STANDARD CHARTERED PLC
渣打集團有限公司
(Incorporated as a public limited company in England and Wales with limited liability)
(Registered Number: 966425)
(Stock Code: 02888)

Inside Information

Full-Year and Fourth Quarter 2023 Results

This announcement contains inside information and is issued pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

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

Standard Chartered PLC – full-year and fourth quarter 2023 results

All figures are presented on an underlying basis and comparisons are made to 2022 on a reported currency basis, unless otherwise stated. A reconciliation of restructuring and other items excluded from underlying results is set out on pages 48-53.

Bill Winters, Group Chief Executive, said:

" We produced strong results in 2023, continuing to demonstrate the value of our franchise and delivering our financial objective of a 10% RoTE for the year. We will now build on this success, taking action to deliver sustainably higher returns with a focus on driving income growth and improving operational leverage and targeting 12% RoTE in 2026. We have increased full year dividends, up 50%, and have announced a new $1bn share buyback, bringing our total shareholder distributions to $5.5bn since January 2022. We will continue to actively manage the Group's capital position with a target to return at least $5bn over the next three years"

Selected information on 4Q'23 financial performance with comparisons to 4Q'22 unless otherwise stated

- Operating income up 7% to $4.0bn, up 7% at constant currency ('ccy')
  - Net interest income ('NII') up 6% to $2.4bn; Non NII up 8% to $1.6bn
  - Net interest margin ('NIM') 1.70%, up 3bps quarter-on-quarter ('QoQ') (normalised NIM 3Q'23: 1.67%), primarily mix improvements
  - Financial Markets ('FM') down 8% at ccy from subdued market volatility
  - Wealth Management ('WM') up 16% at ccy with continued strong Affluent new-to-bank ('NTB') client onboarding and net new money ('NNM')
- Operating expenses up 2% at ccy to $2.8bn; down $16m QoQ
- Credit impairment charge down $232m QoQ to $62m including CPBB flows of $131m, partly offset by a net release of $105m in CCIB
  - High risk assets of $10.6bn, up $1.2bn since 30.9.23 substantially from a change in instrument on an existing sovereign exposure with no increase in risk
- Underlying profit before tax of $1.1bn, up 74% at ccy
- **Goodwill and Other impairment** of $153m reflects a reduction in the carrying value of the Group's investment in China Bohai Bank ('Bohai')
- Other items of $262m reflect net gain from sale of Aviation Finance business
- The Group's balance sheet remains strong, liquid and well diversified
  - Loans and advances to customers of $287bn, up $6bn or 2% since 30.9.23; down $5bn or 2% on an underlying basis
  - Customer deposits of $469bn, up $16bn or 4% since 30.9.23; up $10bn or 2% at ccy
  - Liquidity coverage ratio 145% (30.9.23: 156%) back to historical levels; Advances-to-deposit ratio 53.3% (30.9.23: 54.5%)
- Risk-weighted assets ('RWA') of $244bn, up $3bn or 1% since 30.9.23
  - Credit risk RWA up $3bn; includes change in asset mix and credit migration, partly offset by efficiency actions and Aviation Finance sale
- The Group remains strongly capitalised
  - Common equity tier 1 ('CET1') ratio 14.1% (30.9.23: 13.9%), above 13-14% target range
  - $1bn share buyback starting imminently is expected to reduce CET1 ratio by approximately 40bps

Selected information on FY'23 financial performance with comparisons to FY'22 unless otherwise stated

- Return on Tangible Equity ('RoTE') of 10.1%, up 2%pts
- Operating income up 10% to $17.4bn, up 13% at ccy
  - NII up 23% at ccy to $9.6bn with NIM up 26bps to 1.67%; Non NII up 2% at ccy to $7.8bn
  - FM down 2% at ccy, up 3% excluding non-repeat of $244m gain on mark-to-market liabilities in FY'22
  - WM up 10% at ccy supported by robust leading indicators in Affluent NTB client onboarding and NNM
- Operating expenses up 7% to $11bn, up 8% at ccy; increase due to inflation, business growth and targeted investments, partially funded by productivity saves
  - Positive 4% income-to-cost jaws in FY'23, with cost-to-income ratio improving 2% pts to 63%
- Credit impairment charge of $528m, down $308m. Annualised loan-loss rate ('LLR') of 17bps, down 4bps
- China Commercial Real Estate portfolio: total expected credit loss provisions $1.2bn, stage 3 exposures of $1.4bn with cover ratio including collateral of 88% and a remaining management overlay $141m

- Underlying profit before tax of $5.7bn, up 27% at ccy
- **Goodwill and Other impairment** of $850m primarily reflects a reduction in the carrying value of Bohai
- Tax charge of $1.6bn: underlying effective tax rate of 29%, reduced by 1%pt
- Proposed final dividend of $560m or 21c per share will result in a full-year dividend of $728m or 27c, up 50%
- Underlying earnings per share ('EPS') increased 31.0 cents or 32% to 128.9 cents; Reported EPS increased 22.7 cents or 26% to 108.6 cents
- Tangible net asset value per share increased 144 cents or 12% to 1,393 cents

Update on 2022-2024 strategic actions for FY'23 unless otherwise stated

- Drive improved returns in CCIB: Income return on risk-weighted assets of 7.8%, ahead of 2024 target of 6.5%; $24bn RWA optimised since 1.1.22, exceeding the $22bn target a year ahead of plan
- Transform profitability in CPBB: Cost-to-income ratio of 60%, improved by 9%pts year-on-year ('YoY'), delivering the target of 60% a year ahead of plan; $0.4bn of gross expense savings since 1.1.22, 2022-2024 target $0.5bn
- Seize China opportunity: China onshore and offshore profit before tax up 3x YoY to $1.3bn, nearly achieving the $1.4bn target a year ahead of plan
- Create operational leverage: $0.9bn gross productivity saves since 1.1.22, 2022-2024 target $1.3bn; Cost-to-income ratio improved by 2%pts YoY to 63%, 2024 target 60%
- Deliver substantial shareholder returns: $5.5bn of total distributions announced since 1.1.22, ahead of >$5bn 2022 to 2024 target

Other updates

- Aviation exit: Sale of the Aviation Finance business completed in November 2023; increased CET1 ratio by 20bps in 4Q'23
- Sustainability: Sustainable Finance income $720m, up 42% YoY; mobilised $87bn in Sustainable Finance from 1.1.21 to 30.9.23
- **Africa and Middle East exits**: Closed the representative office in Lebanon; completed the sale of the Jordan branch; and signed agreements to sell the remaining 7 businesses

Taking further action to deliver sustainably higher returns

- Deliver strong income growth
  - NII expected to grow in 2024 and beyond
  - Financial Markets and Wealth Management two engines of Non NII growth
  - Improve operational leverage through a programme called Fit for Growth
  - Aiming to simplify, standardise and digitise key elements of the Group
  - Addressing structural inefficiencies and complexities whilst protecting income
  - Improving productivity, client and employee experience
  - Creating capacity to reinvest in incremental growth initiatives
- Return substantial capital to shareholders

Guidance

We have updated our guidance for 2024 and have provided additional guidance for 2025 and 2026 as follows:

- Income:
  - Operating income to increase 5-7% for 2024-2026; around the top of 5-7% range in 2024
  - Net interest income for 2024 of $10bn to $10.25bn, at ccy
- Expenses:
  - Operating expenses to be below $12bn in 2026, at ccy
  - Expense saves of around $1.5bn and cost to achieve of no more than $1.5bn from 2024 to 2026
  - Positive income-to-cost jaws, excluding UK bank levy, at ccy in each year from 2024 to 2026

Standard Chartered PLC – full-year and fourth quarter 2023 results continued

- Assets and RWA:
  - Low single-digit percentage growth in loans and advances to customers and RWA each year from 2024 to 2026 (pre-Basel 3.1 day-1 impact)
  - Basel 3.1 day-1 impact, pending clarification of rules no more than 5% incremental RWA
- Continue to expect LLR to normalise towards the historical through the cycle 30 to 35bps range
- Capital:
  - Continue to operate dynamically within the full 13-14% CET1 target range
  - Plan to return at least $5bn to shareholders cumulative 2024 to 2026
  - Continue to increase full-year dividend per share over time
- RoTE increasing steadily from 10%, targeting 12% in 2026 and to progress thereafter

Statement of results

	2023 $million	2022 $million	Change[1] %
Underlying performance[6]			
Operating income	17,378	15,762	10
Operating expenses	(11,136)	(10,409)	(7)
Credit impairment	(528)	(836)	37
Other impairment	(130)	(39)	nm[9]
Profit from associates and joint ventures	94	167	(44)
Profit before taxation	5,678	4,645	22
Profit attributable to ordinary shareholders[2]	3,581	2,903	23
Return on ordinary shareholders' tangible equity (%)	10.1	7.7	240bps
Cost-to-income ratio (excluding bank levy) (%)	63.4	65.4	195bps
Reported performance[8]			
Operating income	18,019	16,318	10
Operating expenses	(11,551)	(10,913)	(6)
Credit impairment	(508)	(836)	39
Goodwill and other impairment	(1,008)	(439)	(130)
Profit from associates and joint ventures	141	156	(10)
Profit before taxation	5,093	4,286	19
Taxation	(1,631)	(1,384)	(18)
Profit for the period	3,462	2,902	19
Profit attributable to parent company shareholders	3,469	2,948	18
Profit attributable to ordinary shareholders[2]	3,017	2,547	18
Return on ordinary shareholders' tangible equity (%)	8.4	6.8	160bps
Cost-to-income ratio (%)	64.1	66.9	280bps
Net interest margin (%) (adjusted)[7]	1.67	1.41	26bps
Balance sheet and capital			
Total assets	822,844	819,922	–
Total equity	50,353	50,016	1
Average tangible equity attributable to ordinary shareholders[2]	36,098	37,186	(3)
Loans and advances to customers	286,975	310,647	(8)
Customer accounts	469,418	461,677	2
Risk-weighted assets	244,151	244,711	–
Total capital	51,741	53,151	(3)
Total capital ratio (%)	21.2	21.7	(50)bps
Common Equity Tier 1	34,314	34,157	–
Common Equity Tier 1 ratio (%)	14.1	14.0	10bps
Advances-to-deposits ratio (%)3	53.3	57.4	(410)bps
Liquidity coverage ratio (%)	145.0	147.0	(200)bps
Leverage ratio (%)	4.7	4.8	(10)bps

	Cents	Cents	Change[1]
Information per ordinary share			
Earnings per share– underlying[4]	128.9	97.9	31.0
– reported[4]	108.6	85.9	22.7
Net asset value per share[5]	1,629	1,453	175
Tangible net asset value per share[5]	1,393	1,249	144
Number of ordinary shares at period end (millions)	2,637	2,867	(8)

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 reported 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 Underlying performance for relevant periods in 2022 has been restated for removal of (i) AME exits (ii) Aviation Finance and (iii) DVA. No change to reported performance
7 Net interest margin is calculated as adjusted net interest income divided by average interest-earning assets, annualised
8 Reported performance/results within financial report means amounts reported under UK-adopted IAS and EU IFRS. In prior periods Reported performance/results were described as Statutory performance/results
9 Not meaningful

Group Chairman's statement

Embedding a culture of excellence to deliver sustained value

During 2023, the Group continued to improve profitability, delivering on our objective to achieve a double-digit Return on Tangible Equity (RoTE) for the full year. Our high-growth markets, where we are intent on making further investment, continue to deliver strongly despite an uncertain picture for the global economy.

This performance came against a backdrop of rising interest rates in many large economies, which undoubtedly gave a strong tailwind for the business. However, it is also a product of our clear strategy, discipline and tireless execution - a significant achievement for our colleagues, led by our Group Chief Executive Bill Winters and his Management Team. Their skills and dedication remain essential to our performance, and my deepest thanks go to all of them.

We have recently bid a fond farewell to Andy Halford, who formally stepped down as Group Chief Financial Officer on 3 January 2024. Since his arrival in the role in 2014, Andy has been a much-valued colleague and friend and made a phenomenal contribution by helping to steer the business through a challenging external environment. Under his watch we strengthened our foundations, reset our risk appetite and redefined the Group's strategy.

He leaves with our very best wishes, and will continue in an advisory role until his retirement in August. It is with pleasure that we welcome Diego De Giorgi who joins us as Andy's successor. I am looking forward to working closely with Diego and Bill to drive further excellence for clients and higher value for shareholders.

Advancing our strategic and financial goals

I have said before that our objective is to grow income in a strong, safe and sustainable manner, while maintaining both cost and capital discipline, and I am delighted to say that was the case last year. We are confident that our improved RoTE, which reached 10.1 per cent in 2023, will be a milestone on the way to further long-term success for the Group, underpinned by strong performance across the business. We grew income 13 per cent on a constant currency basis while maintaining a strong capital and liquidity position and positive income-to-cost jaws. We expect our RoTE to steadily increase from 10 per cent, and are targeting 12 per cent in 2026 and to progress thereafter.

The strength of our financial performance affirms that the strategy that we set out in 2021 is working. We remain focused on investment in high-growth markets and have made significant progress against our strategic priorities across Network, Affluent, Mass Retail, and Sustainability.

I am acutely aware of the underperformance of our share price in recent months, which I believe does not reflect the progress we are making. Both the Board and the Management Team are absolutely focused on delivering sustained, long-term value for our shareholders. I believe our solid performance in 2023 gives us a good base from which to do this. As Bill details in the following pages, we have further sharpened the actions we will take to accelerate performance and future growth.

Firstly, we will continue to rely on our stronger capabilities to further enhance returns in our Corporate, Commercial & Institutional Banking and Consumer, Private & Business Banking businesses, with a focus on driving income growth in high-returning areas. Secondly, we will improve operational leverage within the Group, addressing structural inefficiencies and complexities whilst protecting income. Finally, we will continue to return substantial capital to shareholders. This year, we are pleased to be able to provide an increased full-year dividend of 27 cents per share and are announcing a further share buyback of $1 billion.

Alongside the importance of delivering improved financial performance, our Purpose and brand promise to be here for good remain cornerstones of our business. We are keenly aware of our role in supporting our clients and communities as they anticipate and respond to economic and social challenges. This is why we remain true to our Stands – Accelerating Zero, Resetting Globalisation and Lifting Participation – which are delivered through the execution of our strategy, and which give us an active framework for positive impact across our footprint.

We updated our net zero roadmap in April 2023, committing to an absolute emissions target and trajectory for the oil and gas sector. In this year's Annual Report, we disclose the targets and science-based methodologies for our financed emissions in eleven of the twelve high-emitting sectors identified as decarbonisation priorities by the Net Zero Banking Alliance, demonstrating our commitment to support the transition of the real-world economy.

Group Chairman's statement continued

We have also recently announced our decision to become an early adopter of the Taskforce on Nature-related Financial Disclosures, highlighting the rising importance of nature and biodiversity as a necessary consideration in sustainability. Given that our footprint represents some of the most complex and diverse natural capital in the world, working across our business and with our clients to preserve, restore and enhance nature is critically important.

It is my honour to be able to act as a voice for our Stands on behalf of the Group as Co-Chair of the United Nations' Global Investors for Sustainable Development Alliance, as well as at various global platforms and by engaging with stakeholders across our markets.

Driving higher standards

The Board remains committed to firmly embedding a culture of excellence across the organisation, building high standards through a 'one bank' culture of ambition, action and accountability that puts our clients at the heart of all we do. We are at our best when we harness the full talent and potential of the diverse markets in which we operate.

Both the Board and the Management Team are dedicated to maintaining our status as an employer of choice. That means offering our colleagues a variety of ways to build their skillset, attracting the best talent through our doors with a diverse set of career paths within the Group and progressive employee policies, such as the standardised parental leave announced last year.

As the world continues to change around us, we also recognise the ongoing importance of technology and continuous improvement in maintaining our competitive edge, and in building an innovation-led culture that allows colleagues to try new things within an effective and comprehensive risk management framework. We are intent on capturing the benefits of new, game-changing technologies like artificial intelligence, whilst protecting the information and financial security of our clients.

It has been an extremely active year for the Board, with frequent in-depth briefings on geopolitical, cyber and sectoral risks, and a sharp focus on corporate governance. We continue to build out our resilience in both the financial and non-financial dimensions of risk and compliance across our varied markets. This gives us the confidence to achieve our strategic goals and act decisively to grasp new business opportunities.

We continue to maintain a diverse range of skillsets and backgrounds on our Board. Jasmine Whitbread, long-standing director and impactful former chair of the Culture and Sustainability Committee, stepped down from the Board at last year's AGM. As announced on 16 February 2024, Gay Huey Evans will step down from the Board with effect from 29 February 2024 after serving nine years and contributing significantly to the Board and its Committees, especially as Chair of the former Board Financial Crime Risk Committee. Carlson Tong, another much-valued Board member, will step down from the Board on 9 May 2024, ahead of the AGM. I would like to thank Jasmine, Gay and Carlson for their many contributions during their time with us.

On 16 February 2024, we announced that Diane Jurgens will join the Board from 1 March 2024. Diane is a highly experienced and respected technologist who will bring significant technology and transformation expertise and insight to the Board having operated across a variety of sectors and the Group's key markets.

Our dynamic markets

In 2023 I continued to spend time across our markets, seeing their dynamism first-hand and experiencing the ambition of our colleagues as they work together for greater growth.

Guided by our Purpose – to drive commerce and prosperity through our unique diversity – we are investing heavily in fast-growing economies and trade corridors in Asia, Africa and the Middle East, and bringing innovative digital products to new clients. A good example of this is Solv, our e-commerce platform for small and medium-size enterprises. We're also positioning ourselves to be a positive force in the expansion of sectors that will deliver a more sustainable global economy, like renewables and electric vehicles.

I'm more confident than ever that we are investing in the right places for strong, safe and sustainable growth, and in our role as a connector bank in an ever more complex and fragmenting world. We provide our clients with the right solutions gained from deep experience of our markets, and continue to be a trusted partner for them as they look to seize opportunities across our footprint.

Looking ahead with confidence

We expect to see a ‘soft landing’ for the world economy in 2024. This is no small achievement as we have witnessed the most aggressive period of monetary policy tightening in decades. This, plus other favourable supply side developments have led to a fall in inflation in most countries, engendering expectations of official interest rate cuts in many economies this year. Growth, in turn, remains resilient, with emerging markets expected to keep growing considerably faster than developed economies, and Asia continuing to lead global growth.

However, one cannot be complacent about the years ahead. The ‘last mile’ of inflation may prove stickier than expected, and geopolitical risks abound. As we begin 2024, the war between Ukraine and Russia continues, increasing uncertainty for nations in Europe and elsewhere. We see renewed conflict in the Middle East, bringing tragedy to many communities and disruption to the Red Sea, a key chokepoint in global supply chains.

2024 is also a year of major elections in the United States, India and probably the United Kingdom, as well as other markets in our footprint. These all have the potential to affect the economic situation.

With so much at stake, we must take care not to needlessly damage the means of growth and wealth creation. I have frequently spoken in defence of the open, rules-based trade as a lynchpin of global economic growth. This year, the challenges around it remain powerful, with the risk of further fragmentation.

I believe the system of global trade that has been created with such care over many decades is one of humanity’s foremost achievements. It is not perfect by any means, but it has arguably brought more opportunity and prosperity to a greater number of people than any other force in history. Like every intricate system, it is easy to damage and hard to rebuild. Safeguarding and making it more inclusive and sustainable requires constant vigilance and cooperation from policymakers, legislators, and the private sector in an evolved, modernised multilateral system.

While the external landscape remains uncertain, we are confident that we are well positioned to navigate the challenges and seize the opportunities ahead. Our results in 2023 show we are doing just that. We remain focused on continuing to deliver excellence for our clients, and sustained value for shareholders, in 2024 and beyond.

Dr José Viñals
Group Chairman

23 February 2024

Group Chief Executive's review

Delivering sustainably higher returns

We produced strong results in 2023, demonstrating the value of our franchise and delivering our target to push past the 10 per cent Return on Tangible Equity ('RoTE') milestone. But 10 per cent is not the extent of our ambition. We have the right strategy, business model and intent to build on this momentum. We have set out clear actions to deliver sustainably higher returns, with RoTE increasing steadily from 10 per cent, targeting 12 per cent in 2026, and to progress thereafter.

Full year 2023 income of $17.4 billion was up 13 per cent on a constant currency basis, benefiting not only from rising interest rates but also encouraging underlying business momentum. Good cost discipline has enabled us to generate significantly positive income-to-cost jaws of 4 per cent for the year, even with continued underlying investment. Loan impairment declined, primarily due to reduced impairments from China commercial real estate and sovereign risks, with the portfolio overall remaining resilient. All this has helped us grow underlying profit before tax 27 per cent year-on-year, to $5.7 billion, the highest level for ten years.

We remain highly liquid and strongly capitalised. We finished the year with a Common Equity Tier 1 ('CET1') ratio of 14.1 per cent, above the top of our target range, allowing us to increase our full-year ordinary dividend by 50 per cent to 27 cents per share. We undertook in February 2022 to return over $5 billion to shareholders by the end of 2024. With this full-year dividend and the $1 billion share buyback announced today, we will have exceeded that target well ahead of schedule.

As we start the new year, I would like to take a moment to thank my friend and much valued colleague, Andy Halford, who decided to retire this year. Andy has been a great partner to me and the Board and has successfully helped steer the Group over the last ten years. I'd also like to extend a warm welcome to Diego De Giorgi as he takes over as the Group Chief Financial Officer. Diego brings with him over 30 years of financial services experience and I am sure he will continue to build on the progress we have made.

Our strategy is driving success

Our strategy is designed to deliver our Purpose: to drive commerce and prosperity through our unique diversity. We set out four strategic priorities in early 2021: continue to grow our Network and Affluent client businesses, return to growth in Mass Retail and advance on all fronts of our Sustainability agenda. We are making good progress in every area.

- Income from our cross-border Network business grew 31 per cent in 2023, with standout growth rates in our China offshore corridors to the Middle East and ASEAN, up 67 per cent and 53 per cent respectively
- We increased the total number of Affluent clients to 2.3 million. This helped drive significantly higher levels of net new money in 2023, with net inflows of $29 billion, up 50 per cent, year-on-year, and deliver 24 per cent growth in income from this client segment
- We grew our Mass Retail client base by over 1 million to 9.5 million. We have continued to grow our digital banks, Mox in Hong Kong and Trust in Singapore. They remain two of the fastest growing digital banks globally and underline our ability to partner and launch differentiated customer propositions. The Mass Retail business also serves a valuable strategic purpose as a pipeline for future Affluent clients, with 224,000 of our Mass Retail clients moving up to Affluent clients in 2023
- Our dedicated Chief Sustainability Office unit acts as a centre of excellence and a catalyst for the execution of the Group-wide Sustainability strategy and the achievement of our net zero roadmap, further details of which are set out in the Annual Report. Our Sustainable Finance franchise generated over $0.7 billion income in 2023, a year-on-year growth rate of 42 per cent and we are well on our way to deliver a billion dollars in income by 2025. We have mobilised $87 billion of sustainable finance since the beginning of 2021, making good progress as we advance towards our $300 billion target by 2030

Great execution on our 2022 strategic actions

We set out five actions in 2022 designed to accelerate delivery of double-digit RoTE. The strong execution of these actions over the last two years, where we have either achieved our targets ahead of plan or they are well on-track, has enabled us to reach that milestone in 2023.

- We are ahead of schedule to drive improved returns in Corporate, Commercial & Institutional Banking ('CCIB'). We targeted around a 160 basis points improvement in income return on risk-weighted assets ('IRoRWA') to 6.5 per cent in 2024. The team exceeded this target in 2023, delivering an IRoRWA of 7.8 per cent. This was driven by particularly strong growth in income from Financial Institution clients, which now accounts for 49 per cent of CCIB income, delivering close to the 50 per cent target one year early. The team has also successfully executed $24 billion in risk-weighted assets optimisation over the last two years, exceeding the target of $22 billion. The completion of the sale of the Aviation Finance business also created further capacity for CCIB to grow higher returning business
- We are also ahead of our 2024 target to transform profitability in Consumer, Private and Business Banking ('CPBB'). The team has achieved its 60 per cent cost-to-income target one year ahead of plan, with a nine-percentage point improvement in 2023. They have delivered $0.4 billion of structural expense savings from rationalising the branch network, process re-engineering, headcount efficiencies and further automation
- We have continued to seize the China opportunity, with our China-related business performing well, despite post-COVID domestic recovery tracking below expectations. We set a target of doubling the operating profit before tax of our onshore and offshore China business by the end of 2024 and we almost achieved that in 2023, generating $1.3 billion. This was driven primarily by offshore-related income, which delivers significantly higher returns, growing 42 per cent. Our onshore income, despite the domestic headwinds, grew 4 per cent. Looking forward, we continue to be confident in the long-term opportunities that China re-opening will generate for our unique franchise
- We continued to create operational leverage, and are on-track to deliver the three-year $1.3 billion expense savings target, which has helped us absorb inflationary pressure and continue to invest. Our cost-to-income ratio is down 7 percentage points since the end of 2021 to 63 per cent for 2023, so we are well advanced towards our target of around 60 per cent by 2024
- Our equity generation and discipline on risk-weighted assets this year have created capacity for us to continue to deliver substantial shareholder distributions. With the final ordinary share dividend for 2023 and a new $1 billion share buyback programme starting imminently, means we are well ahead of our total target of returning in excess of $5 billion by the end of 2024. We will continue to actively manage the Group's capital position with the target of a further capital return of at least $5 billion over the next three years

Building on our achievements to deliver sustainably higher returns

Our unique footprint across the world's most dynamic markets gives us a strategic advantage and underpins my confidence that we can continue to grow even in a less supportive interest rate environment. Our objective is to ensure that income growth translates into structurally higher profitability, striking a balance between maintaining the diversity that our clients value, while taking out unnecessary complexity that slows us and drags returns.

