loans held at fair value through profit or loss (FVTPL)[3]	69,394	67	-	1,774	71,235
Total liabilities	481,397	182,210	766	110,809	775,182
Of which: customer accounts[4]	351,696	178,088	689	11,982	542,455
Risk-weighted assets	163,197	51,232	761	56,043	271,233
Underlying return on tangible equity (%)	9.6	11.6	nm[5]	(5.4)	6.8
Cost-to-income ratio (%)	62.8	73.7	nm[5]	90.7	69.8

1 Following the increased strategic importance and reporting of Ventures to management, this has been established as a separate operating segment in 2022. Prior periods have been restated
2 Goodwill and other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment
3 Loans held at FVTPL includes $61,282 million of repurchase agreements
4 Customer accounts includes $9,291 million of FVTPL and $58,594 million of repurchase agreements
5 Not meaningful

Corporate, Commercial & Institutional Banking

	4Q'22 $million	4Q'21 $million	Change[2] %	Constant currency change[1,2] %	3Q'22 $million	Change[2] %	Constant currency change[1,2] %	FY22 $million	FY21 $million	Change[2] %	Constant currency change[1,2] %
Operating income	2,423	1,889	28	38	2,745	(12)	(10)	10,045	8,407	19	24
Transaction Banking	1,227	704	74	84	1,050	17	18	3,801	2,793	36	42
Trade & Working capital	309	333	(7)	1	332	(7)	(4)	1,315	1,390	(5)	(1)
Cash Management	918	371	147	159	718	28	29	2,486	1,403	77	85
Financial Markets	1,092	1,012	8	17	1,540	(29)	(27)	5,728	4,899	17	21
Macro Trading	624	433	44	61	734	(15)	(13)	2,962	2,216	34	40
Credit Markets	422	361	17	24	440	(4)	(3)	1,696	1,790	(5)	(3)
Credit Trading	153	60	155	166	156	(2)	-	506	437	16	18
Financing Solutions & Issuance	269	301	(11)	(4)	284	(5)	(5)	1,190	1,353	(12)	(9)
Structured Finance	96	104	(8)	(8)	116	(17)	(17)	408	491	(17)	(17)
Financing & Securities Services	83	97	(14)	(6)	195	(57)	(56)	620	387	60	67
DVA	(133)	17	nm[6]	nm[6]	55	nm[6]	nm[6]	42	15	180	200
Lending & Portfolio Management	107	175	(39)	(35)	156	(31)	(31)	525	725	(28)	(24)
Wealth Management	-	-	nm[6]	nm[6]	1	(100)	nm[6]	1	1	-	(100)
Retail Products	-	1	(100)	nm[6]	1	(100)	nm[6]	1	1	-	-
Deposits	-	-	nm[6]	nm[6]	1	(100)	nm[6]	1	1	-	-
Other Retail Products	-	1	(100)	nm[6]	-	nm[6]	nm[6]	-	-	nm[6]	nm[6]
Other	(3)	(3)	-	(67)	(3)	-	(67)	(11)	(12)	8	(27)
Operating expenses	(1,419)	(1,392)	(2)	(10)	(1,347)	(5)	(8)	(5,480)	(5,278)	(4)	(8)
Operating profit before impairment losses and taxation	1,004	497	102	113	1,398	(28)	(28)	4,565	3,129	46	51
Credit impairment	(147)	(68)	(116)	(147)	(82)	(79)	(84)	(425)	44	nm[6]	nm[6]
Other impairment	(9)	6	nm[6]	nm[6]	(31)	71	71	(40)	(49)	18	20
Underlying profit before taxation	848	435	95	103	1,285	(34)	(34)	4,100	3,124	31	35
Restructuring	(48)	(44)	(9)	(36)	2	nm[6]	nm[6]	(50)	(114)	56	52
Statutory profit before taxation	800	391	105	109	1,287	(38)	(38)	4,050	3,010	35	38
Total assets	401,567	405,778	(1)	1	453,985	(12)	(12)	401,567	405,778	(1)	1
Of which: loans and advances to customers[3]	184,254	208,729	(12)	(9)	190,782	(3)	(5)	184,254	208,729	(12)	(9)
Total liabilities	479,981	481,397	-	2	534,469	(10)	(12)	479,981	481,397	-	2
Of which: customer accounts[3]	332,176	351,696	(6)	(3)	332,833	-	(2)	332,176	351,696	(6)	(3)
Risk-weighted assets	143,582	163,197	(12)	nm[6]	149,779	(4)	nm[6]	143,582	163,197	(12)	nm[6]
Underlying return on risk-weighted assets (%)[4]	2.3	1.1	120bps	nm[6]	3.4	(110)bps	nm[6]	2.7	1.9	80bps	nm[6]
Underlying return on tangible equity (%)[4]	12.0	5.5	650bps	nm[6]	17.5	(550)bps	nm[6]	13.7	9.6	410bps	nm[6]
Cost-to-income ratio (%)[5]	58.6	73.7	15.1	14.5	49.1	(9.5)	(10.0)	54.6	62.8	8.2	8.0

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 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

Supplementary financial information continued

Segment overview

Corporate, Commercial and Institutional Banking (CCIB) supports local and large corporations, governments, banks and investors with their transaction banking, financial markets and borrowing needs. We provide solutions to more than 20,000 clients in some of the world's fastest-growing economies and most active trade corridors. Our clients operate or invest across 50 markets across the globe.

Our strong and deep local presence enables us to help co-create bespoke financing solutions and connect our clients multilaterally to investors, suppliers, buyers and sellers. Our products and services enable our clients to move capital, manage risk and invest to create wealth. Our clients represent a large and important part of the economies we serve. CCIB is at the heart of the Group's Purpose to drive commerce and prosperity through our unique diversity.

We are also committed to sustainable finance in our markets and to channelling capital where the impact will be greatest. We are delivering on our ambition to support sustainable economic growth, increasing support and funding for financial offerings that have a positive impact on our communities and environment.

Strategic priorities

- Deliver sustainable growth for clients by leveraging our network to facilitate trade, capital and investment flows across our footprint markets.
- Generate high-quality returns by improving funding quality and income mix, growing capital-lite[1] income and driving balance sheet velocity while maintaining disciplined risk management.
- Be the leading digital banking platform, providing integrated solutions to cater to our clients' needs and enhance client experience, and partnering with third parties to expand capabilities and access new clients.
- Accelerate our sustainable finance offering to our clients through product innovation and enabling the transition to a low-carbon future.

Progress

- Our underlying income is driven by our diversified product suite and expanded client solutions is supported by the rising interest rate environment. Our network income currently contributes to 57 per cent of total CCIB income with growth across strategic network corridors.
- Improved balance sheet quality with investment-grade net exposures represent 70 per cent of total corporate net exposures (2021: 64 per cent) and high-quality operating account balances at 67 per cent of Transaction Banking and Securities Services customer balances (2021: 63 per cent).
- Migrated more than 73,000 client entities to our S2B[2] NextGen platform and increased S2B cash payment transaction volumes by 10.3 per cent.
- We are half of the way towards developing our $1 billion income from sustainable finance franchise.

Performance highlights

- Underlying profit before tax of $4,100 million, up 31 per cent, primarily driven by higher income, partially offset by higher expenses and credit impairment charges.
- Underlying operating income of $10,045 million, up 19 per cent, with Cash Management in Transaction Banking benefiting from rising interest rates and strong Macro Trading activity in Financial Markets.
- Risk-weighted assets down $20 billion since 31 December 2021, mainly as a result of optimisation initiatives and favourable currency movement, partly offset by business growth and regulatory impact.
- Underlying RoTE increased from 9.6 per cent to 13.7 per cent.

1 Capital-lite income refers to products with low RWA consumption or of a non-funded nature. This mainly includes Cash Management and FX products
2 Our next-generation Client digital transaction initiation platform.

Consumer, Private & Business Banking[1]

	4Q'22 $million	4Q'21[1] $million	Change[3] %	Constant currency change[2,3] %	3Q'22 $million	Change[3] %	Constant currency change[2,3] %	FY22 $million	FY21[1] $million	Change[3] %	Constant currency change[2,3] %
Operating income	**1,545**	1,333	16	24	1,600	(3)	(2)	**6,016**	5,735	5	10
Transaction Banking	**41**	26	58	60	32	28	21	**124**	93	33	35
Trade & Working capital	**13**	15	(13)	(20)	12	8	(8)	**56**	57	(2)	(2)
Cash Management	**28**	11	155	180	20	40	40	**68**	36	89	94
Lending & Portfolio Management	**7**	9	(22)	-	10	(30)	(11)	**37**	34	9	12
Wealth Management	**359**	466	(23)	(19)	454	(21)	(19)	**1,801**	2,224	(19)	(17)
Retail Products	**1,151**	832	38	49	1,104	4	5	**4,054**	3,360	21	28
CCPL & other unsecured lending	**287**	314	(9)	-	295	(3)	(1)	**1,194**	1,271	(6)	(1)
Deposits	**814**	214	nm[7]	nm[7]	626	30	30	**2,052**	863	138	157
Mortgage & Auto	**12**	261	(95)	(92)	141	(91)	(87)	**635**	1,036	(39)	(35)
Other Retail Products	**38**	43	(12)	(9)	42	(10)	(7)	**173**	190	(9)	(4)
Other	**(13)**	-	nm[7]	nm[7]	-	nm[7]	nm[7]	**-**	24	(100)	(100)
Operating expenses	**(1,042)**	(1,137)	8	1	(1,035)	(1)	(3)	**(4,148)**	(4,227)	2	(3)
Operating profit before impairment losses and taxation	**503**	196	157	162	565	(11)	(12)	**1,868**	1,508	24	29
Credit impairment	**(96)**	(116)	17	10	(87)	(10)	(15)	**(262)**	(282)	7	1
Other impairment	**(9)**	-	nm[7]	nm[7]	-	nm[7]	nm[7]	**(10)**	-	nm[7]	nm[7]
Underlying profit/(loss) before taxation	**398**	80	nm[7]	nm[7]	478	(17)	(19)	**1,596**	1,226	30	35
Restructuring	**(20)**	(203)	90	89	(22)	9	9	**(63)**	(235)	73	71
Statutory profit/(loss) before taxation	**378**	(123)	nm[7]	nm[7]	456	(17)	(19)	**1,533**	991	55	58
Total assets	**133,956**	139,364	(4)	(1)	129,698	3	(1)	**133,956**	139,364	(4)	(1)
Of which: loans and advances to customers[4]	**130,985**	136,477	(4)	(1)	126,961	3	(1)	**130,985**	136,477	(4)	(1)
Total liabilities	**185,396**	182,210	2	5	176,087	5	2	**185,396**	182,210	2	5
Of which: customer accounts[4]	**180,659**	178,088	1	5	171,730	5	2	**180,659**	178,088	1	5
Risk-weighted assets	**50,730**	51,232	(1)	nm[7]	50,923	-	nm[7]	**50,730**	51,232	(1)	nm[7]
Underlying return on risk-weighted assets (%)[5]	**3.1**	0.6	250bps	nm[7]	3.7	(60)bps	nm[7]	**3.1**	2.2	90bps	nm[7]
Underlying return on tangible equity (%)[5]	**16.0**	3.2	1,280bps	nm[7]	19.2	(320)bps	nm[7]	**15.8**	11.6	420bps	nm[7]
Cost-to-income ratio (%)[6]	**67.4**	85.3	17.9	16.8	64.7	(2.7)	(3.7)	**68.9**	73.7	4.8	4.7

1 Following the increased strategic importance and reporting of Ventures to management, this has been established as a separate operating segment in 2022. Prior periods have been restated
2 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
3 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
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6 Change is the percentage points difference between the two periods rather than the percentage change
7 Not meaningful

Segment overview

Consumer, Private and Business Banking serves more than 10 million individuals and small businesses, with a focus on the affluent and emerging affluent in many of the world's fastest-growing markets. We provide digital banking services with a human touch to our clients, with solutions spanning across deposits, payments, financing and Wealth Management. Private Banking offers a full range of investment, credit and wealth planning products to grow, and protect, the wealth of high-net-worth individuals. We also support our small business clients with their business banking needs.

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

Increasing levels of wealth across Asia, Africa and the Middle East support our opportunity to grow the business sustainably. We aim to continuously uplift the client experience and improve productivity by driving end-to-end digitalisation and process simplification.

Supplementary financial information continued

Strategic priorities

- Be a leading international Affluent franchise with distinctive client value propositions to unlock the value of our Affluent client continuum.
- Maximise the reach of our deep-rooted international network, with Hong Kong, Singapore, UAE and Jersey as our wealth advisory hubs.
- Deliver advisory-led wealth propositions with digital-first and personalised experiences, leveraging an open architecture platform with best-in-class product offering.
- Profitable Personal Banking franchise enabled by partnerships, data and digital infrastructure.
- A mobile-first digital channel strategy offering exceptional end-to-end client experience.
- Continuous improvement in ways of working for process simplification and operational excellence.

Progress

- Strong affluent client growth momentum across Priority Banking and Private Banking.
- Strong traction on Standard Chartered-INSEAD Wealth Academy with more than 350 senior frontline staff across Hong Kong and Singapore on the development journey.
- Launched myWealth suite of digital advisory tools to deliver personalised portfolio construction and investment ideas for clients; recognised as a leader in digital wealth capabilities with more than 15 industry awards received in 2022.
- Enhanced digital experience in key markets focusing on frictionless mobile experience, leading to an average rating of 4.4 on App Store and Play Store in Hong Kong, Singapore, India, China and Pakistan.
- Continued Personal 'scale through automation' transformation accelerated by acquiring customers from partnerships, engaging and cross-selling digitally, and servicing them through low-cost channels.
- Seven Mass Retail partnerships instances live in China, Indonesia and Vietnam, reaching more than 1.2 million clients.

Performance highlights

- Underlying profit before tax of $1,596 million was up 30 per cent driven by higher income and lower expenses and credit impairments.
- Underlying operating income of $6,016 million was up 5 per cent (up 10 percent constant currency). Asia was up 5 per cent and Africa and the Middle East, and Europe was up 4 per cent. Expenses were well managed and down 2 per cent.
- Strong income momentum growth mainly from Deposits up 138 per cent with improved margins and balance sheet growth. These were offset by slow down in Wealth Management products due to risk off sentiment and Mortgages margin compression impacted by a rising interest rate environment.
- Underlying RoTE increased from 11.6 per cent to 15.8 per cent.

Ventures[1]

	4Q'22 $million	4Q'21[1] $million	Change[3] %	Constant currency change[2,3] %	3Q'22 $million	Change[3] %	Constant currency change[2,3] %	FY22 $million	FY21[1] $million	Change[3] %	Constant currency change[2,3] %
Operating income	**14**	4	nm[7]	nm[7]	10	40	40	**29**	1	nm[7]	nm[7]
Retail Products	**4**	2	100	100	4	-	-	**13**	(3)	nm[7]	nm[7]
CCPL & other unsecured lending	**10**	2	nm[7]	nm[7]	6	67	67	**22**	1	nm[7]	nm[7]
Deposits	**(6)**	(1)	nm[7]	nm[7]	(2)	(200)	(200)	**(9)**	(4)	(125)	(125)
Other Retail Products	**-**	1	(100)	(100)	-	nm[7]	nm[7]	**-**	-	nm[7]	nm[7]
Other	**5**	2	150	150	6	(17)	-	**11**	4	175	175
Operating expenses	**(103)**	(75)	(37)	(39)	(87)	(18)	(18)	**(336)**	(253)	(33)	(35)
Operating profit before impairment losses and taxation	**(89)**	(71)	(25)	(27)	(77)	(16)	(15)	**(307)**	(252)	(22)	(24)
Credit impairment	**(9)**	(2)	nm[7]	nm[7]	(4)	(125)	(125)	**(16)**	(3)	nm[7]	nm[7]
Other impairment	**(24)**	-	nm[7]	nm[7]	-	nm[7]	nm[7]	**(24)**	-	nm[7]	nm[7]
Profit from associates and joint ventures	**(5)**	(3)	(67)	(67)	(4)	(25)	(67)	**(16)**	(6)	(167)	(167)
Underlying profit/(loss) before taxation	**(127)**	(76)	(67)	(68)	(85)	(49)	(51)	**(363)**	(261)	(39)	(42)
Restructuring	**-**	(3)	100	100	-	nm[7]	nm[7]	**(1)**	(3)	67	67
Other items	**-**	-	nm[7]	nm[7]	-	nm[7]	nm[7]	**-**	20	(100)	(100)
Statutory profit/(loss) before taxation	**(127)**	(79)	(61)	(62)	(85)	(49)	(51)	**(364)**	(244)	(49)	(52)
Total assets	**2,451**	1,098	123	132	1,574	56	57	**2,451**	1,098	123	132
Of which: loans and advances to customers[4]	**702**	88	nm[7]	nm[7]	480	46	45	**702**	88	nm[7]	nm[7]
Total liabilities	**1,658**	766	116	116	981	69	66	**1,658**	766	116	116
Of which: customer accounts[4]	**1,548**	689	125	125	886	75	72	**1,548**	689	125	125
Risk-weighted assets	**1,358**	761	78	nm[7]	1,158	17	nm[7]	**1,358**	761	78	nm[7]
Underlying return on risk-weighted assets (%)[5]	**nm[7]**	nm[7]	nm[7]	nm[7]	nm[7]	nm[7]	nm[7]	**nm[7]**	nm[7]	nm[7]	nm[7]
Underlying return on tangible equity (%)[5]	**nm[7]**	nm[7]	nm[7]	nm[7]	nm[7]	nm[7]	nm[7]	**nm[7]**	nm[7]	nm[7]	nm[7]
Cost-to-income ratio (%)[6]	**nm[7]**	nm[7]	nm[7]	nm[7]	nm[7]	nm[7]	nm[7]	**nm[7]**	nm[7]	nm[7]	nm[7]

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7 Not meaningful

Segment overview

As part of the ongoing execution of its refreshed strategy, the Group has expanded and reorganised its reporting structure with the creation of a third client segment, Ventures, effective on 1 January 2022. Ventures is a consolidation of SC Ventures and its related entities as well as the Group's two majority-owned digital banks, Mox in Hong Kong and Trust Bank in Singapore.

SC Ventures is the platform and catalyst for the Group to promote innovation, invest in disruptive financial technology and explore alternative business models.

Mox, a cloud-native, mobile-only digital bank, was launched in Hong Kong as a joint venture with HKT, PCCW and Ctrip in September 2020.

Trust Bank was launched in Singapore in partnership with FairPrice Group, the nation's leading grocery retailer, in September 2022.

Supplementary financial information continued

Strategic priorities

- **SC Ventures'** focus is on building and scaling new business models – across the four themes of Online Economy & Lifestyle, SMEs & World Trade, Digital Assets and Sustainability & Inclusion. We do this by connecting ecosystems, partners and clients to create value and new sources of revenue, providing optionality for the Bank. SC Ventures is also advancing the Fintech agenda – identifying, partnering and taking minority interests through the fund in companies that provide technology capabilities, which can be integrated into the Bank and Ventures. Focus is on innovative, fast-growing, technology-focused companies which accelerate transformation in the financial industry.
- **Mox** continues to grow the customer base and drive main bank relationships across mass and mass affluent segments in Hong Kong. Mox's vision is to build the global benchmark for digital banking. It aims to be the leading virtual bank in Hong Kong for Cards and Digital Lending and continues to further expand services, including the soon-to-launch Digital Wealth Management services.
- **Trust Bank** is targeting continued strong growth, in particular through its deep and extensive partner ecosystem, and to establish itself as a scale player in the mass and upper mass consumer segment in Singapore.

Progress

- **SC Ventures** marks its fifth year anniversary in 2023. Some of the key achievements include building a diverse portfolio of over 30 ventures and 20+ investments. Our ventures processed $16 billion of transactions in 2022 with a customer base of 1 million. By working with strategic partners like SBI Holdings, we will accelerate the growth of Solv, the B2B digital marketplace for micro, small and medium enterprises and connect with a wider ecosystem across multiple markets. Our Financial Conduct Authority (FCA) authorised, institutional grade crypto businesses, Zodia Custody and Zodia Markets, commenced onboarding clients during the year.
- In 2022, **Mox** had a strong focus on expanding its card and digital lending services and recorded a strong performance and an engaged customer base. Mox has more than 400,000 customers, up two times year-on-year, and Mox customers had on average 3.1x products. Mox was named as the most recommended virtual bank in Hong Kong and continued to be the number one rated virtual bank app in Hong Kong on the Apple App Store.
- Within five months of launch, **Trust Bank** scaled rapidly to over 450,000 customers, equating to around 9 per cent of the addressable market in Singapore, and making it one of the world's fastest growing digital banks. Customer engagement was strong, with almost 7 million transactions made, and more than 400,000 digital coupons redeemed through the app during this period.