We are therefore taking further action in each of our three client businesses to drive income growth:

- In CCIB we will seek to drive growth in high-returning businesses such as cross-border income, targeting an 8 to 10 per cent underlying growth rate over the next three years. Additionally, building on our strength as a top two network trade bank, we are targeting to grow Trade and Working Capital income by 6 to 8 per cent between 2024 and 2026. The team is also driving growth in financing related income (Global Credit and Lending) with a particular focus on accelerating the originate to distribute strategy, targeting an 8 to 10 per cent CAGR to 2026
- In CPBB we will build on our strengths in the Affluent client business, targeting to attract over $80 billion of net new money over the next three years, a 19 per cent increase from the previous three years. We also intend on accelerating the growth in our international client business, with the target of increasing the number of international Affluent clients from 274,000 to over 375,000 by 2026
- Building on the remarkable momentum in our two digital banks, Mox and Trust, we are targeting for the Ventures segment to be RoTE accretive by 2026

By executing these actions, we expect to grow income at a compound annual rate of between 5 and 7 per cent over the next three years, well above the anticipated rate of growth for the global economy.

We are also taking action to transform the way we operate, addressing structural inefficiencies and complexity whilst protecting income. Starting this year, we will run a bank-wide programme called Fit for Growth, to accelerate our previous efforts to simplify, standardise and digitise our business. We will fundamentally improve our productivity, client and employee experience and create capacity to reinvest in incremental growth initiatives.

This programme will save around $1.5 billion of cumulative expenses over the next three years and we expect to incur a similar amount in terms of the cost to achieve these permanent organisational and financial benefits. This will help us to deliver positive income-to-cost jaws in each of the next three years and keep operating expenses below $12 billion in 2026.

Continuing to deliver strong income growth, combined with improving operational leverage and maintaining our responsible approach to risk and capital, means we expect RoTE to increase steadily from 10 per cent, targeting 12 per cent in 2026 and to progress thereafter.

Uniquely positioned and confident in the future

We are in a privileged position to take advantage of significant growth opportunities that will continue to come from the markets in our footprint, generating value for our clients and the communities in which we operate.

Whilst we expect global growth to stay below potential at 2.9 per cent in 2024, as high interest rates put a drag on consumers as well as investment spending, Asia is likely to be the fastest-growing region continuing to drive global growth, expanding by 4.9 per cent. Easing inflation is likely to allow major central banks to start cutting rates in the second half of 2024, with a focus on supporting softening economic activity.

Downside risks to this outlook include a sharper than expected slowdown in major economies, sustained inflationary pressures, a sluggish housing market in China and increased geopolitical tensions. But we also see significant opportunities emerging:

- Higher capex to meet sustainability targets and moves towards digitalisation could boost productivity growth
- Within emerging markets, countries in Asia are best placed to take advantage of digitalisation, including generative AI
- Relatively younger populations, as well as the adoption of digital technology, will allow emerging markets to become increasingly important to global growth.

Our share price reflects little of our optimism about prospects and seems heavily influenced by the downside concerns mentioned above. The concerns are real, and we take them seriously. We maintain a strong capital position and liquidity to absorb any adverse impact on us and our clients. We believe that the value of our franchise will become increasingly clear to the broader market as we continue to grow our profits and exceed market expectations in those very areas of most concern.

In conclusion: significant progress with ambition for more

We delivered a strong performance in 2023, achieving our 10 per cent RoTE milestone, while maintaining a strong balance sheet and a robust capital position. But we know we must do more.

We have made significant progress on our five strategic actions, with most targets either delivered ahead of plan or well on-track, providing a strong platform to grow and drive sustainably higher returns. And while much external uncertainty persists, we are optimistic for the markets and strength of our businesses in our footprint. But we are far from complacent, and my Management Team and I remain focused on delivering on our targets, seizing the growth opportunities we have, driving a culture of excellence and creating exceptional long-term value for our clients, shareholders and communities.

Finally, I would like to acknowledge the remarkable efforts of our colleagues again this year. Their impressive dedication to our customers and the communities that we serve help to manifest our brand promise to be here for good.

Bill Winters
Group Chief Executive

23 February 2024

Group Chief Financial Officer's review

Summary of financial performance

The Group delivered on its key financial objective for 2023, achieving a 10 per cent underlying return on tangible equity supported by significant progress on the five strategic actions set out in 2022. Underlying profit before tax increased 27 per cent at constant currency as the Group delivered 4 per cent positive income-to-cost jaws. Income grew 13 per cent on a constant currency basis as the Group took advantage of the favourable interest rate environment. Expenses increased 8 per cent at constant currency, while the Group incurred a loan loss rate of 17 basis points, well below its historical average. The Group reduced the carrying value of its investment in China Bohai Bank ('Bohai') by $850 million and booked a $262 million net gain from selling its Aviation Finance business. The Group remains well-capitalised and highly liquid with a liquidity coverage ratio of 145 per cent and a CET1 ratio of 14.1 per cent, above its target range, enabling the Board to announce a further $1 billion share buyback programme. The terms of the buyback will be published, and the programme will start shortly.

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

- Operating income of $17.4 billion increased by 10 per cent year-on-year or 13 per cent on a constant currency basis as the Group benefitted from the positive impact of rising interest rates, and a partial recovery in Wealth Management partly offset by losses from hedges
- Underlying net interest income increased 20 per cent or 23 per cent on a constant currency basis as the net interest margin increased 26 basis points or 18 per cent with the Group having increased its pricing on assets and the yield on its Treasury portfolio more quickly than it repriced its liability base, reflecting strong pricing discipline and passthrough rate management as interest rates increased in key footprint currencies. This was partly offset by an additional 15 basis points drag from short-term and structural hedges due to rising interest rates, 16 basis points headwind from migration into higher priced term deposits from lower rate paid current and savings accounts ('CASA') as well as adverse changes in the mix between Treasury and customer assets
- Underlying non NII was stable, or 2 per cent higher on a constant currency basis. This was in part due to a strong Wealth Management performance, which was up 10 per cent on a constant currency basis as it benefitted from a steady flow of new to bank clients and net new money. An accounting asymmetry resulting from Treasury management of business as usual FX positions also contributed to an increase in non NII, with a partial offset from reduced net interest income
- Operating expenses excluding the UK bank levy increased 7 per cent, or 8 per cent on a constant currency basis, reflecting the Group's continued investment into business growth initiatives, strategic investments and higher inflation partly funded by cost efficiency actions. The Group generated 4 per cent positive income-to-cost jaws at constant currency and the cost-to-income ratio improved by 2 percentage points to 63 per cent
- Credit impairment was a $528 million charge, a reduction of $308 million representing an annualised loan loss rate of 17 basis points. The impairment charge includes $282 million in relation to the China commercial real estate sector, $354 million in the Consumer, Private and Business Banking ('CPBB') portfolio and $85 million from Ventures partly offset by a $45 million net release from sovereign-related exposures and a net release in other Corporate exposures
- Other impairment increased by $91 million to $130 million primarily relating to write-off of software assets
- Profit from associates and joint ventures decreased 44 per cent to $94 million reflecting a lower profit share from Bohai
- Restructuring, other items and goodwill and other impairment totalled $585 million. This included an impairment charge of $850 million reflecting a reduction in the carrying value of the Group's investment in Bohai following a refresh of the value-in-use calculation. Other items include the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans. Restructuring charges of $14 million include the impact of actions to transform the organisation to improve productivity, partly offset by profits from businesses classified as held-for-sale. Movements in the Debit Valuation Adjustment ('DVA') were a positive $17 million

Group Chief Financial Officer's review continued

- Taxation was $1,631 million on a reported basis, with an underlying effective tax rate of 29.1 per cent down from 29.9 per cent in the prior year reflecting a favourable change in the geographic mix of profits partly offset by increased losses in the United Kingdom where the Group currently does not recognise a tax benefit
- Underlying return on tangible equity increased by 240 basis points to 10.1 per cent reflecting an increase in profits and lower average tangible equity benefitting from distributions to shareholders and movements in reserves primarily through the course of 2022
- Underlying basic earnings per share ('EPS') increased 32 per cent to 128.9 cents and reported EPS of 108.6 cents increased by 26 per cent.
- A final ordinary dividend per share of 21 cents has been proposed taking the full-year total to 27 cents, a 50 per cent increase. The Group also completed two share buyback programmes totalling $2 billion which along with a new share buyback programme of $1 billion to be announced imminently. Since 1 January 2022, total shareholder distributions announced total $5.5 billion

Summary of financial performance

	4Q'23 $million	4Q'22[4] $million	Change %	Constant currency change[1] %	3Q'23 $million	Change %	Constant currency change[1] %	**FY23 $million**	FY22[4] $million	Change %	Constant currency change[1] %
Underlying net interest income[5]	2,392	2,256	6	6	2,388	-	-	9,557	7,967	20	23
Underlying non NII[5]	1,632	1,509	8	8	2,015	(19)	(19)	7,821	7,795	–	2
Underlying operating income	4,024	3,765	7	7	4,403	(9)	(8)	17,378	15,762	10	13
Other operating expenses	(2,754)	(2,630)	(5)	(2)	(2,770)	1	–	(11,025)	(10,307)	(7)	(8)
UK bank levy	(108)	(107)	(1)	5	–	nm[7]	nm[7]	(111)	(102)	(9)	(2)
Underlying operating expenses	(2,862)	(2,737)	(5)	(2)	(2,770)	(3)	(4)	(11,136)	(10,409)	(7)	(8)
Underlying operating profit before impairment and taxation	1,162	1,028	13	22	1,633	(29)	(29)	6,242	5,353	17	22
Credit impairment	(62)	(340)	82	77	(294)	79	76	(528)	(836)	37	32
Other impairment	(41)	(38)	(8)	(3)	(26)	(58)	(52)	(130)	(39)	nm[7]	nm[7]
(Loss)/profit from associates and joint ventures	(3)	(2)	(50)	(50)	3	nm[7]	nm[7]	94	167	(44)	(43)
Underlying profit/(loss) before taxation	1,056	648	63	74	1,316	(20)	(20)	5,678	4,645	22	27
Restructuring	(63)	(90)	30	31	(7)	nm[7]	nm[7]	(14)	(99)	86	89
Goodwill and Other Impairment[3]	(153)	(322)	52	52	(697)	78	78	(850)	(322)	(164)	(164)
DVA	35	(133)	126	127	21	67	67	17	42	(60)	(60)
Other items[6]	262	20	nm[7]	nm[7]	–	nm[7]	nm[7]	262	20	nm[7]	nm[7]
Reported profit before taxation	1,137	123	nm[7]	nm[7]	633	80	76	5,093	4,286	19	24
Taxation	(199)	(387)	49	49	(494)	60	59	(1,631)	(1,384)	(18)	(25)
Profit/(loss) for the period	938	(264)	nm[7]	nm[7]	139	nm[7]	nm[7]	3,462	2,902	19	24
Net interest margin (%)[2]	1.70	1.58	12		1.63	7		1.67	1.41	26	
Underlying return on tangible equity (%)[2,3]	9.4	2.7	672		7.0	240		10.1	7.7	240	
Underlying earnings per share (cents)[2,3]	30.4	7.7	nm[7]		23.2	31		128.9	97.9	32	

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 $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank ('Bohai')
4. Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
5. To be consistent with how we the compute Net Interest Margin ('NIM'), and to align with the way we manage our business, we have changed our definition of Underlying Net Interest Income ('NII') and Underlying non NII. The adjustments made to NIM, including interest expense relating to funding our trading book, will now be shown against Underlying Non NII rather than Underlying NII. Prior periods have been restated. There is no impact on total income
6. Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans
7. Not meaningful

Group Chief Financial Officer’s review continued

Reported financial performance summary

	4Q'23 $million	4Q'22 $million	Change %	Constant currency change[1] %	3Q'23 $million	Change %	Constant currency change[1] %	FY23 $million	FY22 $million	Change %	Constant currency change[1] %
Net interest income	1,860	2,023	(8)	(7)	1,925	(3)	(3)	7,769	7,593	2	5
Non NII	2,509	1,741	44	44	2,598	(3)	(3)	10,250	8,725	17	20
Reported operating income	4,369	3,764	16	17	4,523	(3)	(3)	18,019	16,318	10	13
Reported operating expenses	(3,013)	(2,889)	(4)	(2)	(2,870)	(5)	(6)	(11,551)	(10,913)	(6)	(7)
Reported operating profit before impairment and taxation	1,356	875	55	70	1,653	(18)	(18)	6,468	5,405	20	25
Credit impairment	(55)	(346)	84	80	(292)	81	78	(508)	(836)	39	34
Goodwill & Other impairment	(197)	(393)	50	50	(734)	73	73	(1,008)	(439)	(130)	(130)
Profit/(loss) from associates and joint ventures	33	(13)	nm[3]	nm[3]	6	nm[3]	nm[3]	141	156	(10)	(10)
Reported profit before taxation	1,137	123	nm[3]	nm[3]	633	80	75	5,093	4,286	19	24
Taxation	(199)	(387)	49	49	(494)	60	59	(1,631)	(1,384)	(18)	(25)
Profit/(loss) for the period	938	(264)	nm[3]	nm[3]	139	nm[3]	nm[3]	3,462	2,902	19	24
Reported return on tangible equity (%)[2]	10.0	(3.2)	1,320		(0.4)	1,040		8.4	6.8	160	
Reported earnings per share (cents)	34.0	(10.1)	nm[3]		(1.3)	nm[3]		108.6	85.9	26	

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'23 $million	4Q'22[2] $million	Change %	Constant currency change[1] %	3Q'23 $million	Change %	Constant currency change[1] %	FY23 $million	FY22[2] $million	Change %	Constant currency change[1] %
Transaction Banking	1,481	1,254	18	18	1,496	(1)	(1)	5,837	3,874	51	54
Trade & Working capital	304	316	(4)	(4)	325	(6)	(7)	1,294	1,343	(4)	(1)
Cash Management	1,177	938	25	26	1,171	1	1	4,543	2,531	79	83
Financial Markets	1,041	1,147	(9)	(8)	1,253	(17)	(17)	5,099	5,345	(5)	(2)
Macro Trading	538	628	(14)	(13)	634	(15)	(15)	2,827	2,965	(5)	(1)
Credit Markets	409	436	(6)	(6)	472	(13)	(14)	1,803	1,761	2	5
Credit Trading	105	147	(29)	(30)	137	(23)	(26)	554	488	14	17
Financing Solutions & Issuance[3]	304	289	5	6	335	(9)	(9)	1,249	1,273	(2)	–
Financing & Securities Services[3]	94	83	13	17	147	(36)	(32)	469	619	(24)	(22)
Lending & Portfolio Management	111	112	(1)	(6)	121	(8)	(9)	498	558	(11)	(9)
Wealth Management	412	358	15	16	526	(22)	(21)	1,944	1,796	8	10
Retail Products	1,238	1,147	8	9	1,279	(3)	(3)	4,969	4,027	23	26
CCPL & other unsecured lending	288	294	(2)	(1)	297	(3)	(3)	1,161	1,202	(3)	(1)
Deposits	899	805	12	13	919	(2)	(2)	3,437	2,021	70	74
Mortgage & Auto	17	12	42	13	31	(45)	(42)	236	633	(63)	(62)
Other Retail Products	34	36	(6)	(11)	32	6	(3)	135	171	(21)	(19)
Treasury	(235)	(173)	(36)	(38)	(274)	14	14	(902)	337	nm[4]	nm[4]
Other	(24)	(80)	70	68	2	nm[4]	nm[4]	(67)	(175)	62	52
Total underlying operating income	4,024	3,765	7	7	4,403	(9)	(8)	17,378	15,762	10	13

1 Comparisons presented on the basis of the current period’s transactional currency rate, ensuring like-for-like currency rates between the two periods
2. Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
3. Shipping Finance is now reported under Financing Solutions & Issuance which was reported under Financing & Securities Services in 2022
4 Not meaningful

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

Transaction Banking income increased 54 per cent with Cash Management income up 83 per cent reflecting strong pricing discipline and passthrough rate management to take advantage of a rising interest rate environment. Trade & Working Capital decreased 1 per cent, reflecting lower balance sheet and contingent volumes due to a reduction in economic activity and clients' preference for local currency financing provided by local banks. This was partly offset by higher margins as the Group focused on higher-returning trade products.

Financial Markets income decreased 2 per cent and was up 3 per cent excluding the non-repeat of $244 million gain on mark-to-market liabilities in 2022. Flow income grew by 7 per cent which was more than offset by the 15 per cent reduction in episodic income, driven by subdued market volatility, reduced issuances and the non-repeat of prior year fair value gains on mark-to-market liabilities. Macro Trading was down 1 per cent with declines in FX and Commodities partly offset by a double-digit increase in Rates from an expanded product offering. Credit Markets income was up 5 per cent primarily from higher Credit Trading income. Financing & Security Services income was down 22 per cent as the benefit of higher interest rates on Security Services balances was offset by negative movements in XVA and the non-repeat of mark-to-market gains.

Lending and Portfolio Management income decreased 9 per cent reflecting the impact of risk-weighted assets optimisation actions which contributed to lower balances and an increase in portfolio management costs.

Wealth Management income grew 10 per cent with Bancassurance up 17 per cent and Treasury Products up 16 per cent partly offset by lower income from Wealth Management Lending which was down 15 per cent on the back of client deleveraging and margin compression. There was continued strong growth in net new sales, which totalled $14 billion and offset adverse market movements as Wealth Management assets under management remained broadly stable.

Retail Products income increased 26 per cent. Deposits income was up 74 per cent due to active passthrough rate management in a rising interest rate environment partly offset by migration of Retail CASA balances into Time Deposits. Mortgage & Auto income decreased 62 per cent on the back of lower volumes and the impact of the Best Lending Rate cap in Hong Kong restricting the ability to reprice mortgages, despite an increase in funding costs from higher interest rates. CCPL income decreased 1 per cent reflecting reduced margins from increased funding costs partly offset by increased balances, driven by partnerships and the new digital banks.

Treasury income was a $902 million loss primarily due to losses from structural and short-term hedges in a rising interest rate environment. The remaining short-term hedges mature in February 2024.

Profit before tax by client segment and geographic region

	4Q'23 $million	4Q'22[2] $million	Change %	Constant currency change[1] %	3Q'23 $million	Change %	Constant currency change[1] %	**FY23 $million**	FY22[2] $million	Change %	Constant currency change[1] %
Corporate, Commercial & Institutional Banking	1,266	971	30	35	1,255	1	–	5,436	3,990	36	42
Consumer Private & Business Banking	445	398	12	15	669	(33)	(33)	2,487	1,593	56	60
Ventures	(133)	(127)	(5)	(5)	(117)	(14)	(16)	(408)	(363)	(12)	(12)
Central & other items (segment)	(522)	(594)	12	11	(491)	(6)	(6)	(1,837)	(575)	nm[3]	nm[3]
Underlying profit/(loss) before taxation	1,056	648	63	74	1,316	(20)	(20)	5,678	4,645	22	27
Asia	928	787	18	15	1,063	(13)	(13)	4,740	3,616	31	32
Africa & Middle East	385	91	nm[3]	nm[3]	273	41	39	1,311	792	66	90
Europe & Americas	(229)	(56)	nm[3]	nm[3]	(90)	(154)	(163)	(330)	834	(140)	(139)
Central & other items (region)	(28)	(174)	84	90	70	(140)	(133)	(43)	(597)	93	95
Underlying profit/(loss) before taxation	1,056	648	63	74	1,316	(20)	(20)	5,678	4,645	22	27

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2. Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
3 Not meaningful

The client segment and geographic region commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2022 on a constant currency basis, unless otherwise stated.

Corporate, Commercial & Institutional Banking ('CCIB') profit increased 42 per cent. Income grew 20 per cent with Cash Management benefitting from disciplined pricing initiatives in a rising interest rate environment partly offset by lower episodic income within Financial Markets and lower Lending income as CCIB delivered on its RWA optimisation initiatives. Expenses were 10 per cent higher while credit impairment decreased $302 million with lower charges in relation to the China commercial real estate sector and releases on historic provisions within the remaining portfolio.

Consumer, Private & Business Banking ('CPBB') profit increased 60 per cent, with income up 22 per cent, benefitting from higher interest rates on Retail Deposits income and a recovery in Wealth Management. This was partly offset by lower Mortgage income negatively impacted by the Best Lending Rate cap in Hong Kong. Expenses increased 6 per cent while credit impairment was $92 million higher.

Ventures loss increased 12 per cent to $408 million, reflecting the Group's continued investment in transformational digital initiatives. Income increased five-fold to $156 million while expenses grew by 27 per cent. This resulted in a lower operating loss before impairment year-on-year. The impairment charge increased $69 million to $85 million reflecting increased bankruptcy related write-offs in Mox where credit criteria have now been adjusted to reduce the current elevated delinquency rate.

Central & other items (segment) recorded a loss of $1.8 billion as income declined by $1.3 billion mostly reflecting the losses from structural and short-term hedges booked within Treasury. Expenses increased by $43 million while there was a net release in credit impairment primarily relating to sovereign-related exposures. Associate income reduced by $65 million reflecting lower profits at Bohai.

Asia profits increased 32 per cent as income grew 15 per cent, expenses increased by 8 per cent and credit impairments reduced by $146 million. The income growth reflects strong double-digit increases across Cash Management, Retail Deposits and Wealth Management partly offset by lower Mortgage income and a loss in Treasury Markets. The profit share from Bohai reduced by $65 million. The lower credit impairment charge reflects in part a lower level of impairments booked in the year relating to the China commercial real estate sector.

Africa & Middle East ('AME') profits increased 90 per cent as income increased 26 per cent with strong growth in Cash Management and Retail Deposit income partly offset by a loss in Treasury Markets following de-risking actions in certain markets. Expenses grew 6 per cent while credit impairment charges were a net release of $91 million, a $210 million reduction, reflecting a non-repeat of the prior year's sovereign-related impairments and releases relating to historic Corporate provisions.

Europe & Americas recorded a loss of $330 million as income reduced by 40 per cent, reflecting the increased cost of hedges within Treasury whilst strong growth in Transaction Banking income was partly offset by lower Financial Markets income. Expenses increased 12 per cent reflecting the impact of inflation and higher investment spend. There was a $59 million reduction in credit impairment releases.

Central & other items (region) recorded a loss of $43 million compared to a $597 million loss in the prior year. This improvement is mainly due to higher returns paid to Treasury on the equity provided to the regions in a rising interest rate environment while expenses increased by 8 per cent.

Adjusted net interest income and margin

	4Q'23 $million	4Q'22 $million	Change[1] %	3Q'23 $million	Change %	**FY23 $million**	FY22 $million	Change[1] $%
Adjusted net interest income[2]	2,397	2,256	6	2,380	1	9,547	7,976	20
Average interest-earning assets	558,183	568,302	(2)	579,713	(4)	572,520	565,370	1
Average interest-bearing liabilities	537,916	524,610	3	548,297	(2)	540,350	525,351	3
Gross yield (%)[3]	4.98	3.76	122	5.06	(8)	4.76	2.70	206
Rate paid (%)[3]	3.40	2.36	104	3.63	(23)	3.27	1.38	189
Net yield (%)[3]	1.58	1.40	18	1.43	15	1.49	1.32	17
Net interest margin (%)[3,4]	1.70	1.58	12	1.63	7	1.67	1.41	26

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

Adjusted net interest income increased 20 per cent driven by an 18 per cent increase in the net interest margin, which averaged 167 basis points in the year, 26 basis points year-on-year uplift benefiting from a rapid increase in policy interest rates across many of our markets slightly offset by an adverse change in asset mix. The net interest margin was also depressed by loss making hedges within Treasury and an accounting asymmetry from Treasury's business as usual management of FX positions within its portfolio.

- Average interest-earning assets grew 1 per cent, or 2 per cent excluding the impact of currency translation and risk-weighted asset optimisation actions, reflecting an increase in cash and balances at central banks partly offset by lower customer loan balances. Gross yields increased 206 basis points compared with the average in the prior year
- Average interest-bearing liabilities increased 3 per cent, or 4 per cent excluding the impact of currency translation, reflecting an increase in customer accounts while the rate paid on liabilities increased 189 basis points compared with the average in the prior year

Credit risk summary

Income statement (Underlying view)

	4Q'23 $million	4Q'22[2] $million	Change[1] %	3Q'23 $million	Change[1] %	FY23 $million	FY22[2] $million	Change[1] %
Total credit impairment charge/(release)[3]	62	340	(82)	294	(79)	528	836	(37)
Of which stage 1 and 2[3]	4	235	(98)	101	(96)	138	407	(66)
Of which stage 3[3]	58	105	(45)	193	(70)	390	429	(9)

1 Variance is increase/(decrease) comparing current reporting period to prior reporting period
2 Underlying credit impairment has been restated for the removal of (i) exit markets and businesses in AME and (ii) Aviation Finance. No change to reported credit impairment
3 Refer Group Chief Risk Officer's section

Balance sheet

	31.12.23 $million	30.09.23 $million	Change[1] %	30.06.23 $million	Change[1] %	31.12.22 $million	Change[1] %
Gross loans and advances to customers[2]	292,145	286,531	2	295,508	(1)	316,107	(8)
Of which stage 1	273,692	266,590	3	277,711	(1)	295,219	(7)
Of which stage 2	11,225	12,431	(10)	10,110	11	13,043	(14)
Of which stage 3	7,228	7,510	(4)	7,687	(6)	7,845	(8)
Expected credit loss provisions	(5,170)	(5,522)	(6)	(5,371)	(4)	(5,460)	(5)
Of which stage 1	(430)	(458)	(6)	(451)	(5)	(559)	(23)
Of which stage 2	(420)	(440)	(5)	(400)	5	(444)	(5)
Of which stage 3	(4,320)	(4,624)	(7)	(4,520)	(4)	(4,457)	(3)
Net loans and advances to customers	286,975	281,009	2	290,137	(1)	310,647	(8)
Of which stage 1	273,262	266,132	3	277,260	(1)	294,660	(7)
Of which stage 2	10,805	11,991	(10)	9,710	11	12,599	(14)
Of which stage 3	2,908	2,886	1	3,167	(8)	3,388	(14)
Cover ratio of stage 3 before/after collateral (%)[3]	60 / 76	62 / 79	(2) / (3)	59 / 78	1 / (2)	57 / 76	3 / 0
Credit grade 12 accounts ($million)	2,155	1,132	90	1,316	64	1,574	37
Early alerts ($million)	5,512	5,403	2	4,443	24	4,967	11
Investment grade corporate exposures (%)[3]	73	74	(1)	74	(1)	76	(3)

1 Variance is increase/(decrease) comparing current reporting period to prior reporting period
2 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of $13,996 million at 31 December 2023, $10,267 million at 30 September 2023, $10,950 million at 30 June 2023 and $24,498 million at 31 December 2022
3 Change is the percentage points difference between the two points rather than the percentage change

Credit quality remained resilient, reflected in lower year-on-year credit impairment charges and an improvement in a number of underlying credit metrics. The Group continues to actively manage the credit portfolio whilst remaining alert to a volatile and challenging external environment including increased geopolitical tensions which has led to idiosyncratic stress in a select number of markets and industry sectors.

Credit impairment was a $528 million charge, down 37 per cent year-on-year, representing a loan loss rate of 17 basis points. There was a $282 million impairment charge relating to the China commercial real estate sector, including a $32 million decrease in the management overlay which now totals $141 million. The decrease in the management overlay reflects repayments and loans moving into stage 3. The Group has provided $1.2 billion in total, in relation to China commercial real estate sector primarily over the last three years. There was a net release of $45 million relating to sovereign downgrades. Excluding the China commercial real estate portfolio and sovereign-related exposures, there was a net release relating to Corporate exposures, primarily historical provisions. CPBB charge of $354 million reflects an uptick in delinquency trends across the year and the $85 million charge in Ventures is primarily from portfolio growth and increased bankruptcy related write-offs in Mox where credit criteria have now been adjusted to reduce the current elevated delinquency rate.

Gross stage 3 loans and advances to customers of $7.2 billion were 8 per cent lower year-on-year as repayments, client upgrades and write-offs more than offset new inflows. Credit-impaired loans represented 2.5 per cent of gross loans and advances, flat on the prior year.

The stage 3 cover ratio before collateral of 60 per cent increased by 3 percentage points, while the cover ratio post collateral at 76 per cent was flat on the prior year, with the cover ratio before collateral increasing due to an increase in stage 3 provisions in relation to the China commercial real estate sector and a reduction in gross stage 3 balances.

Credit grade 12 balances have increased by 37 per cent to $2.2 billion substantially from a change in instrument on an existing sovereign exposure with no increase in risk. Excluding this temporary inflow, credit grade 12 balances declined 24 per cent reflecting both improvements into stronger credit grades and downgrades to stage 3. Early Alert accounts of $5.5 billion have increased by 11 per cent, reflecting new inflows relating to a select number of clients including sovereign-related exposures. 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 fell by 3 percentage points to 73 per cent, mainly due to a reduction in repurchase agreement balances across various central clearing counterparties.

Restructuring, goodwill impairment and other items

	FY23				FY22[1]				4Q'23			
	Restructuring $million	**Goodwill and other impairment[2] $million**	**DVA $million**	**Other items[3] $million**	Restructuring $million	Goodwill and other impairment[2] $million	DVA $million	Other items $million	Restructuring $million	Goodwill and other impairment $million	DVA $million	Other items[3] $million
Operating income	362	–	17	262	494	–	42	20	48	–	35	262
Operating expenses	(415)	–	–	–	(504)	–	–	–	(151)	–	–	–
Credit impairment	20	–	–	–	–	–	–	–	7	–	–	–
Other impairment	(28)	(850)	–	–	(78)	(322)	–	–	(3)	(153)	–	–
Profit from associates and joint ventures	47	–	–	–	(11)	–	–	–	36	–	–	–
Loss before taxation	(14)	(850)	17	262	(99)	(322)	42	20	(63)	(153)	35	262

1. Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2. Goodwill and other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank ('Bohai')
3. Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans

The Group's reported 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.

In 2022 the Group announced the exit of seven markets in the AME region and will focus solely on the CCIB segment in two more markets. In 2023, the Group completed the sale of its Jordan business, closed its Lebanon representative office and signed agreements for sale of the remaining exit markets. Additionally, the Group sold its global Aviation Finance leasing business to Aircraft Leasing Company ('AviLease') for proceeds of approximately $3.6 billion including $0.7 billion consideration and $2.9 billion repayment of net intra-group financing, giving rise to a gain on disposal of $309 million. The $1 billion Aviation loan business was sold separately, giving rise to a loss on disposal of $47 million. Both of these transactions are recorded in Other Items. As a result of these disposals, effective 1st January 2023, the Group has not included the exit markets and the Aviation Finance business within the Group's underlying operating profit before taxation but reported them within restructuring.

The Group has also classified movements in the debit valuation adjustment ('DVA') out of its underlying operating profit before taxation and into Other Items. To aid comparisons with prior periods the Group has removed the exit markets, Aviation Finance business and DVA from its underlying operating profit before taxation for 2022.

Restructuring loss of $14 million reflects the impact of actions to transform the organisation to improve productivity, primarily additional redundancy charges, technology simplification and optimising the Group's property footprint. This was partly offset by the profits from the AME exit markets and Aviation Finance business before the completion of their exit from the Group.

Other impairment of $850 million is in relation to a further reduction in the carrying value of the Group's investment in its associate Bohai, to align to a lower value-in-use computation following banking industry challenges and property market uncertainties in Mainland China, that may impact Bohai's future profitability. The carrying value of the Group's investment in Bohai has reduced to $0.7 billion from $1.5 billion.

Movements in DVA were a positive $17 million driven by the widening of the Group's asset swap spreads on derivative liability exposures. The portfolio subject to DVA did not change materially during the year.

Balance sheet and liquidity

	31.12.23 $million	30.09.23 $million	Change[1] %	30.06.23 $million	Change[1] %	31.12.22 $million	Change[1] %
Assets							
Loans and advances to banks	44,977	46,111	(2)	44,602	1	39,519	14
Loans and advances to customers	286,975	281,009	2	290,137	(1)	310,647	(8)
Other assets	490,892	498,713	(2)	503,972	(3)	469,756	4
Total assets	822,844	825,833	–	838,711	(2)	819,922	–
Liabilities							
Deposits by banks	28,030	29,744	(6)	28,560	(2)	28,789	(3)
Customer accounts	469,418	453,157	4	469,567	–	461,677	2
Other liabilities	275,043	294,576	(7)	290,903	(5)	279,440	(2)
Total liabilities	772,491	777,477	(1)	789,030	(2)	769,906	–
Equity	50,353	48,356	4	49,681	2	50,016	1
Total equity and liabilities	822,844	825,833	–	838,711	(2)	819,922	–
Advances-to-deposits ratio (%)[2]	53.3%	54.5%		53.6%		57.4%	
Liquidity coverage ratio (%)	145%	156%		164%		147%	

1 Variance is increase/(decrease)comparing current reporting period to prior reporting periods
2 The Group now excludes $20,710 million held with central banks (30.09.23: $21,241 million, 30.06.23: $24,749 million, 31.12.22: $20,798 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 decreased 8 per cent, or $24 billion to $287 billion as at 31 December 2023 but declined 1 per cent on an underlying basis. The underlying reduction excludes the impact of $12 billion decrease in Treasury and securities backed loans held to collect, $7 billion reduction from risk-weighted asset optimisation actions undertaken by CCIB and a $1 billion reduction from currency translation
- Customer accounts increased $8 billion to $469 billion and up 2% excluding the $2 billion impact of currency translation. Retail time deposits increased $18 billion and Cash Management balances increased $11 billion partly offset by a $18 billion decrease in Corporate Term Deposits
- Other assets increased 4 per cent, or $21 billion from 31 December 2022 with a $41 billion increase in financial assets held at fair value through profit or loss, primarily reverse repurchase agreements and debt securities and other eligible bills. Cash and balances at central banks increased $12 billion. This was partly offset by a $13 billion reduction in derivative balances and a $8 billion reduction in investment securities fair valued through other comprehensive income
- Other liabilities decreased 2 per cent, or $4 billion from 31 December 2022 with a $14 billion decrease in derivative balances partly offset by a $10 billion increase in repurchase agreements

The advances-to-deposits ratio decreased to 53.3 per cent from 57.4 per cent at 31 December 2022 reflecting the reduction in loans and advances to customers. The liquidity coverage ratio decreased 2 percentage points to 145 per cent as at 31 December 2023 after increasing in the first half of the year as the banking industry as a whole navigated turbulent external market conditions and remains well above the minimum regulatory requirement of 100 per cent.

Risk-weighted assets

	31.12.23 $million	30.09.23 $million	Change[1] %	30.06.23 $million	Change[1] %	31.12.22 $million	Change[1] %
By risk type							
Credit risk	191,423	188,294	2	197,151	(3)	196,855	(3)
Operational risk	27,861	27,861	–	27,861	–	27,177	3
Market risk	24,867	25,351	(2)	24,105	3	20,679	20
Total RWAs	244,151	241,506	1	249,117	(2)	244,711	–

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

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

- Credit risk RWA decreased by $5.4 billion to $191.4 billion. There was a $10.3 billion reduction from optimisation actions, relating to the CCIB low-returning portfolio, a $2.1 billion reduction from other RWA efficiency actions, $2.7 billion reduction from currency translation, and a $1.1 billion reduction from model and methodology changes. The impairment of Bohai further reduced RWAs by $2.1 billion and the sale of the Aviation Finance business by a further $1.6 billion. This was partly offset by a $11.8 billion increase from asset mix and $2.7 billion increase relating to adverse credit migration
- Operational risk RWA increased $0.7 billion primarily due to an increase in average income as measured over a rolling three-year time horizon, with higher 2022 income replacing lower 2019 income
- Market risk RWA increased by $4.2 billion to $24.9 billion reflecting an increase in traded risk positions and market volatility

Capital base and ratios

	31.12.23 $million	30.09.23 $million	Change[1] %	30.06.23 $million	Change[1] %	31.12.22 $million	Change[1] %
CET1 capital	34,314	33,569	2	34,896	(2)	34,157	–
Additional Tier 1 capital (AT1)	5,492	5,492	–	5,492	–	6,484	(15)
Tier 1 capital	39,806	39,061	2	40,388	(1)	40,641	(2)
Tier 2 capital	11,935	12,051	(1)	12,281	(3)	12,510	(5)
Total capital	51,741	51,112	1	52,669	(2)	53,151	(3)
CET1 capital ratio (%)[2]	14.1	13.9	0.2	14.0	0.1	14.0	0.1
Total capital ratio (%)[2]	21.2	21.2	0.0	21.1	0.1	21.7	(0.5)
Leverage ratio (%)[2]	4.7	4.7	–	4.8	(0.1)	4.8	(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 14.1 per cent was 10 basis points higher than the ratio as at 31 December 2022. The Group was able to fund $2.7 billion of capital returns to ordinary shareholders from underlying profits. The CET1 ratio remains 3.5 percentage points above the Group's latest regulatory minimum of 10.5 per cent and above the top of the 13-14 per cent target range.

As well as the 169 basis points of CET1 accretion from underlying profits, the Group's CET1 ratio decreased 34 basis points from an underlying $5.9 billion increase in risk-weighted assets as the Group exercised tight control over capital consumption. A further 22 basis points uplift was the result of an increase in Other Comprehensive Income from fair value gains on debt instruments as long-term interest rates began to fall in the latter half of the year. The sale of the Group's Aviation Finance business increased the CET1 ratio by 20 basis points.

Ordinary shareholder distributions reduced the CET1 ratio by approximately 111 basis points. The Group spent $2 billion purchasing 230 million ordinary shares of $0.50 each during the year, representing a volume-weighted average price per share of £7.06. These shares were subsequently cancelled, reducing the total issued share capital by 7.9 per cent and the CET1 ratio by 82 basis points. The Board has recommended a final dividend of 21 cents per share resulting in a total 2023 ordinary dividend of 27 cents per share or $728 million, reducing the CET1 ratio by approximately 30 basis points. Payments due to AT1 and preference shareholders cost approximately 17 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 published, and the programme will start shortly and is expected to reduce the Group's CET1 ratio in the first quarter of 2024 by approximately 40 basis points.

The $850 million impairment of Bohai also resulted in an RWA reduction of $2.1 billion, the net effect of which resulted in a reduction of the CET1 ratio by 23 basis points.

The Group's leverage ratio of 4.7 per cent is 6 basis points lower than at 31 December 2022. This is primarily driven by a decrease in Tier 1 capital of $0.8 billion as CET1 capital increased by $0.2 billion and was more than offset by the redemption of $1.0 billion Additional Tier 1 securities. The reduction in Tier 1 capital was broadly offset by a $7.2 billion reduction in leverage exposures. The Group's leverage ratio remains significantly above its minimum requirement of 3.7 per cent.

Outlook

We have updated our guidance for 2024 and have provided additional guidance for 2025 and 2026 as follows:

- Income:
  - Operating income to increase 5-7 per cent for 2024 to 2026; and around the top of 5-7 per cent range in 2024
  - Net interest income for 2024 of $10 billion to $10.25 billion, at constant currency
- Expenses:
  - Operating expenses to be below $12 billion in 2026, at constant currency
  - Expense saves of around $1.5 billion and cost to achieve of no more than $1.5 billion from 2024 to 2026
  - Positive income-to-cost jaws, excluding UK bank levy, at constant currency in each year from 2024 to 2026
- Assets and RWA:
  - Low single-digit percentage growth in loans and advances to customers and RWA each year from 2024 to 2026 (pre-Basel 3.1 day-1 impact)
  - Basel 3.1 day-1 impact, pending clarification of rules expected to add no more than 5 per cent incremental RWA
- Continue to expect the loan loss rate to normalise towards the historical through- the-cycle 30 to 35 basis points range
- Capital:
  - Continue to operate dynamically within the full 13-14 per cent CET1 target range
  - Plan to return at least $5 billion to shareholders cumulative 2024 to 2026
  - Continue to increase full-year dividend per share over time
- RoTE increasing steadily from 10 per cent, targeting of 12 per cent in 2026 and to progress thereafter

Diego De Giorgi
Group Chief Financial Officer

23 February 2024

Supplementary financial information

Underlying performance by client segment

	2023				
	Corporate, Commercial & Institutional Banking $million	Consumer, Private & Business Banking $million	Ventures $million	Central & other items (segment) $million	Total $million
Operating income	11,218	7,106	156	(1,102)	17,378
External	8,543	3,902	157	4,776	17,378
Inter-segment	2,675	3,204	(1)	(5,878)	–
Operating expenses	(5,627)	(4,261)	(429)	(819)	(11,136)
Operating profit/(loss) before impairment losses and taxation	5,591	2,845	(273)	(1,921)	6,242
Credit impairment	(123)	(354)	(85)	34	(528)
Other impairment	(32)	(4)	(26)	(68)	(130)
(Loss)/profit from associates and joint ventures	–	–	(24)	118	94
Underlying profit/(loss) before taxation	5,436	2,487	(408)	(1,837)	5,678
Restructuring	32	(60)	(4)	18	(14)
Goodwill and other impairment[1]	–	–	–	(850)	(850)
DVA	17	–	–	–	17
Other items[4]	262	–	–	–	262
Reported profit/(loss) before taxation	5,747	2,427	(412)	(2,669)	5,093
Total assets	403,058	128,768	4,009	287,009	822,844
Of which: loans and advances to customers	189,395	126,117	1,035	28,939	345,486
loans and advances to customers	130,897	126,104	1,035	28,939	286,975
loans held at fair value through profit or loss (FVTPL)[2]	58,498	13	–	–	58,511
Total liabilities	464,968	200,263	3,096	104,164	772,491
Of which: customer accounts[3]	328,211	195,678	2,825	7,908	534,622
Risk-weighted assets	141,979	51,342	1,923	48,907	244,151
Income return on risk-weighted assets (%)	7.8	14.0	10.3	(2.2)	28.6
Underlying return on tangible equity (%)	19.5	25.3	nm[5]	(27.0)	10.1
Cost-to-income ratio (%)	50.2	60.0	nm[5]	nm[5]	63.4

1 Goodwill and other impairment include $850 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai).
2 Loans held at FVTPL includes $51,299 million of reverse repurchase agreements
3 Customer accounts includes $17,248 million of FVTPL and $47,956 million of reverse repurchase agreements
4 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans
5 Not meaningful

Supplementary financial information continued

	2022[1]				
	Corporate, Commercial & Institutional Banking $million	Consumer, Private & Business Banking $million	Ventures $million	Central & other items (segment) $million	Total $million
Operating income	9,608	5,969	29	156	15,762
External	8,462	4,942	29	2,329	15,762
Inter-segment	1,146	1,027	–	(2,173)	–
Operating expenses	(5,193)	(4,104)	(336)	(776)	(10,409)
Operating profit/(loss) before impairment losses and taxation	4,415	1,865	(307)	(620)	5,353
Credit impairment	(425)	(262)	(16)	(133)	(836)
Other impairment	–	(10)	(24)	(5)	(39)
(Loss)/profit from associates and joint ventures	–	–	(16)	183	167
Underlying profit/(loss) before taxation	3,990	1,593	(363)	(575)	4,645
Restructuring	14	(56)	(1)	(56)	(99)
Goodwill and other impairment[2]	–	–	–	(322)	(322)
DVA	42	–	–	–	42
Other items	–	–	–	20	20
Reported profit/(loss) before taxation	4,046	1,537	(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)[3]	44,498	28	–	2,557	47,083
Total liabilities	479,981	185,396	1,658	102,871	769,906
Of which: customer accounts[4]	332,176	180,659	1,548	5,846	520,229
Risk-weighted assets	143,582	50,730	1,358	49,041	244,711
Income return on risk-weighted assets (%)	6.2	11.4	4.2	0.3	6.1
Underlying return on tangible equity (%)	13.4	15.8	nm[5]	(14.2)	7.7
Cost-to-income ratio (%)	54.0	68.8	nm[5]	nm[5]	65.4

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2 Goodwill and other impairment include $308 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai).
3 Loans held at FVTPL includes $40,537 million of reverse repurchase agreements
4 Customer accounts includes $11,706 million of FVTPL and $46,846 million of reverse repurchase agreements
5 Not meaningful

Supplementary financial information continued

Corporate, Commercial & Institutional Banking

	4Q'23 $million	4Q'22[1] $million	Change[3] %	Constant currency change[3,4] %	3Q'23 $million	Change[3] %	Constant currency change[3,4] %	**FY23 $million**	FY22[1] $million	Change[3] %	Constant currency change[3,4] %
Operating income	2,581	2,467	5	5	2,814	(8)	(8)	11,218	9,608	17	20
Transaction Banking	1,435	1,216	18	18	1,449	(1)	(1)	5,656	3,751	51	54
Trade & Working capital	292	305	(4)	(5)	312	(6)	(7)	1,246	1,288	(3)	(1)
Cash Management	1,143	911	25	26	1,137	1	1	4,410	2,463	79	83
Financial Markets	1,041	1,147	(9)	(8)	1,253	(17)	(17)	5,099	5,345	(5)	(2)
Macro Trading	538	628	(14)	(13)	634	(15)	(15)	2,827	2,965	(5)	(1)
Credit Markets	409	436	(6)	(6)	472	(13)	(14)	1,803	1,761	2	5
Credit Trading	105	147	(29)	(30)	137	(23)	(26)	554	488	14	17
Financing Solutions & Issuance[2]	304	289	5	6	335	(9)	(9)	1,249	1,273	(2)	–
Financing & Securities Services[2]	94	83	13	17	147	(36)	(32)	469	619	(24)	(22)
Lending & Portfolio Management	105	107	(2)	(4)	115	(9)	(9)	469	521	(10)	(8)
Wealth Management	–	1	(100)	nm[9]	–	nm[9]	nm[9]	–	1	(100)	(100)
Retail Products	–	1	(100)	nm[9]	–	nm[9]	nm[9]	1	1	nm[9]	nm[9]
Deposits	–	1	(100)	nm[9]	–	nm[9]	nm[9]	1	1	nm[9]	nm[9]
Other	–	(5)	100	100	(3)	100	100	(7)	(11)	36	56
Operating expenses	(1,422)	(1,352)	(5)	(3)	(1,387)	(3)	(3)	(5,627)	(5,193)	(8)	(10)
Operating profit before impairment losses and taxation	1,159	1,115	4	8	1,427	(19)	(19)	5,591	4,415	27	32
Credit impairment	105	(144)	173	172	(159)	166	162	(123)	(425)	71	69
Other impairment	2	–	nm[9]	nm[9]	(13)	115	114	(32)	–	nm[9]	nm[9]
Underlying profit before taxation	1,266	971	30	35	1,255	1	nm[9]	5,436	3,990	36	42
Restructuring	(52)	(34)	(53)	(50)	11	nm[9]	nm[9]	32	14	129	nm[9]
DVA	35	(133)	126	127	21	67	67	17	42	(60)	(60)
Other items[8]	262	–	nm[9]	nm[9]	–	nm[9]	nm[9]	262	–	nm[9]	nm[9]
Reported profit before taxation	1,511	804	88	96	1,287	17	16	5,747	4,046	42	49
Total assets	403,058	401,567	–	2	395,938	2	1	403,058	401,567	–	2
Of which: loans and advances to customers[5]	189,395	184,254	3	4	177,542	7	6	189,395	184,254	3	4
Total liabilities	464,968	479,981	(3)	(3)	471,272	(1)	(2)	464,968	479,981	(3)	(3)
Of which: customer accounts[5]	328,211	332,176	(1)	(1)	319,785	3	2	328,211	332,176	(1)	(1)
Risk-weighted assets	141,979	143,582	(1)	nm[9]	143,386	(1)	nm[9]	141,979	143,582	(1)	nm[9]
Income return on risk-weighted assets (%)[6]	7.3	6.7	60bps	nm[9]	7.8	(50)bps	nm[9]	7.8	6.2	160bps	nm[9]
Underlying return on tangible equity (%)[6]	18.5	13.6	490bps	nm[9]	17.9	60bps	nm[9]	19.5	13.4	610bps	nm[9]
Cost-to-income ratio (%)[7]	55.1	54.8	(0.3)	1.3	49.3	(5.8)	(6.0)	50.2	54.0	3.8	4.5

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2 Shipping Finance is now reported under "Financing Solutions & Issuance" which was reported under "Financing & Securities Services" in 2022.
3 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
4 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
5 Loans and advances to customers and customer accounts includes FVTPL and reverse repurchase agreements
6 Change is the basis points (bps) difference between the two periods rather than the percentage change
7 Change is the percentage points difference between the two periods rather than the percentage change
8 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans
9 Not meaningful

Segment overview

Corporate, Commercial and Institutional Banking supports local and large corporations, governments, banks and investors with their transaction banking, financial markets and borrowing needs. We provide solutions to nearly 20,000 clients in some of the world's fastest-growing economies and most active trade corridors. Our clients operate or invest across 45 markets across the globe.