Performance highlights

- Underlying loss before tax of $363 million was up $102 million, driven mainly by higher expenses as we continue to invest in new and existing ventures.
- Risk-weighted assets of $1.4 billion have increased $0.6 billion mainly due to continued investment in new and existing ventures and minority interests.

Supplementary financial information continued

Central & other items (segment)

	4Q'22 $million	4Q'21 $million	Change[2] %	Constant currency change[1,2] %	3Q'22 $million	Change[2] %	Constant currency change[1,2] %	FY22 $million	FY21 $million	Change[2] %	Constant currency change[1,2] %
Operating income	**(245)**	104	nm[7]	nm[7]	(37)	nm[7]	nm[7]	**165**	570	(71)	(66)
Treasury	**(175)**	155	nm[7]	nm[7]	(4)	nm[7]	nm[7]	**343**	698	(51)	(48)
Other	**(70)**	(51)	(37)	(39)	(33)	(112)	nm[7]	**(178)**	(128)	(39)	(5)
Operating expenses	**(253)**	(85)	(198)	nm[7]	(190)	(33)	(23)	**(779)**	(617)	(26)	(61)
Operating loss before impairment losses and taxation	**(498)**	19	nm[7]	nm[7]	(227)	(119)	(117)	**(614)**	(47)	nm[7]	nm[7]
Credit impairment	**(92)**	(17)	nm[7]	nm[7]	(54)	(70)	(77)	**(135)**	(22)	nm[7]	nm[7]
Other impairment	**(3)**	(1)	(200)	nm[7]	(1)	(200)	nm[7]	**(5)**	(6)	17	-
Profit from associates and joint ventures	**3**	(1)	nm[7]	nm[7]	20	(85)	(83)	**183**	182	1	1
Underlying loss before taxation	**(590)**	-	nm[7]	nm[7]	(262)	(125.2)	(124)	**(571)**	107	nm[7]	nm[7]
Restructuring	**(36)**	(35)	(3)	(6)	(5)	nm[7]	nm[7]	**(60)**	(155)	61	62
Goodwill impairment[3]	**(322)**	(300)	(7)	(7)	-	nm[7]	nm[7]	**(322)**	(300)	(7)	(8)
Other items	**20**	(62)	132	132	-	nm[7]	nm[7]	**20**	(62)	132	132
Statutory loss before taxation	**(928)**	(397)	(134)	(150)	(267)	nm[7]	nm[7]	**(933)**	(410)	(128)	(167)
Total assets	**281,948**	281,578	-	3	279,178	1	(2)	**281,948**	281,578	-	3
Of which: loans and advances to customers[4]	**41,789**	24,409	71	76	35,388	18	10	**41,789**	24,409	71	76
Total liabilities	**102,871**	110,809	(7)	(6)	102,895	-	(1)	**102,871**	110,809	(7)	(6)
Of which: customer accounts[4]	**5,846**	11,982	(51)	(48)	6,517	(10)	(11)	**5,846**	11,982	(51)	(48)
Risk-weighted assets	**49,041**	56,043	(12)	nm[7]	50,433	(3)	nm[7]	**49,041**	56,043	(12)	nm[7]
Underlying return on risk-weighted assets (%)[5]	**(4.6)**	(2.2)	(240)bps	nm[7]	(2.0)	(260)bps	nm[7]	**(1.1)**	0.2	(130)bps	nm[7]
Underlying return on tangible equity (%)[5]	**(39.4)**	(9.7)	nm[7]	nm[7]	(15.6)	nm[7]	nm[7]	**(14.1)**	(5.4)	(870)bps	nm[7]
Cost-to-income ratio (%) (excluding UK bank levy)[6]	**(59.6)**	(8.7)	50.9	31.1	(513.5)	(453.9)	(1,006)	**410.3**	90.7	(319.6)	(326.1)

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 Goodwill and other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment
4 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements
5 Change is the basis points (bps) difference between the two periods rather than the percentage change
6 Change is the percentage points difference between the two periods rather than the percentage change
7 Not meaningful

Performance highlights

- Underlying loss before tax increased to $571 million with income down 71 per cent reflecting higher interest costs and lower realisation gains within Treasury as rates increased significantly throughout the year.
- Expenses increased 26 per cent with increased property costs held centrally and non-repeat of cost related cash flow hedge gains crystallised in 2021.
- Increased credit impairments driven by sovereign rating downgrades have resulted in an increase in impairment provisions of $113m.

Supplementary financial information continued

Underlying performance by region

	2022				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Operating income	11,213	2,606	2,353	83	16,255
Operating expenses	(6,867)	(1,669)	(1,564)	(643)	(10,743)
Operating profit/(loss) before impairment losses and taxation	4,346	937	789	(560)	5,512
Credit impairment	(790)	(120)	77	(5)	(838)
Other impairment	(47)	2	(3)	(31)	(79)
Profit from associates and joint ventures	179	-	-	(12)	167
Underlying profit/(loss) before taxation	3,688	819	863	(608)	4,762
Restructuring	(75)	(29)	(23)	(47)	(174)
Goodwill and Other impairment[1]	(308)	-	-	(14)	(322)
Other items	20	-	-	-	20
Statutory profit/(loss) before taxation	3,325	790	840	(669)	4,286
Total assets	488,399	53,086	268,960	9,477	819,922
Of which: loans and advances to customers	270,892	23,857	62,981	-	357,730
loans and advances to customers	257,171	21,570	31,906	-	310,647
loans held at fair value through profit or loss (FVTPL)[2]	13,721	2,287	31,075	-	47,083
Total liabilities	441,349	40,902	219,701	67,954	769,906
Of which: customer accounts[3]	346,832	31,860	141,537	-	520,229
Risk-weighted assets	150,816	40,716	50,174	3,005	244,711
Cost-to-income ratio (%)	61.2	64.0	66.5	nm[4]	65.5

	2021				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Operating income	10,448	2,446	2,003	(184)	14,713
Operating expenses	(6,773)	(1,623)	(1,485)	(494)	(10,375)
Operating profit/(loss) before impairment losses and taxation	3,675	823	518	(678)	4,338
Credit impairment	(434)	34	144	(7)	(263)
Other impairment	-	(1)	(18)	(36)	(55)
Profit from associates and joint ventures	175	-	-	1	176
Underlying profit/(loss) before taxation	3,416	856	644	(720)	4,196
Restructuring	(286)	(25)	(69)	(127)	(507)
Goodwill and Other impairment[1]	(300)	-	-	-	(300)
Other items	-	-	-	(42)	(42)
Statutory profit/(loss) before taxation	2,830	831	575	(889)	3,347
Total assets	483,950	57,405	277,008	9,455	827,818
Of which: loans and advances to customers	265,744	27,600	76,359	-	369,703
loans and advances to customers	243,861	25,177	29,430	-	298,468
loans held at fair value through profit or loss (FVTPL)[2]	21,883	2,423	46,929	-	71,235
Total liabilities	434,200	41,260	233,915	65,807	775,182
Of which: customer accounts[3]	355,792	34,701	151,962	-	542,455
Risk-weighted assets	170,381	48,852	50,283	1,717	271,233
Cost-to-income ratio (%)	64.8	66.4	74.1	nm[4]	69.8

1 Goodwill and other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and Other impairment
2 Loans held at FVTPL includes $40,537 million (FY'21 $61,282 million) of repurchase agreements
3 Customer accounts includes $11,706 million (FY'21 $9,291 million) of FVTPL and $46,846 million (FY'21 $58,594 million) of repurchase agreements
4 Not meaningful

Supplementary financial information continued

Asia

	4Q'22 $million	4Q'21 $million	Change[2] %	Constant currency change[1,2] %	3Q'22 $million	Change[2] %	Constant currency change[1,2] %	FY22 $million	FY21 $million	Change[2] %	Constant currency change[1,2] %
Operating income	**2,707**	2,356	15	23	2,984	(9)	(8)	**11,213**	10,448	7	12
Operating expenses	**(1,735)**	(1,814)	4	(2)	(1,715)	(1)	(3)	**(6,867)**	(6,773)	(1)	(6)
Operating profit before impairment losses and taxation	**972**	542	79	93	1,269	(23)	(23)	**4,346**	3,675	18	23
Credit impairment	**(199)**	(303)	34	30	(193)	(3)	(4)	**(790)**	(434)	(82)	(94)
Other impairment	**(12)**	17	(171)	(163)	(33)	64	63	**(47)**	-	nm[6]	nm[6]
Profit from associates and joint ventures	**2**	(6)	133	150	20	(90)	(84)	**179**	175	2	3
Underlying profit/(loss) before taxation	**763**	250	nm[6]	nm[6]	1,063	(28)	(28)	**3,688**	3,416	8	12
Restructuring	**(38)**	(223)	83	80	(18)	(111)	(122.2)	**(75)**	(286)	74	71
Goodwill and Other impairment[3]	**(308)**	(300)	(3)	(3)	-	nm[6]	nm[6]	**(308)**	(300)	(3)	(3)
Other items	**20**	-	nm[6]	nm[6]	-	nm[6]	nm[6]	**20**	-	nm[6]	nm[6]
Statutory profit/(loss) before taxation	**437**	(273)	nm[6]	nm[6]	1,045	(58)	(58)	**3,325**	2,830	17	22
Total assets	**488,399**	483,950	1	5	497,193	(2)	(5)	**488,399**	483,950	1	5
Of which: loans and advances to customers[4]	**270,892**	265,744	2	6	258,911	5	-	**270,892**	265,744	2	6
Total liabilities	**441,349**	434,200	2	5	452,959	(3)	(5)	**441,349**	434,200	2	5
Of which: customer accounts[4]	**346,832**	355,792	(3)	-	334,954	4	1	**346,832**	355,792	(3)	-
Risk-weighted assets	**150,816**	170,381	(11)	nm[6]	156,553	(4)	(4)	**150,816**	170,381	(11)	nm[6]
Underlying return on risk-weighted assets (%)[5]	**2**	1	140	nm[6]	3	(70)	nm[6]	**2**	2	40	nm[6]
Underlying return on tangible equity (%)[5]	**11**	5	610	nm[6]	14	(360)	nm[6]	**12**	11	140	nm[6]
Cost-to-income ratio (%)[5]	**64.1**	77.0	12.9	13.0	57.5	(6.6)	(7.0)	**61.2**	64.8	4.0	nm[6]

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6 Not meaningful

Region overview

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

The region is highly interconnected, with three distinct and potent sub-regions: Greater China, ASEAN and South Asia. Our global footprint and strong regional presence, distinctive proposition, and continued investment position us strongly to capture opportunities as they arise from the continuing opening up of China's economy, the growing connectivity of ASEAN, and the strong economic growth of India.

The region is benefiting from rising trade flows, continued strong investment, and a rising middle class, which is driving consumption growth and improving digital connectivity.

Strategic priorities

- Leverage our network strength to serve the inbound and outbound cross-border trade and investment needs of our clients, particularly across high-growth corridors e.g., China–ASEAN, China–South Asia, Korea-ASEAN
- Capture opportunities arising from China's opening, and accelerate growth in ASEAN and India/South Asia.
- Turbocharge our Affluent and Wealth Management businesses through differentiated propositions and service.
- Continue to invest and advance in technology, digital capabilities and partnerships to enhance the client experience and build scale efficiently.
- Support clients' sustainable finance and transition needs and continue to strengthen our thought leadership status.

Supplementary financial information continued

Progress

- We have continued to advance our China strategy both onshore and offshore, with steady progress in capturing affluent growth, adding new clients through digital partnerships and growing international trade and investment corridors. In 2022 the China business delivered its highest ever onshore income while also growing network income strongly, with the China-ASEAN and China-South Asia corridors being respectively up 62 per cent and 21 percent year-on-year. Progress was made in the digital retail space with new partnerships involving JD.com and WeBank.
- Our two strong international financial hubs in Hong Kong and Singapore, which enable us to serve the three sub-engines of economic growth in Asia, continued to be the highest income contributors in the region. Income growth was driven by the Affluent segment and Transaction Banking, helped in part by rising interest rates, and also by Financial Markets.
- Execution of our strategy in the Greater Bay Area ("GBA") continues to be on track with the establishment of a solid cross border wealth management platform and strong growth in new economy sectors and in network business.
- The CPBB digital agenda continues to progress. Mox has the second largest deposit base among virtual banks in Hong Kong while Trust Bank, in partnership with Fairprice Group in Singapore, has onboarded more than 450,000 customers after five months of its launch.

Performance highlights

- Underlying profit before tax of $3,688 million was up 8 per cent, primarily from higher income partly offset by higher credit impairment from charges on China Commercial Real Estate exposures and the sovereign ratings downgrade of Sri Lanka.
- Underlying operating income of $11,213 million was up 7 per cent (up 12 per cent on a constant currency), mainly driven by a strong Financial Markets performance and an expansion in the net interest margin benefiting Cash Management and Retail
- Deposits. This was partially offset by lower Lending and Wealth Management income as market conditions reduced transaction volumes, as well as the impact of COVID-19 restrictions impacting in our key markets, Hong Kong and China.
- Loans and advances to customers were up 2 per cent (up 6 per cent on a constant currency), Customer accounts were down 3 per cent (flat on a constant currency) since 31 December 2021.
- Risk-weighted assets (RWA) were down $19 billion since 31 December 2021 as we continue to focus on RWA optimisation.

Supplementary financial information continued

Africa & Middle East

	4Q'22 $million	4Q'21 $million	Change[2] %	Constant currency change[1,2] %	3Q'22 $million	Change[2] %	Constant currency change[1,2] %	FY22 $million	FY21 $million	Change[2] %	Constant currency change[1,2] %
Operating income	**663**	539	23	42	652	2	5	**2,606**	2,446	7	14
Operating expenses	**(438)**	(407)	(8)	(22)	(423)	(4)	(6)	**(1,669)**	(1,623)	(3)	(9)
Operating profit before impairment losses and taxation	**225**	132	70	103	229	(2)	4	**937**	823	14	25
Credit impairment	**(151)**	27	nm[5]	nm[5]	(68)	(122)	(150)	**(120)**	34	nm[5]	nm[5]
Other impairment	**1**	-	nm[5]	-	2	(50)	(50)	**2**	(1)	nm[5]	nm[5]
Underlying profit/(loss) before taxation	**75**	159	(53)	(39)	163	(54)	(47)	**819**	856	(4)	4
Restructuring	**(21)**	(15)	(40)	(47)	(1)	nm[5]	nm[5]	**(29)**	(25)	(16)	(21)
Statutory profit/(loss) before taxation	**54**	144	(63)	(49)	162	(67)	(60)	**790**	831	(5)	3
Total assets	**53,086**	57,405	(8)	(1)	54,724	(3)	(2)	**53,086**	57,405	(8)	(1)
Of which: loans and advances to customers[3]	**23,857**	27,600	(14)	(9)	24,705	(3)	(3)	**23,857**	27,600	(14)	(9)
Total liabilities	**40,902**	41,260	(1)	5	41,116	(1)	-	**40,902**	41,260	(1)	5
Of which: customer accounts[3]	**31,860**	34,701	(8)	(3)	31,697	1	-	**31,860**	34,701	(8)	(3)
Risk-weighted assets	**40,716**	48,852	(17)	nm[5]	42,746	(5)	(4.7)	**40,716**	48,852	(17)	nm[5]
Underlying return on risk-weighted assets (%)[4]	**1**	1	(60)	nm[5]	2	(80)	nm[5]	**2**	2	10	nm[5]
Underlying return on tangible equity (%)[4]	**4**	7	(260.0)	nm[5]	8	(380)	nm[5]	**10**	9	80	nm[5]
Cost-to-income ratio (%)[4]	**66.1**	75.5	9.4	10.7	64.9	(1.2)	(0.5)	**64.0**	66.4	2.4	3.0

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 and customer accounts includes FVTPL and repurchase agreements
4 Change is the percentage points difference between the two periods rather than the percentage change
5 Not meaningful

Region overview

We have a deep-rooted heritage in Africa and Middle East (AME), of which the United Arab Emirates, Pakistan, Kenya, Nigeria, South Africa, and Ghana are the largest by income.

A rich history, deep client relationships and a unique footprint in the region, as well as across centres in Asia, Europe, and the Americas, enable us to seamlessly support our clients. AME is an important element of global trade and investment corridors and we are well placed to facilitate these flows.

Gulf Cooperation Council (GCC) markets are expected to outpace global growth on the back of oil price recovery, higher government spend and bilateral trade negotiations. The macro-economic risk remains elevated in Pakistan and some markets in Africa due to a high level of sovereign debt and FX liquidity challenges. Overall, AME's medium and long-term attractiveness remains compelling and intact, and it is an important part of our global network proposition for our clients.

Strategic priorities

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

Supplementary financial information continued

Progress

- We have strengthened our footprint with the approval for a banking licence in Egypt.
- We have once again led the AME bond and Sukuk markets in 2022, taking the top spot in the AME league tables and ranking #1 in MENA G3 issuance for the fifth year in a row. Our commitment to ESG across Debt Capital Markets (DCM) helped us almost double our issuance ESG volumes and brought the year's most innovative deals to market.
- On Sustainable Finance we have brought new ideas to the market, and supported our clients with closing market firsts and landmark transactions that are creating a strong reputation for us among clients.
- We have successfully launched end-to-end digital onboarding in Pakistan with embedded eKYC (Electronic Know Your Customer), allowing clients to seamlessly open accounts from the SC Mobile App. We have also expanded our agent banking proposition to five countries, helping to drive financial inclusion by offering multiple touchpoints for clients to transact.
- We have expanded digital wealth management solutions in Kenya and UAE. Our micro-investment solution in Kenya has attracted 85 per cent new to wealth clients, while in UAE, clients have access to online Trade FX and online Equities.
- Broad-based growth in income across products, with Financial Markets at the highest level since 2015.
- Continuing cost discipline has allowed investments to continue through the cycle. Cost to Income Ratio lower at 64 per cent (vs. 66 per cent in '21) and Revenue / Headcount has grown 11 percent vs FY'21.

Performance highlights

- Underlying working profit of $937 million (up 25 per cent on constant currency basis) was driven by higher income and disciplined cost management. Underlying profit before tax of $819 million (up 4 per cent on constant currency basis) despite higher loan impairment that is primarily related to provisions for sovereign downgrades in Ghana & Pakistan.
- Underlying operating income of $2,606 million was up 7 per cent (up 14 per cent constant currency) driven by growth in Transaction Banking, Financial Markets and Retail. Income was up 9 per cent (up 15 per cent constant currency) in Middle East, North Africa, & Pakistan and up 3 per cent (up 13 per cent constant currency) in Africa.
- Risk-weighted assets (RWA) were 17 per cent lower than December 2021, despite the impact of sovereign downgrades, due to continuing RWA optimisation activities and de-risking in markets with elevated macro-economic risk.
- Loans and advances to customers were down 14 per cent (9 per cent down on constant currency basis) and customer accounts were down 8 per cent (3 per cent down on constant currency basis) since 31 December 2021.

Supplementary financial information continued

Europe & Americas

	4Q'22 $million	4Q'21 $million	Change[2] %	Constant currency change[1,2] %	3Q'22 $million	Change[2] %	Constant currency change[1,2] %	FY22 $million	FY21 $million	Change[2] %	Constant currency change[1,2] %
Operating income	**276**	496	(44)	(44)	632	(56)	(57)	**2,353**	2,003	17	21
Operating expenses	**(419)**	(410)	(2)	(9)	(374)	(12)	(12)	**(1,564)**	(1,485)	(5)	(9)
Operating profit before impairment losses and taxation	**(143)**	86	nm[5]	nm[5]	258	(155)	(156)	**789**	518	52	51
Credit impairment	**14**	71	(80)	(81)	34	(59)	(62)	**77**	144	(47)	(46)
Other impairment	**(5)**	(11)	55	58	1	nm[5]	nm[5]	**(3)**	(18)	83	83
Underlying profit/(loss) before taxation	**(134)**	146	(192)	(190)	293	(146)	(147)	**863**	644	34	33
Restructuring	**(15)**	(22)	32	30	(2)	nm[5]	nm[5]	**(23)**	(69)	67	66
Statutory profit/(loss) before taxation	**(149)**	124	nm[5]	nm[5]	291	(151)	(151)	**840**	575	46	45
Total assets	**268,960**	277,008	(3)	(3)	303,617	(11)	(12)	**268,960**	277,008	(3)	(3)
Of which: loans and advances to customers[3]	**62,981**	76,359	(18)	(18)	69,995	(10)	(11)	**62,981**	76,359	(18)	(18)
Total liabilities	**219,701**	233,915	(6)	(5)	249,771	(12)	(13)	**219,701**	233,915	(6)	(5)
Of which: customer accounts[3]	**141,537**	151,962	(7)	(6)	145,315	(3)	(4)	**141,537**	151,962	(7)	(6)
Risk-weighted assets	**50,174**	50,283	-	nm[5]	50,779	(1)	(1.6)	**50,174**	50,283	-	nm[5]
Underlying return on risk-weighted assets (%)[4]	**(1)**	1	(220)	nm[5]	2	(340)	nm[5]	**2**	1	40	nm[5]
Underlying return on tangible equity (%)[4]	**(5.4)**	5.9	(1,130.0)	nm[5]	12.1	(1,750.0)	nm[5]	**8.9**	6.8	210.0	nm[5]
Cost-to-income ratio (%)[4]	**151.8**	82.7	(69.1)	(74.0)	59.2	(92.6)	(95.6)	**66.5**	74.1	7.6	6.7

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3 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements
4 Change is the percentage points difference between the two periods rather than the percentage change
5 Not meaningful

Region overview

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

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

In addition to being a key origination centre for CCIB, the region offers local, on-the-ground expertise and solutions to help internationally minded clients grow across Europe and Americas. The region is home to the Group's two biggest payment clearing centres and the largest trading floor with more than 90 per cent of the region's income originating from Financial Markets and Transaction Banking products.