Supplementary financial information continued

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. Corporate, Commercial and Institutional Banking is at the heart of the Group's shared Purpose to drive commerce and prosperity through our unique diversity.

We are also committed to promote sustainable finance in our markets and channelling capital to 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 income and driving balance sheet velocity while maintaining disciplined risk management
- Be a digital-first and data-driven bank, that delivers enhanced client experiences
- Accelerate our sustainable finance offering to our clients through product innovation and enabling transition to a low-carbon future

Progress

- Our underlying income performance is driven by our diversified product suite and expanded client solutions supported by the higher interest rate environment. Our cross-border income currently contributes to 61 per cent of total CCIB income with growth across strategic corridors
- Robust balance sheet quality with investment-grade net exposures representing 66 per cent of total corporate net exposures (2022: 70 per cent) and high-quality operating account balances broadly stable at 65 per cent of Transaction Banking and Securities Services customer balances (2022: 67 per cent)
- We defended against liabilities attrition through active pricing management
- Our client migration to the Straight to Bank NextGen platform is successfully completed. We achieved digital adoption of 65.7 per cent (2022: 61.5 per cent) across Cash, Trade and FX, by driving client awareness and adoption programs. Client experience remains at the centre of our digital transformation, with our Net Promoter Score at 78.6 per cent (2022: 68.4 per cent)
- We are ~70 per cent of the way towards delivering our $1 billion income from sustainable finance franchise by 2025, and have mobilised $87 billion in sustainable financing against our $300 billion commitment by 2030

Performance highlights

- Underlying profit before tax of $5,436 million up 42 per cent at constant currency ("ccy"), primarily driven by higher income and lower credit impairment charges, partially offset by higher expenses
- Underlying operating income of $11,218 million up 20 per cent at ccy primarily due to strong performance in Cash Management from pricing discipline in a rising interest rate environment. Financial Markets was down 2 per cent at ccy, mainly from lower revenue in FX and Commodities on the back of lower market volatility, subdued primary issuances and non-repeat of the gains on mark-to-market liabilities in 2022. Excluding the latter, Financial Markets was up 3 per cent
- Underlying operating expenses were up by 10 per cent at ccy largely due to inflationary pressure, targeted investments and strategic hires to support business growth
- Risk-weighted assets were down by $1.6 billion since 31 December 2022, mainly as a result of optimisation initiatives partly offset by business growth. We achieved $10.3 billion optimisation in risk-weighted assets in 2023 ($24.2 billion since January 2022)
- Underlying RoTE increased from 13.4 per cent to 19.5 per cent

Supplementary financial information continued

Consumer, Private & Business Banking

	4Q'23 $million	4Q'22[1] $million	Change[3] %	Constant currency change[2,3] %	3Q'23 $million	Change[3] %	Constant currency change[2,3] %	FY23 $million	FY22[1] $million	Change[3] %	Constant currency change[2,3] %
Operating income	1,701	1,533	11	11	1,849	(8)	(8)	7,106	5,969	19	22
Transaction Banking	46	38	21	18	47	(2)	–	181	123	47	50
Trade & Working capital	12	11	9	8	13	(8)	8	48	55	(13)	(11)
Cash Management	34	27	26	21	34	–	–	133	68	96	99
Lending & Portfolio Management	6	5	20	(38)	6	–	(17)	29	37	(22)	(19)
Wealth Management	412	357	15	16	526	(22)	(21)	1,944	1,795	8	10
Retail Products	1,227	1,142	7	8	1,266	(3)	(3)	4,927	4,013	23	26
CCPL & other unsecured lending	259	284	(9)	(7)	270	(4)	(3)	1,068	1,180	(9)	(7)
Deposits	917	810	13	14	933	(2)	(1)	3,488	2,029	72	76
Mortgage & Auto	17	12	42	13	31	(45)	(42)	236	633	(63)	(62)
Other Retail Products	34	36	(6)	(11)	32	6	–	135	171	(21)	(19)
Other	10	(9)	nm[7]	175	4	150	125	25	1	nm[7]	nm[7]
Operating expenses	(1,121)	(1,030)	(9)	(8)	(1,065)	(5)	(6)	(4,261)	(4,104)	(4)	(6)
Operating profit before impairment losses and taxation	580	503	15	19	784	(26)	(26)	2,845	1,865	53	57
Credit impairment	(131)	(96)	(36)	(43)	(115)	(14)	(15)	(354)	(262)	(35)	(42)
Other impairment	(4)	(9)	56	67	–	nm[7]	nm[7]	(4)	(10)	60	50
Underlying profit/(loss) before taxation	445	398	12	15	669	(33)	(33)	2,487	1,593	56	60
Restructuring	(27)	(17)	(59)	(42)	(17)	(59)	(59)	(60)	(56)	(7)	9
Reported profit/(loss) before taxation	418	381	10	13	652	(36)	(36)	2,427	1,537	58	63
Total assets	128,768	133,956	(4)	(4)	126,714	2	(1)	128,768	133,956	(4)	(4)
Of which: loans and advances to customers[4]	126,117	130,985	(4)	(3)	124,178	2	(1)	126,117	130,985	(4)	(3)
Total liabilities	200,263	185,396	8	8	190,925	5	3	200,263	185,396	8	8
Of which: customer accounts[4]	195,678	180,659	8	9	186,131	5	4	195,678	180,659	8	9
Risk-weighted assets	51,342	50,730	1	nm[7]	50,365	2	nm[7]	51,342	50,730	1	nm[7]
Income return on risk-weighted assets (%)[5]	13.2	12.0	120bps	nm[7]	14.5	(130)bps	nm[7]	14.0	11.4	260bps	nm[7]
Underlying return on tangible equity (%)[5]	17.9	16.1	180bps	nm[7]	27.2	(930)bps	nm[7]	25.3	15.8	950bps	nm[7]
Cost-to-income ratio (%)[6]	65.9	67.2	1.3	2.0	57.6	(8.3)	(8.4)	60.0	68.8	8.8	9.0

1 Underlying performance for relevant periods in 2022 has been restated for the removal of exit markets and businesses in AME.
2 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
3 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
4 Loans and advances to customers and customer accounts includes FVTPL and reverse 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

Segment overview

Consumer, Private and Business Banking serves more than 11 million clients in many of the world's fastest-growing markets. Our client continuum spans from Mass Retail to Affluent, including high net-worth clients served by our Private Bank. We leverage digital banking channels with a human touch to provide clients with differentiated products and services such as deposits, payments, financing, wealth management and personalised advice. We also support small business clients with their business banking needs.

We are committed to realising greater synergies from our international network and the Group's other client segments, from delivering holistic propositions to clients with cross-border investment needs to offering employee banking services to Corporate, Commercial and Institutional Banking clients. Consumer, Private and Business Banking also provides a source of high-quality liquidity for the Group.

Strategic priorities

- Maximise the value of our international network, with wealth hubs in Hong Kong, Singapore, UAE and Jersey, to provide Affluent clients with a global wealth proposition built on deep local expertise and seamless cross-border client experience
- Unlock synergies from nurturing clients up our client continuum, by helping them grow and protect their wealth through expert advice and best-in-class wealth propositions
- Grow Mass Retail profitably, via digital-first sales and service business models, partnerships, and data analytics
- Continue to improve client experience and efficiency through digitalisation, process simplification and operational excellence

Progress

- Accelerated Affluent growth momentum in New to Bank clients, NNM and income across Priority Banking and Private Bank
- Rolled out Standard Chartered-INSEAD Wealth Academy to more markets with over 900 senior frontline staff upskilled to be future-ready advisors
- Enhanced cross border digital capabilities to improve client experience
- Expanded myWealth suite of digital advisory tools to enable RMs to provide personalised portfolio construction and investment ideas for clients
- Recognised as a leader in digital Wealth capabilities with 20 industry awards received in 2023
- Enhanced digital capabilities in key markets focusing on frictionless mobile experience, leading to an average rating of 4.6 on App Store and Play Store in Hong Kong, Singapore, India, China and Pakistan
- Continued to transform our Mass Retail business by scaling sustainably through partnerships, digital client engagement, and automation
- Eight Mass Retail partnerships live across our footprint in China, Indonesia, Vietnam and Singapore, reaching more than 2.6 million clients

Performance highlights

- Underlying profit before tax of $2,487 million was up 60 per cent at ccy driven by higher income, offsetting higher expenses and higher credit impairments
- Underlying operating income of $7,106 million was up 19 per cent (up 22 percent at ccy). Asia was up 20 per cent at ccy and Africa and the Middle East was up 36 per cent at ccy
- Strong income growth mainly from Deposits up 76 per cent at ccy with improved margins and balance sheet growth coupled with 10 per cent (ccy) growth from Wealth Management. This offsets lower income in Mortgages, and Unsecured Lending largely due to margin compression impacted by a rising interest rate environment
- Underlying RoTE increased from 15.8 per cent to 25.3 per cent

Supplementary financial information continued

Ventures

	4Q'23 $million	4Q'22 $million	Change[2] %	Constant currency change[1,2] %	3Q'23 $million	Change[2] %	Constant currency change[1,2] %	FY23 $million	FY22 $million	Change[2] %	Constant currency change[1,2] %
Operating income	32	14	129	129	35	(9)	(11)	156	29	nm[5]	nm[5]
Retail Products	11	4	175	nm[5]	13	(15)	(29)	41	13	nm[5]	nm[5]
CCPL & other unsecured lending	29	10	190	nm[5]	27	7	4	93	22	nm[5]	nm[5]
Deposits	(18)	(6)	nm[5]	nm[5]	(14)	(29)	(29)	(52)	(9)	nm[5]	nm[5]
Other Retail Products	–	–	nm[5]	nm[5]	–	nm[5]	(100)	–	–	nm[5]	nm[5]
Treasury	10	5	100	80	8	25	–	30	5	nm[5]	nm[5]
Other	11	5	120	117	14	(21)	–	85	11	nm[5]	nm[5]
Operating expenses	(109)	(103)	(6)	(6)	(109)	–	(1)	(429)	(336)	(28)	(27)
Operating profit before impairment losses and taxation	(77)	(89)	13	13	(74)	(4)	(7)	(273)	(307)	11	12
Credit impairment	(32)	(9)	nm[5]	nm[5]	(30)	(7)	(7)	(85)	(16)	nm[5]	nm[5]
Other impairment	(17)	(24)	29	25	(9)	(89)	(100)	(26)	(24)	(8)	(8)
Profit from associates and joint ventures	(7)	(5)	(40)	(20)	(4)	(75)	(50)	(24)	(16)	(50)	(50)
Underlying profit/(loss) before taxation	(133)	(127)	(5)	(5)	(117)	(14)	(16)	(408)	(363)	(12)	(12)
Restructuring	(3)	–	nm[5]	nm[5]	–	nm[5]	(100)	(4)	(1)	nm[5]	nm[5]
Reported profit/(loss) before taxation	(136)	(127)	(7)	(6)	(117)	(16)	(16)	(412)	(364)	(13)	(12)
Total assets	4,009	2,451	64	74	3,398	18	21	4,009	2,451	64	74
Of which: loans and advances to customers[3]	1,035	702	47	47	1,014	2	1	1,035	702	47	47
Total liabilities	3,096	1,658	87	86	2,581	20	18	3,096	1,658	87	86
Of which: customer accounts[3]	2,825	1,548	82	82	2,316	22	20	2,825	1,548	82	82
Risk-weighted assets	1,923	1,358	42	nm[5]	1,786	8	nm[5]	1,923	1,358	42	70
Income return on risk-weighted assets (%)[4]	7.9	5.5	240bps	nm[5]	8.3	(40)bps	nm[5]	10.3	4.2	610bps	nm[5]
Underlying return on tangible equity (%)[4]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]
Cost-to-income ratio (%)	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]	nm[5]

6 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)
7 Loans and advances to customers and customer accounts includes FVTPL and reverse repurchase agreements
8 Change is the basis points (bps) difference between the two periods rather than the percentage change
9 Not meaningful

Segment overview

Formed in 2022 the Ventures client segment 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 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. It represents a diverse portfolio of over 30 ventures and more than 20 investments.
- Mox, a cloud-native, mobile only digital bank, was launched in Hong Kong as a joint venture with HKT, PCCW and Trip.com in September 2020.
- Trust Bank is Singapore's first cloud-native bank and was launched in a partnership with FairPrice Group 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. Through its fund SC Ventures advances the Fintech agenda by identifying, partnering, and taking minority interests in companies, 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 set the global benchmark for digital banking from Hong Kong. It aims to be the leading Hong Kong virtual bank for Cards, Digital Lending and continues to further expand services, including the recent launch of Digital Wealth Management services.
- Trust Bank aims to become the fourth largest digital retail bank in Singapore by the end of 2024. To achieve this, it will scale through its partner ecosystem and deepen its customer relationships with the mass and mass affluent customer segments.

Progress

- Business performance in 2023 saw continued positive momentum for SC Ventures – five ventures were launched, funds were raised amidst a challenging environment, geographical reach was expanded, and the business exited two investments successfully. As a result, the SC Ventures customer base grew by 25 per cent to reach 587,000 with Gross Transactional Value (GTV) growing by 15 per cent to $18 bn. One significant milestone for SC Ventures in 2023 was the establishment of a partnership with SBI Holdings setting up a $100m digital asset joint venture in the UAE, a region fast becoming a hub for fintechs in the digital asset space. SC Ventures, through a number of innovative fintech ventures (such as Shoal, Tawi and myZoi), continues to drive sustainability, financial inclusion and financial literacy for the underbanked.
- In 2023, 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 523,000 customers, up 1.2 times YoY, with customers holding an average of 3.1x products. It delivered close to three times YOY growth in revenue with both deposits and lending expanding over 30 per cent YOY basis. Mox reached 36 per cent (ranked #1) and 30 per cent of (ranked #2) market share in lending and deposits respectively among all Hong Kong virtual banks in H1. The bank was recognised in Forbes' World's Best Banks 2023, and The Asian Banker Hong Kong Awards 2023 as the Best Digital-only Bank in Hong Kong, and was ranked fifth in the World's Top 50 Digital Banks 2023 by The Digital Banker. The Mox app is the top-rated Hong Kong virtual banking app in Apple App Store. Mox consistently has the best Net Promoter Score (NPS) among all Hong Kong virtual banks.
- Trust Bank continued to scale and, by reaching 12 per cent market share a year after launch, became one of the world's fastest growing digital banks. Product development remained on track, with the launch of unsecured loans, supplementary credit cards, and broadening of the general insurance offering. By the end of 2023, its customer base had grown 1.7 times YoY to 700,000 customers and deposit balances had grown 3.0 times YoY to $1.4bn. Customer engagement remained strong with card activation of 85 per cent and more than 2m digital coupons redeemed by customers in the Trust ecosystem. In its first year of operation, Trust was recognised as the best digital retail bank in Singapore and Southeast Asia by The Digital Banker and was the number one rated banking app in the Singapore Apple App Store.

Performance highlights

- Underlying loss before tax of $408 million was up $45 million, driven mainly by higher expenses as we continue to invest in new and existing ventures.
- Risk-weighted assets of $1.9 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'23 $million	4Q'22 $million	Change[2] %	Constant currency change[1,2] %	3Q'23 $million	Change[2] %	Constant currency change[1,2] %	FY23 $million	FY22 $million	Change[2] %	Constant currency change[1,2] %
Operating income	(290)	(249)	(16)	(24)	(295)	2	4	(1,102)	156	nm[6]	nm[6]
Treasury	(245)	(178)	(38)	(40)	(282)	13	13	(932)	332	nm[6]	nm[6]
Other	(45)	(71)	37	24	(13)	nm[6]	(137)	(170)	(176)	3	(26)
Operating expenses	(210)	(252)	17	26	(209)	–	(1)	(819)	(776)	(6)	(4)
Operating loss before impairment losses and taxation	(500)	(501)	–	4	(504)	1	2	(1,921)	(620)	nm[6]	nm[6]
Credit impairment	(4)	(91)	96	96	10	(140)	(123)	34	(133)	126	135
Other impairment	(22)	(5)	nm[6]	nm[6]	(4)	nm[6]	nm[6]	(68)	(5)	nm[6]	nm[6]
Profit from associates and joint ventures	4	3	33	–	7	(43)	(57)	118	183	(36)	(35)
Underlying loss before taxation	(522)	(594)	12	11	(491)	(6.3)	(6)	(1,837)	(575)	nm[6]	nm[6]
Restructuring	19	(39)	149	154	(1)	nm[6]	nm[6]	18	(56)	132	135
Goodwill and other impairment[3]	(153)	(322)	52	52	(697)	78	78	(850)	(322)	(164)	(164)
Other items	–	20	(100)	(100)	–	nm[6]	nm[6]	–	20	(100)	(100)
Reported loss before taxation	(656)	(935)	30	29	(1,189)	45	45	(2,669)	(933)	(186)	nm[6]
Total assets	287,162	281,948	2	2	299,783	(4)	(6)	287,162	281,948	2	2
Of which: loans and advances to customers[4]	28,939	41,789	(31)	(31)	26,686	8	5	28,939	41,789	(31)	(31)
Total liabilities	104,164	102,871	1	2	112,699	(8)	(8)	104,164	102,871	1	2
Of which: customer accounts[4]	7,908	5,846	35	36	7,590	4	3	7,908	5,846	35	36
Risk-weighted assets	48,907	49,041	–	nm[6]	45,969	6	nm[6]	48,907	49,041	–	nm[6]
Income return on risk-weighted assets (%)[5]	(2.4)	(1.9)	(50)bps	nm[6]	(2.4)	–	nm[6]	(2.2)	0.3	(250)bps	nm[6]
Underlying return on tangible equity (%)[5]	(18.8)	(38.4)	1,960bps	nm[6]	(38.5)	1,970bps	nm[6]	(27.0)	(14.2)	(1,280)bps	nm[6]
Cost-to-income ratio (%) (excluding UK bank levy)	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]

8 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)
8 Goodwill and other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
8 Loans and advances to customers and customer accounts includes FVTPL and reverse repurchase agreements
8 Change is the basis points (bps) difference between the two periods rather than the percentage change
8 Not meaningful

Performance highlights

Underlying loss before tax increased to $1,837 million from $575 million in 2022, driven by hedging to smooth overall bank income which dampens positive interest margin in the business. This is partly offset by improved liquidity pool returns from rising interest rates and positive FX basis.

Supplementary financial information continued

Underlying performance by region

	2023				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items (region) $million	Total $million
Operating income	12,429	2,806	1,397	746	17,378
Operating expenses	(7,096)	(1,571)	(1,733)	(736)	(11,136)
Operating profit/(loss) before impairment losses and taxation	5,333	1,235	(336)	10	6,242
Credit impairment	(644)	91	19	6	(528)
Other impairment	(63)	(15)	(13)	(39)	(130)
Profit/(loss) from associates and joint ventures	114	–	–	(20)	94
Underlying profit/(loss) before taxation	4,740	1,311	(330)	(43)	5,678
Restructuring	(97)	(2)	32	53	(14)
Goodwill and other impairment[1]	(850)	–	–	–	(850)
DVA	(16)	26	7	–	17
Other items[4]	35	(18)	263	(18)	262
Reported profit/(loss) before taxation	3,812	1,317	(28)	(8)	5,093
Total assets	505,905	54,140	253,410	9,389	822,844
Of which: loans and advances to customers	256,400	25,870	63,216	–	345,486
loans and advances to customers	233,417	22,774	30,784	–	286,975
loans held at fair value through profit or loss (FVTPL)[2]	22,983	3,096	32,432	–	58,511
Total liabilities	461,568	40,612	181,417	88,894	772,491
Of which: customer accounts[3]	377,020	33,059	124,543	–	534,622
Risk-weighted assets	155,995	38,393	46,106	3,657	244,151
Income return on risk-weighted assets (%)	8.1	7.1	2.8	19.5	28.6
Underlying return on tangible equity (%)	16.4	16.6	(3.6)	nm[6]	10.1
Cost-to-income ratio (%)	57.1	56.0	124.1	nm[6]	63.4

	2022[5]				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items (region) $million	Total $million
Operating income	10,912	2,460	2,303	87	15,762
Operating expenses	(6,675)	(1,551)	(1,548)	(635)	(10,409)
Operating profit/(loss) before impairment losses and taxation	4,237	909	755	(548)	5,353
Credit impairment	(790)	(119)	78	(5)	(836)
Other impairment	(10)	2	1	(32)	(39)
Profit/(loss) from associates and joint ventures	179	–	–	(12)	167
Underlying profit/(loss) before taxation	3,616	792	834	(597)	4,645
Restructuring	(46)	21	(13)	(61)	(99)
Goodwill and other impairment[1]	(308)	–	–	(14)	(322)
DVA	20	8	14	–	42
Other items	20	–	–	–	20
Reported profit/(loss) before taxation	3,302	821	835	(672)	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
Income return on risk-weighted assets (%)	6.7	5.5	4.5	4.0	6.1
Underlying return on tangible equity (%)	11.9	9.3	8.6	nm[6]	7.7
Cost-to-income ratio (%)	61.2	63.0	67.2	nm[6]	65.4

1 Goodwill and other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
2 Loans held at FVTPL includes $51,299 million (FY'22 $40,537 million) of reverse repurchase agreements
3 Customer accounts includes $17,248 million (FY'22 $11,706 million) of FVTPL and $47,956 million (FY'22 $46,846 million) of reverse repurchase agreements
4 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans
5 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
6 Not meaningful

Supplementary financial information continued

Asia

	4Q'23 $million	4Q'22[6] $million	Change[2] %	Constant currency change[1,2] %	3Q'23 $million	Change[2] %	Constant currency change[1,2] %	FY23 $million	FY22[6] $million	Change[2] %	Constant currency change[1,2] %
Operating income	2,905	2,682	8	8	3,169	(8)	(8)	12,429	10,912	14	15
Operating expenses	(1,772)	(1,692)	(5)	(5)	(1,797)	1	1	(7,096)	(6,675)	(6)	(8)
Operating profit before impairment losses and taxation	1,133	990	14	12	1,372	(17)	(18)	5,333	4,237	26	27
Credit impairment	(151)	(199)	24	24	(311)	51	51	(644)	(790)	18	18
Other impairment	(54)	(7)	nm[8]	nm[8]	(7)	nm[8]	nm[8]	(63)	(10)	nm[8]	nm[8]
Profit from associates and joint ventures	–	3	(100)	(133)	9	(100)	(111)	114	179	(36)	(36)
Underlying profit/(loss) before taxation	928	787	18	15	1,063	(13)	(13)	4,740	3,616	31	32
Restructuring	(39)	(23)	(70)	(77)	(36)	(8)	(8)	(97)	(46)	(111)	(113)
Goodwill and other impairment[3]	(153)	(308)	50	50	(697)	78	78	(850)	(308)	(176)	(176)
DVA	6	(45)	113	114	–	nm[8]	nm[8]	(16)	20	(180)	(180)
Other items[7]	35	20	75	75	–	nm[8]	nm[8]	35	20	75	75
Reported profit/(loss) before taxation	777	431	80	73	330	135	133	3,812	3,302	15	16
Total assets	505,905	488,399	4	4	498,242	2	–	505,905	488,399	4	4
Of which: loans and advances to customers[4]	256,400	270,892	(5)	(5)	248,983	3	1	256,400	270,892	(5)	(5)
Total liabilities	461,568	441,349	5	5	451,638	2	1	461,568	441,349	5	5
Of which: customer accounts[4]	377,020	346,832	9	9	356,439	6	4	377,020	346,832	9	9
Risk-weighted assets	155,995	150,816	3	nm[8]	150,842	3	nm[8]	155,995	150,816	3	nm[8]
Income return on risk-weighted assets (%)[5]	7.6	6.9	70bps	nm[8]	8.2	(60)bps	nm[8]	8.1	6.7	140bps	nm[8]
Underlying return on tangible equity (%)[5]	12.8	10.9	190bps	nm[8]	14.7	(190)bps	nm[8]	16.4	11.9	450bps	nm[8]
Cost-to-income ratio (%)[5]	61.0	63.1	2.1	1.7	56.7	(4.3)	(4.5)	57.1	61.2	4.0	3.9

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
3 Goodwill and other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
4 Loans and advances to customers and customer accounts includes FVTPL and reverse repurchase agreements
5 Change is the percentage points difference between the two periods rather than the percentage change
6 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) Aviation Finance and (ii) DVA. No change to reported performance
7 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of $59 million on the leasing business and a loss of $24 million in relation to a sale of a portfolio of Aviation loans
8 Not meaningful

Region overview

The Asia region has a long-standing and deep franchise across 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-engines of 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 where we now earn two dollars offshore from Chinese clients for every dollar we earn onshore, the growing connectivity of ASEAN and the strong economic growth in India.

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

Supplementary financial information continued

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, China-AME and KR-ASEAN
- Capture and monetise opportunities arising from China's opening and accelerate growth in 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 client experience and build scale efficiently
- Support clients' sustainable finance and transition needs and continue to strengthen our thought leadership status

Progress

- We continue to advance our China strategy both on- and off-shore, and have also made a material increase in both the number of, and the income contribution from New to Bank affluent Mainland China customers and adding new clients through digital partnerships. The China business delivered record income on-shore and has grown network income strongly along a number of key corridors in ASEAN, up 53 per cent and ME up 67 per cent YoY. We have also made progress with digital partnerships launching new partnerships JD.com and KCB.
- Strong Asia cross border momentum including India Singapore corridor up 29 per cent YoY highlighting the role of Singapore as a financial hub for clients in ASEAN as well as India
- Our two strong international financial hubs in Hong Kong and Singapore, delivered strong income growth driven by Wealth Management with Affluent clients, increased Financial Markets activity with Corporate and Institutional clients and a material improvement in the net interest margin.
- Our digital agendas have progressed; and our virtual bank Mox has the largest loan book and the 2nd largest deposits base among virtual banks in Hong Kong, while our digital bank Trust, is becoming one of the world's fasting growing digital banks; more than one in ten Singaporeans now bank with Trust.

Performance highlights

- Underlying profit before tax of $4,740 million was up 32 per cent at constant currency (ccy) on the back of higher income and lower credit impairment, partially offset by 8 per cent (ccy) increase in operating expenses
- Underlying operating income of $12,429 million was up 15 per cent at ccy, mainly from strong double-digit increases across Cash Management and Retail Deposits, underpinned by expansion in margins and Wealth Management partly offset by lower Mortgage income and a loss in Treasury Markets
- Credit Impairment improved 18 per cent year-on-year ('YoY')
- Loans and advances to customers were down 5 per cent (reported and ccy); Customer accounts were up 9 per cent (reported and ccy) YoY
- Risk-weighted assets up $5 billion YoY
- RoTE increased to 16.4 per cent from 11.9 per cent in FY22

Supplementary financial information continued

Africa & Middle East

	4Q'23 $million	4Q'22[5] $million	Change[2] %	Constant currency change[1,2] %	3Q'23 $million	Change[2] %	Constant currency change[1,2] %	FY23 $million	FY22[5] $million	Change[2] %	Constant currency change[1,2] %
Operating income	688	642	7	13	677	2	2	2,806	2,460	14	26
Operating expenses	(377)	(407)	7	7	(398)	5	5	(1,571)	(1,551)	(1)	(6)
Operating profit before impairment losses and taxation	311	235	32	52	279	11	13	1,235	909	36	63
Credit impairment	84	(145)	158	171	(2)	nm[7]	nm[7]	91	(119)	176	nm[7]
Other impairment	(10)	1	nm[7]	nm[7]	(4)	(150)	(150)	(15)	2	nm[7]	nm[7]
Underlying profit/(loss) before taxation	385	91	nm[7]	nm[7]	273	41	39	1,311	792	66	90
Restructuring	(18)	(14)	(29)	(14)	(19)	5	(14)	(2)	21	(110)	(150)
DVA	13	(13)	nm[7]	nm[7]	16	(19)	(29)	26	8	nm[7]	nm[7]
Other items[6]	(18)	–	nm[7]	nm[7]	–	nm[7]	nm[7]	(18)	–	nm[7]	nm[7]
Reported profit/(loss) before taxation	362	64	nm[7]	nm[7]	270	34	29	1,317	821	60	87
Total assets	54,140	53,086	2	10	51,170	6	7	54,140	53,086	2	10
Of which: loans and advances to customers[3]	25,870	23,857	8	15	22,273	16	17	25,870	23,857	8	15
Total liabilities	40,612	40,902	(1)	5	41,534	(2)	(2)	40,612	40,902	(1)	5
Of which: customer accounts[3]	33,059	31,860	4	9	32,276	2	2	33,059	31,860	4	9
Risk-weighted assets	38,393	40,716	(6)	nm[7]	38,529	–	nm[7]	38,393	40,716	(6)	nm[7]
Income return on risk-weighted assets (%)[4]	7.1	6.1	100bps	nm[7]	6.8	30bps	nm[7]	7	5.5	160bps	nm[7]
Underlying return on tangible equity (%)[4]	20.5	4.8	1,570bps	nm[7]	13.1	740bps	nm[7]	17	9.3	730bps	nm[7]
Cost-to-income ratio (%)[4]	54.8	63.4	8.6	11.6	58.8	4.0	4.2	56.0	63.0	7.0	10.2

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
3 Loans and advances to customers and customer accounts includes FVTPL and reverse repurchase agreements
4 Change is the percentage points difference between the two periods rather than the percentage change
5 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME and (ii) DVA. No change to reported performance
6 Other items includes a loss of $18 million in relation to a sale of a portfolio of Aviation loans
7 Not meaningful

Region overview

We have a rich heritage in Africa and the Middle East (AME) with deep client relationships and historical contributions to the economy and the communities. Our 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 becoming increasingly important for 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 macro-economic tailwinds, higher government spend in diversified areas, bilateral trade negotiations and evolving economic partnerships. The macro-economic risk remains elevated in some markets in the region due to a high level of sovereign debt and FX liquidity challenges, but they remain integral to the economic corridors for our global clients. 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
- 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
- Simplify footprint and refocus on strategic growth areas

Supplementary financial information continued

Progress

- Topped the regional DCM league tables for the tenth consecutive year and secured the first rank in GCC G3 Bond and Sukuk issuance
- Supported Sustainable Finance across our footprint through our comprehensive product offering. ESG DCM volumes across the Middle East grew by over 160 per cent year on year, on the back of some of the largest and most innovative ESG deals in the region
- Strong cross-border income growth of 39 per cent with broad-based growth across all our key corridors
- Further embedded our International Banking proposition, activating our diverse footprint across Africa and the Middle East. This has resulted in more than 150 per cent growth in Priority Banking client base across our International Banking corridors for the region
- Enhanced our digital offering in Africa by becoming the first international bank with digital fixed income solutions in Kenya, Nigeria and Ghana, extending our micro-investment solution (SC Shillingi) to Uganda, and launching digital personal loans in Kenya
- Our Saudi franchise saw strong growth following the branch set-up in 2021 while a new branch launched recently in Egypt provides additional growth opportunities in the region
- The sale of the Jordan business has been completed and buyers have been announced for select sub-Saharan African businesses that were identified for exit as part of our strategic announcement in 2022
- Sustained productivity actions have resulted in an improved Cost to Income Ratio at 56 per cent (vs. 63 per cent in FY'22) and an improvement in productivity with income per headcount (up 18 per cent year-on-year)

Performance highlights

- Underlying profit before tax of $1,311 million, the highest annual profit since 2015, was up 66 per cent (up 90 per cent at ccy), driven by higher income and a net release in credit provisions partially offset by an increase in expenses
- Underlying operating income of $2,806 million was up 14 per cent (up 26 per cent at ccy) with strong growth in Cash Management, Retail Deposits and Financial Markets. Income was up 29 per cent (up 38 per cent at ccy) in Middle East, North Africa, & Pakistan and up 1 per cent (up 14 per cent at ccy) in Africa
- Credit Impairment net release of $91 million in FY23 compared to $119 million charge in FY22 reflecting a non-repeat of the prior year's sovereign related impairments and releases relating to historic CCIB provisions
- Loans and advances to customers were up 8 per cent YoY (up 15 per cent at ccy) and customer accounts were up 4 per cent (up 9 percent at ccy) since 31 December 2022
- Risk-weighted assets were 6 per cent lower than 31 December 2022, despite the impact of sovereign downgrades, due to continuing RWA optimisation activities, de-risking in markets with elevated macro-economic risk and currency devaluation
- RoTE increased to 16.6 per cent from 9.3 per cent in FY22

Europe & Americas

	4Q'23 $million	4Q'22[5] $million	Change[2] %	Constant currency change[1,2] %	3Q'23 $million	Change[2] %	Constant currency change[1,2] %	FY23 $million	FY22[5] $million	Change[2] %	Constant currency change[1,2] %
Operating income	210	348	(40)	(41)	337	(38)	(39)	1,397	2,303	(39)	(40)
Operating expenses	(420)	(415)	(1)	–	(447)	6	6	(1,733)	(1,548)	(12)	(12)
Operating profit before impairment losses and taxation	(210)	(67)	nm[6]	(196)	(110)	(91)	(97)	(336)	755	(145)	(144)
Credit impairment	5	13	(62)	(50)	18	(72)	(67)	19	78	(76)	(74)
Other impairment	(24)	(2)	nm[6]	nm[6]	2	nm[6]	nm[6]	(13)	1	nm[6]	nm[6]
Underlying profit/(loss) before taxation	(229)	(56)	nm[6]	nm[6]	(90)	(154)	(163)	(330)	834	(140)	(139)
Restructuring	19	(19)	nm[6]	nm[6]	(6)	nm[6]	nm[6]	32	(13)	nm[6]	nm[6]
DVA	16	(75)	121	123	5	nm[6]	nm[6]	7	14	(50)	(50)
Other items	263	–	nm[6]	nm[6]	–	nm[6]	nm[6]	263	–	nm[6]	nm[6]
Reported profit/(loss) before taxation	69	(150)	146	144	(91)	176	177	(28)	835	(103)	(103)
Total assets	253,410	268,960	(6)	(6)	267,503	(5)	(6)	253,410	268,960	(6)	(6)
Of which: loans and advances to customers[3]	63,216	62,981	–	–	58,164	9	8	63,216	62,981	–	–
Total liabilities	181,417	219,701	(17)	(18)	202,250	(10)	(11)	181,417	219,701	(17)	(18)
Of which: customer accounts[3]	124,543	141,537	(12)	(13)	127,107	(2)	(3)	124,543	141,537	(12)	(13)
Risk-weighted assets	46,106	50,174	(8)	nm[6]	48,227	(4)	nm[6]	46,106	50,174	(8)	nm[6]
Income return on risk-weighted assets (%)[4]	1.8	2.7	(90)bps	nm[6]	2.7	(90)bps	nm[6]	2.8	4.5	(170)bps	nm[6]
Underlying return on tangible equity (%)[4]	(10.4)	(2.2)	(820)bps	nm[6]	(3.9)	(650)bps	nm[6]	(3.6)	8.6	(1,220)bps	nm[6]
Cost-to-income ratio (%)[4]	200.0	119.3	(80.7)	(82.3)	132.6	(67.4)	(70.9)	124.1	67.2	(56.9)	(57.2)

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2 Variance is better/(worse) other than risk-weighted assets, assets and liabilities which is increase/(decrease)
3 Loans and advances to customers and customer accounts includes FVTPL and reverse repurchase agreements
4 Change is the percentage points difference between the two periods rather than the percentage change
5 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) Aviation Finance and (ii) DVA. No change to reported performance
6 Not meaningful

Region overview

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

The region generates significant income for the Group's Corporate, Commercial and Institutional Banking business. Clients based in Europe and the Americas contribute over one-third of the Group's CCIB client income. Over three-quarters of client income is 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 the Americas. The region is home to the Group's two biggest payment clearing centres and the largest trading floor.

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

Supplementary financial information continued

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 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

Progress

- Strong growth of 33 per cent in global cross-border network business with Europe and the Americas CCIB clients across key footprint markets
- Financial Institutions segment growth of 32 per cent, now accounting for 60 per cent of the CCIB business for European and Americas clients.
- Material growth in income from sustainable finance products and expansion of our sustainable product offering
- In CPBB we see positive momentum on Net New Money in 2023 coupled with strong growth in mortgage balances for our high net worth clients

Performance highlights

- Underlying loss before tax of $330 million driven by lower income and increased expenses
- Underlying operating income of $1,397 million was down 40 per cent reflecting the increased cost of hedges within Treasury whilst strong growth in Transaction Banking income was partly offset by lower Financial Markets income
- Expenses increased by 12 per cent at ccy largely due to increased investment spend and the impact of inflation
- Credit impairments for the region remain well controlled
- FY23 RoTE negative 3.6 per cent down from 8.6 per cent in FY22

Supplementary financial information continued

Central & other items (region)

	4Q'23 $million	4Q'22[4] $million	Change[2] %	Constant currency change[1,2] %	3Q'23 $million	Change[2] %	Constant currency change[1,2] %	FY23 $million	FY22[4] $million	Change[2] %	Constant currency change[1,2] %
Operating income	221	93	138	137	220	–	–	746	87	nm[6]	nm[6]
Operating expenses	(293)	(223)	(31)	(2)	(128)	(129)	(129)	(736)	(635)	(16)	(8)
Operating loss before impairment losses and taxation	(72)	(130)	45	64	92	(178)	(173)	10	(548)	102	103
Credit impairment	–	(9)	100	100	1	(100)	(100)	6	(5)	nm[6]	nm[6]
Other impairment	47	(30)	nm[6]	nm[6]	(17)	nm[6]	nm[6]	(39)	(32)	(22)	(18)
Loss from associates and joint ventures	(3)	(5)	40	60	(6)	50	67	(20)	(12)	(67)	(54)
Underlying loss before taxation	(28)	(174)	84	90	70	(140)	(133)	(43)	(597)	93	95
Restructuring	(25)	(34)	26	26	54	(146)	(147)	53	(61)	187	183
Goodwill and other impairment	–	(14)	100	100	–	nm[6]	nm[6]	–	(14)	100	100
Other items[5]	(18)	–	nm[6]	nm[6]	–	nm[6]	nm[6]	(18)	–	nm[6]	nm[6]
Reported loss before taxation	(71)	(222)	68	76	124	(157)	(154)	(8)	(672)	99	100
Total assets	9,389	9,477	(1)	(1)	8,918	5	5	9,389	9,477	(1)	(1)
Total liabilities	88,894	67,954	31	31	82,055	8	8	88,894	67,954	31	31
Risk-weighted assets	3,657	3,005	22	nm[6]	3,908	(6)	nm[6]	3,657	3,005	22	nm[6]
Income return on risk-weighted assets (%)[3]	21.0	13.9	51bps	nm[6]	22.1	nm[6]	nm[6]	19.5	4.0	1,550bps	nm[6]
Underlying return on tangible equity (%)[3]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]
Cost-to-income ratio (%) (excluding bank levy)[3]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]	nm[6]

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 Underlying performance for relevant periods in 2022 has been restated for the removal of Aviation Finance. No change to reported performance line
5 Other items includes the sale of the Aviation Finance business, of which there was a loss on sale of $18 million on the leasing business
6 Not meaningful

Performance highlights

Underlying loss before tax of $43 million compared to FY'22 loss of $597 million was mainly due to higher returns paid to Treasury on the equity provided to the regions in a higher interest rate environment, partially offset by increased expenses reflecting increased Ventures activity

Underlying performance by key market

	2023									
	Hong Kong $million	Korea $million	China[3] $million	Taiwan $million	Singapore $million	India $million	Indonesia $million	UAE $million	UK $million	US $million
Operating income	4,167	1,074	1,158	558	2,455	1,206	241	794	102	870
Operating expenses	(1,927)	(731)	(894)	(331)	(1,214)	(865)	(191)	(392)	(870)	(634)
Operating profit/(loss) before impairment losses and taxation	2,240	343	264	227	1,241	341	50	402	(768)	236
Credit impairment	(372)	(48)	(113)	(42)	(48)	(31)	(8)	24	14	12
Other impairment	(17)	1	(5)	(5)	(14)	(11)	(2)	(5)	(15)	(5)
Profit from associates and joint ventures	–	–	114	–	–	–	–	–	–	–
Underlying profit/(loss) before taxation	1,851	296	260	180	1,179	299	40	421	(769)	243
Total assets employed	190,484	56,638	41,661	21,638	102,724	33,781	5,470	20,376	149,982	88,113
Of which: loans and advances to customers[1]	87,590	33,443	15,882	11,634	62,030	13,832	2,533	8,495	31,067	27,434
Total liabilities employed	183,112	46,666	38,252	20,365	109,825	26,532	4,355	17,214	92,168	72,583
Of which: customer accounts[1]	155,446	37,032	31,211	18,621	86,282	18,709	3,024	13,924	72,610	40,846
Underlying return on tangible equity (%)	21.8	10.1	6.9	20.6	26.4	7.8	7.8	23.0	(13.6)	6.8
Cost to income ratio (%)	46.2	68.1	77.2	59.3	49.5	71.7	79.3	49.4	nm[3]	72.9

	2022[2]									
	Hong Kong $million	Korea $million	China $million	Taiwan $million	Singapore $million	India $million	Indonesia $million	UAE $million	UK $million	US $million
Operating income	3,441	1,140	1,154	473	1,909	1,222	214	621	1,013	1,031
Operating expenses	(1,816)	(733)	(844)	(336)	(1,082)	(766)	(183)	(369)	(742)	(603)
Operating profit before impairment losses and taxation	1,625	407	310	137	827	456	31	252	271	428
Credit impairment	(579)	(55)	(200)	(15)	84	(31)	4	81	36	13
Other impairment	(1)	(1)	(3)	(1)	(2)	(1)	–	–	35	–
Profit from associates and joint ventures	–	–	179	–	–	–	–	–	–	–
Underlying profit before taxation	1,045	351	286	121	909	424	35	333	342	441
Total assets employed	171,086	68,903	39,508	21,919	97,914	30,412	5,237	19,624	187,832	67,019
Of which: loans and advances to customers[1]	85,359	49,264	15,652	11,283	59,872	15,025	2,403	7,913	39,356	19,951
Total liabilities employed	165,499	58,992	33,124	20,216	104,318	23,210	4,257	16,256	140,160	64,825
Of which: customer accounts[1]	138,713	43,620	24,347	18,509	79,409	15,199	2,924	12,710	104,482	28,424
Underlying return on tangible equity (%)	12.0	11.5	7.1	13.2	19.5	10.6	5.6	15.5	5.7	14.4
Cost to income ratio (%)	52.8	64.3	73.1	71.0	56.7	62.7	85.5	59.4	73.2	58.5

1 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements
2 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii)DVA. No change to reported performance
3 Not meaningful

Supplementary financial information continued

	4Q'23									
	Hong Kong $million	Korea $million	China $million	Taiwan $million	Singapore $million	India $million	Indonesia $million	UAE $million	UK $million	US $million
Operating income	1,008	217	275	125	557	269	67	182	(103)	206
Operating expenses	(489)	(192)	(234)	(84)	(312)	(203)	(51)	(93)	(218)	(149)
Operating profit/(loss) before impairment losses and taxation	519	25	41	41	245	66	16	89	(321)	57
Credit impairment	(60)	(3)	(33)	(9)	(26)	(18)	–	3	7	2
Other impairment	(16)	1	(4)	(5)	(11)	(10)	(2)	(5)	(15)	(9)
Loss from associates and joint ventures	–	–	(1)	–	–	–	–	–	–	–
Underlying profit/(loss) before taxation	443	23	3	27	208	38	14	87	(329)	50
Total assets employed	190,484	56,638	41,661	21,638	102,724	33,781	5,470	20,376	149,982	88,113
Of which: loans and advances to customers[1]	87,590	33,443	15,882	11,634	62,030	13,832	2,533	8,495	31,067	27,434
Total liabilities employed	183,112	46,666	38,252	20,365	109,825	26,532	4,355	17,214	92,168	72,583
Of which: customer accounts[1]	155,446	37,032	31,211	18,621	86,282	18,709	3,024	13,924	72,610	40,846
Underlying return on tangible equity (%)	21.0	3.1	0.3	12.2	17.8	4.4	10.6	19.7	(25.3)	5.5
Cost to income ratio (%)	48.5	88.5	85.1	67.2	56.0	75.5	76.1	51.1	nm[3]	72.3

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

1 Loans and advances to customers and customer accounts includes FVTPL and repurchase agreements
2 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii)DVA. No change to reported performance
3 Not meaningful

Supplementary financial information continued

Quarterly underlying operating income by product

	4Q'23 $million	3Q'23 $million	2Q'23 $million	1Q'23 $million	4Q'22[1] $million	3Q'22[1] $million	2Q'22[1] $million	1Q'22[1] $million
Transaction Banking	1,481	1,496	1,461	1,399	1,254	1,067	824	729
Trade & Working capital	304	325	334	331	316	335	336	356
Cash Management	1,177	1,171	1,127	1,068	938	732	488	373
Financial Markets	1,041	1,253	1,391	1,414	1,147	1,386	1,255	1,557
Macro Trading	538	634	825	830	628	736	662	939
Credit Markets	409	472	462	460	436	455	396	474
Credit Trading	105	137	140	172	147	152	84	105
Financing Solutions & Issuance[2]	304	335	322	288	289	303	312	369
Financing & Securities Services[2]	94	147	104	124	83	195	197	144
Lending & Portfolio Management	111	121	132	134	112	164	136	146
Wealth Management	412	526	495	511	358	454	456	528
Retail Products	1,238	1,279	1,240	1,212	1,147	1,099	944	837
CCPL & other unsecured lending	288	297	286	290	294	298	310	300
Deposits	899	919	848	771	805	620	355	241
Mortgage & Auto	17	31	74	114	12	140	235	246
Other Retail Products	34	32	32	37	36	41	44	50
Treasury	(235)	(274)	(160)	(233)	(173)	(5)	201	314
Other	(24)	2	(4)	(41)	(80)	(27)	(33)	(35)
Total underlying operating income	4,024	4,403	4,555	4,396	3,765	4,138	3,783	4,076

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2. Shipping Finance is now reported under "Financing Solutions & Issuance" which was reported under "Financing & Securities Services" in 2022

Earnings per ordinary share

	4Q'23 $million	4Q'22[1] $million	Change %	3Q'23 $million	Change %	FY'23 $million	FY'22[1] $million	Change %
Profit/(loss) for the period attributable to equity holders	938	(265)	nm[5]	139	nm[5]	3,462	2,902	19
Non-controlling interest	(2)	36	nm[5]	6	nm[5]	7	46	(85)
Dividend payable on preference shares and AT1 classified as equity	(29)	(62)	53	(180)	84	(452)	(401)	(13)
Profit/(loss) for the period attributable to ordinary shareholders	907	(291)	nm[5]	(35)	nm[5]	3,017	2,547	18
Items normalised:								
Restructuring	63	90	(30)	7	nm[5]	14	99	(86)
Goodwill and other impairment[2]	153	322	(52)	697	(78)	850	322	164
DVA	(35)	133	nm[5]	(21)	(67)	(17)	(42)	60
Net gains on sale of Businesses[3]	(262)	(20)	nm[5]	–	nm[5]	(262)	(20)	nm[5]
Tax on normalised items	(17)	(13)	(31)	(4)	nm[5]	(21)	(3)	nm[5]
Underlying profit	809	221	nm[5]	644	26	3,581	2,903	23
Basic - Weighted average number of shares (millions)	2,664	2,890	(8)	2,772	(4)	2,778	2,966	(6)
Diluted - Weighted average number of shares (millions)	2,723	2,945	(8)	2,837	(4)	2,841	3,023	(6)
Basic earnings per ordinary share (cents)[4]	34.0	(10.1)	44.1	(1.3)	35.3	108.6	85.9	22.7
Diluted earnings per ordinary share (cents)[4]	33.3	(9.9)	43.2	(1.2)	34.5	106.2	84.3	21.9
Underlying basic earnings per ordinary share (cents)[4]	30.4	7.7	22.7	23.2	7.2	128.9	97.9	31.0
Underlying diluted earnings per ordinary share (cents)[4]	29.7	7.5	22.2	22.7	7.0	126.0	96.0	30.0

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2. Goodwill and Other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
3. Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans
4 Change is the percentage points difference between the two periods rather than the percentage change
5 Not meaningful