Our European CPBB business focuses on serving clients with links to our footprint markets.

Strategic priorities

- Leverage our network capabilities to connect new and existing Corporate and Financial Institutions clients in the west to the fastest-growing and highest-potential economies across our footprint.
- Supercharge our Financial Institutions (FI) Franchise.
- Grow the business we capture from inbound trade flows from our east to west corridors.
- Further develop our sustainable finance product offering and risk management capabilities.
- Enhance capital efficiency, maintain strong risk oversight, and further improve the quality of our funding base.
- Expand assets under management in CPBB and continue to strengthen the franchise.

Supplementary financial information continued

Progress

- Strong growth of 20 per cent in global cross-border network business with Europe & Americas CCIB clients across key footprint markets.
- FI segment growth of 25 per cent, now accounting for 56 per cent of the CCIB business for European & Americas clients.
- Expanded Financial Markets Product offering in our German subsidiary to enable more inbound trade flow.
- Material growth in income from sustainable finance products and expansion of our sustainable product offering.
- Significant increase in high-quality liabilities diversifying the region's funding base.
- CPBB cost saving initiatives executed, with strong progress made in refocusing the Private Banking segment towards Ultra High Net Worth clients together with the successful migration of CPBB clients from London to the Jersey booking centre.

Performance highlights

- Underlying profit before tax of $863 million improved 34 per cent, driven by higher income and lower impairments. Positive income to cost jaws of 12 per cent.
- Underlying operating income of $2,353 million was up 17 per cent due to a strong performance from Financial Markets Macro products, and improvement in cash deposit volumes and margins across CCIB and CPBB.
- Expenses increased by 5 per cent or 9 per cent on a constant currency basis largely due to the increased Investment spend and performance-related pay.

Central & other items (region)

	4Q'22 $million	4Q'21 $million	Change[2] %	Constant currency change[1,2] %	3Q'22 $million	Change[2] %	Constant currency change[1,2] %	**FY22 $million**	FY21 $million	Change[2] %	Constant currency change[1,2] %
Operating income	**91**	(61)	nm[4]	nm[4]	50	82	84	**83**	(184)	145	142
Operating expenses	**(225)**	(58)	nm[4]	nm[4]	(147)	(53)	(53)	**(643)**	(494)	(30)	(78)
Operating loss before impairment losses and taxation	**(134)**	(119)	(13)	(68)	(97)	(38)	(40)	**(560)**	(678)	17	-
Credit impairment	**(8)**	2	nm[4]	nm[4]	-	nm[4]	nm[4]	**(5)**	(7)	29	38
Other impairment	**(29)**	(1)	nm[4]	nm[4]	(2)	nm[4]	nm[4]	**(31)**	(36)	14	14
Profit from associates and joint ventures	**(4)**	2	nm[4]	nm[4]	(4)	-	(25)	**(12)**	1	nm[4]	nm[4]
Underlying loss before taxation	**(175)**	(116)	(51)	(118)	(103)	(70)	(69)	**(608)**	(720)	16	(1)
Restructuring	**(30)**	(25)	(20)	(25)	(4)	nm[4]	nm[4]	**(47)**	(127)	63	63
Goodwill and Other impairment	**(14)**	-	nm[4]	nm[4]	-	nm[4]	nm[4]	**(14)**	-	nm[4]	nm[4]
Other items	**-**	(62)	100	100.0	-	nm[4]	nm[4]	**-**	(42)	100.0	100.0
Statutory loss before taxation	**(219)**	(203)	(8)	(37)	(107)	(105)	(100)	**(669)**	(889)	25	13
Total assets	**9,477**	9,455	-	1	8,901	6	5	**9,477**	9,455	-	1
Total liabilities	**67,954**	65,807	3	3	70,586	(4)	(4)	**67,954**	65,807	3	3
Risk-weighted assets	**3,005**	1,717	75	nm[4]	2,215	36	35.7	**3,005**	1,717	75	nm[4]
Underlying return on risk-weighted assets (%)[3]	**nm[4]**	62	nm[4]	-	nm[4]	nm[4]	-	**nm[4]**	nm[4]	nm[4]	-
Underlying return on tangible equity (%)[3]	**nm[4]**	nm[4]	nm[4]	nm[4]	nm[4]	nm[4]	nm[4]	**nm[4]**	nm[4]	nm[4]	nm[4]
Cost-to-income ratio (%) (excluding bank levy)[3]	**nm[4]**	nm[4]	nm[4]	nm[4]	nm[4]	nm[4]	nm[4]	**nm[4]**	nm[4]	nm[4]	nm[4]

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

Performance highlights

loss decreased by $112 million to $608 million due to a 30 per cent increase in expenses. Income increased 145 per cent, while impairments reduced by 16 percent

Supplementary financial information continued

Underlying performance by key market

2022	Hong Kong $million	Korea $million	China[3] $million	Taiwan $million	Singapore $million	India $million	Indonesia $million	UAE $million	UK $million	US $million
Operating income	3,715	1,143	1,155	475	1,915	1,227	214	629	1,023	1,029
Operating expenses	(2,022)	(731)	(841)	(335)	(1,081)	(763)	(183)	(368)	(742)	(602)
Operating profit before impairment losses and taxation	1,693	412	314	140	834	464	31	261	281	427
Credit impairment	(579)	(55)	(200)	(15)	84	(31)	4	81	35	13
Other impairment	(38)	(1)	(3)	(1)	(2)	(1)	-	-	35	-
Profit from associates and joint ventures	-	-	179	-	-	-	-	-	-	-
Underlying profit before taxation	1,076	356	290	124	916	432	35	342	351	440
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
Cost to income ratio (%)	54.4	64.0	72.8	70.5	56.4	62.2	85.5	58.5	72.5	58.5

2021	Hong Kong $million	Korea $million	China[3] $million	Taiwan $million	Singapore $million	India $million	Indonesia[2] $million	UAE $million	UK $million	US $million
Operating income	3,440	1,102	1,087	493	1,608	1,282	213	546	895	818
Operating expenses	(2,008)	(772)	(765)	(362)	(1,054)	(744)	(180)	(362)	(721)	(533)
Operating profit before impairment losses and taxation	1,432	330	322	131	554	538	33	184	174	285
Credit impairment	(251)	(14)	(49)	(4)	88	(23)	(3)	58	58	27
Other impairment[3]	-	2	-	-	(1)	1	-	-	96	-
Profit from associates and joint ventures	-	-	175	-	-	-	-	-	-	-
Underlying profit/(loss) before taxation[3]	1,181	318	448	127	641	516	30	242	328	312
Total assets employed	177,460	67,311	37,908	23,349	94,881	28,416	4,837	19,224	193,807	68,148
Of which: loans and advances to customers[1]	89,063	45,323	18,014	12,363	56,454	14,991	2,257	8,937	52,878	19,375
Total liabilities employed	166,727	58,406	35,637	21,790	93,884	20,509	3,769	13,922	149,064	70,648
Of which: customer accounts[1]	141,256	47,867	27,618	20,281	75,154	14,730	2,622	11,466	105,490	37,407
Cost to income ratio (%)	58.4	70.1	70.4	73.4	65.5	58.0	84.5	66.3	80.6	65.2

1 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements
2 Indonesia performance has been presented including Nexus for current year and prior year
3 Goodwill and other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment

Supplementary financial information continued

	4Q'22									
	Hong Kong $million	Korea $million	China[3] $million	Taiwan $million	Singapore $million	India $million	Indonesia $million	UAE $million	UK $million	US $million
Operating income	959	243	241	118	494	254	56	165	(25)	231
Operating expenses	(497)	(183)	(214)	(80)	(290)	(202)	(51)	(102)	(203)	(160)
Operating profit before impairment losses and taxation	462	60	27	38	204	52	5	63	(228)	71
Credit impairment	(127)	(27)	(48)	(6)	(6)	(19)	-	(1)	11	(7)
Other impairment	-	(1)	(1)	-	1	2	-	1	12	2
Profit from associates and joint ventures	-	-	3	-	-	-	-	-	-	-
Underlying profit/(loss) before taxation	335	32	(19)	32	199	35	5	63	(205)	66
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
Cost to income ratio (%)	51.8	75.3	88.8	67.8	58.7	79.5	91.1	61.8	(812.0)	69.3

	4Q'21									
	Hong Kong $million	Korea $million	China[3] $million	Taiwan $million	Singapore $million	India $million	Indonesia[2] $million	UAE $million	UK $million	US $million
Operating income	750	252	247	110	355	277	53	126	221	215
Operating expenses	(531)	(212)	(217)	(98)	(267)	(210)	(43)	(93)	(218)	(127)
Operating profit before impairment losses and taxation	219	40	30	12	88	67	10	33	3	88
Credit impairment	(205)	(7)	(21)	(5)	(2)	(22)	4	29	22	10
Other impairment[3]	16	2	-	-	-	1	-	-	44	-
Profit from associates and joint ventures	-	-	(6)	-	-	-	-	-	1	-
Underlying profit/(loss) before taxation[3]	30	35	3	7	86	46	14	62	70	98
Total assets employed	177,460	67,311	37,908	23,349	94,881	28,416	4,837	19,224	193,807	68,148
Of which: loans and advances to customers[1]	89,063	45,323	18,014	12,363	56,454	14,991	2,257	8,937	52,878	19,375
Total liabilities employed	166,727	58,406	35,637	21,790	93,884	20,509	3,769	13,922	149,064	70,648
Of which: customer accounts[1]	141,256	47,867	27,618	20,281	75,154	14,730	2,622	11,466	105,490	37,407
Cost to income ratio (%)	70.8	84.1	87.9	89.1	75.2	75.8	81.1	73.8	98.6	59.1

1 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements
2 Indonesia performance has been presented including Nexus for current year and prior year
3 Goodwill and other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment

Supplementary financial information continued

Quarterly underlying operating income by product

	4Q'22 $million	3Q'22 $million	2Q'22 $million	1Q'22 $million	4Q'21[1] $million	3Q'21[1] $million	2Q'21[1] $million	1Q'21[1] $million
Transaction Banking	**1,268**	1,082	835	740	730	734	709	713
Trade & Working capital	**322**	344	343	362	348	389	363	347
Cash Management	**946**	738	492	378	382	345	346	366
Financial Markets	**1,092**	1,540	1,373	1,723	1,012	1,311	1,268	1,308
Macro Trading	**624**	734	664	940	433	540	571	672
Credit Markets	**422**	440	374	460	361	516	484	429
Credit Trading	**153**	156	87	110	60	144	102	131
Financing Solutions & Issuance	**269**	284	287	350	301	372	382	298
Structured Finance	**96**	116	102	94	104	159	128	100
Financing & Securities Services	**83**	195	198	144	97	97	86	107
DVA	**(133)**	55	35	85	17	(1)	(1)	-
Lending & Portfolio Management	**114**	166	136	146	184	214	188	173
Wealth Management	**359**	455	458	530	466	559	554	646
Retail Products	**1,155**	1,109	955	849	835	828	846	849
CCPL & other unsecured lending	**297**	301	313	305	316	316	320	320
Deposits	**808**	625	363	248	213	205	209	233
Mortgage & Auto	**12**	141	235	247	261	260	268	247
Other Retail Products	**38**	42	44	49	45	47	49	49
Treasury	**(170)**	(4)	205	317	155	149	137	257
Other	**(81)**	(30)	(36)	(31)	(52)	(30)	(13)	(17)
Total underlying operating income	**3,737**	4,318	3,926	4,274	3,330	3,765	3,689	3,929

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

Supplementary financial information continued

Earnings per ordinary share

	4Q'22 $million	4Q'21 $million	Change %	3Q'22 $million	Change %	FY22 $million	FY21 $million	Change %
Profit/(loss) for the period attributable to equity holders	**(264)**	(382)	31	1,078	nm[1]	**2,902**	2,313	25
Non-controlling interest	**36**	20	78	9	nm[1]	**46**	2	nm[1]
Dividend payable on preference shares and AT1 classified as equity	**(62)**	(95)	35	(123)	50	**(401)**	(410)	2
Profit/(loss) for the period attributable to ordinary shareholders	**(291)**	(457)	36	964	nm[1]	**2,547**	1,905	34
Items normalised:								
Provision for regulatory matters	-	62	nm[1]	-	nm[1]	-	62	nm[1]
Restructuring	**104**	285	(64)	25	nm[1]	**174**	507	(66)
Goodwill and Other impairment[3]	**322**	300	7	-	nm[1]	**322**	300	7
Net (gains) / losses on sale of Businesses	**(20)**	-	nm[1]	-	nm[1]	**(20)**	* (20)	-
Tax on normalised items	**(3)**	(65)	95	(13)	77	**(24)**	(87)	72
Underlying profit/(loss)[3]	**112**	125	(10)	976	(89)	**2,999**	2,667	12
Basic - Weighted average number of shares (millions)	**2,890**	3,062	nm[1]	2,949	nm[1]	**2,966**	3,108	nm[1]
Diluted - Weighted average number of shares (millions)	**2,945**	3,097	nm[1]	3,011	nm[1]	**3,023**	3,154	nm[1]
Basic earnings per ordinary share (cents)[2]	**(10.1)**	(14.9)	4.8	32.7	(42.8)	**85.9**	61.3	24.6
Diluted earnings per ordinary share (cents)[2]	**(9.9)**	(14.8)	4.9	32.0	(41.9)	**84.3**	60.4	23.9
Underlying basic earnings per ordinary share (cents)[2,3]	**3.9**	4.1	(0.2)	33.1	(29.2)	**101.1**	85.8	15.3
Underlying diluted earnings per ordinary share (cents)[2,3]	**3.8**	4.0	(0.2)	32.4	(28.6)	**99.2**	84.6	14.6

1 Not meaningful
2 Change is the percentage points difference between the two periods rather than the percentage change
3 Other Impairment includes $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from other impairment within Underlying profit.

Supplementary financial information continued

Return on Tangible Equity

	4Q'22 $million	4Q'21 $million	Change %	3Q'22 $million	Change %	FY'22 $million	FY'21 $million	Change %
Average parent company Shareholders' Equity	**43,145**	46,338	(7)	43,592	(1)	**44,237**	46,383	(5)
Less Preference share premium	**(1,494)**	(1,494)	-	(1,494)	-	**(1,494)**	(1,494)	-
Less Average intangible assets	**(5,695)**	(5,409)	(5)	(5,529)	(3)	**(5,557)**	(5,218)	(6)
Average Ordinary Shareholders' Tangible Equity	**35,956**	39,435	(9)	36,569	(2)	**37,186**	39,671	(6)
Profit/(loss) for the period attributable to equity holders	**(264)**	(382)	31	1,078	nm[1]	**2,902**	2,313	25
Non-controlling interests	**36**	20	78	9	nm[1]	**46**	2	nm[1]
Dividend payable on preference shares and AT1 classified as equity	**(62)**	(95)	34	(123)	49	**(401)**	(410)	2
Profit/(loss) for the period attributable to ordinary shareholders	**(291)**	(457)	36	964	nm[1]	**2,547**	1,905	34
Items normalised:								
Provision for regulatory matters	**-**	62	nm[1]	-	nm[1]	**-**	62	nm[1]
Restructuring	**104**	285	(64)	25	nm[1]	**174**	507	(66)
Profit from associates and joint ventures	**-**	-	nm[1]	-	nm[1]	**-**	-	nm[1]
Goodwill and other impairment[2]	**322**	300	7	-	nm[1]	**322**	300	7
Net gain on sale of businesses	**(20)**	-	nm[1]	-	nm[1]	**(20)**	(20)	-
Ventures FVOCI unrealised gains/(losses) net of tax	**21**	-	nm[1]	(49)	nm[1]	**(36)**	38	nm[1]
Tax on normalised items	**(3)**	(65)	95	(13)	77	**(24)**	(87)	72
Underlying profit for the period attributable to ordinary shareholders[2]	**133**	125	7	927	(86)	**2,963**	2,705	10
Underlying Return on Tangible Equity[2]	**1.5%**	1.3%	20bps	10.1%	-860bps	**8.0%**	6.8%	120bps
Statutory Return on Tangible Equity	**(3.2)%**	(4.6)%	140bps	10.5%	-1370bps	**6.8%**	4.8%	200bps

1 Not meaningful
2 Other Impairment includes $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit.

Net Tangible Asset Value per Share

	31.12.22 $million	31.12.21 $million	Change %	30.09.22 $million	Change %
Parent company shareholders equity	**43,162**	46,011	(6)	43,127	-
Less Preference share premium	**(1,494)**	(1,494)	-	(1,494)	-
Less Intangible assets	**(5,869)**	(5,471)	(7)	(5,520)	(6)
Net shareholders tangible equity	**35,799**	39,046	(8)	36,113	(1)
Ordinary shares in issue, excluding own shares (millions)	**2,867**	3,057	(6)	2,905	(1)
Net Tangible Asset Value per share (cents)[1]	**1,249**	1,277	(28)	1,243	6

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

Underlying versus statutory results reconciliations

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

Operating income by client segment

	2022				
	Corporate, Commercial & Institutional Banking $million	Consumer, Private & Business Banking $million	Ventures $million	Central & other items (segment) $million	Total $million
Underlying operating income	10,045	6,016	29	165	16,255
Restructuring	41	–	–	2	43
Other items	–	–	–	20	20
Statutory operating income	10,086	6,016	29	187	16,318

	2021 (Restated)[1]				
	Corporate, Commercial & Institutional Banking $million	Consumer, Private & Business Banking $million	Ventures $million	Central & other items (segment) $million	Total $million
Underlying operating income	8,407	5,735	1	570	14,713
Restructuring	9	–	–	(41)	(32)
Other items	–	–	20	–	20
Statutory operating income	8,416	5,735	21	529	14,701

1 Following the increased strategic importance and reporting of Ventures to management, this has been established as a separate operating segment in 2022. Prior periods have been restated.