Supplementary financial information continued

Return on Tangible Equity

	4Q'23 $million	4Q'22[1] $million	Change %	3Q'23 $million	Change %	FY'23 $million	FY'22[1] $million	Change %
Average parent company Shareholders' Equity[4]	43,456	43,145	1	43,135	1	43,549	44,237	(2)
Less Average preference share capital and share premium	(1,494)	(1,494)	–	(1,494)	–	(1,494)	(1,494)	–
Less Average intangible assets	(6,106)	(5,695)	(7)	(5,948)	(3)	(5,957)	(5,557)	(7)
Average Ordinary Shareholders' Tangible Equity	35,856	35,956	–	35,693	–	36,098	37,186	(3)
Profit/(loss) for the period attributable to equity holders	938	(266)	nm[5]	139	nm[5]	3,462	2,902	19
Non-controlling interests	(2)	36	nm[5]	6	nm[5]	7	46	(85)
Dividend payable on preference shares and AT1 classified as equity	(29)	(61)	52	(180)	84	(452)	(401)	(13)
Profit/(loss) for the period attributable to ordinary shareholders	907	(291)	nm[5]	(35)	nm[5]	3,017	2,547	18
Items normalised:								
Restructuring	63	90	(30)	7	nm[5]	14	99	(86)
Goodwill and Other impairment[2]	153	322	(52)	697	(78)	850	322	164
Net gains on sale of Businesses[3]	(262)	(20)	nm[5]	–	nm[5]	(262)	(20)	nm[5]
Ventures FVOCI unrealised gains/(losses) net of tax	37	21	76	(11)	nm[5]	69	(36)	nm[5]
DVA	(35)	133	nm[5]	(21)	(67)	(17)	(42)	60
Tax on normalised items	(17)	(13)	(31)	(4)	nm[5]	(21)	(3)	nm[5]
Underlying profit for the period attributable to ordinary shareholders	846	242	nm[5]	633	34	3,650	2,867	27
Underlying Return on Tangible Equity	9.4%	2.7%	670bps	7.0%	240bps	10.1%	7.7%	240bps
Reported Return on Tangible Equity	10.0%	(3.2)%	1,320bps	(0.4)%	1,040bps	8.4%	6.8%	160bps

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2. Goodwill and Other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
3. Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans
4 Excludes other equity instruments including AT1s
5 Not meaningful

Net Tangible Asset Value per Share

	31.12.23 $million	31.12.22 $million	Change %	30.09.23 $million	Change %
Parent company shareholders equity	44,445	43,162	3	42,466	5
Less Preference share premium	(1,494)	(1,494)	–	(1,494)	–
Less Intangible assets	(6,214)	(5,869)	(6)	(5,997)	(z4)
Net shareholders tangible equity	36,737	35,799	3	34,975	5
Ordinary shares in issue, excluding own shares (millions)	2,637	2,867	(8)	2,724	(3)
Net Tangible Asset Value per share (cents)[1]	1,393	1,249	144	1,284	109

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

Underlying versus reported results reconciliations

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

Operating income by client segment

	2023				
	Corporate, Commercial & Institutional Banking $million	Consumer Private & Business Banking $million	Ventures $million	Central & other items (segment) $million	Total $million
Underlying operating income	11,218	7,106	156	(1,102)	17,378
Restructuring	291	45	–	26	362
DVA	17	–	–	–	17
Other items[2]	262	–	–	–	262
Reported operating income	11,788	7,151	156	(1,076)	18,019

	2022[1]				
	Corporate, Commercial & Institutional Banking $million	Consumer Private & Business Banking $million	Ventures $million	Central & other items (segment) $million	Total $million
Underlying operating income	9,608	5,969	29	156	15,762
Restructuring	436	47	–	11	494
DVA	42	–	–	–	42
Other items	–	–	–	20	20
Reported operating income	10,086	6,016	29	187	16,318

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans

Operating income by region

	2023				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items (region) $million	Total $million
Underlying operating income	12,429	2,806	1,397	746	17,378
Restructuring	203	110	35	14	362
DVA	(16)	26	7	–	17
Other items[2]	35	(18)	263	(18)	262
Reported operating income	12,651	2,924	1,702	742	18,019

	2022[1]				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items (region) $million	Total $million
Underlying operating income	10,912	2,460	2,303	87	15,762
Restructuring	304	140	35	15	494
DVA	20	8	14	–	42
Other items	20	–	–	–	20
Reported operating income	11,256	2,608	2,352	102	16,318

1 Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans

Underlying versus reported results reconciliations continued

Net interest income and Non NII

	2023				2022[1]			
	Underlying $million	Restructuring $million	Adjustment for Financial Markets funding costs and financial guarantee fees on interest earning assets $million	Reported $million	Underlying $million	Restructuring $million	Adjustment for Financial Markets funding costs and financial guarantee fees on interest earning assets $million	Reported $million
Net interest income[1,2]	9,557	(10)	(1,778)	7,769	7,967	9	(383)	7,593
Non NII[1,2]	7,821	651	1,778	10,250	7,795	547	383	8,725
Total income	17,378	641	–	18,019	15,762	556	–	16,318

1. Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2. To be consistent with how we the compute Net Interest Margin, we have changed our definition of Underlying Net Interest Income (NII) and Underlying Non NII. The adjustments made to NIM, including Interest expense relating to funding our trading book, will now be shown against Underlying Non NII to be updated as rather than Underlying NII. There is no impact on total income

Profit before taxation (PBT)

	2023					
	Underlying $million	Restructuring $million	Net gain on businesses disposed of[3] $million	Goodwill and other Impairment[2] $million	DVA $million	Reported $million
Operating income	17,378	362	262	–	17	18,019
Operating expenses	(11,136)	(415)	–	–	–	(11,551)
Operating profit/(loss) before impairment losses and taxation	6,242	(53)	262	–	17	6,468
Credit impairment	(528)	20	–	–	–	(508)
Other impairment	(130)	(28)	–	(850)	–	(1,008)
Profit from associates and joint ventures	94	47	–	–	–	141
Profit/(loss) before taxation	5,678	(14)	262	(850)	17	5,093

	2022[1]					
	Underlying $million	Restructuring $million	Net gain on businesses disposed of $million	Goodwill and other Impairment[2] $million	DVA $million	Reported $million
Operating income	15,762	494	20	–	42	16,318
Operating expenses	(10,409)	(504)	–	–	–	(10,913)
Operating profit/(loss) before impairment losses and taxation	5,353	(10)	–	–	42	5,405
Credit impairment	(836)	–	–	–	–	(836)
Other impairment	(39)	(78)	–	(322)	–	(439)
Profit from associates and joint ventures	167	(11)	–	–	–	156
Profit/(loss) before taxation	4,645	(99)	20	(322)	42	4,286

1. Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2. Goodwill and other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
3 Net gain on businesses disposed off includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans

Underlying versus reported results reconciliations continued

Profit before taxation (PBT) by client segment

	2023				
	Corporate, Commercial & Institutional Banking $million	**Consumer Private & Business Banking $million**	**Ventures $million**	**Central & other items (segment) $million**	**Total $million**
Operating income	11,218	7,106	156	(1,102)	17,378
External	8,543	3,902	157	4,776	17,378
Inter-segment	2,675	3,204	(1)	(5,878)	–
Operating expenses	(5,627)	(4,261)	(429)	(819)	(11,136)
Operating profit/(loss) before impairment losses and taxation	5,591	2,845	(273)	(1,921)	6,242
Credit impairment	(123)	(354)	(85)	34	(528)
Other impairment	(32)	(4)	(26)	(68)	(130)
Profit from associates and joint ventures	–	–	(24)	118	94
Underlying profit/(loss) before taxation	5,436	2,487	(408)	(1,837)	5,678
Restructuring	32	(60)	(4)	18	(14)
Goodwill and other impairment[2]	–	–	–	(850)	(850)
DVA	17	–	–	–	17
Other items[3]	262	–	–	–	262
Reported profit/(loss) before taxation	5,747	2,427	(412)	(2,669)	5,093

	2022[1]				
	Corporate, Commercial & Institutional Banking $million	Consumer Private & Business Banking $million	Ventures $million	Central & other items (segment) $million	Total $million
Operating income	9,608	5,969	29	156	15,762
External	8,462	4,942	29	2,329	15,762
Inter-segment	1,146	1,027	–	(2,173)	–
Operating expenses	(5,193)	(4,104)	(336)	(776)	(10,409)
Operating profit/(loss) before impairment losses and taxation	4,415	1,865	(307)	(620)	5,353
Credit impairment	(425)	(262)	(16)	(133)	(836)
Other impairment	–	(10)	(24)	(5)	(39)
Profit from associates and joint ventures	–	–	(16)	183	167
Underlying profit/(loss) before taxation	3,990	1,593	(363)	(575)	4,645
Restructuring	14	(56)	(1)	(56)	(99)
Goodwill and other impairment[2]	–	–	–	(322)	(322)
DVA	42	–	–	–	42
Other items	–	–	–	20	20
Reported profit/(loss) before taxation	4,046	1,537	(364)	(933)	4,286

1. Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2. Goodwill and other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
3 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans

Underlying versus reported results reconciliations continued

Profit before taxation (PBT) by region

	2023				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items (region) $million	Total $million
Operating income	12,429	2,806	1,397	746	17,378
Operating expenses	(7,096)	(1,571)	(1,733)	(736)	(11,136)
Operating profit/(loss) before impairment losses and taxation	5,333	1,235	(336)	10	6,242
Credit impairment	(644)	91	19	6	(528)
Other impairment	(63)	(15)	(13)	(39)	(130)
Profit from associates and joint ventures	114	–	–	(20)	94
Underlying profit/(loss) before taxation	4,740	1,311	(330)	(43)	5,678
Restructuring	(97)	(2)	32	53	(14)
Goodwill and other impairment[2]	(850)	–	–	–	(850)
DVA	(16)	26	7	–	17
Other items[3]	35	(18)	263	(18)	262
Reported profit/(loss) before taxation	3,812	1,317	(28)	(8)	5,093

	2022[1]				
	Asia $million	Africa & Middle East $million	Europe & Americas $million	Central & other items (region) $million	Total $million
Operating income	10,912	2,460	2,303	87	15,762
Operating expenses	(6,675)	(1,551)	(1,548)	(635)	(10,409)
Operating profit/(loss) before impairment losses and taxation	4,237	909	755	(548)	5,353
Credit impairment	(790)	(119)	78	(5)	(836)
Other impairment	(10)	2	1	(32)	(39)
Profit from associates and joint ventures	179	–	–	(12)	167
Underlying profit/(loss) before taxation	3,616	792	834	(597)	4,645
Restructuring	(46)	21	(13)	(61)	(99)
Goodwill and other impairment[2]	(308)	–	–	(14)	(322)
DVA	20	8	14	–	42
Other items	20	–	–	–	20
Reported profit/(loss) before taxation	3,302	821	835	(672)	4,286

1. Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2. Goodwill and other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
3 Other items includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans

Underlying versus reported results reconciliations continued

Return on tangible equity (RoTE)

	2023 $million	2022[1] $million
Average parent company Shareholders' Equity[4]	43,549	44,237
Less Average preference share capital and share premium	(1,494)	(1,494)
Less Average intangible assets	(5,957)	(5,557)
Average Ordinary Shareholders' Tangible Equity	36,098	37,186
Profit for the period attributable to equity holders	3,462	2,902
Non-controlling interests	7	46
Dividend payable on preference shares and AT1 classified as equity	(452)	(401)
Profit for the period attributable to ordinary shareholders	3,017	2,547
Items normalised:		
Restructuring	14	99
Goodwill & other impairment[2]	850	322
Net gains on sale of businesses[3]	(262)	(20)
Ventures FVOCI unrealised losses/(gains) net of tax	69	(36)
DVA	(17)	(42)
Tax on normalised items	(21)	(3)
Underlying profit for the period attributable to ordinary shareholders	3,650	2,867
Underlying Return on Tangible Equity	10.1%	7.7%
Reported Return on Tangible Equity	8.4%	6.8%

1. Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2. Goodwill and other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
3 Includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans
4. Excludes other equity instruments including AT1s

	2023				
	Corporate, Commercial & Institutional Banking %	Consumer Private & Business Banking %	Ventures %	Central & other Items (Segment) %	Total %
Underlying RoTE	19.5	25.3	nm[3]	(27.0)	10.1
Provision for regulatory matters	–	–	–	–	–
Restructuring					
Of which: Income	1.4	0.6	–	0.3	1.0
Of which: Expenses	(1.3)	(1.4)	nm[3]	(0.6)	(1.1)
Of which: Credit impairment	0.1	–	–	0.1	0.1
Of which: Other impairment	(0.1)	–	–	(0.2)	(0.1)
Of which: Profit from associates and joint ventures	–	–	–	0.6	0.1
Net gain on businesses disposed/held for sale[2]	1.3	–	–	–	0.7
Goodwill and other impairment[1]	–	–	–	(11.1)	(2.3)
Ventures FVOCI Unrealised gains/(losses) net of Taxes	–	–	–	–	(0.2)
DVA	0.1	–	–	–	–
Tax on normalised items	(0.4)	0.2	nm[3]	1.1	0.1
Reported RoTE	20.6	24.7	nm[3]	(36.8)	8.4

1. Goodwill and other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
2. Includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans
3. Not meaningful
4. Segmental RoTE is the ratio of the current year's underlying profit to the average tangible equity. Average Tangible Equity has been derived based on average RWA

Underlying versus reported results reconciliations continued

	2022[1]				
	Corporate, Commercial & Institutional Banking %	Consumer Private & Business Banking %	Ventures %	Central & other Items (Segment) %	Total %
Underlying RoTE	13.4	15.8	nm[3]	(14.2)	7.7
Provision for regulatory matters	–	–	–	–	–
Restructuring					
Of which: Income	1.9	0.6	–	0.1	1.3
Of which: Expenses	(1.6)	(1.4)	nm[3]	(0.5)	(1.4)
Of which: Credit impairment	–	–	–	–	–
Of which: Other impairment	(0.2)	–	–	(0.3)	(0.2)
Of which: Profit from associates and joint ventures	–	–	–	(0.1)	–
Net loss on businesses disposed/held for sale	–	–	nm[3]	0.3	0.1
Goodwill and other impairment[2]	–	–	–	(4.5)	(0.9)
Ventures FVOCI Unrealised gains/(losses) net of Taxes	–	–	–	–	0.1
DVA	0.2	–	–	–	0.1
Tax on normalised items	(0.1)	0.2	nm[3]	–	–
Reported RoTE	13.6	15.2	nm[3]	(19.2)	6.8

1. Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance
2. Goodwill and other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
3. Not meaningful
4. Segmental RoTE is the ratio of the current year's underlying profit to the average tangible equity. Average Tangible Equity has been derived based on average RWA

Net charge-off ratio

	2023			2022		
	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[1] $million	Net Charge-off Ratio[1] %
Stage 1	42	320,649	(0.01)%	5	321,099	(0.00)%
Stage 2	(262)	11,674	2.24%	(325)	13,162	2.47%
Stage 3	(386)	3,117	12.38%	(423)	3,074	13.76%
Total exposure	(606)	335,440	0.18%	(743)	337,335	0.22%

1 Prior year has been restated

Earnings per ordinary share (EPS)

	2023						
	Underlying $ million	**Restructuring $ million**	**DVA $ million**	**Net gain on sale of businesses[1] $ million**	**Goodwill and other impairment[2] $ million**	**Tax on normalised items $ million**	**Reported $ million**
Profit for the year attributable to ordinary shareholders	3,581	(14)	17	262	(850)	21	3,017
Basic – Weighted average number of shares (millions)	2,778						2,778
Basic earnings per ordinary share (cents)	128.9						108.6

	2022[3]						
	Underlying $ million	Restructuring $ million	DVA $ million	Net loss on sale of businesses $ million	Goodwill impairment[2] $ million	Tax on normalised items $ million	Reported $ million
Profit for the year attributable to ordinary shareholders	2,903	(99)	42	20	(322)	3	2,547
Basic – Weighted average number of shares (millions)	2,966						2,966
Basic earnings per ordinary share (cents)	97.9						85.9

1. Includes the sale of the Aviation Finance business, of which there was a gain on sale of $309 million on the leasing business and a loss of $47 million in relation to a sale of a portfolio of Aviation loans
2. Goodwill and other impairment include $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
3. Underlying performance for relevant periods in 2022 has been restated for the removal of (i) exit markets and businesses in AME (ii) Aviation Finance and (iii) DVA. No change to reported performance

Group Chief Risk Officer's review

Proactively managing our risks whilst keeping our focus on the execution of the Group's strategy

Managing Risk

2023 presented challenges across many of our markets, with sustained high inflation levels from 2022 continuing to put pressure on the central banks to dampen rising prices through increases to interest rates. Increased levels of volatility were seen in early 2023 as several bank failures prompted fears of a global contagion. Despite having no material exposures to the failed banks, the Group took proactive steps to further strengthen our liquidity position and monitor for any signs of second order impacts. 2023 also saw a fundamental shift in global power dynamics, including with the BRICS expansion. Sovereign risks persisted across emerging markets in the Africa and Middle East region. In Asia, despite slower than expected economic growth in China, we saw positive signs of growth in the second half of the year. We continued to keep our focus on the challenges in the China real estate sector and any contagion risks. The Group has limited direct exposure in Ukraine and to the countries in the Middle East which are currently most impacted by conflict. However, we remained cognisant of the volatility and the potential second order market impacts, including those from elevated oil and commodity prices or supply chains disruption, which we continue to actively monitor through stress testing and portfolio reviews.

As we enter 2024, we stay vigilant and continue to review our exposure and limits across our portfolios to identify vulnerable industries and clients for closer monitoring.

Corporate, Commercial and Institutional Banking (CCIB)

Our CCIB credit portfolio remained resilient with overall good asset quality, as evidenced by our largely investment grade corporate portfolio (31 December 2023: 73 per cent, 31 December 2022: 76 per cent). We actively tracked geopolitical risks to enable us to act should the need materialise. In consideration of the macroeconomic challenges, additional reviews were conducted throughout 2023 across US regional Banks, Non-Bank Financial Institutions (NBFI), Leveraged Lending books, Global Commercial Real Estate (CRE) portfolio and select geographies. We closely monitored vulnerable sectors and identified clients that may face difficulties on account of increased interest rates, foreign exchange movements, commodity volatility or increased prices of essential goods. In China, the property market recovery remained slower than expected amidst government support measures and we continued to monitor our developers and sponsors portfolios through dedicated reviews.

Consumer, Private and Business Banking (CPBB)

The CPBB credit portfolio remained alert to the risks of the uncertain economic outlook but continued to demonstrate resilience. An increase in delinquency rates (Stage 2 provisions as at 31 December 2023: $139 million, 31 December 2022: $118 million) highlights the emerging pressure on customers' debt servicing capacity, as our customers continue to adapt to the prolonged higher interest rate environment. We continued to monitor potential secondary impacts of local challenges arising from heightened country risks across Bangladesh, Ghana, Kenya, Nigeria, Pakistan, and Sri Lanka, amongst others. There was no material impact on the CPBB portfolio due to the war in Ukraine and the conflict in the Middle East. For both our secured and unsecured consumer credit portfolios, we continued to monitor customer affordability across our key markets and dynamically adjusted origination criteria, portfolio management and collections strategies, as appropriate. We were mindful of the higher credit risk associated with increased lending to the mass market segment through our digital partnerships and digital banks and have tailored our lending criteria and portfolio management approach to the unique risks and customer behaviours observed in these segments.

Treasury Risk

Our liquidity and capital risks are managed to ensure a strong and resilient balance sheet that supports sustainable growth. We continued to enhance our Treasury Risk framework to incorporate the lessons from recent market events as well as horizon risks. Liquidity remained resilient across the Group and major legal entities. Group liquidity coverage ratio (LCR) is 145.4 per cent as at December 2023 (31 December 2022: 147 per cent) with a surplus to both Risk Appetite and regulatory requirements. Common Equity Tier 1 (CET1) ratio was 14.1 per cent as at December 2023 (31 December 2022: 14.0 per cent) while Leverage ratio was 4.7 per cent (31 December 2022: 4.8 per cent). In March 2023, we saw sharp moves in funding markets and customer behaviours triggering several bank failures in the US and Switzerland.

Group Chief Risk Officer's review

This resulted in a heightened focus on Treasury risks including capital, liquidity, and interest rate risk on the banking book, with problems most acute in the US market and reverberating globally. We maintained a resilient liquidity position throughout the period and continued to focus on managing risks even as those event risks receded.

The Risk function remains actively engaged in providing independent review and challenge to internal and regulatory stress tests and recovery and resolution capabilities.

Further details on Risk Management for our Principal Risk Types can be found in the full annual report.

Further details on Climate Risk can be found in the full annual report.

Risk Performance Summary

Asset quality is resilient. The percentage of investment-grade corporate net exposure remained high at 73 per cent (31 December 2022: 76 per cent). Exposure to our top 20 corporate clients as a percentage of Tier 1 capital decreased to 62 per cent (31 December 2022: 65 per cent), mainly driven by reduction in Transaction Banking exposures. However, the Group remained vigilant of persistent challenging conditions in some markets and sectors. In 2023, we saw a $0.5 billion increase in Early Alerts exposure (31 December 2023: $5.5 billion, 31 December 2022: $5.0 billion), driven by inflows relating to a select number of clients including sovereign-related exposures, partially offset by transfers to Purely Precautionary, regularisations, exposure reductions and outflows to Credit grades 12-14. Credit grade 12 balances increased to $2.2 billion (31 December 2022: $1.6 billion) due to sovereign and client downgrades, partially offset by outflows to non-performing loans.

Key indicators

	2023	2022
Group total business[1]	292.1	316.1
Stage 1 loans ($ billion)	273.7	295.2
Stage 2 loans ($ billion)	11.2	13.0
Stage 3 loans, credit-impaired ($ billion)	7.2	7.9
Stage 3 cover ratio	60%	57%
Stage 3 cover ratio (including collateral)	76%	76%
Corporate, Commercial & Institutional Banking		
Investment grade corporate net exposures as a percentage of total corporate net exposures	73%	76%
Loans and advances maturing in one year or less as a percentage of total loans and advances to customers[3]	68%	68%
Early Alert portfolio net exposures ($ billion)	5.5	5.0
Credit grade 12 balances ($ billion)	2.2	1.6
Aggregate top 20 corporate net exposures as a percentage of Tier 1 capital[2]	62%	65%
Collateralisation of sub-investment grade net exposures maturing in more than one year	41%	53%
Consumer, Private & Business Banking		
Loan-to-value ratio of Consumer, Private & Business Banking mortgages	47.2%	44.7%

1 These numbers represent total gross loans and advances to customers
2 Excludes reverse repurchase agreements
3 The 2022 figure has been restated from 65 per cent to 68 per cent

The Group's credit impairment was a net charge of $508 million (31 December 2022: $836 million), a decrease of $328 million. 2022 included overlays for sovereign downgrades and China commercial real estate, which was partly offset by a full release of COVID-19 overlays. Stage 3 was a charge of $369 million (31 December 2022: $430 million), and the reduction was driven by CCIB releases and lower impairment charges for our China commercial real estate clients. This reduction was offset by higher bankruptcy related write-offs in CPBB across Singapore, Hong Kong and Korea, and portfolio growth in digital partners.

Group Chief Risk Officer's review continued

Credit impairment

	2023			2022[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	11	112	123	148	277	425
Consumer, Private & Business Banking	129	225	354	151	111	262
Ventures	42	43	85	13	3	16
Central & other items	(44)	10	(34)	95	38	133
Credit impairment charge/(release)	138	390	528	407	429	836
Restructuring business portfolio	-	-	-	-	-	-
Others	1	(21)	(20)	(1)	1	-
Credit impairment charge/(release)	1	(21)	(20)	(1)	1	-
Total credit impairment charge/(release)	139	369	508	406	430	836

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

An update on our risk management approach

Our Enterprise Risk Management Framework (ERMF) outlines how we manage risk across the Group, as well as at branch and subsidiary level[1]. It gives us the structure to manage existing risks effectively in line with our Group Risk Appetite, as well as allowing for holistic risk identification. The ERMF also sets out the roles and responsibilities and the minimum governance requirements for the management of Principal Risks.

In revisions made in the ERMF in 2023, effective 1 January 2024, the concepts of Integrated Risk Types (IRTs) and IRT Owner roles were discontinued. Oversight on existing IRTs, i.e. Climate Risk, Digital Asset and Third Party Risk, is achieved through the Risk Type Frameworks (RTFs) and dedicated policies. The subject matter experts, as the policy owners for these risks, provide overall governance and ensure a holistic view of how risks are monitored and managed across the Principal Risk Types (PRTs).

Principal Risk Types

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

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

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 and activities to ensure that market and counterparty credit 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 does 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.
Financial Crime Risk	The Group has no appetite for breaches in laws and regulations related to Financial Crime, recognising that whilst incidents are unwanted, they cannot be entirely avoided.
Compliance Risk	The Group has no appetite for breaches in laws and regulations related to regulatory non-compliance; recognising that whilst incidents are unwanted, they cannot be entirely avoided.
Information and Cyber Security Risk	The Group aims to mitigate and control ICS risks to ensure that incidents do not cause the Bank material harm, business disruption, financial loss or reputational damage – recognising that whilst incidents are unwanted, they cannot be entirely avoided.
Reputational and Sustainability Risk	The Group aims to protect the franchise from material damage to its reputation by ensuring that any business activity is satisfactorily assessed and managed with the appropriate level of management and governance oversight. This includes a potential failure to uphold responsible business conduct in striving to do no significant environmental and social harm.
Model Risk	The Group has no appetite for material adverse implications arising from misuse of models or errors in the development or implementation of models; whilst accepting some model uncertainty.