Operating income by region

	2022				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Underlying operating income	11,213	2,606	2,353	83	16,255
Restructuring	23	2	(1)	19	43
Other items	20	–	–	–	20
Statutory operating income	11,256	2,608	2,352	102	16,318

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

Profit before taxation (PBT)

	2022					
	Underlying $million	Regulatory fine $million	Restructuring $million	Net gain on businesses disposed of/held for sale $million	Goodwill and other impairment[1] $million	Statutory $million
Operating income	16,255	–	43	20	–	16,318
Operating expenses	(10,743)	–	(170)	–	–	(10,913)
Operating profit/(loss) before impairment losses and taxation	5,512	–	(127)	20	–	5,405
Credit impairment	(838)	–	2	–	–	(836)
Other impairment	(79)	–	(38)	–	(322)	(439)
Profit from associates and joint ventures	167	–	(11)	–	–	156
Profit/(loss) before taxation	4,762	–	(174)	20	(322)	4,286

	2021					
	Underlying $million	Regulatory fine $million	Restructuring $million	Net gain on businesses disposed of/held for sale $million	Goodwill and other impairment[1] $million	Statutory $million
Operating income	14,713	–	(32)	20	–	14,701
Operating expenses	(10,375)	(62)	(487)	–	–	(10,924)
Operating profit/(loss) before impairment losses and taxation	4,338	(62)	(519)	20	–	3,777
Credit impairment	(263)	–	9	–	–	(254)
Other impairment	(55)	–	(17)	–	(300)	(372)
Profit from associates and joint ventures	176	–	20	–	–	196
Profit/(loss) before taxation	4,196	(62)	(507)	20	(300)	3,347

1 Goodwill and other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment

Profit before taxation (PBT) by client segment

	2022				
	Corporate, Commercial & Institutional Banking $million	Consumer, Private & Business Banking $million	Ventures $million	Central & other items (segment) $million	Total $million
Operating income	10,045	6,016	29	165	16,255
External	8,899	4,989	29	2,338	16,255
Inter-segment	1,146	1,027	–	(2,173)	–
Operating expenses	(5,480)	(4,148)	(336)	(779)	(10,743)
Operating profit/(loss) before impairment losses and taxation	4,565	1,868	(307)	(614)	5,512
Credit impairment	(425)	(262)	(16)	(135)	(838)
Other impairment	(40)	(10)	(24)	(5)	(79)
Profit from associates and joint ventures	–	–	(16)	183	167
Underlying profit/(loss) before taxation	4,100	1,596	(363)	(571)	4,762
Restructuring	(50)	(63)	(1)	(60)	(174)
Goodwill and other impairment[1]	–	–	–	(322)	(322)
Other items	–	–	–	20	20
Statutory profit/(loss) before taxation	4,050	1,533	(364)	(933)	4,286

1 Goodwill and other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment

Underlying versus statutory results reconciliations continued

	2021 (Restated)[1]				
	Corporate, Commercial & Institutional Banking $million	Consumer, Private & Business Banking $million	Ventures $million	Central & other items (segment) $million	Total $million
Operating income	8,407	5,735	1	570	14,713
External	7,952	5,375	1	1,385	14,713
Inter-segment	455	360	–	(815)	–
Operating expenses	(5,278)	(4,227)	(253)	(617)	(10,375)
Operating profit/(loss) before impairment losses and taxation	3,129	1,508	(252)	(47)	4,338
Credit impairment	44	(282)	(3)	(22)	(263)
Other impairment	(49)	–	–	(6)	(55)
Profit from associates and joint ventures	–	–	(6)	182	176
Underlying profit/(loss) before taxation	3,124	1,226	(261)	107	4,196
Restructuring	(114)	(235)	(3)	(155)	(507)
Goodwill and other impairment[2]	–	–	–	(300)	(300)
Other items	–	–	20	(62)	(42)
Statutory profit/(loss) before taxation	3,010	991	(244)	(410)	3,347

1 Following the increased strategic importance and reporting of Ventures to management, this has been established as a separate operating segment in 2022. Prior periods have been restated.

2 Goodwill and other impairment include impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment.

Profit before taxation (PBT) by region

	2022				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Operating income	11,213	2,606	2,353	83	16,255
Operating expenses	(6,867)	(1,669)	(1,564)	(643)	(10,743)
Operating profit/(loss) before impairment losses and taxation	4,346	937	789	(560)	5,512
Credit impairment	(790)	(120)	77	(5)	(838)
Other impairment	(47)	2	(3)	(31)	(79)
Profit from associates and joint ventures	179	–	–	(12)	167
Underlying profit/(loss) before taxation	3,688	819	863	(608)	4,762
Restructuring	(75)	(29)	(23)	(47)	(174)
Goodwill and other impairment[1]	(308)	–	–	(14)	(322)
Other items	20	–	–	–	20
Statutory profit/(loss) before taxation	3,325	790	840	(669)	4,286

	2021				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Operating income	10,448	2,446	2,003	(184)	14,713
Operating expenses	(6,773)	(1,623)	(1,485)	(494)	(10,375)
Operating profit/(loss) before impairment losses and taxation	3,675	823	518	(678)	4,338
Credit impairment	(434)	34	144	(7)	(263)
Other impairment[1]	–	(1)	(18)	(36)	(55)
Profit from associates and joint ventures	175	–	–	1	176
Underlying profit/(loss) before taxation[1]	3,416	856	644	(720)	4,196
Restructuring	(286)	(25)	(69)	(127)	(507)
Goodwill and other impairment[1]	(300)	–	–	–	(300)
Other items	–	–	–	(42)	(42)
Statutory profit/(loss) before taxation	2,830	831	575	(889)	3,347

1 Goodwill and other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment

Underlying versus statutory results reconciliations continued

Return on tangible equity (RoTE)

	2022 $million	2021 $million
Average parent company Shareholders' Equity	44,237	46,383
Less Preference share premium	(1,494)	(1,494)
Less Average intangible assets	(5,557)	(5,218)
Average Ordinary Shareholders' Tangible Equity	**37,186**	39,671
Profit for the period attributable to equity holders	**2,902**	2,313
Non-controlling interests	46	2
Dividend payable on preference shares and AT1 classified as equity	(401)	(410)
Profit for the period attributable to ordinary shareholders	**2,547**	1,905
Items normalised:		
Provision for regulatory matters	–	62
Restructuring	174	507
Goodwill and other impairment[1]	322	300
Net gains on sale of businesses	(20)	(20)
Ventures FVOCI unrealised (gains)/losses net of tax	(36)	38
Tax on normalised items	(24)	(87)
Underlying profit for the period attributable to ordinary shareholders[1]	**2,963**	2,705
Underlying return on Tangible Equity[1]	**8.0%**	6.8%
Statutory return on Tangible Equity	**6.8%**	4.8%

1 Other impairment includes $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment.

	2022				
	Corporate, Commercial& Institutional Banking %	Consumer, Private & Business Banking %	Ventures %	Central & other Items (Segment) %	Total %
Underlying RoTE	13.7	15.8	nm[1]	(14.0)	8.0
Regulatory fine	–	–	–	–	–
Restructuring					
Of which: Income	0.2	–	–	–	0.1
Of which: Expenses	(0.3)	(0.8)	(1.2)	(0.4)	(0.5)
Of which: Credit impairment	–	–	–	–	–
Of which: Other impairment	(0.1)	–	–	(0.3)	(0.1)
Of which: Profit from associates and joint ventures	–	–	–	(0.1)	–
Net gain on businesses disposed/held for sale	–	–	–	0.3	0.1
Goodwill and other impairment[2]	–	–	–	(4.5)	(0.9)
Ventures FVOCI Unrealised gains net of taxes	–	–	35.6	–	0.1
Tax on normalised items	0.1	0.2	0.3	(0.1)	0.1
Statutory RoTE	13.6	15.2	nm[1]	(19.2)	6.8

1 Not meaningful
2. Other impairment includes $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)

Underlying versus statutory results reconciliations continued

	2021 (Restated)[1]				
	Corporate, Commercial& Institutional Banking %	Consumer, Private & Business Banking %	Ventures %	Central & other Items (Segment) %	Total %
Underlying RoTE[2]	9.6	11.6	nm[3]	(5.4)	6.8
Regulatory fine	–	–	–	(0.8)	(0.2)
Restructuring					
Of which: Income	–	–	–	(0.6)	(0.1)
Of which: Expenses	(0.6)	(3.0)	(45.2)	(1.2)	(1.2)
Of which: Credit impairment	–	–	–	–	–
Of which: Other impairment	0.1	–	–	(0.6)	–
Of which: Profit from associates and joint ventures	–	–	–	0.3	0.1
Net loss on businesses disposed/held for sale	–	–	nm[3]	–	0.1
Goodwill and other impairment[2]	–	–	–	(4.1)	(0.8)
Ventures FVOCI Unrealised gains/(losses) net of taxes	–	–	nm[3]	–	(0.1)
Tax on normalised items	0.2	0.8	(59.7)	–	0.2
Statutory RoTE	9.3	9.4	nm[3]	(12.3)	4.8

1 Following the increased strategic importance and reporting of Ventures to management, this has been established as a separate operating segment in 2022. Prior periods have been restated

2. The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment

3 Not meaningful

Net charge-off ratio

	2022			2021		
	Credit impairment (charge)/ release for the year/period $million	**Net average exposure $million**	**Net charge-off ratio %**	Credit impairment (charge)/ release for the year/period $million	Net average exposure $million	Net charge-off ratio %
Stage 1	**5**	**317,962**	**0.00%**	1	319,860	0.00%
Stage 2	**(325)**	**13,486**	**2.41%**	(65)	17,896	0.36%
Stage 3	**(423)**	**3,022**	**14.00%**	(194)	3,740	5.19%
Total exposure	**(743)**	**334,470**	**0.22%**	(258)	341,496	0.08%

Earnings per ordinary share (EPS)

	2022						
	Underlying $ million	**Provision for regulatory matters $ million**	**Restructuring $ million**	**Net loss on sale of businesses $ million**	**Goodwill & other impairment[1] $ million**	**Tax on normalised items $ million**	**Statutory $ million**
Profit/(loss) for the year attributable to ordinary shareholders	**2,999**	**–**	**(174)**	**20**	**(322)**	**24**	**2,547**
Basic – Weighted average number of shares (millions)	**2,966**						**2,966**
Basic earnings per ordinary share (cents)	**101.1**						**85.9**

	2021						
	Underlying $ million	Provision for regulatory matters $ million	Restructuring $ million	Net loss on sale of businesses $ million	Goodwill & other impairment[1] $ million	Tax on normalised items $ million	Statutory $ million
Profit/(loss) for the year attributable to ordinary shareholders	2,667	(62)	(507)	20	(300)	87	1,905
Basic – Weighted average number of shares (millions)	3,108						3,108
Basic earnings per ordinary share (cents)	85.8						61.3

1 Goodwill and other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit to Goodwill and other impairment

Risk overview

Resilience despite adverse macroeconomic environment and volatile global markets

The macroeconomic environment was challenging throughout the year for a number of markets in which the Group operates. February 2022 saw Russia's invasion of Ukraine, impacting financial markets, commodity prices and supply chains. We had very limited direct exposure to either country, and we proactively managed risks that we faced through indirect exposure, and second order impacts, such as increased energy and food prices or disrupted gas supplies for our clients and customers, the impact from sanctions on asset values and investments some of our clients have in Russia. We also managed the increase in traded risks following increased volatility in other markets, especially credit and commodities. Regular stress tests were performed during 2022 to assess the impact of the war across the Group's portfolio.

In China, growth forecasts were revised downwards as it followed its 'zero-COVID' stance, exacerbating global supply chain bottlenecks. Pressures in China's commercial real estate industry remain with the timing of recovery still uncertain amidst recent government measures to support the sector. In the United States, the Federal Reserve announced consecutive interest rate hikes to counter inflationary pressures and hinted at more tapered rate rises in 2023. This poses challenges to some emerging markets, as their currencies weaken relative to the strength of the US dollar, by rising commodity prices, stagflation and tighter liquidity.

The impact from the war, tightening of global financing conditions and idiosyncratic domestic political and policy issues, have placed pressure on sovereign credit ratings during 2022. Within the Group's footprint, Sri Lanka and Ghana embarked on sovereign debt restructuring operations, while Pakistan has been adversely impacted by flooding and continues to face external financing risks in light of large external payments coming due, while FX reserves have declined. The Country Risk Early Warning System (CREWS) is the principal process for tracking a deterioration in risk indicators and has worked effectively during the year. CREWS is a triage system which categorises countries based on a combined assessment of the likelihood of a downgrade and the financial impact of a potential downgrade. Markets in the highest risk category are subject to enhanced monitoring of qualitative and quantitative risk triggers' and we have exposure management strategies in place for the highest risk markets.

We continue to scan the horizon for topical and emerging risks and collaborate with internal and external partners to mitigate risks as they are identified. Further details on how we manage topical and emerging risks can be found in the full annual report.

Asset quality has been maintained, though we remain vigilant in the face of volatile global markets. We continue to demonstrate resilience as evidenced by strong capital and liquidity metrics. Non-financial risks areas such as Fraud, Data Management, Information and Cyber Security, Third Party, Technology, People and Change Management remain heightened. We continue to enhance our operational resilience and defences against these risks through vigorous enhancement programmes. We remain vigilant of sovereign risks and challenges in the property sector in China and we continue to closely monitor and manage these across the Group.

For our Corporate, Commercial and Institutional Banking (CCIB) business, we have identified vulnerable sovereigns with triggers and have an action plan for exposure management based on such triggers. We have closely monitored our clients that may face difficulties on account of increasing interest rate, foreign exchange movements, commodity volatility or increase in price of essential goods. Stress tests and portfolio reviews are also done to identify vulnerable exposures. These exposures are then tracked through our well-established Early Alert monitoring process. Actions which may be required if geo-political risks occur are also tracked so that the Group could act quickly if these events do occur.

Risk overview continued

For our Consumer, Private and Business Banking (CPBB) business, the key focus in 2022 was on the potential wider effects of the deteriorating economic conditions across our markets. While CPBB conducts its business mainly in local currency, the continued strength of the US dollar has an impact in our markets across Asia, Africa and the Middle East and we have been monitoring the potential secondary impacts of a decline in sovereign credit quality in some of our markets. For our consumer credit portfolios, we have been monitoring the impact on customer affordability through interest rate sensitivity analysis and tracking consumer price indices across our key markets. In our Business Banking portfolios, we have been focused on the risks to our clients associated with vulnerability to commodity supply chain issues, spikes in input costs and the effect of an overall decline in global demand. For Wealth Lending, which is secured by a largely liquid collateral pool, we have been proactively managing the portfolio through the continued market volatility and monitoring for horizon risks to the collateral, such as reduced corporate earnings in the event of recession. Where appropriate, we have tightened underwriting policies and collateral acceptance criteria.

An update on our key risk priorities

2022 continued to present a challenging risk landscape, however, we faced this from an intrinsically strong position. Our risk management approach is at the heart of our business and is core to us achieving sustainable growth and performance. We have made progress on our key priorities, these being:

Strengthening the Group's risk culture and conduct: We remain committed to promoting a healthy risk culture and driving the highest standards of conduct. Both risk culture and conduct are integral components of our Enterprise Risk Management Framework (ERMF). Our ERMF sets out the guiding principles for our colleagues, enabling us to have integrated and holistic risk conversations across the Group and the three lines of defence. It underpins an enterprise level ability to identify and assess, openly discuss, and take prompt action to address existing and emerging risks. Senior management across the Group promote a healthy risk culture by rewarding risk-based thinking (including in remuneration decisions), challenging the status quo, and creating a transparent and safe environment for employees to communicate risk concerns. We strive to uphold the highest standards of conduct through delivery of conduct outcomes, acknowledging that while incidents cannot be entirely avoided, the Group has no appetite for wilful or negligent misconduct. More broadly, we are continuing to focus on strengthening first-line Conduct Risk ownership, drawing enhanced Conduct Risk insights through the development of conduct analytics as part of the new Conduct Risk management standard. Furthermore, we have uplifted the Group Conduct Risk Management approach which has been achieved through a combination of providing better tools to enable consistent Conduct Risk oversight, increased engagement with the first and second line and targeted campaigns to improve Conduct Risk awareness across the Group. As Conduct Risk may arise from anywhere in the Group at any time, conduct outcomes should always be considered when material strategic decisions are made that may impact clients, investors, shareholders, counterparties, employees, markets, competition and the environment. The Group is also working towards complying with the UK Consumer Duty requirements for in-scope clients; these requirements set higher and clearer standards of consumer protection.

Continuous enhancement of our information and cyber security (ICS) capabilities and governance: We have refreshed the Group ICS Risk Strategy by updating our ICS Target Operating Model to increase focus on accountability, risk ownership, change management and executive empowerment. Our Board is regularly engaged on our approach to managing ICS Risks and we have appointed an ICS Risk Special Advisor to the Board. We also perform table-top cyber crisis testing exercises to ensure a consistent view on how to respond to cyber incidents.

To assess the security of our ICS systems and processes, our ICS capabilities include a formal process for internal controls testing, vulnerability assessments and penetration testing (an authorised simulated attack on a computer system, performed to evaluate the security of the system). We continue to deploy the Threat Scenario-led Risk Assessment which enables a more dynamic threat-led identification and management of ICS Risk by our businesses. Our ICS policies and standards are also aligned to a number of best practice global guidance, and we remain watchful on proposed new guidance.

Our ICS training programme includes annual mandatory learning and phishing readiness exercises, along with ongoing thematic campaigns which highlight the most prevalent threats and risks that colleagues face. We also deliver regular Group Board training on ICS risks. In addition to general ICS awareness, colleagues in roles identified as critical have additional training linked to their responsibilities.

Managing Climate Risk: Managing the risks from climate change is a core element of our strategy and Stands. We have made good progress this year in embedding Climate Risk considerations across the impacted Principal Risk Types. By using the results from our scenario analysis, we are building a good understanding of the markets and industries where the effects of climate change will have the greatest impact. Climate Risk assessments are now considered as part of Reputational and Sustainability transaction reviews for impacted clients in high-carbon sectors, and integrated into the credit application process for approximately 70 per cent of our corporate client exposure and the physical risk identification of our CPBB mortgage portfolios in our largest markets. As part of our ongoing academic partnership with Imperial College London, we supported new climate research on the range of opportunities that exist for private investors in nature related investments and cross-sectoral implications of electrification of transport in India. Key focus areas for 2023 include establishing and clarifying the linkages between net-zero portfolio management across high transition risk sectors and the impact thereof on Credit Risk parameters, building and embedding our in-house Climate Risk models, training and education, and working with our data providers and clients. All of these support the Group's commitments made as part of Accelerating Zero.

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

Further details on our overall approach to net zero can be found at **sc.com/netzero**

Managing our environmental, social and governance (ESG) risk: We continue to advance risk management across the organisation in both our CCIB and CPBB client segments with end-to-end reviews of inherent risks and controls in line with our internal Environmental and Social Risk Catalogue. In keeping with our sustainable and transition finance goals, our risk management approach seeks to ensure that our Green, Sustainable and Transition Finance labels reflect the standards set out in our Green and Sustainable Product Framework, Transition Finance Framework and Task Force on Climate-related Financial Disclosures (TCFD).

Managing Financial Crime Risk: The Group is managing its financial crime risk within acceptable levels as assessed under the Group's risk assessment measures, including the Financial Crime Risk Type Framework, Risk and Control Self-Assessments and assurance reviews. However, some issues in 2022 have required re-medial actions in order to avoid an unacceptable increase in Financial Crime Risk in certain areas. Russia-related sanctions have continued to escalate and are increasingly complex in nature to operationalise. While the Group has limited direct exposure to Russia-related sanctions, we continue to monitor and respond to changing sanction requirements. The Group continues to build and maintain partnerships with industry, government and the third sector to build consensus on effective efforts to combat financial crime and the damages it causes.

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

Technology and Innovation: Our technology capabilities are delivering our strategy of being a digital driven second-line of defence function, supporting first-line driven risk management processes. We have expanded our Climate Risk reporting capabilities and integrated ESG factors to help streamline risk assessment across the client lifecycle. We have automated the model development lifecycle with a digitised model inventory and approval workflow, and have deployed a single platform to support standardised model creation, review and validation. We have continued to expand our Enterprise Governance, Risk and Compliance with automated workflows in Operational Risk, Business Continuity, Assurance, and BCBS 239 assessments and peer reviews. Policy documentation management has been transitioned to a new platform and a significantly improved user experience. The Group Risk assessment process has been transitioned to a Big Data technology stack that utilises data more effectively and improves assessment turnaround time. We continue to build more intelligence into our self-service and case management tooling. The ASK Compliance platform serves as a single portal, where the first line of defence and our employees get answers to simple compliance queries using self-service tools, with an enhanced user experience launched in 2022. We will prioritise integrating relevant risk use cases into the existing self-service tools in 2023. Advisor Connect which is a configurable case management framework launched in Q3 2022 provides an auditable, consolidated view of cases and serves as a knowledge repository for the advisory teams. Advisor Connect is planned to be rolled out to prioritised group and country CFCC teams in 2023.

We continuously enhanced the country regulatory obligation management to improve the user experience. We continue to explore the application of emerging technologies such as Artificial Intelligence, Machine Learning and Application build through configuration and remain focused on streamlining the identification of new regulations through horizon scanning, tracking amendments to existing regulations, and automating the mapping and impact analysis to policies and processes. Surveillance platforms are continuously enhanced with supervised model-based monitoring and voice and multilingual monitoring capabilities.

Digitalisation and technological developments remain key items on the Group's agenda as we pursue the execution of the Group's strategy. We continue to ensure that our control frameworks and risk appetite evolve accordingly to keep pace with new business developments and asset classes.

Embedding and strengthening Digital Asset Risk management capabilities: The Group recognises the increasing prevalence of digital asset activity and associated risks. At present, the Group has very limited, and immaterial, direct exposure to digital asset related activity. Any potential increase in activity or exposures will be subject to detailed review and enhanced due diligence in accordance with the Group's Digital Asset Risk Management Approach. Notwithstanding the limited exposure, as a regulated global Bank with digital asset capabilities, we continue to strengthen our Digital Asset Risk management capabilities under the ERMF, with consideration given to learnings from existing initiatives as well as external market developments.

Our risk profile and performance in 2022

The proportion of the Group's gross loans and advances to customers in stage 1 has remained stable at $295.2 billion or 93 per cent (31 December 2021: $279.2 billion or 92 per cent) reflecting our continued focus on high-quality origination. Overall stage 2 gross loans and advances to customers decreased by $3.8 billion to $13.0 billion driven by CCIB due to exposure reductions and rating upgrades in Transport, telecom and utilities sectors, $1 billion decrease in the Energy sector, offset by increase in stage 2 in China commercial real estate. Stage 3 loans decreased by $0.2 billion to $7.9 billion (31 December 2021: $8.1 billion) primarily as repayments, client upgrades and write-offs more than offset new inflows, including those relating to the sovereign ratings downgrade of Ghana and Sri Lanka and the China commercial real estate sector. The stage 3 cover ratio of 57 per cent was lower by 1 percentage point, while the cover ratio post collateral at 76 per cent increased by 1 percentage point.

In 2022, we have seen a 10 per cent decrease in Early Alerts exposure (31 December 2022: $5.0 billion, 31 December 2021: $5.5 billion), reflecting the net impact of regularisations of accounts back into non-high-risk categories, net impact of downgrades into credit grade 12 and exposure reductions partly offset by new inflows. Credit grade 12 balances decreased to $1.6 billion (31 December 2021: $1.7 billion) as the sovereign ratings downgrade of Pakistan was more than offset by downgrades into stage 3 primarily as a result of Sri Lanka and Ghana sovereign ratings downgrade. The Group remains vigilant in view of persistent challenging conditions in some markets and sectors.

The overall CPBB portfolio remains 86 per cent fully secured (31 December 2021: 86 per cent), with average residential mortgage loan-to-value (LTV) at 44.7 per cent (31 December 2021: 41.1 per cent). The portfolio has remained resilient with overall 30+ days past due across our programme lending segments at 0.58 per cent, which is consistent with pre-pandemic credit performance.

The percentage of investment-grade corporate exposure has also increased to 76 per cent compared with 69 per cent from 31 December 2021, reflecting the increase in reverse repurchase agreements held to collect and some increase in exposures to investment grade clients. Exposure to our top 20 corporate clients as a percentage of Tier 1 capital has increased to 65 per cent (31 December 2021: 61 per cent), driven by increased exposure to investment grade clients.

Key indicators

	2022	2021
Group total business[1]	**316.1**	304.1
Stage 1 loans ($ billion)	**295.2**	279.2
Stage 2 loans ($ billion)	**13.0**	16.8
Stage 3 loans, credit-impaired ($ billion)	**7.9**	8.1
Stage 3 cover ratio	**57%**	58%
Stage 3 cover ratio (including collateral)	**76%**	75%
Corporate, Commercial & Institutional Banking		
Investment grade corporate net exposures as a percentage of total corporate net exposures	**76%**	69%
Loans and advances maturing in one year or less as a percentage of total loans and advances to customers	**65%**	66%
Early alert portfolio net exposures ($ billion)	**5.0**	5.5
Credit grade 12 balances ($ billion)	**1.6**	1.7
Aggregate top 20 corporate net exposures as a percentage of Tier 1 capital[2]	**65%**	61%
Collateralisation of sub-investment grade net exposures maturing in more than one year	**53%**	49%
Consumer, Private & Business Banking		
Loan-to-value ratio of Consumer, Private & Business Banking mortgages	**44.7%**	41.1%

1 These numbers represent total gross loans and advances to customers
2 Excludes reverse repurchase agreements

The Group's ongoing credit impairment was a net charge of $838 million (31 December 2021: $263 million), including a $83 million charge split across CCIB and Central and other items segments relating to sovereign ratings downgrade of Pakistan into credit grade 12. The impairment charge includes $582 million in relation to China commercial real estate sector and $283 million in relation to sovereign downgrades, partly offset by releases in the management overlay relating to COVID-19.

CCIB stage 1 and 2 impairments of $148 million are driven by China commercial real estate downgrades, including a $78 million increase for China commercial real estate overlay and sovereign downgrades in Africa and the Middle East which is offset by a $102 million full release of COVID-19 overlay. Stage 3 impairment of $279 million is largely from China Commercial Real Estate downgrades, clients' rating changes due to the Sri Lanka and Ghana sovereign rating downgrade, offset by releases and repayments of a few notable clients.

CPBB charge decreased by $20 million to $262 million (31 December 2021: $282 million). Stage 1 and 2 charge increased by $121 million to $150 million (31 December 2021: $29 million). Stage 3 charge decreased by $141 million to $112 million (31 December 2021: $253 million) as markets returned to normalised flows following the expiry of the majority of COVID-19 relief schemes in 2021. In 2022, there were increased charges for Korea and Taiwan due to worsening macroeconomic forecasts, as well as China due to portfolio maturity and book growth. This was offset by a net release of $110 million (31 December 2021: $15 million) in management overlays and a $25 million release from significant increase in credit risk methodology changes and model updates largely in the Asia region.

Ventures impairment charge increased by $13 million to $16 million (31 December 2021: $3 million) due to book growth in Mox Bank and Trust Bank Singapore.

Central and other items stage 1 and 2 impairments of $95 million were driven by the sovereign downgrades in Asia. Stage 3 impairment charge of $38 million was driven by the sovereign rating downgrade of Ghana and Sri Lanka.

Credit impairment

	2022			2021[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	148	279	427	23	(67)	(44)
Consumer, Private & Business Banking	150	112	262	29	253	282
Ventures	13	3	16	3	–	3
Central & other items	95	38	133	23	(1)	22
Credit impairment charge/(release)	406	432	838	78	185	263
Restructuring business portfolio						
Others	(2)	–	(2)	(2)	(7)	(9)
Credit impairment charge/(release)	(2)	–	(2)	(2)	(7)	(9)
Total credit impairment charge/(release)	404	432	836	76	178	254

1 Following the increased strategic importance and reporting of Ventures to management, this has been established as a separate operating segment from 1 January 2022. Prior period has been restated

The average level of total trading and non-trading Value at Risk (VaR) in 2022 was $52.5 million, 4.2 per cent lower than 2021 ($54.8 million). The actual level of total trading and non-trading VaR as at the end of the 2022 was $55.8 million, 28.6 per cent higher than 2021 ($43.4 million), due to an increase in market volatility in H2 2022, driven by a number of Central Banks increasing interest rates to curb inflation.

Our Group liquidity coverage ratio (LCR) is 147 per cent (31 December 2021: 143 per cent) with a surplus to both Risk Appetite and regulatory requirements. The Group's advances-to-deposits ratio has decreased from 59.1 per cent to 57.4 per cent, driven by a reduction of 2 per cent in our customer deposits and 5 per cent in customer loans and advances.

Our Common Equity Tier 1 (CET1) ratio is 14.0 per cent (31 December 2021: 14.1 per cent). Further details can be found in the Capital Review section.

An update on our risk management approach

Our ERMF outlines how we manage risk across the Group, as well as at branch and subsidiary level[1]. It gives us the structure to manage existing risks effectively in line with our Risk Appetite, as well as allowing for holistic risk identification.

Principal and Integrated Risk Types

Principal risks are risks inherent in our strategy and business model. These are formally defined in our ERMF which provides a structure for monitoring and controlling these risks through the Board-approved Risk Appetite. We will not compromise adherence to our Risk Appetite in order to pursue revenue growth or higher returns. The table below provides an overview of the Group's principal and integrated risks and risk appetite statement. In addition to principal risks, the Group has defined a Risk Appetite Statement for Climate Risk.

Principal Risk Types	Risk Appetite Statement
Credit Risk	The Group manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors.
Traded Risk	The Group should control its financial markets activities to ensure that Traded Risk losses do not cause material damage to the Group's franchise.
Treasury Risk	The Group should maintain sufficient capital, liquidity and funding to support its operations, and an interest rate profile ensuring that the reductions in earnings or value from movements in interest rates impacting banking book items do not cause material damage to the Group's franchise. In addition, the Group should ensure its Pension plans are adequately funded.
Operational and Technology Risk	The Group aims to control Operational and Technology Risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Group's franchise.
Information and Cyber Security (ICS) Risk	The Group has zero appetite for very high ICS residual risks and low appetite for high ICS residual risks which result in loss of services, data or funds. The Group will implement an effective ICS control environment and proactively identify and respond to emerging ICS threats in order to limit ICS incidents impacting the Group's franchise.
Compliance Risk	The Group has no appetite for breaches in laws and regulations related to regulatory non-compliance; recognising that while incidents are unwanted, they cannot be entirely avoided.
Financial Crime Risk	The Group has no appetite for breaches in laws and regulations related to financial crime, recognising that while incidents are unwanted, they cannot be entirely avoided.
Model Risk	The Group has no appetite for material adverse implications arising from misuse of models or errors in the development or implementation of models, while accepting model uncertainty.
Reputational and Sustainability Risk	The Group aims to protect the franchise from material damage to its reputation by ensuring that any business activity is satisfactorily assessed and managed by the appropriate level of management and governance oversight. This includes a potential failure to uphold responsible business conduct or lapses in our commitment to do no significant environmental and social harm.

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

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

Topical and Emerging Risks

Topical Risks refer to themes that may have emerged but are still evolving rapidly and unpredictably, while Emerging Risks refer to unpredictable and uncontrollable outcomes from certain events which may have the potential to adversely impact our business.

As part of our continuous risk identification process, we have updated the Group's Topical and Emerging Risks (TERs) from those disclosed in the 2021 Annual Report. We summarise these below, outlining the risk trend changes since the end of 2021, and the mitigating actions we are taking based on our current knowledge and assumptions. This reflects the latest internal assessment as performed by senior management.

The TER list is not exhaustive and there may be additional risks which could have an adverse effect on the Group. Our mitigation approach for these risks may not eliminate them but shows the Group's awareness and attempt to reduce or manage the risk. As certain risks develop and materialise over time, management will take appropriate steps to mitigate the risk based on its impact on the Group.

The key changes to the TERs since the 2021 Annual Report are as follows.

We have added two new TERs: "High inflation and US dollar strength" and "Global economic downturn risk". This reflects that continued inflation and consequent rate hikes will impact global growth, with a chance of global recession in 2023.

"Energy security" has been broadened to "Energy security and shifting political alliances" to reflect those practicalities around energy security, that may reshape some political relationships, with a shift in power towards exporters.

"Supply chain dislocations" has been renamed as "Extended supply chain issues and key material shortages" due to continuing supply shortages and restrictions of some exports, the impact of Russia-Ukraine war and China-US rivalry, and the push for sustainable alternative supply chains.

"Social unrest" and "Adapting to endemic COVID-19 and a K-shaped recovery" are no longer presented as independent TERs; rather they are now considered as drivers for other overarching themes.

Macroeconomic and Geopolitical Considerations

There is interconnectedness between risks due to the importance of US dollar financing conditions for global markets, and the global or concentrated nature of key supply chains for energy, food, semi-conductors and rare metals. The Group is exposed directly through investments, or indirectly through its clients to these risks. While the main risk impacts are financial, other ramifications may exist, for example, reputational, compliance or operational considerations.

High inflation and US dollar strength

Inflation is now a global concern and a top policy issue in many countries which are experiencing the highest inflation levels in decades. Prices have surged due to a combination of customer demand and supply shortages.

The Federal Reserve's sustained fight against US inflation has led to US dollar appreciation against many other global currencies. This increases global import costs and debt servicing costs on US dollar denominated debt. There have been widespread price corrections for some asset classes. Some markets, especially emerging markets, have limited options to defend their currencies without causing other detrimental effects.

The operating environment is likely to be testing for the Non Bank Financial Institutions (NBFIs) sector; segments within it could find it challenging to manage liquidity, credit, refinancing and market risk. The Archegos collapse of 2021 and the liability-driven investments volatility are the most notable recent examples. There are heightened expectations from major regulators with regard to the management of NBFI risks.

Price inflation for essential goods, such as food and fuel has prompted a cost-of-living crisis across both developed and emerging markets in which the Group operates. This has sparked social unrest in some countries, with a heightened risk in emerging markets which experience disproportionate effects. However, the impact is felt across a wider bracket, including the vast global middle class, which raises the threat of instability, even in traditionally less volatile countries.

Global economic downturn risk

Continued tightening of monetary policy to combat inflation in developed markets has contributed to the possibility of a global recession in 2023. Higher rates could increase debt distress levels across both developed and emerging economies.

Global growth slowed to 3.4 per cent in 2022, with the outlook for 2023 growth remaining muted at 2.9 per cent. Although China's reopening could lead to a faster than expected recovery, supply chain bottlenecks remain and severe COVID-19 outbreaks could lead to a reversal. Geopolitical escalation could also limit the speed of recovery, and supply chain restrictions may lead to deglobalisation and less efficient international trade.

The Group is exposed to downturns in China, such as observed turbulence in the property development sector.

Expanding array of global tensions

The Russia-Ukraine war has catalysed a fundamental shift in power dynamics with a demarcation of underlying political alliances. Pressure is mounting on Russia, which may lead to increasingly desperate military and political actions.

Relations between China and other developed markets, particularly in the West, remain fragile, with sanctions being imposed by both sides. Increasing technological restrictions and potential escalations in relation to Taiwan's sovereignty are among a number of flashpoints. Economic geopolitical actions could also escalate distrust, decoupling, and increase inefficient production, potentially generating further inflationary pressures.

Election wins for extremist parties in a number of countries are adding to increased vulnerability and volatility – especially as economics is becoming subservient to politics. Volatility in traditionally stable economies could cause further disruption.

Rivalry between the United States and China may have structural, operational and strategic impacts on business models for companies that straddle both.

Emerging markets sovereign risk

Emerging markets have been squeezed by escalating oil and food prices, high interest rates and the legacy of COVID-19 on key industries such as tourism.

Distress has already been observed across several of the Group's footprint markets, including defaults in Sri Lanka and Ghana, political instability in Pakistan, high inflation in Turkey, and issues across Africa, particularly economies that are sensitive to fuel prices.

For some countries with fragile governance frameworks, there is a heightened risk of failure to manage social demands, which might culminate in increased political vulnerability. Furthermore, food and energy security challenges have the potential to drive other social impacts.

Tightening of financial conditions in developed markets has also led to local currency depreciations against the US dollar, increasing debt servicing costs, and potentially restricting debt re-financing. Foreign Exchange reserves have already been heightened depleted in some markets, and local monetary policy may undermine already weak growth.

Extended supply chain issues and key material shortages

Demand and supply imbalances in global supply chains have become persistent as they are increasingly structural in nature. The main dislocations are linked to conflict and political restrictions on trade or investment. Repercussions range from companies that are a party in the particular supply chain, to end consumers and sovereigns.

Concentrated impacts to specific key industries such as semi-conductors can have contagion effects. Political wrangling over technological supremacy further increases the risk of market disruption and a retreat from globalisation. Potential targeted restrictions on semiconductors could lead to complete restructuring of global supply chains, impacting most sectors.

This could lead to a shift in supply chains for the future, with increased contingency costs and production potentially moving closer to consumers. This is further compounded by increased scrutiny around the environmental and social impacts of supply chains.

Energy security and shifting political alliances

The Russia-Ukraine war has exacerbated an already strained energy supply model in developed markets, spurring a rapid pivot away from traditional supply lines. This came amid already increased tensions between nations as negotiating power shifted towards energy exporters.

Rising energy prices and potential supply shortfalls may cause a rise in social unrest, especially in countries where there is high dependence on energy imports.

In the wake of the conflict, a trade-off between pragmatism and environmentalism has materialised, with significant divergence as some countries have embraced the renewables opportunity while others have reversed, with rollbacks of green policies observed in some markets. Policymakers must balance supply and price pressures with climate goals, with a heightened risk of short term crises diverting attention and resources away from longer term required climate action.

Rising material costs will also impact renewable energy development, potentially slowing the transition. The Group's plans for sustainable finance business growth could be achieved at a slower than expected pace.

How these risks are mitigated/next steps

- We conduct thematic stress tests and portfolio reviews at a Group, country, and business level to assess the impact of extreme but plausible events and manage the portfolio accordingly.
- Vulnerable sectors are regularly reviewed and exposures to these sectors are managed as part of Credit Risk reviews.
- Sovereign ratings, exposures, outlooks and country risk limits are regularly monitored, and mitigating actions taken as required.
- Exposures that may result in material credit impairment and increased risk-weighted assets are closely monitored and managed.
- We utilise Credit Risk mitigation techniques including credit insurance and collateral.
- We track the participation of our footprint countries in G20's Common Framework Agreement and Debt Service Suspension Initiative for Debt Treatments and the associated exposure.
- We remains vigilant in monitoring geopolitical relationships. Increased scrutiny is applied when onboarding clients in sensitive industries and in ensuring compliance with sanctions.

Environmental and Social Considerations

ESG stakeholder expectations

Environmental targets are becoming embedded in global business models, with increased pressure to set ambitious sustainability goals or apply more restrictions on financing to sensitive sectors.

There is also an increase in stakeholder expectations around fair and balanced disclosures, including marketing campaigns. Scrutiny around greenwashing has accelerated with various regulatory developments, such as the Financial Conduct Authority's consultation on anti-greenwashing rules.

There is fragmentation in the pace and scale of adoption and regulation around the world, which adds complexity in managing a global business. Fragmentation in ESG taxonomies may also lead to unintended consequences, including misallocation of capital, political and litigation risks.

Human rights concerns are increasing in focus with scope expanding beyond direct abuses to cover other areas such as data management, technological advancement, and supply chains.

There are risks if the Group is required to adapt to new fragmented regulations quickly, as well as meeting publicly stated sustainability goals and helping clients transition.

How these risks are mitigated/next steps

- Increased scrutiny is applied to environmental and social standards when providing services to clients.
- We monitor regulatory developments in relation to sustainable finance and ESG risk management and provide feedback on consultations bilaterally and through industry groups on emerging topics.
- We focus on minimising our environmental impact and embedding our values through our Position Statements for sensitive sectors and a list of prohibited activities that the Group will not finance.
- We are integrating the management of greenwashing risks into our Reputational and Sustainability Risk Type Framework, policies and standards. Green, Sustainable and Transition Finance labels for products, clients and transactions reflect the standards set out in our Green and Sustainable Product Framework, Transition Finance Framework and TCFD reporting. We regularly review these frameworks and annually obtain external verification on the Sustainable Finance asset pool.
- The Group is committed to respecting universal human rights and we assess our clients and suppliers against various international principles, as well as through our social safeguards and supplier charter. More details can be found in our Modern Slavery Statement and Human Rights Position Statement.
- Detailed portfolio reviews and stress tests are conducted to test resilience to climate-related risks, in line with applicable regulatory requirements.
- Work is under way to embed Climate Risk considerations across all relevant Principal Risk Types. This includes stress testing/scenario analysis, integration of client Climate Risk assessments within the Credit process, building an internal modelling capability and linkages with our net zero targets to understand the financial risks and opportunities from climate change.

Technological Considerations

Data and Digital

Regulatory requirements and client expectations relating to data management and quality, including data protection and privacy, data sovereignty, the use of Artificial Intelligence (AI) and the ethical use of data are increasing. Regulation is also becoming more fragmented and complex, requiring more resources to ensure ongoing compliance.

Geopolitical tensions have added impetus to data sovereignty legislation, sometimes extraterritorial in nature. There can also be conflicting guidance within the same jurisdiction. There is heightened focus on economic sanctions and financial crime controls, reinforcing the need for robust control frameworks.

Data protection risks are increasingly driven by highly organised and sophisticated threat actors, with developments such as ransomware available as a service.

Data is becoming more concentrated in the hands of governments and big private companies, with relatively few providers of new technologies such as cloud services. Some third parties are reluctant to disclose AI model details, citing intellectual property, which increases model risk.

A balance between resilience and agility is required, as new technologies are onboarded while existing systems are maintained. Clear ownership, frameworks and oversight of new technologies is also required.

How these risks are mitigated/next steps

- We monitor regulatory developments in relation to all aspects of data management, taking into account country specific requirements. We take a holistic view across data risks to facilitate an efficient and comprehensive risk control environment.
- We have established a Data Management and Privacy Operations team to assist with compliance with data management regulations. This includes a dedicated AI governance forum which includes review of third party solutions.
- We have an inflight programme of work to drive compliance to BCBS 239 requirements on effective risk data aggregation and risk reporting.
- We continue to deliver new controls and capabilities to increase our ability to identify, detect, protect and respond to ICS threats.

New business structures, channels and competition

Failure to harness new technologies and new business models would place banks at a competitive disadvantage. However, these innovations require specialist skills, present new vectors for threats to materialise and require robust risk assessment accordingly. Differing access to new developments will also cause divergence and inequality to grow across countries and social groups.

Digital assets are gaining adoption and linked business models continue to increase in prominence. These present material opportunities for businesses and consumers, as well as potential risks as the space evolves, as evidenced by the collapse of Futures Exchange (FTX) and other recent events, further exacerbating digital asset market volatility.