1 The Group's Enterprise 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.

In addition to the PRTs, the Group has defined the following Risk Appetite statement for Climate Risk: "The Group aims to measure and manage financial and non-financial risks arising 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."

Further details on our Risk Management Approach can be found in the full annual report.

Topical and Emerging Risks (TERs)

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

As part of our continuous risk identification process, we have updated the Group's TERs from those disclosed in the 2022 Annual Report and 2023 Half-Year Report; these remain applicable, with nuances in their evolution noted where pertinent. Below is a summary of the TERs, 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. There are some horizon risks that, although not highly likely at present, could evolve into a threat in the future and we are therefore monitoring them. These include future pandemics and the world's preparedness for them, and other potential cross-border conflicts. Our mitigation approach for these risks may not eliminate them but demonstrates the Group's awareness and attempt to reduce or manage the risks. As certain risks develop and materialise over time, management will take appropriate steps to mitigate them based on their materiality on the Group.

Macroeconomic and geopolitical considerations

There is interconnectedness between risks due to the importance of US Dollar financing conditions for global markets, the global or concentrated nature of key supply chains for energy, food, semi-conductors and rare metals, and the direct influence of geopolitics on geoeconomics.

The Group is exposed to these risks directly through investments, infrastructure and staff, and also indirectly through its clients. Whilst the main impacts are financial, other ramifications may exist such as reputational, compliance or operational considerations.

Expanding array of global tensions and new geopolitical order

Global power dynamics have shifted, with different political and economic alliances beginning to create a multipolar power system. This has been accelerated by the war in Ukraine and conflicts in the Middle East. Whilst the Group has limited direct exposure to Russia, Ukraine or Israel, it may be impacted by second order effects on its clients and markets for agricultural commodities, oil or gas.

The positioning of 'middle powers' is complex and evolving, and could tip the geopolitical scales. The negotiating power of exporters of energy and other natural resources has expanded and can shape global markets, as they can use global divisions to raise their own profile. One such example is the envisaged expansion of BRICS to seek a counterweight to Western power axes.

US-China tensions remain, with protectionist measures imposed by both sides. Tariffs, embargos, sanctions, new taxes such as that on carbon, and restrictions on technology exports and investments, are being used to achieve goals beyond just economic. Further economic or political actions could escalate distrust and accelerate the decoupling of trade links, leading to increasingly inefficient production and inflation pressures.

Despite attempts to become more pragmatic, a number of potential flashpoints remain. A push by China to increase RMB trade and establish RMB as a secondary global reserve currency presents new business opportunities but also potential disruption to the balance of power.

With many elections due across the world in the next twelve months, there is uncertainty over the political direction of domestic and foreign policy. There is a risk of short-term political expediency taking precedence over long-term strategic decision making. The malicious use of AI-enabled disinformation could also cause disruption and undermine trust in the political process.

There is an ongoing threat of terrorism, with unpredictability exacerbated by the wider range of ideologies at play. Cyber warfare by state related actors could also be used to disrupt infrastructure or institutions in rival countries.

A more complex and less integrated global political and economic landscape has the potential to challenge cross border business models, but also provides new business opportunities.

Persistent high inflation and interest rates

Although rate cuts have been signalled by the Federal Reserve, global rates could remain elevated for longer. Structurally higher spending and continued supply disruptions increase the probability of inflation remaining sticky. During 2023, the International Monetary Fund (IMF) and World Trade Organisation lowered their initial forecasts for trade growth and increased that of inflation in 2024, suggesting that several economies will walk a fine line between recession and stagflation.

Concern for the credit environment spans both commercial and retail lending, with price inflation and the cliff effects of energy, mortgage and debt re-pricing ultimately leading to higher defaults. This is visible in bond markets with yields widening markedly and prone to high volatility.

Drives to de-risk supply chains combined with no obvious resolution to ongoing conflicts continue to disrupt supply chains. This complicates efforts to combat inflation as supply constrained markets dent the effectiveness of monetary policy.

Some sectors are particularly sensitive to high rates, notably commercial real estate, non-bank financial institutions (NBFI) and leveraged finance due to their reliance on the availability of cheap financing. Bank failures in Q1 2023 highlighted challenges in managing liquidity, credit, refinancing and market risks. They also raised questions of competence and confidence in the finance industry.

Economic slowdown in China

Whilst China's exit from COVID restrictions has had an overall positive impact, it has failed to deliver a sustained boost to the global economy as the country contends with strain in several sectors such as real estate. There has also been a change in the corporate operating environment, with reduced clarity on the economic outlook.

Given China's importance to global trade a slowdown would have wider implications across the supply chain, especially for its trading partners, as well as to countries which rely on it for investment, such as those in Africa. However, opportunities arise from the diversification of intra-Asia trade and other global trade routes, and growth acceleration in South Asia, especially India.

Sovereign risk

Credit fundamentals have been eroding across both emerging and advanced economies due to persistently high interest rates, food and energy prices. Emerging markets will also be affected by weakness in local currencies versus the US Dollar and the resultant cost of refinancing existing debt, or availability of hard currency liquidity. Issues and challenges have already been observed across several of the Group's footprint markets, including the recent default of Ghana, political instability in Pakistan, high inflation in Turkey, economic turmoil in Sri Lanka, and coups in Africa.

For some countries there is a heightened risk of failure to manage social demands, which might culminate in increased political vulnerability. Furthermore, food security exacerbated by the influences of armed conflict and climate change, and energy security challenges have the potential to drive social unrest.

Debt moratoria and refinancing initiatives are complicated by larger number of financiers, with much financing done on a bilateral basis outside of the Paris Club. Whilst the Global Sovereign Debt Roundtable has made some progress on coordinating approaches between the Paris Club and other lenders their interests do not always match. This can lead to delays in negotiations on debt resolutions for developing nations.

Supply chain issues and material shortages

Demand and supply imbalances in global supply chains are increasingly becoming structural in nature and affect a wide range of commodities including food, energy, minerals and raw materials, plus targeted restrictions on certain industry sectors.

There is growing political awareness around the need for key component and resource security at national level. Countries are enacting rules to "de-risk" by reducing reliance on rivals or concentrated suppliers (for example semiconductors) and look to either re-industrialise or make use of near-shoring and friend-shoring production.

The growing need for minerals and rare earth metals to power green energy technologies could increase the geopolitical standing of the main refiners, such as China, Indonesia and some African nations. However, there are also environmental and social costs to rapidly increasing extraction. A desire to avoid dependence may slow down the move by some nations towards the transition.

How these risks are mitigated/next steps

- We remain vigilant in monitoring risk and assessing impacts from geopolitical and macroeconomic risks to portfolio concentrations.
- We conduct thematic stress tests and portfolio reviews at the Group, country, and business level, with regular reviews on vulnerable sectors, and undertake any necessary mitigating actions.
- We maintain a diversified portfolio across products and geographies, with specific risk appetite metrics to monitor concentrations.
- Increased scrutiny is applied when onboarding clients and in ensuring compliance with sanctions.
- Collateral and credit insurance are used to manage concentrations.
- We track the participation of our footprint countries in the G20's Common Framework Agreement and Debt Service Suspension Initiative for Debt Treatments and the associated exposure.
- Our NBFI exposure is closely monitored in terms of both limits, products and counterparties.

Regulatory considerations

Changing regulatory environment

Given notable bank failures in 2023 (and the response of resolution authorities to those failures), the regulatory framework for banks remains subject to continued change in addition to the implementation of Basel 3.1 in various jurisdictions. Additionally, the differing pace and scale of regulatory adoption between jurisdictions, along with increasing extraterritorial reach and prescriptiveness, can make it challenging for multinational groups to manage their business. Implementation timelines are a focus.

The scale of upcoming regulatory change in 2024 and 2025 is significant with major regime changes in capital and operational resilience due to take effect.

How these risks are mitigated/next steps

- We actively monitor regulatory developments, including those related to sustainable finance and ESG, and respond to consultations either bilaterally or through well-established industry bodies.

ESG considerations

ESG stakeholder expectations

Organisations across the corporate and financial sectors are setting ambitious sustainability goals and net zero targets with many embedding them in their business models. This has prompted increased attention from various stakeholders in ensuring that net zero targets are being met with credible action plans. Stakeholder scrutiny around greenwashing risk relating to ESG focused financial products, as well as companies' commitments, transpires in the various regulatory developments and early enforcement actions taken by several key regulators.

Fragmentation in the pace and scale of adoption of ESG regulations around the world remains, particularly around taxonomies and disclosure requirements, which may lead to unintended consequences including misallocation of capital, increased implementation costs and litigation risks.

Group Chief Risk Officer’s review continued

The Group’s net zero aspirations may be impacted by governments or corporates scaling back their sustainability targets, especially as economic conditions remain challenging, and budgets are constrained. There have been examples in developed nations, such as the UK revisiting its electric vehicle transition timeline. A slower transition from key clients may also weigh reputational pressure on the Group’s roadmap.

Higher frequencies of extreme weather-related events such as wildfires, floods and famines may lead to physical climate risk and the cost of managing it becoming a heavier burden on global economies. This will be particularly impactful to developing markets. Alongside climate change, biodiversity loss, pollution, and depletion of key resources, such as water, pose incremental risks to food and health systems, energy security and contribute to the disruption of supply chains.

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

How these risks are mitigated/next steps

- We update our environmental and social standards for providing financial services to clients every two years, with a new version scheduled for 2024.
- We focus on embedding our values through our Position Statements for sensitive sectors and a list of prohibited activities
- We integrate the management of greenwashing risks into our Reputational and Sustainability Risk Framework and policies
- ‘Green’, ‘sustainable’ and ‘transition’ labels for products and transactions reflect the criteria set out in the Group’s Sustainable Finance frameworks, which are regularly reviewed. We obtain external verification on the Group’s Sustainable Finance asset pool.
- We assess our clients and suppliers against various international human rights principles, as well as through our social safeguards and supplier charter.
- Detailed portfolio reviews and stress tests are conducted to test resilience to climate-related risks and enhance modelling capabilities to understand the financial risks and opportunities from climate change.
- Work is underway to embed Climate Risk considerations across all relevant PRTs. This includes client-level Climate Risk assessments, including setting adequate mitigants or controls as part of decision making and portfolio management activities.

Technological considerations

Data and digital

The Group’s digital footprint will expand as more services and products are digitised and made more accessible. Scale in operations and interactions with digital systems will further reduce the tolerance for errors and outages. The risk of data breaches is amplified by highly organised actors, with threats such as ‘Ransomware as a Service’ and affordable, sophisticated AI systems helping to facilitate attacks on organisations and individuals.

Data regulation continues to be fluid and fragmented. Geopolitical tensions have accelerated the implementation of data sovereignty laws, including data localisation requirements and cross-border access restrictions. These regulations often have an extraterritorial reach which could increase operating costs significantly, and also impact cross-border business models. Stakeholder expectations on data management have also increased, particularly relating to quality, integrity, record keeping, privacy, sovereignty, the ethical use of data and application of AI.

The sophistication and adoption of AI solutions are growing exponentially and will increase exposure to existing risks such as model, fraud, financial crime, compliance and Information and Cyber Security (ICS) risks. In response, regulation is accelerating, particularly around the ethical application of AI in decision-making, necessitating robust governance measures. The Group needs to ensure that it develops sufficient in-house subject matter expertise.

New business structures, channels and competition

Failure to harness new technologies and new business models would place banks at a competitive disadvantage. The continued exploration of partnerships, alliances, digital assets, generative AI and nascent technologies, such as quantum computing, provides both opportunities and unique challenges. This is increasingly important as digital assets and distributed ledger technology become progressively prevalent and interconnected with the financial ecosystem. Supply chains are becoming more complex, interconnected and digital. Highly extended enterprises expand opportunities available for malicious actors, with risk cascading further down supply chains beyond just direct and third party risks.

These innovations require specialist in-house expertise, new operating models and adapting risk frameworks to perform robust risk assessment and management of new threats. There is also growing regulatory attention in many of these areas. Balancing resilience and agility is essential given the global nature of new technologies alongside the maintenance of existing systems. It is imperative to establish clear ownership, frameworks, and oversight of the use of emerging technologies.

How these risks are mitigated/next steps

- We monitor emerging trends, opportunities and developments in technology as well as emerging business models that may have implications for the banking sector.
- We invest in our capabilities, to better prepare and protect ourselves against possible disruption and new risks.
- We track the evolving regulatory landscape affecting key areas such as data management, digital assets and AI, including country-specific requirements, and actively collaborate with regulators to support important initiatives.
- We have established enhanced governance for novel areas through the Digital Asset Risk Committee and Responsible AI Council, which considers emerging regulatory guidance.
- We manage data risks through our Compliance Risk Type Framework and information security risks through our ICS Risk Type Framework.
- We have developed a Group Data Strategy, to strengthen ownership of related data risks.
- We maintain a dedicated Data Compliance Policy with globally applicable standards. These standards undergo regular review to ensure alignment with evolving regulations and industry best practice.
- We maintain programmes to enhance our data risk management capabilities and controls, including compliance with BCBS239 requirements on effective risk data aggregation, with progress tracked at executive level risk governance committees
- The Group has implemented a 'defence-in-depth' ICS control environment strategy to protect, detect and respond to known and emerging ICS threats.
- New risks arising from partnerships, alliances, digital assets and generative technologies are identified through the New Initiatives Risk Assessment and Third Party Risk Management Policy and Standards.

Demographic considerations

Talent pools of the future

The expectations of the workforce, especially skilled workers, continue to evolve. The COVID pandemic accelerated changes on how people work, connect and collaborate, with expectations on hybrid 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 talents. 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 Generation Z who make up an increasing proportion of the global talent pool, and as digital natives possess the attributes and skills we seek to pursue our strategy.

To sustainably attract, grow and retain talent, we must continue to invest in and further strengthen our Employee Value Proposition (EVP) and our brand promise, here for good, through both firm-wide interventions as well as targeted action.

Group Chief Risk Officer’s review continued

Demographic trends

Divergent demographic trends across developed and emerging markets create contrasting challenges. Developed markets’ state budgets could be strained by ageing and shrinking populations, whilst political stances reduce the ability to fill skills gaps through immigration. Conversely emerging markets are experiencing fast-growing, younger workforces. Whilst it is an opportunity to develop talent, population growth will put pressure on key resources such as food, water, education and health, as well as government budgets.

Population displacement, whether as a result of climate events, lack of key resources, political issues or war, may increase the fragility of societal structures in vulnerable centres. Large scale movement could cause social unrest, as well as propagate disease transmission and accelerate the spread of future pandemics.

How these risks are mitigated/next steps

- Our culture and EVP work aims to address the emerging expectations of the diverse talent we seek. The Brand and Culture Dashboard monitors our diversity and inclusion, colleagues’ perceptions of our EVP, and whether we are living our Valued Behaviours. Management teams discuss many of these metrics (including employee survey responses) to identify actions.
- We are undertaking a multi-year journey of developing future-skills amongst our colleagues by focusing on continuous learning, to balance appropriately between ‘building’ and ‘inducting’ skills into the Group.
- Our internal Talent Marketplace provides colleagues with opportunities to learn through experience by signing up for cross-functional (or even cross-geography) projects.
- Employees in 44 markets are on agreed flexible working arrangements. We continue to enhance support and resources to People Leaders and colleagues to help balance productivity, collaboration and wellbeing.
- Our Stands continue to be operationalised through our strategy, and help address the talent pool’s increased expectations of us being purpose-led.

Sadia Ricke
Group Chief Risk Officer

23 February 2024

Credit quality by client segment

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
	2023							
		Customers						
Stage 1	44,384	120,886	123,486	1,015	28,305	273,692	176,654	70,832
– Strong	35,284	84,248	118,193	1,000	27,967	231,408	162,643	47,885
– Satisfactory	9,100	36,638	5,293	15	338	42,284	14,011	22,947
Stage 2	540	7,902	2,304	54	965	11,225	5,733	2,910
– Strong	55	1,145	1,761	34	–	2,940	1,090	830
– Satisfactory	212	5,840	206	7	–	6,053	4,169	1,823
– Higher risk	273	917	337	13	965	2,232	474	257
Of which (stage 2):								
– Less than 30 days past due	–	78	206	7	–	291	–	–
– More than 30 days past due	–	10	337	13	–	360	–	–
Stage 3, credit-impaired financial assets	77	5,508	1,484	12	224	7,228	3	672
Gross balance[1]	45,001	134,296	127,274	1,081	29,494	292,145	182,390	74,414
Stage 1	(8)	(101)	(314)	(15)	–	(430)	(52)	(10)
– Strong	(3)	(34)	(234)	(14)	–	(282)	(31)	(2)
– Satisfactory	(5)	(67)	(80)	(1)	–	(148)	(21)	(8)
Stage 2	(10)	(257)	(141)	(21)	(1)	(420)	(39)	(14)
– Strong	(1)	(18)	(65)	(14)	–	(97)	(5)	–
– Satisfactory	(2)	(179)	(22)	(3)	–	(204)	(23)	(7)
– Higher risk	(7)	(60)	(54)	(4)	(1)	(119)	(11)	(7)
Of which (stage 2):								
– Less than 30 days past due	–	(2)	(22)	(3)	–	(27)	–	–
– More than 30 days past due	–	(1)	(54)	(4)	–	(59)	–	–
Stage 3, credit-impaired financial assets	(6)	(3,533)	(760)	(12)	(15)	(4,320)	–	(112)
Total credit impairment	(24)	(3,891)	(1,215)	(48)	(16)	(5,170)	(91)	(136)
Net carrying value	44,977	130,405	126,059	1,033	29,478	286,975		
Stage 1	0.0%	0.1%	0.3%	1.5%	0.0%	0.2%	0.0%	0.0%
– Strong	0.0%	0.0%	0.2%	1.4%	0.0%	0.1%	0.0%	0.0%
– Satisfactory	0.1%	0.2%	1.5%	6.7%	0.0%	0.4%	0.1%	0.0%
Stage 2	1.9%	3.3%	6.1%	38.9%	0.1%	3.7%	0.7%	0.5%
– Strong	1.8%	1.6%	3.7%	41.2%	0.0%	3.3%	0.5%	0.0%
– Satisfactory	0.9%	3.1%	10.7%	42.9%	0.0%	3.4%	0.6%	0.4%
– Higher risk	2.6%	6.5%	16.0%	30.8%	0.1%	5.3%	2.3%	2.7%
Of which (stage 2):								
– Less than 30 days past due	0.0%	2.6%	10.7%	42.9%	0.0%	9.3%	0.0%	0.0%
– More than 30 days past due	0.0%	10.0%	16.0%	30.8%	0.0%	16.4%	0.0%	0.0%
Stage 3, credit-impaired financial assets (S3)	7.8%	64.1%	51.2%	100.0%	6.7%	59.8%	0.0%	16.7%
Cover ratio	0.1%	2.9%	1.0%	4.4%	0.1%	1.8%	0.0%	0.2%
Fair value through profit or loss								
Performing	32,813	58,465	13	–	–	58,478	–	–
– Strong	28,402	38,014	13	–	–	38,027	–	–
– Satisfactory	4,411	20,388	–	–	–	20,388	–	–
– Higher risk	–	63	–	–	–	63	–	–
Defaulted (CG13-14)	–	33	–	–	–	33	–	–
Gross balance (FVTPL)[2]	32,813	58,498	13	–	–	58,511	–	–
Net carrying value (incl FVTPL)	77,790	188,903	126,072	1,033	29,478	345,486	–	–

1. Loans and advances includes reverse repurchase agreements and other similar secured lending of $13,996 million under Customers and of $1,738 million under Banks, held at amortised cost
2. Loans and advances includes reverse repurchase agreements and other similar secured lending of $51,299 million under Customers and of $30,548 million under Banks, held at fair value through profit or loss

Amortised cost	2022 Banks $million	Customers 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

Credit impairment charge (audited)

The table below analyses credit impairment charges or releases of the ongoing business portfolio and restructuring business portfolio for the year ended 31 December 2023.

	2023			2022[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	11	112	123	148	277	425
Consumer, Private & Business Banking	129	225	354	151	111	262
Ventures	42	43	85	13	3	16
Central & other items	(44)	10	(34)	95	38	133
Credit impairment charge/(release)	138	390	528	407	429	836
Restructuring business portfolio						
Others	1	(21)	(20)	(1)	1	–
Credit impairment charge/(release)	1	(21)	(20)	(1)	1	–
Total credit impairment charge/(release)	139	369	508	406	430	836

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

Vulnerable Sectors

Maximum exposure

	2023						
	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:							
Automotive manufacturers[1]	3,564	65	3,499	3,791	538	4,329	7,828
Aviation[1,2]	1,775	974	801	1,794	668	2,462	3,263
Of which : High Carbon Sector	1,330	974	356	944	615	1,559	1,915
Commodity Traders[2]	7,406	303	7,103	2,591	6,281	8,872	15,975
Metals & Mining[1,2]	4,589	307	4,282	3,373	1,218	4,591	8,873
Of which: Steel[1]	1,596	193	1,403	601	358	959	2,362
Of which: Coal Mining[1]	29	9	20	51	99	150	170
Of which: Aluminium[1]	526	9	517	338	188	526	1,043
Of which: Other Metals & Mining[1]	2,438	96	2,342	2,383	573	2,956	5,298
Shipping[1]	5,964	3,557	2,407	2,261	291	2,552	4,959
Construction[2]	2,853	448	2,405	2,753	5,927	8,680	11,085
Commercial Real Estate[2]	14,533	6,363	8,170	4,658	311	4,969	13,139
Of which: High Carbon Sector	7,498	3,383	4,115	1,587	112	1,699	5,814
Hotels & Tourism[2]	1,680	715	965	1,339	227	1,566	2,531
Oil & Gas[1,2]	6,278	894	5,384	7,845	6,944	14,789	20,173
Power[1]	5,411	1,231	4,180	3,982	732	4,714	8,894
Total[3]	54,053	14,857	39,196	34,387	23,137	57,524	96,720
Of which: Vulnerable and cyclical sectors	38,880	9,983	28,897	24,842	21,511	46,353	75,250
Of which: High carbon sectors	34,634	10,411	24,223	23,783	10,450	34,233	58,456
Total Corporate, Commercial & Institutional Banking	130,405	32,744	97,661	104,437	63,183	167,620	265,281
Total Group	331,952	125,760	206,192	182,299	74,278	256,577	462,769

1 High carbon sectors
2 Vulnerable and cyclical sectors
3 Maximum On Balance sheet exposure include FVTPL portion of $955 million, of which Vulnerable sector is $821 million and High Carbon sector is $443 million

	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:							
Automotive manufacturers[1]	3,167	84	3,083	3,683	560	4,243	7,326
Aviation[1,2,3]	3,154	1,597	1,557	1,762	632	2,394	3,951
Of which : High Carbon Sector	2,540	1,582	958	695	555	1,250	2,208
Commodity Traders[2]	8,133	341	7,792	2,578	6,095	8,673	16,465
Metals & Mining[1,2]	4,990	333	4,657	3,732	930	4,662	9,319
Of which: Steel[1]	1,227	157	1,070	1,450	327	1,777	2,847
Of which: Coal Mining[1]	48	15	33	8	7	15	48
Of which: Aluminium[1]	728	107	621	285	74	359	980
Of which: Other Metals & Mining[1]	2,987	54	2,933	1,989	522	2,511	5,444
Shipping[1]	5,322	3,167	2,155	1,870	256	2,126	4,281
Construction[2]	2,909	552	2,357	2,762	5,969	8,731	11,088
Commercial Real Estate[2]	16,286	7,205	9,081	6,258	224	6,482	15,563
Of which: High Carbon Sector	6,547	2,344	4,203	3,996	90	4,086	8,289
Hotels & Tourism[2]	1,741	919	822	1,346	138	1,484	2,306
Oil & Gas[1,2]	6,668	806	5,862	7,630	7,158	14,788	20,650
Power[1]	4,771	1,258	3,513	4,169	1,176	5,345	8,858
Total[4]	57,141	16,262	40,879	35,790	23,138	58,928	99,807
Of which: Vulnerable and cyclical sectors	43,678	11,741	31,937	25,761	21,068	46,829	78,766
Of which: High carbon sectors	34,005	9,574	24,431	25,775	10,725	36,500	60,931
Total Corporate, Commercial & Institutional Banking	139,631	35,229	104,402	95,272	51,662	146,934	251,336
Total Group	350,166	141,715	208,451	168,574	60,224	228,798	437,249