Increasing use of partnerships and alliances increases exposure to third-party risk. There is also risk of inadequate risk assessments of new and unfamiliar activities.

How these risks are mitigated/next steps

- We monitor emerging trends, opportunities and risk developments in technology that may have implications for the banking sector.
- Enhanced digital capabilities have been rolled out in CPBB, particularly around onboarding, sales, and marketing.
- A Digital Asset Risk Management Approach and policy has been implemented. This is regularly updated in response to evolving digital assets market activity.
- Strategic partnerships and alliances are being set up with Fintechs to enhance our competitiveness.

People Considerations

Talent pool of the future

The expectations of the workforce, especially skilled workers, are significantly shifting. The COVID-19 pandemic accelerated changes on how people work, connect and collaborate, with expectations on flexible working now a given. The focus is increasingly on 'what' work people do and 'how' they get to deliver it, which are becoming differentiators in the war for future skills. There is greater desire to seek meaning and personal fulfilment at work that is aligned to individual purpose.

These trends are even more distinct among Millennials and Gen Zs who make up an increasing proportion of the global talent pool, and as digital natives also possess the attributes and skills we seek to pursue our strategy.

With attrition increasing year on year, to sustainably attract, grow and retain talent, we must continue to invest in and further strengthen our Employee Value Proposition (EVP), through both firm-wide interventions as well as targeted action.

How these risks are mitigated/next steps

- Our culture and EVP work is designed to address the emerging expectations of the diverse talent we seek. The quarterly Brand and Culture Dashboard monitors our D&I Index and colleagues' perceptions of our EVP and whether we are living our Valued Behaviours. Local Management teams discuss the dashboard to identify actions, supported by a central library of interventions from across the Group.
- Our Future Workplace Now programme, which formalises hybrid working where suitable, has been rolled out across 43 markets, and 78 per cent of colleagues in these markets are now on flexi-working arrangements. We continue to monitor for potential people risks, and mitigating actions include hybrid learning festivals, watercooler moments toolkits, a social connections platform and people leader guidance.
- We are undertaking a multi-year journey of developing future-skills by creating a culture of continuous learning, to balance between 'building' and 'inducting' skills. We are deploying technology that democratises access to learning content and developmental experiences.
- To address our talent pool's increased expectations of us being purpose-led, we have published our Stands which guide our strategy.

Credit quality by client segment

	2022							
		Customers						
Amortised cost	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
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 balance[1]	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 (S3)	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

	2021 (Restated)[1]							
		Customers						
Amortised cost	Banks $million	Corporate, Commercial & Institutional Banking $million	Consumer, Private & Business Banking[1] $million	Ventures[1] $million	Central & other items $million	Customer Total $million	Undrawn commitments $million	Financial Guarantees $million
Stage 1	43,776	122,368	134,289	82	22,439	279,178	149,530	54,923
– Strong	30,813	77,826	129,486	82	22,333	229,727	132,274	37,418
– Satisfactory	12,963	44,542	4,803	–	106	49,451	17,256	17,505
Stage 2	580	14,818	1,912	9	110	16,849	8,993	2,813
– Strong	126	2,366	1,253	–	–	3,619	2,786	714
– Satisfactory	105	11,180	308	–	–	11,488	5,235	1,546
– Higher risk	349	1,272	351	9	110	1,742	972	553
Of which (stage 2):								
– Less than 30 days past due	–	77	308	–	–	385	–	–
– More than 30 days past due	–	49	351	9	–	409	–	–
Stage 3, credit-impaired financial assets	54	6,520	1,575	–	–	8,095	–	799
Gross balance[2]	44,410	143,706	137,776	91	22,549	304,122	158,523	58,535
Stage 1	(12)	(103)	(369)	(1)	–	(473)	(42)	(15)
– Strong	(4)	(58)	(282)	(1)	–	(341)	(23)	(5)
– Satisfactory	(8)	(45)	(87)	–	–	(132)	(19)	(10)
Stage 2	(4)	(341)	(181)	(2)	–	(524)	(60)	(22)
– Strong	(2)	(62)	(104)	–	–	(166)	(6)	(1)
– Satisfactory	(2)	(179)	(32)	–	–	(211)	(46)	(9)
– Higher risk	–	(100)	(45)	(2)	–	(147)	(8)	(12)
Of which (stage 2):								
– Less than 30 days past due	–	(2)	(32)	–	–	(34)	–	–
– More than 30 days past due	–	(3)	(45)	(2)	–	(50)	–	–
Stage 3, credit-impaired financial assets	(11)	(3,861)	(796)	–	–	(4,657)	–	(207)
Total credit impairment	(27)	(4,305)	(1,346)	(3)	–	(5,654)	(102)	(244)
Net carrying value	44,383	139,401	136,430	88	22,549	298,468		
Stage 1	0.0%	0.1%	0.3%	1.2%	0.0%	0.2%	0.0%	0.0%
– Strong	0.0%	0.1%	0.2%	1.2%	0.0%	0.1%	0.0%	0.0%
– Satisfactory	0.1%	0.1%	1.8%	0.0%	0.0%	0.3%	0.1%	0.1%
Stage 2	0.7%	2.3%	9.5%	22.2%	0.0%	3.1%	0.7%	0.8%
– Strong	1.6%	2.6%	8.3%	0.0%	0.0%	4.6%	0.2%	0.1%
– Satisfactory	1.9%	1.6%	10.4%	0.0%	0.0%	1.8%	0.9%	0.6%
– Higher risk	0.0%	7.9%	12.8%	22.2%	0.0%	8.4%	0.8%	2.2%
Of which (stage 2):								
– Less than 30 days past due	0.0%	2.6%	10.4%	0.0%	0.0%	8.8%	0.0%	0.0%
– More than 30 days past due	0.0%	6.1%	12.8%	22.2%	0.0%	12.2%	0.0%	0.0%
Stage 3, credit-impaired financial assets (S3)	20.4%	59.2%	50.5%	0.0%	0.0%	57.5%	0.0%	25.9%
Cover ratio	0.1%	3.0%	1.0%	3.3%	0.0%	1.9%	0.1%	0.4%
Fair value through profit or loss								
Performing	22,574	69,356	67	–	1,774	71,197	–	–
– Strong	20,132	53,756	67	–	1,772	55,595	–	–
– Satisfactory	2,442	15,600	–	–	2	15,602	–	–
– Higher risk	–	–	–	–	–	–	–	–
Defaulted (CG13-14)	–	38	–	–	–	38	–	–
Gross balance (FVTPL)[3]	22,574	69,394	67	–	1,774	71,235	–	–
Net carrying value (incl FVTPL)	66,957	208,795	136,497	88	24,323	369,703	–	–

1 Following the increased strategic importance and reporting of Ventures to management, this has been established as a separate operating segment from January 2022. Prior period has been restated

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

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

Credit impairment charge

	2022			2021 (Restated)[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	148	279	427	23	(67)	(44)
Consumer, Private & Business Banking[1]	150	112	262	29	253	282
Ventures[1]	13	3	16	3	–	3
Central & other items	95	38	133	23	(1)	22
Credit impairment charge	406	432	838	78	185	263
Restructuring business portfolio						
Others	(2)	–	(2)	(2)	(7)	(9)
Credit impairment charge	(2)	–	(2)	(2)	(7)	(9)
Total credit impairment charge	404	432	836	76	178	254

1 Following the increased strategic importance and reporting of Ventures to management, this has been established as a separate operating segment from 1 January 2022. Prior period has been restated

COVID-19 relief measures

	Total		Asia		Africa & Middle East	
Segment[1]/Product	Outstanding $million	% of portfolio[2]	Outstanding $million	% of portfolio[2]	Outstanding $million	% of portfolio[2]
Credit card & Personal loans	14	0.1%	14	0.1%	–	–
Mortgages & Auto	90	0.1%	90	0.1%	–	–
Business Banking	133	1.3%	133	1.4%	–	–
Total Consumer, Private & Business Banking at 31 December 2022	237	0.2%	237	0.2%	–	–
Total Consumer, Private & Business Banking at 31 December 2021	1,182	0.9%	1,029	0.9%	153	3.1%

1 Outstanding relief balance for Corporate, Commercial and Institutional Banking are less than $100 million (31 December 2021: $1,195 million) and nil (31 December 2021: nil) for Ventures[3]
2 Percentage of portfolio represents the outstanding amount as a percentage of the gross loans and advances to customers by product and segment

Vulnerable Sectors

Maximum exposure

Amortised Cost	2022 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

Amortised Cost	2021 Maximum On Balance Sheet Exposure (net of credit impairment) $million	Collateral $million	Net On Balance Sheet Exposure $million	Undrawn Commitments (net of credit impairment) $million	Financial Guarantees (net of credit impairment) $million	Net Off Balance Sheet Exposure $million	Total On & Off Balance Sheet Net Exposure $million
Industry:							
Aviation[1]	3,458	2,033	1,425	1,914	431	2,345	3,770
Commodity Traders	8,732	262	8,470	2,434	6,832	9,266	17,736
Metals & Mining	3,616	450	3,166	3,387	637	4,024	7,190
Construction	3,053	544	2,509	2,374	5,860	8,234	10,743
Commercial real estate	19,847	7,290	12,557	7,192	291	7,483	20,040
Hotels & Tourism	2,390	789	1,601	1,363	121	1,484	3,085
Oil & Gas	6,826	1,029	5,797	8,842	6,013	14,855	20,652
Total	47,922	12,397	35,525	27,506	20,185	47,691	83,216
Total Corporate, Commercial & Institutional Banking	139,401	26,294	113,107	96,406	49,666	146,072	259,179
Total Group	342,851	138,564	204,287	158,421	58,291	216,712	420,999

1 In addition to the aviation sector loan exposures, the Group owns $3.2 billion (31 December 2021: $3.1 billion) of aircraft under operating leases. Refer to Operating lease assets

Loans and advances by stage

	2022											
	Stage 1			Stage 2			Stage 3			Total		
Amortised Cost	Gross Balance $million	Total Credit Impair-ment $million	Net Carrying Amount $million	Gross Balance $million	Total Credit Impair-ment $million	Net Carrying Amount $million	Gross Balance $million	Total Credit Impair-ment $million	Net Carrying Amount $million	Gross Balance $million	Total Credit Impair-ment $million	Net Carrying Amount $million
Industry:												
Aviation	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

	2021											
	Stage 1			Stage 2			Stage 3			Total		
Amortised Cost	Gross Balance $million	Total Credit Impair-ment $million	Net Carrying Amount $million	Gross Balance $million	Total Credit Impair-ment $million	Net Carrying Amount $million	Gross Balance $million	Total Credit Impair-ment $million	Net Carrying Amount $million	Gross Balance $million	Total Credit Impair-ment $million	Net Carrying Amount $million
Industry:												
Aviation	1,120	–	1,120	2,174	(11)	2,163	239	(64)	175	3,533	(75)	3,458
Commodity Traders	8,482	(4)	8,478	195	(5)	190	713	(649)	64	9,390	(658)	8,732
Metals & Mining	3,083	(1)	3,082	450	(17)	433	219	(118)	101	3,752	(136)	3,616
Construction	2,279	(3)	2,276	505	(19)	487	916	(626)	290	3,701	(647)	3,053
Commercial real estate	17,680	(43)	17,637	1,787	(75)	1,712	833	(335)	498	20,300	(453)	19,847
Hotels & Tourism	1,562	(1)	1,561	722	(9)	713	182	(66)	116	2,466	(76)	2,390
Oil & Gas	4,999	(5)	4,994	1,595	(34)	1,561	486	(215)	271	7,080	(254)	6,826
Total	39,205	(57)	39,148	7,428	(170)	7,259	3,588	(2,073)	1,515	50,222	(2,299)	47,922
Total Corporate, Commercial & Institutional Banking	122,368	(103)	122,265	14,818	(341)	14,477	6,520	(3,861)	2,659	143,706	(4,305)	139,401
Total Group	322,954	(485)	322,469	17,429	(528)	16,901	8,149	(4,668)	3,481	348,532	(5,681)	342,851

Capital review

Capital ratios

	31.12.22	30.09.22	Change[4]	30.06.22	Change[4]	31.12.21	Change[4]
CET1	**14.0%**	13.7%	0.3	13.9%	0.1	14.1%	(0.1)
Tier 1 capital	**16.6%**	16.2%	0.4	15.9%	0.7	16.6%	-
Total capital	**21.7%**	21.2%	0.5	21.0%	0.7	21.3%	0.4

Capital base[1] (audited)

	31.12.22 $million	30.09.22 $million	Change[4] %	30.06.22 $million	Change[4] %	31.12.21 $million	Change[4] %
CET1 capital instruments and reserves							
Capital instruments and the related share premium accounts	**5,436**	5,441	-	5,472	(1)	5,528	(2)
Of which: share premium accounts	**3,989**	3,989	-	3,989	-	3,989	-
Retained earnings[2]	**25,154**	25,435	(1)	26,266	(4)	24,968	1
Accumulated other comprehensive income (and other reserves)	**8,165**	7,617	7	8,837	(8)	11,805	(31)
Non-controlling interests (amount allowed in consolidated CET1)	**189**	208	(9)	188	1	201	(6)
Independently audited year-end profits	**2,988**	3,214	(7)	2,092	43	2,346	27
Foreseeable dividends	**(648)**	(509)	(27)	(303)	(114)	(493)	(31)
CET1 capital before regulatory adjustments	**41,284**	41,406	-	42,552	(3)	44,355	(7)
CET1 regulatory adjustments					-		-
Additional value adjustments (prudential valuation adjustments)	**(854)**	(826)	(3)	(766)	(11)	(665)	(28)
Intangible assets (net of related tax liability)	**(5,802)**	(5,458)	(6)	(5,468)	(6)	(4,392)	(32)
Deferred tax assets that rely on future profitability (excludes those arising from temporary differences)	**(76)**	(106)	28	(120)	37	(150)	49
Fair value reserves related to net losses on cash flow hedges	**564**	682	(17)	475	19	34	1,559
Deduction of amounts resulting from the calculation of excess expected loss	**(684)**	(663)	(3)	(702)	3	(580)	(18)
Net gains on liabilities at fair value resulting from changes in own credit risk	**63**	(106)	159	(100)	163	15	320
Defined-benefit pension fund assets	**(116)**	(124)	6	(184)	37	(159)	27
Fair value gains arising from the institution's own credit risk related to derivative liabilities	**(90)**	(214)	58	(165)	45	(60)	(50)
Exposure amounts which could qualify for risk weighting of 1250%	**(103)**	(76)	(36)	(138)	25	(36)	(186)
Other regulatory adjustments to CET1 capital[3]	**(29)**	(11)	(164)	(11)	(164)	-	-
Total regulatory adjustments to CET1	**(7,127)**	(6,902)	(3)	(7,179)	1	(5,993)	(19)
CET1 capital	**34,157**	34,504	(1)	35,373	(3)	38,362	(11)
Additional Tier 1 capital (AT1) instruments	**6,504**	6,505	-	5,264	24	6,811	(5)
AT1 regulatory adjustments	**(20)**	(20)	-	(20)	-	(20)	-
Tier 1 capital	**40,641**	40,989	(1)	40,617	-	45,153	(10)
					-		-
Tier 2 capital instruments	**12,540**	12,532	-	13,050	(4)	12,521	-
Tier 2 regulatory adjustments	**(30)**	(30)	-	(30)	-	(30)	-
Tier 2 capital	**12,510**	12,502	-	13,020	(4)	12,491	-
Total capital	**53,151**	53,491	(1)	53,637	(1)	57,644	(8)
Total risk-weighted assets (unaudited)	**244,711**	252,293	(3)	255,082	(4)	271,233	(10)

1 Capital base is prepared on the regulatory scope of consolidation
2 Retained earnings includes IFRS 9 capital relief (transitional) of $106 million
3 Other regulatory adjustments to CET1 capital includes Insufficient coverage for non-performing exposures of $(29) million
4 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

Capital review continued

Movement in total capital (audited)

	2022 $million	2021 $million
CET1 at 1 January	**38,362**	38,779
Ordinary shares issued in the period and share premium	**–**	–
Share buyback	**(1,258)**	(506)
Profit for the period	**2,988**	2,346
Foreseeable dividends deducted from CET1	**(648)**	(493)
Difference between dividends paid and foreseeable dividends	**(301)**	(303)
Movement in goodwill and other intangible assets	**(1,410)**	(118)
Foreign currency translation differences	**(1,892)**	(652)
Non-controlling interests	**(12)**	21
Movement in eligible other comprehensive income	**(1,224)**	(306)
Deferred tax assets that rely on future profitability	**74**	(12)
(Increase)/decrease in excess expected loss	**(104)**	121
Additional value adjustments (prudential valuation adjustment)	**(189)**	(175)
IFRS 9 transitional impact on regulatory reserves including day one	**(146)**	(142)
Exposure amounts which could qualify for risk weighting	**(67)**	(10)
Fair value gains arising from the institution's own credit risk related to derivative liabilities	**(30)**	(12)
Others	**14**	(176)
CET1 at 31 December	**34,157**	38,362
AT1 at 1 January	**6,791**	5,612
Net issuances (redemptions)	**241**	1,736
Foreign currency translation difference	**9**	(2)
Excess on AT1 grandfathered limit (ineligible)	**(557)**	(555)
AT1 at 31 December	**6,484**	6,791
Tier 2 capital at 1 January	**12,491**	12,657
Regulatory amortisation	**778**	(1,035)
Net issuances (redemptions)	**(1,098)**	573
Foreign currency translation difference	**(337)**	(181)
Tier 2 ineligible minority interest	**102**	(81)
Recognition of ineligible AT1	**557**	555
Others	**17**	3
Tier 2 capital at 31 December	**12,510**	12,491
Total capital at 31 December	**53,151**	57,644

The main movements in capital in the period were:

- CET1 capital decreased by $4.2 billion as retained profits of $3.0 billion were more than offset by share buybacks of $1.3 billion, distributions paid and foreseeable of $0.9 billion, foreign currency translation impact of $1.9 billion, movement in FVOCI of $1.3 billion, regulatory changes including removal of software benefits of $1.2 billion and an increase in regulatory deductions and other movements of $0.7 billion
- AT1 capital decreased by $0.3 billion following the redemption of $1.0 billion of 7.5 per cent securities and the final $0.6 billion derecognition of legacy Tier 1 securities, partly offset by the issuance of $1.3 billion of 7.75 per cent securities
- Tier 2 capital remains largely unchanged as issuance of $0.8 billion of new Tier 2 instruments and recognition of ineligible AT1 were offset by regulatory amortisation and the redemption of $1.8 billion of Tier 2 during the year

Risk-weighted assets by business

	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	42,092	8,639	-	50,731
Ventures	1,350	6	2	1,358
Central & other items	43,310	1,493	4,237	49,040
Total risk-weighted assets	196,855	27,177	20,679	244,711

	30.09.22			
	Credit risk $million	Operational risk $million	Market risk $million	Total risk $million
Corporate, Commercial & Institutional Banking	114,519	17,038	18,222	149,779
Consumer, Private & Business Banking	42,284	8,639	-	50,923
Ventures	1,150	6	2	1,158
Central & other items	44,570	1,494	4,369	50,433
Total risk-weighted assets	202,523	27,177	22,593	252,293

	30.06.22			
	Credit risk $million	Operational risk $million	Market risk $million	Total risk $million
Corporate, Commercial & Institutional Banking	117,789	17,038	19,350	154,177
Consumer, Private & Business Banking	43,879	8,639	-	52,518
Ventures	1,034	6	3	1,043
Central & other items	42,477	1,494	3,373	47,344
Total risk-weighted assets	205,179	27,177	22,726	255,082

	31.12.21 (Restated)[1]			
	Credit risk $million	Operational risk $million	Market risk $million	Total risk $million
Corporate, Commercial & Institutional Banking	125,813	16,595	20,789	163,197
Consumer, Private & Business Banking	42,731	8,501	-	51,232
Ventures	756	5	-	761
Central & other items	50,288	2,015	3,740	56,043
Total risk-weighted assets	219,588	27,116	24,529	271,233

1 Following the increased strategic importance and reporting of Ventures to management, this has been established as a separate operating segment from 1 January 2022. Prior period has been restated

Risk-weighted assets by geographic region

	31.12.22 $million	30.09.21 $million	Change[1] %	30.06.21 $million	Change[1] %	31.12.20 (Restated) $million	Change[1] %
ASIA	150,816	156,553	(4)	160,345	(6)	170,381	(11)
Africa & Middle East	40,716	42,746	(5)	43,613	(7)	48,852	(17)
Europe & Americas	50,174	50,779	(1)	50,038	-	50,283	-
Central & other items	3,005	2,215	36	1,086	177	1,717	75
Total risk-weighted assets	244,711	252,293	(3)	255,082	(4)	271,233	(10)

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

Movement in risk-weighted assets

	Credit risk[1]							
	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 2020	127,581	44,755	289	47,816	220,441	26,800	21,593	268,834
At 1 January 2021	127,581	44,755	289	47,816	220,441	26,800	21,593	268,834
Asset growth & mix	2,269	3,612	467	3,894	10,242	-	-	10,242
Asset quality	(1,537)	(662)	-	13	(2,186)	-	-	(2,186)
Risk-weighted assets efficiencies	(415)	(30)	-	(657)	(1,102)	-	-	(1,102)
Model Updates	-	(3,701)	-	-	(3,701)	-	-	(3,701)
Methodology and policy changes	-	-	-	-	-	-	2,065	2,065
Acquisitions and disposals	-	-	-	-	-	-	-	-
Foreign currency translation	(2,085)	(1,243)	-	(1,106)	(4,434)	-	-	(4,434)
Other, including non-credit risk movements	-	-	-	328	328	316	871	1,515
At 31 December 2021	125,813	42,731	756	50,288	219,588	27,116	24,529	271,233
Asset growth & mix[2]	(13,213)	(984)	594	(10,034)	(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	-	1,100	3,302
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	(3,950)	(4,603)
At 31 December 2022	110,103	42,092	1,350	43,310	196,855	27,177	20,679	244,711

1 Following the increased strategic importance and reporting of Ventures to management, this has been established as a separate operating segment from 1 January 2022. Prior period has been restated

2 Corporate, Commercial & Institutional Banking asset growth & mix includes optimisation initiatives of $(13.9) billion and other efficiency actions of $(7.2) billion. Central & Other items asset growth & mix includes other efficiency actions, mainly relating to credit insurance of $(3.9) billion

Movements in risk-weighted assets

RWA decreased by $26.5 billion, or 9.8 per cent from 31 December 2021 to $244.7 billion. This was mainly due to decrease in Credit Risk RWA of $22.7 billion and Market Risk RWA of $3.9 billion partially offset by a marginal increase in Operational Risk RWA of $0.1 billion.

Corporate, Commercial & Institutional Banking

Credit Risk RWA decreased by $15.7 billion, or 12.5 per cent from 31 December 2021 to $110.1 billion mainly due to:

- $13.2bn decrease from changes in asset growth & mix of which:
  - $13.9 billion decrease from optimisation actions including reduction in lower returning portfolios
  - $7.2 billion decrease from other business efficiency actions
  - $7.9 billion increase from asset balance growth
- $4.9 billion decrease from foreign currency translation
- $4.3 billion decrease mainly due to improvement in asset quality reflecting client upgrades partially offset by sovereign downgrades in Africa & Middle East
- $4.3 billion increase from industry-wide regulatory changes to align IRB model performance
- $2.0 billion increase from revised rules on capital requirements
- $0.3 billion increase from a process enhancement relating to certain Transaction Banking facilities

Capital review continued

Consumer, Private & Business Banking

Credit Risk RWA decreased by $0.6 billion, or 1.5 per cent from 31 December 2021 to $42.1 billion mainly due to:

- $1.6 billion decrease from foreign currency translation
- $0.9 billion decrease from asset balance growth mainly from Asia
- $1.4 billion increase from industry-wide regulatory changes to align IRB model performance
- $0.4 billion increase mainly due to deterioration in asset quality mainly in Asia
- $0.1 billion increase from revised rules on capital requirements

Ventures

Ventures is comprised of Mox Bank Limited, Trust Bank and SC Ventures. Credit Risk RWA increased by $0.6 billion, or 78.6 per cent from 31 December 2021 to $1.4 billion from asset balance growth, mainly from Mox.

Central & Other items

Central & Other items RWA mainly relate to the Treasury Markets liquidity portfolio, equity investments and current & deferred tax assets.

Credit Risk RWA decreased by $7.0 billion, or 13.9 per cent from 31 December 2021 to $43.3 billion mainly due to:

- $10.0bn decrease from changes in asset growth & mix of which:
  - $6.1 billion decrease from asset balance growth mainly from Asia
  - $3.9 billion decrease from credit protection on certain products
- $3.4 billion decrease from foreign currency translation
- $1.0 billion decrease due to cessation of software relief
- $7.3bn billion increase due to deterioration in asset quality mainly from sovereign downgrades in Africa & Middle East

Market Risk

Total Market Risk RWA decreased by $3.9 billion, or 15.7 per cent from 31 December 2021 to $20.7 billion due to:

- $3.8 billion decrease in Standardised Approach (SA) Specific Interest Rate Risk RWA due to reduced traded credit risk positions
- $1.2 billion decrease in Internal Models Approach (IMA) stressed VaR RWA due to reduced IMA positions
- $1.0 billion decrease with enhanced methodology for IMA VaR and stressed VaR
- $1.5 billion increase due to higher IMA RWA multiplier from elevated back-testing exceptions
- $0.5 billion increase in SA Structural FX (SFX) risk with increased net SFX positions after hedging
- $0.1 billion net increase due to other individually smaller movements

Operational Risk

Operational Risk RWA increased by $0.1 billion, or 0.2 per cent from 31 December 2021 to $27.2 billion mainly due to marginal increase in average income as measured over a rolling three-year time horizon for certain products.

Capital review continued

Leverage ratio

	31.12.22 $million	30.09.22 $million	Change %	30.06.22 $million	Change %	31.12.21 $million	Change %
Tier 1 capital (transitional)	**40,641**	40,989	(1)	40,617	-	45,153	(10)
Additional Tier 1 capital subject to phase out	**-**	-	-	-	-	(557)	100
Tier 1 capital (end point)	**40,641**	40,989	(1)	40,617	-	44,596	(9)
Derivative financial instruments	**63,717**	108,182	(41)	76,676	(17)	52,445	21
Derivative cash collateral	**12,515**	13,984	(11)	11,459	9	9,217	36
Securities financing transactions (SFTs)	**89,967**	86,777	4	83,087	8	88,418	2
Loans and advances and other assets	**653,723**	655,492	-	664,695	(2)	677,738	(4)
Total on-balance sheet assets	**819,922**	864,435	(5)	835,917	(2)	827,818	(1)
Regulatory consolidation adjustments[1]	**(71,728)**	(71,781)	-	(70,350)	(2)	(63,704)	(13)
Derivatives adjustments			-		-		-
Derivatives netting	**(47,118)**	(78,671)	40	(56,040)	16	(34,819)	(35)
Adjustments to cash collateral	**(10,640)**	(12,736)	16	(9,831)	(8)	(17,867)	40
Net written credit protection	**548**	119	361	128	328	1,534	(64)
Potential future exposure on derivatives	**35,824**	38,787	(8)	41,103	(13)	50,857	(30)
Total derivatives adjustments	**(21,386)**	(52,501)	59	(24,640)	13	(295)	(7,149)
Counterparty risk leverage exposure measure for SFTs	**15,553**	14,126	10	13,318	17	13,724	13
Off-balance sheet items	**119,049**	112,807	6	146,745	(19)	139,505	(15)
Regulatory deductions from Tier 1 capital	**(7,099)**	(6,582)	(8)	(6,856)	(4)	(5,908)	(20)
Total exposure measure excluding claims on central banks	**854,311**	860,504	(1)	894,134	(4)	911,140	(6)
Leverage ratio excluding claims on central banks (%)[2]	**4.8%**	4.8%	-	4.5%	0.3	4.9%	(0.1)
Average leverage exposure measure excluding claims on central banks	**864,605**	875,125	(1)	918,391	(6)	897,992	(4)
Average leverage ratio excluding claims on central banks (%)[2]	**4.7%**	4.7%	-	4.4%	0.3	5.0%	(0.3)
Countercyclical leverage ratio buffer[2]	**0.1%**	0.1%	-	0.1%	-	0.1%	-
G-SII additional leverage ratio buffer[2]	**0.4%**	0.4%	-	0.4%	-	0.4%	-

1 Includes adjustment for qualifying central bank claims and unsettled regular way trades
2 Change is the percentage point difference between two periods, rather than percentage change

Financial statements

Consolidated income statement

For the year ended 31 December 2022

	Notes	2022 $million	2021 $million
Interest income		15,252	10,246
Interest expense		(7,659)	(3,448)
Net interest income	3	7,593	6,798
Fees and commission income		3,972	4,458
Fees and commission expense		(859)	(736)
Net fees and commission income	4	3,113	3,722
Net trading income	5	5,310	3,431
Other operating income	6	302	750
Operating income		16,318	14,701
Staff costs		(7,618)	(7,668)
Premises costs		(401)	(387)
General administrative expenses		(1,708)	(1,688)
Depreciation and amortisation		(1,186)	(1,181)
Operating expenses	7	(10,913)	(10,924)
Operating profit before impairment losses and taxation		5,405	3,777
Credit impairment	8	(836)	(254)
Goodwill, property, plant and equipment and other impairment	9	(439)	(372)
Profit from associates and joint ventures	32	156	196
Profit before taxation		4,286	3,347
Taxation	10	(1,384)	(1,034)
Profit for the year		2,902	2,313
Profit attributable to:			
Non-controlling interests	29	(46)	(2)
Parent company shareholders		2,948	2,315
Profit for the year		2,902	2,313

		cents	cents
Earnings per share:			
Basic earnings per ordinary share	12	85.9	61.3
Diluted earnings per ordinary share	12	84.3	60.4

The notes form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Notes	2022 $million	2021 $million
Profit for the year		2,902	2,313
Other comprehensive (loss)/income:			
Items that will not be reclassified to income statement:		(75)	309
Own credit (losses)/gains on financial liabilities designated at fair value through profit or loss		(56)	43
Equity instruments at fair value through other comprehensive income		(75)	169
Actuarial gains on retirement benefit obligations	30	41	179
Taxation relating to components of other comprehensive income	10	15	(82)
Items that may be reclassified subsequently to income statement:		(3,703)	(1,081)
Exchange differences on translation of foreign operations:			
Net losses taken to equity		(2,466)	(791)
Net gains on net investment hedges		512	118
Share of other comprehensive (loss)/income from associates and joint ventures	32	(79)	10
Debt instruments at fair value through other comprehensive income:			
Net valuation losses taken to equity		(1,528)	(386)
Reclassified to income statement		207	(157)
Net impact of expected credit losses		118	31
Cash flow hedges:			
Net movements in cash flow hedge reserve[1]	14	(619)	20
Taxation relating to components of other comprehensive income	10	152	74
Other comprehensive loss for the year, net of taxation		(3,778)	(772)
Total comprehensive (loss)/income for the year		(876)	1,541
Total comprehensive (loss)/income attributable to:			
Non-controlling interests	29	(88)	(17)
Parent company shareholders		(788)	1,558
Total comprehensive (loss)/income for the year		(876)	1,541

1 This line item has been represented in 2022 as a net balance of all movements in the cash flow hedge reserve

Consolidated balance sheet

As at 31 December 2022

	Notes	2022 $million	2021 $million
Assets			
Cash and balances at central banks	13,35	**58,263**	72,663
Financial assets held at fair value through profit or loss	13	**105,812**	129,121
Derivative financial instruments	13,14	**63,717**	52,445
Loans and advances to banks	13,15	**39,519**	44,383
Loans and advances to customers	13,15	**310,647**	298,468
Investment securities	13	**172,448**	163,437
Other assets	20	**50,383**	49,932
Current tax assets	10	**503**	766
Prepayments and accrued income		**3,149**	2,176
Interests in associates and joint ventures	32	**1,631**	2,147
Goodwill and intangible assets	17	**5,869**	5,471
Property, plant and equipment	18	**5,522**	5,616
Deferred tax assets	10	**834**	859
Assets classified as held for sale	21	**1,625**	334
Total assets		**819,922**	827,818
Liabilities			
Deposits by banks	13	**28,789**	30,041
Customer accounts	13	**461,677**	474,570
Repurchase agreements and other similar secured borrowing	13,16	**2,108**	3,260
Financial liabilities held at fair value through profit or loss	13	**79,903**	85,197
Derivative financial instruments	13,14	**69,862**	53,399
Debt securities in issue	13,22	**61,242**	61,293
Other liabilities	23	**43,527**	44,314
Current tax liabilities	10	**583**	348
Accruals and deferred income		**5,895**	4,651
Subordinated liabilities and other borrowed funds	13,27	**13,715**	16,646
Deferred tax liabilities	10	**769**	800
Provisions for liabilities and charges	24	**383**	453
Retirement benefit obligations	30	**146**	210
Liabilities included in disposal groups held for sale	21	**1,307**	–
Total liabilities		**769,906**	775,182
Equity			
Share capital and share premium account	28	**6,930**	7,022
Other reserves		**8,165**	11,805
Retained earnings		**28,067**	27,184
Total parent company shareholders' equity		**43,162**	46,011
Other equity instruments	28	**6,504**	6,254
Total equity excluding non-controlling interests		**49,666**	52,265
Non-controlling interests	29	**350**	371
Total equity		**50,016**	52,636
Total equity and liabilities		**819,922**	827,818

The notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 16 February 2023 and signed on its behalf by:

José Viñals
Group Chairman

Bill Winters
Group Chief Executive

Andy Halford
Group Chief Financial Officer

Financial statements continued

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Ordinary share capital and share premium account $million	Preference 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	Trans-lation reserve $million	Retained earnings $million	Parent company share-holders' equity $million	Other equity instru-ments $million	Non-controlling interests $million	Total $million
As at 1 January 2021	5,564	1,494	17,207	(52)	529	148	(52)	(5,092)	26,140	45,886	4,518	325	50,729
Profit/(loss) for the year	–	–	–	–	–	–	–	–	2,315	2,315	–	(2)	2,313
Other comprehensive income/(loss)	–	–	–	37	(426)	101	18	(662)	175[2]	(757)	–	(15)	(772)
Distributions	–	–	–	–	–	–	–	–	–	–	–	(31)	(31)
Other equity instruments issued, net of expenses	–	–	–	–	–	–	–	–	–	–	2,728	–	2,728
Redemption of other equity instruments	–	–	–	–	–	–	–	–	(51)	(51)	(992)	–	(1,043)
Treasury shares net movement	–	–	–	–	–	–	–	–	(235)	(235)	–	–	(235)
Share option expenses	–	–	–	–	–	–	–	–	147	147	–	–	147
Dividends on ordinary shares	–	–	–	–	–	–	–	–	(374)	(374)	–	–	(374)
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(410)	(410)	–	–	(410)
Share buyback[3,4]	(39)	–	39	–	–	–	–	–	(506)	(506)	–	–	(506)
Other movements	3	–	–	–	–	–	–	10	(17)[5]	(4)	–	94[6]	90
As at 31 December 2021	**5,528**	**1,494**	**17,246**	**(15)**	**103**	**249**	**(34)**	**(5,744)**	**27,184**	**46,011**	**6,254**	**371**	**52,636**
Profit/(loss) for the year	–	–	–	–	–	–	–	–	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 buyback[7,8]	(92)	–	92	–	–	–	–	–	(1,258)	(1,258)	–	–	(1,258)
Other movements	–	–	–	–	–	–	–	12[5]	19[9]	31	9[5]	98[10]	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**

1 Includes capital reserve of $5 million, capital redemption reserve of $222 million and merger reserve of $17,111 million
2 Comprises actuarial gain, net of taxation on Group defined benefit schemes
3 On 25 February 2021, the Group announced the buyback programme for a share buyback of its ordinary shares of $0.50 each. Nominal value of share purchases was $19 million, and the total consideration paid was $255 million (including $2 million of fees and stamp duty). The total number of shares purchased was 37,148,399 representing 1.18 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account
4 On 3 August 2021, the Group announced the buyback programme for a share buyback of its ordinary shares of $0.50 each. Nominal value of share purchases was $20 million, and the total consideration paid was $251 million (including $1 million of fees and stamp duty). The total number of shares purchased was 39,914,763 representing 1.28 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account
5 Movement related to Translation adjustment and AT1 Securities charges
6 Movement related to non-controlling interest from Mox Bank Limited
7 On 18 February 2022, the Group announced the buyback programme for a share buyback 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 buyback 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
8 On 1 August 2022, the Group announced the buyback programme for a share buyback 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). 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
9 Movement mainly related to $21million non-controlling interest on Power2SME Pte Limited, $8 million on CurrencyFair and $(9) million related to AT1 securities charges
10 Movements related to non-controlling interest from Mox Bank Limited ($39 million), Trust Bank Singapore Ltd ($47 million) , Zodia Markets Holdings Ltd ($3 million) and Power2SME Pte Limited ($9million)

Note 28 includes a description of each reserve and is available in the Annual Report 2022.

The notes form an integral part of these financial statements and are available in the Annual Report 2022.

Basis of preparation

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

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

Going concern

These financial statements were approved by the Board of directors on 16 February 2023. The directors have made an assessment of the Group's ability to continue as a going concern. This assessment has been made having considered the impact of COVID-19, macroeconomic and geopolitical headwinds, including:

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

Based on the analysis performed, the directors confirm they are satisfied that the Group has adequate resources to continue in business for a period of at least 12 months from 16 February 2023. For this reason, the Group continues to adopt the going concern basis of accounting for preparing the financial statements.

Other supplementary financial information

Five-year summary

	2022 $million	2021 $million	2020 $million	2019 $million	2018 $million
Operating profit before impairment losses and taxation	**5,405**	3,777	4,374	4,484	3,142
Impairment losses on loans and advances and other credit risk provisions	**(836)**	(254)	(2,325)	(908)	(653)
Other impairment	**(425)**	(372)	(98)	(136)	(182)
Profit before taxation	**4,286**	3,347	1,613	3,713	2,548
Profit/(loss) attributable to shareholders	**2,948**	2,315	724	2,303	1,054
Loans and advances to banks[1]	**39,519**	44,383	44,347	53,549	61,414
Loans and advances to customers[1]	**310,647**	298,468	281,699	268,523	256,557
Total assets	**819,922**	827,818	789,050	720,398	688,762
Deposits by banks[1]	**28,789**	30,041	30,255	28,562	29,715
Customer accounts[1]	**461,677**	474,570	439,339	405,357	391,013
Shareholders' equity	**43,162**	46,011	45,886	44,835	45,118
Total capital resources[2]	**63,731**	69,282	67,383	66,868	65,353
Information per ordinary share					
Basic earnings/(loss) per share	**85.9c**	61.3c	10.4c	57.0c	18.7c
Underlying earnings per share	**101.1c**	85.8c[3]	36.1c	75.7c	61.4c
Dividends per share[4]	**18.0c**	12.0c	–	22.0c	17.0c
Net asset value per share	**1,453.3c**	1,456.4c	1,409.3c	1,358.3c	1,319.3c
Net tangible asset value per share	**1,249.0c**	1,277.0c	1,249.0c	1,192.5c	1,167.7c
Return on assets[5]	**0.4%**	0.3%	0.1%	0.3%	0.3%
Ratios					
Statutory return on ordinary shareholders' equity	**6.0%**	4.2%	0.8%	4.2%	1.4%
Statutory return on ordinary shareholders' tangible equity	**6.8%**	4.8%	0.9%	4.8%	1.6%
Underlying return on ordinary shareholders' equity	**6.9%**	5.9%[3]	2.6%	5.6%	4.6%
Underlying return on ordinary shareholders' tangible equity	**8.0%**	6.8%[3]	3.0%	6.4%	5.1%
Statutory cost to income ratio (excluding UK bank levy)	**66.3%**	73.6%	68.1%	68.7%	76.6%
Statutory cost to income ratio (including UK bank levy)	**66.9%**	74.3%	70.4%	70.9%	78.8%
Underlying cost to income ratio (excluding UK bank levy)	**65.5%**	69.8%	66.4%	65.9%	67.7%
Underlying cost to income ratio (including UK bank levy)	**66.2%**	70.5%	68.7%	68.2%	69.9%
Capital ratios:					
CET1[6]	**14.0%**	14.1%	14.4%	13.8%	14.2%
Total capital[6]	**21.7%**	21.3%	21.2%	21.2%	21.6%

1 Excludes amounts held at fair value through profit or loss
2 Shareholders' funds, non-controlling interests and subordinated loan capital
3 Other Impairment includes $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai). The 2021 comparative has been restated for consistency to reclassify the $300 million impairment from Other impairment within Underlying profit which has resulted in the restatement of Underlying basic earnings per ordinary share (cents)
4 Dividend paid during the year per share
5 Represents profit attributable to shareholders divided by the total assets of the Group
6 Unaudited

Other supplementary financial information continued

Insured and uninsured deposits

SCB operates and provides services to customers across many countries and insured deposit is determined on the basis of limits enacted within local regulations

	2022		2021	
	Bank deposits $million	Customer accounts $million	Bank deposits $million	Customer accounts $million
Insured deposits	28	60,008	90	62,095
Current accounts	8	16,373	10	19,182
Savings deposits	–	26,973	–	30,866
Time deposits	20	16,599	80	11,825
Other deposits	–	63	–	222
Uninsured deposits	36,795	460,221	38,357	480,360
Current accounts	22,425	144,931	25,599	160,519
Savings deposits	–	90,937	–	116,466
Time deposits	6,870	176,090	5,223	142,756
Other deposits	7,500	48,263	7,535	60,619
Total	36,823	520,229	38,447	542,455

UK and non-UK deposits

SCB operates and provides services to customers across many countries and insured deposit is determined on the basis of limits enacted within local regulations.

	2022		2021	
	Bank deposits $million	Customer accounts $million	Bank deposits $million	Customer accounts $million
UK deposits	4,163	38,557	3,078	31,686
Current accounts	903	8,955	1,711	11,210
Savings deposits	–	420	–	306
Time deposits	1,004	6,760	112	7,666
Other deposits	2,256	22,422	1,255	12,504
Non-UK deposits	32,660	481,672	35,369	510,769
Current accounts	21,530	152,349	23,898	168,491
Savings deposits	–	117,490	–	147,026
Time deposits	5,886	185,929	5,191	146,915
Other deposits	5,244	25,904	6,280	48,337
Total	36,823	520,229	38,447	542,455

Contractual maturity of Loans, Investment securities and Deposits

	2022						
	Loans and advances to banks $million	Loans and advances to customers $million	Investment securities – Treasury and other eligible Bills $million	Investment securities – Debt securities $million	Investment securities – Equity shares $million	Bank deposits $million	Customer accounts $million
One year or less	60,132	208,691	42,269	47,193	–	35,240	508,125
Between one and five years	3,630	52,563	482	63,523	–	1,576	10,281
Between five and ten years	411	18,067	–	20,078	–	7	694
Between ten years and fifteen years	92	13,305	–	12,921	–	–	598
More than fifteen years and undated	184	65,104	–	15,720	4,037	–	531
Total	64,449	357,730	42,751	159,435	4,037	36,823	520,229
Total amortised cost and FVOCI exposures:	39,519	310,647					
Fixed interest rate exposures	36,218	170,609					
Floating interest rate exposures	3,301	140,038					

Other supplementary financial information continued

	2021						
	Loans and advances to banks $million	Loans and advances to customers $million	Investment securities – Treasury and other eligible Bills $million	Investment securities – Debt securities $million	Investment securities – Equity shares $million	Bank deposits $million	Customer accounts $million
One year or less	63,741	215,065	21,493	42,653	–	38,121	533,319
Between one and five years	2,921	57,690	532	79,081	–	322	7,009
Between five and ten years	143	16,744	–	24,214	–	3	861
Between ten years and fifteen years	1	14,493	–	7,436	–	–	687
More than fifteen years and undated	151	65,711	–	16,716	6,598	1	579
Total	66,957	369,703	22,025	170,100	6,598	38,447	542,455

Total amortised cost and FVOCI exposures:	44,383	298,468
Fixed interest rate exposures	40,618	155,948
Floating interest rate exposures	3,765	142,520

Maturity and yield of Debt securities, alternative tier one and other eligible bills held at amortised cost

	One year or less		Between one and five years		Between five and ten years		More than ten years		Total	
	$million	Yield %	$million	Yield %	$million	Yield %	$million	Yield %	$million	Yield %
Central and other government agencies										
– US	**2,208**	**1.58**	**5,437**	**1.41**	**6,317**	**1.32**	**4,498**	**3.47**	**18,460**	**1.90**
– UK	**–**	**–**	**85**	**1.98**	**60**	**0.50**	**47**	**0.90**	**192**	**1.26**
– Other	**3,599**	**2.71**	**9,659**	**1.98**	**3,541**	**2.24**	**44**	**4.00**	**16,843**	**2.19**
Other debt securities	**4,752**	**4.53**	**2,869**	**5.07**	**1,454**	**4.09**	**15,144**	**3.55**	**24,219**	**3.96**
As at 31 December 2022	**10,559**	**3.29**	**18,050**	**2.30**	**11,372**	**1.96**	**19,733**	**3.53**	**59,714**	**2.82**

	One year or less		Between one and five years		Between five and ten years		More than ten years		Total	
	$million	Yield %	$million	Yield %	$million	Yield %	$million	Yield %	$million	Yield %
Central and other government agencies										
– US	270	1.72	5,609	1.33	6,476	1.28	3,418	3.00	15,772	1.68
– UK	–	–	49	2.67	114	0.81	52	0.91	215	1.26
– Other	1,813	1.17	6,366	1.32	1,485	1.56	–	–	9,665	1.33
Other debt securities	2,033	5.64	1,877	4.51	1,696	3.08	10,067	0.95	15,673	2.28
As at 31 December 2021	4,116	3.41	13,901	1.76	9,771	1.63	13,537	1.47	41,325	1.82

The maturity distributions are presented in the above table on the basis of contractual maturity dates. The weighted average yield for each range of maturities is calculated by dividing the annualised interest income for the year by the book amount of debt securities at that date.

Average balance sheets and yields and volume and price variances

Average balance sheets and yields

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

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

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

Other supplementary financial information continued

The following tables set out the average balances and yields for the Group's assets and liabilities for the periods ended 31 December 2022 and 31 December 2021 under the revised definition of net interest margin. For the purpose of these tables, average balances have been determined on the basis of daily balances, except for certain categories, for which balances have been determined less frequently. The Group does not believe that the information presented in these tables would be significantly different had such balances been determined on a daily basis.

Average assets

	2022				
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	19,700	54,503	765	1.40	1.03
Gross loans and advances to banks	29,576	42,953	853	1.99	1.18
Gross loans and advances to customers	61,480	306,880	10,168	3.31	2.76
Impairment provisions against loans and advances to banks and customers	–	(5,867)	–	–	–
Investment securities – Treasury and Other Eligible Bills	5,564	25,924	630	2.43	2.00
Investment securities – Debt Securities	23,618	140,977	2,836	2.01	1.72
Investment securities – Equity Shares	4,152	–	–	–	–
Property, plant and equipment and intangible assets	8,821	–	–	–	–
Prepayments, accrued income and other assets	142,599	–	–	–	–
Investment associates and joint ventures	2,152	–	–	–	–
Total average assets	297,662	565,370	15,252	2.70	1.77

	2021				
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	23,612	55,991	92	0.16	0.12
Gross loans and advances to banks	22,335	45,953	490	1.07	0.72
Gross loans and advances to customers	56,582	307,552	7,574	2.46	2.08
Impairment provisions against loans and advances to banks and customers	–	(6,013)	–	–	–
Investment securities – Treasury and Other Eligible Bills	4,891	21,082	302	1.43	1.16
Investment securities – Debt Securities	22,778	134,843	1,788	1.33	1.13
Investment securities – Equity Shares	4,581	–	–	–	–
Property, plant and equipment and intangible assets	8,869	–	–	–	–
Prepayments, accrued income and other assets	111,564	–	–	–	–
Investment associates and joint ventures	2,330	–	–	–	–
Total average assets	257,542	559,408	10,246	1.83	1.25

Other supplementary financial information continued

Average liabilities

Average liabilities	2022 Average non-interest bearing balance $million	Average interest-bearing balance $million	Interest expense $million	Rate paid %	Rate paid total balance %
Deposits by banks	17,039	27,241	433	1.59	0.98
Customer accounts:					
Current accounts	51,375	132,709	1,480	1.12	0.80
Savings deposits	–	131,571	832	0.63	0.63
Time deposits	11,586	152,118	3,021	1.99	1.85
Other deposits	52,962	5,094	110	2.16	0.19
Debt securities in issue	6,720	60,559	1,169	1.93	1.74
Accruals, deferred income and other liabilities	147,814	1,065	44	4.13	0.03
Subordinated liabilities and other borrowed funds	–	14,994	570	3.80	3.80
Non-controlling interests	312	–	–	–	–
Shareholders' funds	49,873	–	–	–	–
	337,681	525,351	7,659	1.46	0.89
Adjustment for Financial Markets funding costs			(463)		
Financial guarantee fees on interest-earning assets			80		
Total average liabilities and shareholders' funds	337,681	525,351	7,276	1.38	0.84

Average liabilities	2021 Average non-interest bearing balance $million	Average interest-bearing balance $million	Interest expense $million	Rate paid %	Rate paid total balance %
Deposits by banks	18,486	27,402	136	0.50	0.30
Customer accounts:					
Current accounts	51,104	120,477	462	0.38	0.27
Savings deposits	–	141,714	386	0.27	0.27
Time deposits	9,590	141,652	1,306	0.92	0.86
Other deposits	45,068	7,715	42	0.54	0.08
Debt securities in issue	6,288	59,135	566	0.96	0.87
Accruals, deferred income and other liabilities	115,477	1,149	53	4.61	0.05
Subordinated liabilities and other borrowed funds	–	16,525	497	3.01	3.01
Non-controlling interests	343	–	–	–	–
Shareholders' funds	51,307	–	–	–	–
	297,663	515,769	3,448	0.67	0.42
Adjustment for Financial Markets funding costs			(97)		
Financial guarantee fees on interest-earning assets			99		
Total average liabilities and shareholders' funds	297,663	515,769	3,450	0.67	0.42

Other supplementary financial information continued

Net interest margin

	2022 $million	2021 $million
Interest income (statutory)	15,252	10,246
Average interest-earning assets	565,370	559,408
Gross yield (%)	2.70	1.83
Interest expense (statutory)	7,659	3,448
Adjustment for Financial Markets funding costs	(463)	(97)
Financial guarantee fees on interest-earing assets	80	99
Adjusted interest expense used to fund financial instruments held at fair value	7,276	3,450
Average interest-bearing liabilities	525,351	515,769
Rate paid (%)	1.38	0.67
Net yield (%)	1.32	1.16
Net interest income adjusted for Financial Markets funding costs and Financial guarantee fees on interest-earing assets	7,976	6,796
Net interest margin (%)	1.41	1.21

Volume and price variances

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

	2022 versus 2021		
	(Decrease)/increase in interest due to:		Net increase/ (decrease) in interest $million
	Volume $million	Rate $million	
Interest-earning assets			
Cash and unrestricted balances at central banks	(21)	694	673
Loans and advances to banks	(60)	423	363
Loans and advances to customers	(17)	2,611	2,594
Investment securities	228	1,148	1,376
Total interest-earning assets	130	4,876	5,006
Interest-bearing liabilities			
Subordinated liabilities and other borrowed funds	(58)	131	73
Deposits by banks	(3)	300	297
Customer accounts:			
Current accounts and savings deposits	18	1,428	1,446
Time and other deposits	157	1,635	1,792
Debt securities in issue	27	576	603
Total interest-bearing liabilities	141	4,070	4,211

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

Shareholder information

Dividend and interest payment dates

Ordinary shares	Final dividend
Results and dividend announced	16 February 2023
Ex-dividend date	23 (UK) 22 (HK) February 2023
Record date for dividend	24 February 2023
Last date to amend currency election instructions for cash dividend*	11 April 2023
Dividend payment date	11 May 2023

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

Preference shares	1st half yearly dividend	2nd half yearly dividend
7 3/8 per cent non-cumulative irredeemable preference shares of £1 each	1 April 2023	1 October 2023
8 1/4 per cent non-cumulative irredeemable preference shares of £1 each	1 April 2023	1 October 2023
6.409 per cent non-cumulative redeemable preference shares of $5 each	30 January and 30 April 2023	30 July and30 October 2023
7.014 per cent non-cumulative redeemable preference shares of $5 each	30 January 2023	30 July 2023

Annual General Meeting

The Annual General Meeting (AGM) will be held on Wednesday 3 May 2023 at 11:00 UK time (18:00 Hong Kong time). Further details regarding the format, location and business to be transacted at the meeting will be disclosed within the 2023 Notice of AGM.

Interim results

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

Country-by-Country Reporting

In accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013, the Group will publish additional country-by-country information in respect of the year ended 31 December 2022, on or before 31 December 2023. We have also published our approach to tax and tax policy.

Pillar 3 Reporting

In accordance with the Pillar 3 disclosure requirements, the Group will publish the Pillar 3 Disclosures in respectof the year ended 31 December 2022, on or before 28 February 2023.

ShareCare

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

Donating shares to ShareGift

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

Bankers' Automated Clearing System (BACS)

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

Shareholder information continued

Registrars and shareholder enquiries

If you have any enquiries relating to your shareholding and you hold your shares on the UK register, please contact our registrar at investorcentre.co.uk and click on the "ASK A QUESTION" link at the bottom of the page. Alternatively, please contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or call the shareholder helpline number on 0370 702 0138.

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

Substantial shareholders

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

Taxation

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

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

Dividend and financial year	Payment date	Dividend per ordinary share	Cost of one new ordinary share under share dividend scheme
Final 2008	15 May 2009	42.32c/28.4693p/HK$3.279597	£8.342/$11.7405
Interim 2009	8 October 2009	21.23c/13.25177p/HK$1.645304	£13.876/$22.799
Final 2009	13 May 2010	44.80c/29.54233p/HK$3.478306	£17.351/$26.252
Interim 2010	5 October 2010	23.35c/14.71618p/HK$1.811274/INR0.984124[1]	£17.394/$27.190
Final 2010	11 May 2011	46.65c/28.272513p/HK$3.623404/INR1.9975170[1]	£15.994/$25.649
Interim 2011	7 October 2011	24.75c/15.81958125p/HK$1.928909813/INR1.13797125[1]	£14.127/$23.140
Final 2011	15 May 2012	51.25c/31.63032125p/HK$3.9776083375/INR2.6667015[1]	£15.723/$24.634
Interim 2012	11 October 2012	27.23c/16.799630190p/HK$2.111362463/INR1.349803950[1]	£13.417/$21.041
Final 2012	14 May 2013	56.77c/36.5649893p/HK$4.4048756997/INR2.976283575[1]	£17.40/$26.28792
Interim 2013	17 October 2013	28.80c/17.8880256p/HK$2.233204992/INR1.6813[1]	£15.362/$24.07379
Final 2013	14 May 2014	57.20c/33.9211444p/HK$4.43464736/INR3.354626[1]	£11.949/$19.815
Interim 2014	20 October 2014	28.80c/17.891107200p/HK$2.2340016000/INR1.671842560[1]	£12.151/$20.207
Final 2014	14 May 2015	57.20c/37.16485p/HK$4.43329/INR3.514059[1]	£9.797/$14.374
Interim 2015	19 October 2015	14.40c/9.3979152p/HK$1.115985456/INR0.86139372[1]	£8.5226/$13.34383
Final 2015	No dividend declared	N/A	N/A
Interim 2016	No dividend declared	N/A	N/A
Final 2016	No dividend declared	N/A	N/A
Interim 2017	No dividend declared	N/A	N/A
Final 2017	17 May 2018	11.00c/7.88046p/HK$0.86293/INR0.653643340[1]	£7.7600/$10.83451
Interim 2018	22 October 2018	6.00c/4.59747p/HK$0.46978/INR0.3696175[1]	£6.7104/$8.51952
Final 2018	16 May 2019	15.00c/11.569905p/HK$1.176260/INR0.957691650[1]	N/A
Interim 2019	21 October 2019	7.00c/5.676776p/HK$0.548723/INR0.425028600[1]	N/A
Final 2019	Dividend withdrawn	N/A	N/A
Interim 2020	No dividend declared	N/A	N/A
Final 2020	20 May 2021	9.00c/6.472413p/HK$0.698501	N/A
Interim 2021	22 October 2021	3.00c/2.204877p/HK$0.233592	N/A
Final 2021	12 May 2022	9.00c/6.894144p/HK$0.705772	N/A
Interim 2022	14 October 2022	4.00c/3.675912p/HK$0.313887	N/A

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

Chinese translation

If you would like a Chinese version of the 2022 Annual Report please contact Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

二〇二二年年報之中文譯本可向香港中央證券登記有限公司索取，地址：香港灣仔皇后大道東183號合和中心17M樓。

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

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

Electronic communications

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

Important notices

Forward-looking statements

The information included in this document may contain 'forward-looking statements' based upon current expectations or beliefs as well as statements formulated with assumptions about future events. Forward-looking statements include, without limitation, projections, estimates, commitments, plans, approaches, ambitions and targets (including, without limitation, ESG commitments, ambitions and targets). Forward-looking statements often use words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'aim', 'continue' or other words of similar meaning. Forward-looking statements may also (or additionally) be identified by the fact that they do not relate only to historical or current facts.

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. Readers 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 and market forces or conditions, or in future exchange and interest rates; changes in environmental, geopolitical, social or physical risks; legal, regulatory and policy developments, including regulatory measures addressing climate change and broader sustainability-related issues; the development of standards and interpretations, including evolving requirements and practices in Environmental, Social and Governance reporting; the ability of the Group, together with governments and other stakeholders to measure, manage, and mitigate the impacts of climate change and broader sustainability-related issues effectively; risks arising out of health crises and pandemics; risks of cyber-attacks, data, information or security breaches or technology failures involving the Group; changes in tax rates, future business combinations or dispositions; and other factors specific to the Group, including those identified in this Annual Report and financial statements of the Group. Any forward-looking statements contained in this document are 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, nor should be interpreted as, 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. 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 this document for a discussion of certain of the risks and factors that could adversely impact the Group's actual results, and its plans and objectives, to differ materially from those expressed or implied in any 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.

Important Notice – Basis of Preparation and Caution Regarding Data Limitations

Standard Chartered PLC is incorporated in England and Wales with limited liability, and is headquartered in London.

The information contained in this document has been prepared on the following basis:

i. certain information in this document is unaudited;

ii. all information, positions and statements set out in this document are subject to change without notice;

iii. the information included in this document does not constitute any investment, accounting, legal, regulatory or tax advice or an invitation or recommendation to enter into any transaction;

iv. the information included in this document may have been prepared using models, methodologies and data which are subject to certain limitations. These limitations include: a lack of reliable data (due, amongst other things, to developing measurement technologies and analytical methodologies); a lack of standardisation of data (given, amongst other things, the lack of international coordination on data and methodology standards); and future uncertainty (due, amongst other things, to changing projections relating to technological development and global and regional laws, regulations and policies, and the inability to make use of strong historical data);

v. models, external data and methodologies used in information included in this document are or could be subject to adjustment which is beyond our control;

vi. any opinions and estimates should be regarded as indicative, preliminary and for illustrative purposes only. Expected and actual outcomes may differ from those set out in this document (as explained in the "Forward-looking statements" section);

vii. some of the related information appearing in this document may have been obtained from public and other sources and, while the Group believes such information to be reliable, it has not been independently verified by the Group and no representation or warranty is made by the Group as to its quality, completeness, accuracy, fitness for a particular purpose or non-infringement of such information;

viii. for the purposes of the information included in this document, a number of key judgements and assumptions have been made. It is possible that the assumptions drawn, and the judgement exercised may subsequently turn out to be inaccurate. The judgements and data presented in this document are not a substitute for judgements and analysis made independently by the reader;

ix. any opinions or views of third parties expressed in this document are those of the third parties identified, and not of the Group, its affiliates, directors, officers, employees or agents. By incorporating or referring to opinions and views of third parties, the Group is not, in any way, endorsing or supporting such opinions or views;

x. whilst the Group bears primary responsibility for the information included in this document, it does not accept responsibility for the external input provided by any third parties for the purposes of developing the information included in this document;

xi. the data contained in this document reflects available information and estimates at the relevant time;

xii. where the Group has used any methodology or tools developed by a third party, the application of the methodology or tools (or consequences of its application) shall not be interpreted as conflicting with any legal or contractual obligations and such legal or contractual obligations shall take precedence over the application of the methodology or tools;

xiii. where the Group has used any underlying data provided or sourced by a third party, the use of the data shall not be interpreted as conflicting with any legal or contractual obligations and such legal or contractual obligations shall take precedence over the use of the data;

xiv. this Important Notice is not limited in applicability to those sections of the document where limitations to data, metrics and methodologies are identified and where this Important Notice is referenced. This Important Notice applies to the whole document;

xv. further development of reporting, standards or other principles could impact the information included in this document or any metrics, data and targets included in this document (it being noted that Environmental, Social and Governance reporting and standards are subject to rapid change and development); and

xvi. while all reasonable care has been taken in preparing the information included in this document, neither the Group nor any of its affiliates, directors, officers, employees or agents make any representation or warranty as to its quality, accuracy or completeness, and they accept no responsibility or liability for the contents of this information, including any errors of fact, omission or opinion expressed.

You are advised to exercise your own independent judgement (with the advice of your professional advisers as necessary) with respect to the risks and consequences of any matter contained in this document.

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