1 High carbon sectors
2 Vulnerable and cyclical sectors
3 In addition to the aviation sector loan exposures, the Group owns $3.2 billion of aircraft under operating leases in 2022
4 Maximum On Balance sheet exposure include FVTPL portion of $1,251 million, of which Vulnerable sector is $1,072 million and High Carbon sector is $574 million

Loans and advances by stage

	2023											
	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	1,619	–	1,619	55	(1)	54	74	(15)	59	1,748	(16)	1,732
Commodity Traders	6,912	(2)	6,910	129	(1)	128	555	(504)	51	7,596	(507)	7,089
Metals & Mining	3,934	(1)	3,933	140	(8)	132	154	(88)	66	4,228	(97)	4,131
Construction	2,230	(2)	2,228	502	(8)	494	358	(326)	32	3,090	(336)	2,754
Commercial Real Estate	12,261	(30)	12,231	1,848	(129)	1,719	1,712	(1,191)	521	15,821	(1,350)	14,471
Hotels & Tourism	1,468	(2)	1,466	61	–	61	126	(25)	101	1,655	(27)	1,628
Oil & Gas	5,234	(4)	5,230	615	(15)	600	571	(147)	424	6,420	(166)	6,254
Total	33,658	(41)	33,617	3,350	(162)	3,188	3,550	(2,296)	1,254	40,558	(2,499)	38,059
Total Corporate, Commercial & Institutional Banking	120,886	(101)	120,785	7,902	(257)	7,645	5,508	(3,533)	1,975	134,296	(3,891)	130,405
Total Group	318,076	(438)	317,638	11,765	(430)	11,335	7,305	(4,326)	2,979	337,146	(5,194)	331,952

	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[1]	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

1 In addition to the aviation sector loan exposures, the Group owns $3.2 billion of aircraft under operating leases in 2022

Capital review

Capital ratios

	31.12.23	30.09.23	Change[4]	30.06.23	Change[4]	31.12.22	Change[4]
CET1	14.1%	13.9%	0.2	14.0%	0.1	14.0%	0.1
Tier 1 capital	16.3%	16.2%	0.1	16.2%	0.1	16.6%	(0.3)
Total capital	21.2%	21.2%	–	21.1%	0.1	21.7%	(0.5)

Capital base[1] (audited)

	31.12.23 $million	30.09.23 $million	Change[5] %	30.06.23 $million	Change[5] %	31.12.22 $million	Change[5] %
CET1 capital instruments and reserves							
Capital instruments and the related share premium accounts	5,321	5,352	(1)	5,389	(1)	5,436	(2)
Of which: share premium accounts	3,989	3,989	–	3,989	–	3,989	–
Retained earnings[2]	24,930	25,202	(1)	26,549	(6)	25,154	(1)
Accumulated other comprehensive income (and other reserves)	9,171	7,838	17	7,932	16	8,165	12
Non-controlling interests (amount allowed in consolidated CET1)	217	215	1	190	14	189	15
Independently audited year-end profits	3,542	2,586	37	2,386	48	2,988	19
Foreseeable dividends	(768)	(446)	(72)	(377)	(104)	(648)	(19)
CET1 capital before regulatory adjustments	42,413	40,747	4	42,069	1	41,284	3
CET1 regulatory adjustments					–		–
Additional value adjustments (prudential valuation adjustments)	(730)	(613)	(19)	(693)	(5)	(854)	15
Intangible assets (net of related tax liability)[3]	(6,128)	(5,940)	(3)	(5,825)	(5)	(5,802)	(6)
Deferred tax assets that rely on future profitability (excludes those arising from temporary differences)	(41)	(31)	(32)	(86)	52	(76)	46
Fair value reserves related to net losses on cash flow hedges	(91)	195	(147)	317	(129)	564	(116)
Deduction of amounts resulting from the calculation of excess expected loss	(754)	(710)	(6)	(787)	4	(684)	(10)
Net gains on liabilities at fair value resulting from changes in own credit risk	(100)	203	(149)	203	(149)	63	(259)
Defined-benefit pension fund assets	(95)	(113)	16	(134)	29	(116)	18
Fair value gains arising from the institution's own credit risk related to derivative liabilities	(116)	(84)	(38)	(64)	(81)	(90)	(29)
Exposure amounts which could qualify for risk weighting of 1250%	(44)	(36)	(22)	(52)	15	(103)	57
Other regulatory adjustments to CET1 capital [3]	–	(49)	100	(52)	100	(29)	100
Total regulatory adjustments to CET1	(8,099)	(7,178)	(13)	(7,173)	(13)	(7,127)	(14)
CET1 capital	34,314	33,569	2	34,896	(2)	34,157	–
Additional Tier 1 capital (AT1) instruments	5,512	5,512	–	5,512	–	6,504	(15)
AT1 regulatory adjustments	(20)	(20)	–	(20)	–	(20)	–
Tier 1 capital	39,806	39,061	2	40,388	(1)	40,641	(2)
					–		–
Tier 2 capital instruments	11,965	12,081	(1)	12,311	(3)	12,540	(5)
Tier 2 regulatory adjustments	(30)	(30)	–	(30)	–	(30)	–
Tier 2 capital	11,935	12,051	(1)	12,281	(3)	12,510	(5)
Total capital	51,741	51,112	1	52,669	(2)	53,151	(3)
Total risk-weighted assets (unaudited)	244,151	241,506	1	249,117	(2)	244,711	–

1 Capital is prepared on the regulatory scope of consolidation
2 Retained earnings includes IFRS9 capital relief (transitional) of nil (2022: $106 million)
3 Other regulatory adjustments to CET1 capital includes Insufficient coverage for non-performing exposures of nil (2022: $(29) million)
4 Change is the percentage point difference between two periods, rather than percentage change
5 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

Movement in total capital (audited)

	Year ended 31.12.23 $million	Year ended 31.12.22 $million
CET1 at 1 January	34,157	38,362
Share buy-back	(2,000)	(1,258)
Profit for the period	3,542	2,988
Foreseeable dividends deducted from CET1	(768)	(648)
Difference between dividends paid and foreseeable dividends	(372)	(301)
Movement in goodwill and other intangible assets	(326)	(1,410)
Foreign currency translation differences	(477)	(1,892)
Non-controlling interests	28	(12)
Movement in eligible other comprehensive income	464	(1,224)
Deferred tax assets that rely on future profitability	35	74
Decrease/(increase) in excess expected loss	(70)	(104)
Additional value adjustments (prudential valuation adjustment)	124	(189)
IFRS 9 transitional impact on regulatory reserves including day one	(106)	(146)
Exposure amounts which could qualify for risk weighting	59	(67)
Fair value gains arising from the institution's own Credit Risk related to derivative liabilities	(26)	(30)
Other	50	14
CET1 at 31 December	34,314	34,157
AT1 at 1 January	6,484	6,791
Issuances net of redemptions	(1,000)	241
Foreign currency translation difference	8	9
Excess on AT1 grandfathered limit (ineligible)	–	(557)
AT1 at 31 December	5,492	6,484
Tier 2 capital at 1 January	12,510	12,491
Regulatory amortisation	1,416	778
Issuances net of redemptions	(2,160)	(1,098)
Foreign currency translation difference	146	(337)
Tier 2 ineligible minority interest	19	102
Recognition of ineligible AT1	–	557
Other	4	17
Tier 2 capital at 31 December	11,935	12,510
Total capital at 31 December	51,741	53,151

The main movements in capital in the period were:

- CET1 capital increased by $0.2 billion as retained profits of $3.5 billion, movement in FVOCI of $0.6bn were partly offset by share buy-backs of $2.0 billion, distributions paid and foreseeable of $1.1 billion, foreign currency translation impact of $0.5 billion and an increase in regulatory deductions and other movements of $0.3bn.
- AT1 capital decreased by $1.0 billion following the redemption of $1.0 billion of 7.75 per cent securities.
- Tier 2 capital decreased by $0.6 billion due to the redemption of $2.2 billion of Tier 2 during the year partly offset by the reversal of regulatory amortisation and foreign currency translation impact.

Capital review continued

Risk-weighted assets by business

	31.12.23			
	Credit risk $million	**Operational risk $million**	**Market risk $million**	**Total risk $million**
Corporate, Commercial & Institutional Banking	102,675	18,083	21,221	141,979
Consumer, Private & Business Banking	42,559	8,783	–	51,342
Ventures	1,885	35	3	1,923
Central & other items	44,304	960	3,643	48,907
Total risk-weighted assets	191,423	27,861	24,867	244,151

	30.09.23			
	Credit risk $million	Operational risk $million	Market risk $million	Total risk $million
Corporate, Commercial & Institutional Banking	104,015	18,083	21,288	143,386
Consumer, Private & Business Banking	41,582	8,783	–	50,365
Ventures	1,749	35	2	1,786
Central & other items	40,948	960	4,061	45,969
Total risk-weighted assets	188,294	27,861	25,351	241,506

	30.06.23			
	Credit risk $million	Operational risk $million	Market risk $million	Total risk $million
Corporate, Commercial & Institutional Banking	109,343	18,083	19,832	147,258
Consumer, Private & Business Banking	41,881	8,783	–	50,664
Ventures	1,888	35	2	1,925
Central & other items	44,039	960	4,271	49,270
Total risk-weighted assets	197,151	27,861	24,105	249,117

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

Risk-weighted assets by geographic region

	31.12.23 $million	30.09.23 $million	Change[1] %	30.06.21 $million	Change[1] %	31.12.22 $million	Change[1] %
ASIA[2]	155,995	150,842	3	155,410	–	150,816	3
Africa & Middle East	38,393	38,529	–	41,068	(7)	40,716	(6)
Europe & Americas	46,106	48,227	(4)	48,787	(5)	50,174	(8)
Central & other items	3,657	3,908	(6)	3,852	(5)	3,005	22
Total risk-weighted assets	244,151	241,506	1	249,117	(2)	244,711	–

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

Capital review continued

Movement in risk-weighted assets

	Credit risk							
	Commercial, Corporate &Institutional Banking $million	Consumer, Private & Business Banking $million	Ventures $million	Central & other items $million	Total $million	Operational risk $million	Market risk $million	Total risk $million
At 31 December 2021	125,813	42,731	756	50,288	219,588	27,116	24,529	271,233
At 1 January 2022	125,813	42,731	756	50,288	219,588	27,116	24,529	271,233
Assets growth & mix	(13,213)	(985)	594	(10,033)	(23,637)	–	–	(23,637)
Asset quality	(4,258)	431	–	7,344	3,517	–	–	3,517
Risk-weighted assets efficiencies	–	–	–	–	–	–	–	–
Model Updates	4,329	1,420	–	–	5,749	–	(1,000)	4,749
Methodology and policy changes	2,024	85	–	93	2,202	–	1,500	3,702
Acquisitions and disposals	–	–	–	–	–	–	–	–
Foreign currency translation	(4,883)	(1,591)	–	(3,376)	(9,850)	–	–	(9,850)
Other, Including non-credit risk movements	291	–	–	(1,005)	(714)	61	(4,350)	(5,003)
At 31 December 2022	110,103	42,091	1,350	43,311	196,855	27,177	20,679	244,711
Assets growth & mix	(4,424)	728	535	1,183	(1,978)	–	–	(1,978)
Asset quality	(391)	390	–	2,684	2,683	–	–	2,683
Risk-weighted assets efficiencies	–	–	–	(688)	(688)	–	–	(688)
Model Updates	(597)	(151)	–	(151)	(899)	–	500	(399)
Methodology and policy changes	–	(196)	–	–	(196)	–	(800)	(996)
Acquisitions and disposals	(1,630)	–	–	–	(1,630)	–	–	(1,630)
Foreign currency translation	(386)	(303)	–	(2,035)	(2,724)	–	–	(2,724)
Other, Including non-credit risk movements	–	–	–	–	–	684	4,488	5,172
At 31 December 2023	102,675	42,559	1,885	44,304	191,423	27,861	24,867	244,151

Movements in risk-weighted assets

Movements in risk-weighted assets

RWA decreased by $0.5 billion, or 0.1 per cent from 31 December 2022 to $244.2 billion. This was mainly due to decrease in Credit Risk RWA of $5.4 billion, an increase in Market Risk RWA of $4.2 billion and Operational Risk RWA of $0.7 billion.

Corporate, Commercial & Institutional Banking

Credit Risk RWA decreased by $7.4 billion, or 6.7 per cent from 31 December 2022 to $102.7 billion mainly due to:

- $4.4 billion decrease from changes in asset growth & mix of which:
  - $10.3 billion decrease from optimisation actions including reduction in lower returning portfolios
  - $5.9 billion increase from asset balance growth
- $1.6 billion decrease from sale of Aviation business
- $0.9 billion decrease from industry-wide regulatory changes to align IRB model performance
- $0.4 billion decrease from foreign currency translation
- $0.4 billion decrease from asset quality movements reflecting client upgrades in Asia, Europe & Americas, partially offset by sovereign downgrades in Africa & Middle East
- $0.3 billion increase from changes in model in Financial Markets and Lending

Consumer, Private & Business Banking

Credit Risk RWA increased by $0.5 billion, or 1.1 per cent from 31 December 2022 to $42.6 billion mainly due to:

- $0.7 billion increase from changes in asset growth & mix mainly from Asia
- $0.4 billion increase due to deterioration in asset quality mainly in Asia
- $0.3 billion decrease from foreign currency translation
- $0.2 billion decrease from methodology change relating to an unsecured lending portfolio in Africa & Middle East
- $0.1 billion decrease from industry-wide regulatory changes to align IRB model performance.

Ventures

Ventures is comprised of Mox Bank Limited, Trust Bank and SC Ventures. Credit Risk RWA increased by $0.5 billion, or 39.7 per cent from 31 December 2022 to $1.9 billion from asset balance growth, mainly from SC Ventures

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 increased by $1 billion, or 2.3 per cent from 31 December 2022 to $44.3 billion mainly due to:

- $2.7 billion increase due to deterioration in asset quality mainly from sovereign downgrades in Africa & Middle East
- $1.2 billion increase from changes in asset growth & mix.
- $2.0 billion decrease from foreign currency translation
- $0.7 billion decrease from RWA efficiencies
- $0.2 billion decrease from changes in model in Treasury Markets.

Market Risk

Total Market Risk RWA increased by $4.2 billion, or 20.3 per cent from 31 December 2022 to $24.9 billion due to:

- $2.4 billion increase in Standardised Approach (SA) RWA driven by higher Specific Interest Rate Risk relating to the traded credit portfolio, offset by lower net Structural FX positions
- $2.1 billion increase in Internal Models Approach (IMA) RWA due to increased positions and increased market volatility.
- $0.5 billion increase in IMA RWA due to introduction of a new VaR model to address the rise in VaR backtesting exceptions in 2022.
- $0.3 billion increase in SA RWA due to other smaller RWA movements in 2023.
- $0.8 billion decrease in IMA RWA due to reduction in the IMA multiplier with fewer VaR backtesting exceptions in 2023 than in 2022.

Operational Risk

- Operational Risk RWA increased by $0.7 billion, or 2.5 per cent from 31 December 2022 to $27.9 billion, mainly due to a marginal increase in average income as measured over a rolling three-year time horizon for certain products.

Capital review continued

Leverage ratio

	31.12.23 $million	30.09.23 $million	Change[2] %	30.06.23 $million	Change[2] %	31.12.22 $million	Change[2] %
Tier 1 capital	39,806	39,061	2	40,388	(1)	40,641	(2)
Derivative financial instruments	50,434	62,449	(19)	60,388	(16)	63,717	(21)
Derivative cash collateral	10,337	10,035	3	9,304	11	12,515	(17)
Securities financing transactions (SFTs)	97,581	85,481	14	87,118	12	89,967	8
Loans and advances and other assets	664,492	667,868	(1)	681,901	(3)	653,723	2
Total on-balance sheet assets	822,844	825,833	–	838,711	(2)	819,922	–
Regulatory consolidation adjustments[1]	(92,709)	(105,534)	12	(102,523)	10	(71,728)	(29)
Derivatives adjustments			–		–		–
Derivatives netting	(39,031)	(46,329)	16	(44,747)	13	(47,118)	17
Adjustments to cash collateral	(9,833)	(8,725)	(13)	(7,267)	(35)	(10,640)	8
Net written credit protection	1,359	1,139	19	931	46	548	148
Potential future exposure on derivatives	42,184	40,737	4	39,239	8	35,824	18
Total derivatives adjustments	(5,321)	(13,178)	60	(11,844)	55	(21,386)	75
Counterparty risk leverage exposure measure for SFTs	6,639	4,586	45	7,591	(13)	15,553	(57)
Off-balance sheet items	123,572	119,136	4	120,355	3	119,049	4
Regulatory deductions from Tier 1 capital	(7,883)	(7,297)	(8)	(7,311)	(8)	(7,099)	(11)
Total exposure measure excluding claims on central banks	847,142	823,546	3	844,979	–	854,311	(1)
Leverage ratio excluding claims on central banks (%)	4.7%	4.7%	(0.0)	4.8%	(0.1)	4.8%	(0.1)
Average leverage exposure measure excluding claims on central banks	853,968	838,666	2	842,493	1	864,605	(1)
Average leverage ratio excluding claims on central banks (%)	4.6%	4.7%	(0.1)	4.7%	(0.1)	4.7%	(0.1)
Countercyclical leverage ratio buffer	0.1%	0.1%	–	0.1%	–	0.1%	–
G-SII additional leverage ratio buffer	0.4%	0.4%	0.1	0.4%	5.0	0.4%	0.1

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 2023

	Notes	2023 $million	2022 $million
Interest income		27,227	15,252
Interest expense		(19,458)	(7,659)
Net interest income	3	7,769	7,593
Fees and commission income		4,067	3,972
Fees and commission expense		(815)	(859)
Net fee and commission income	4	3,252	3,113
Net trading income	5	6,292	5,310
Other operating income	6	706	302
Operating income		18,019	16,318
Staff costs		(8,256)	(7,618)
Premises costs		(422)	(401)
General administrative expenses		(1,802)	(1,708)
Depreciation and amortisation		(1,071)	(1,186)
Operating expenses	7	(11,551)	(10,913)
Operating profit before impairment losses and taxation		6,468	5,405
Credit impairment	8	(508)	(836)
Goodwill, property, plant and equipment and other impairment	9	(1,008)	(439)
Profit from associates and joint ventures	32	141	156
Profit before taxation		5,093	4,286
Taxation	10	(1,631)	(1,384)
Profit for the year		3,462	2,902
Profit attributable to:			
Non-controlling interests	29	(7)	(46)
Parent company shareholders		3,469	2,948
Profit for the year		3,462	2,902

		cents	cents
Earnings per share:			
Basic earnings per ordinary share	12	108.6	85.9
Diluted earnings per ordinary share	12	106.2	84.3

The notes form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Notes	2023 $million	2022 $million
Profit for the year		3,462	2,902
Other comprehensive income:			
Items that will not be reclassified to income statement:		239	(75)
Own credit gains/(losses) on financial liabilities designated at fair value through profit or loss		212	(56)
Equity instruments at fair value through other comprehensive income		181	(75)
Actuarial (losses)/gains on retirement benefit obligations	30	(47)	41
Taxation relating to components of other comprehensive income	10	(107)	15
Items that may be reclassified subsequently to income statement:		562	(3,703)
Exchange differences on translation of foreign operations:			
Net loss taken to equity		(734)	(2,466)
Net gains on net investment hedges	14	215	512
Share of other comprehensive loss from associates and joint ventures	32	(7)	(79)
Debt instruments at fair value through other comprehensive income:			
Net valuation gain/(loss) taken to equity		383	(1,528)
Reclassified to income statement	6	115	207
Net impact of expected credit losses		(48)	118
Cash flow hedges:			
Net movements in cash flow hedge reserve	14	767	(619)
Taxation relating to components of other comprehensive income	10	(129)	152
Other comprehensive income/(loss) for the year, net of taxation		801	(3,778)
Total comprehensive income/(loss) for the year		4,263	(876)
Total comprehensive income/(loss) attributable to:			
Non-controlling interests	29	(38)	(88)
Parent company shareholders		4,301	(788)
Total comprehensive income/(loss) for the year		4,263	(876)

Consolidated balance sheet

As at 31 December 2023

	Notes	2023 $million	2022 $million
Assets			
Cash and balances at central banks	13,35	69,905	58,263
Financial assets held at fair value through profit or loss	13	147,222	105,812
Derivative financial instruments	13,14	50,434	63,717
Loans and advances to banks	13,15	44,977	39,519
Loans and advances to customers	13,15	286,975	310,647
Investment securities	13	161,255	172,448
Other assets	20	47,594	50,383
Current tax assets	10	484	503
Prepayments and accrued income		3,033	3,149
Interests in associates and joint ventures	32	966	1,631
Goodwill and intangible assets	17	6,214	5,869
Property, plant and equipment	18	2,274	5,522
Deferred tax assets	10	702	834
Assets classified as held for sale	21	809	1,625
Total assets		822,844	819,922
Liabilities			
Deposits by banks	13	28,030	28,789
Customer accounts	13	469,418	461,677
Repurchase agreements and other similar secured borrowing	13,16	12,258	2,108
Financial liabilities held at fair value through profit or loss	13	83,096	79,903
Derivative financial instruments	13,14	56,061	69,862
Debt securities in issue	13,22	62,546	61,242
Other liabilities	23	39,221	43,527
Current tax liabilities	10	811	583
Accruals and deferred income		6,975	5,895
Subordinated liabilities and other borrowed funds	13,27	12,036	13,715
Deferred tax liabilities	10	770	769
Provisions for liabilities and charges	24	299	383
Retirement benefit obligations	30	183	146
Liabilities included in disposal groups held for sale	21	787	1,307
Total liabilities		772,491	769,906
Equity			
Share capital and share premium account	28	6,815	6,930
Other reserves		9,171	8,165
Retained earnings		28,459	28,067
Total parent company shareholders' equity		44,445	43,162
Other equity instruments	28	5,512	6,504
Total equity excluding non-controlling interests		49,957	49,666
Non-controlling interests	29	396	350
Total equity		50,353	50,016
Total equity and liabilities		822,844	819,922

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 23 February 2024 and signed on its behalf by:

José Viñals	Bill Winters	Diego De Giorgi
Group Chairman	Group Chief Executive	Group Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2023

	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 2022	5,528	1,494	17,246	(15)	103	249	(34)	(5,744)	27,184	46,011	6,254	371	52,636
Profit/(loss) for the year	–	–	–	–	–	–	–	–	2,948	2,948	–	(46)	2,902
Other comprehensive (loss)/income[11]	–	–	–	(48)	(1,219)	(43)	(530)	(1,904)	8[2]	(3,736)	–	(42)	(3,778)
Distributions	–	–	–	–	–	–	–	–	–	–	–	(31)	(31)
Other equity instruments issued, net of expenses	–	–	–	–	–	–	–	–	–	–	1,240	–	1,240
Redemption of other equity instruments	–	–	–	–	–	–	–	–	–	–	(999)	–	(999)
Treasury shares net movement	–	–	–	–	–	–	–	–	(203)	(203)	–	–	(203)
Share option expenses	–	–	–	–	–	–	–	–	163	163	–	–	163
Dividends on ordinary shares	–	–	–	–	–	–	–	–	(393)	(393)	–	–	(393)
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(401)	(401)	–	–	(401)
Share buy-back[3,4]	(92)	–	92	–	–	–	–	–	(1,258)	(1,258)	–	–	(1,258)
Other movements	–	–	–	–	–	–	–	12[5]	19[5,6]	31	9[5]	98[7]	138
As at 31 December 2022	5,436	1,494	17,338	(63)	(1,116)	206	(564)	(7,636)	28,067	43,162	6,504	350	50,016
Profit/(loss) for the year	–	–	–	–	–	–	–	–	3,469	3,469	–	(7)	3,462
Other comprehensive income/(loss)[11]	–	–	–	163	426	124	655	(489)	(47)[2]	832	–	(31)	801
Distributions	–	–	–	–	–	–	–	–	–	–	–	(26)	(26)
Redemption of other equity instruments	–	–	–	–	–	–	–	–	–	–	(1,000)	–	(1,000)
Treasury shares net movement	–	–	–	–	–	–	–	–	(189)	(189)	–	–	(189)
Share option expenses	–	–	–	–	–	–	–	–	173	173	–	–	173
Dividends on ordinary shares	–	–	–	–	–	–	–	–	(568)	(568)	–	–	(568)
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(452)	(452)	–	–	(452)
Share buy-back[8,9]	(115)	–	115	–	–	–	–	–	(2,000)	(2,000)	–	–	(2,000)
Other movements	–	–	–	–	–	–	–	12[5]	6[5]	18	8[5]	110[10]	136
As at 31 December 2023	5,321	1,494	17,453	100	(690)	330	91	(8,113)	28,459	44,445	5,512	396	50,353

1 Includes capital reserve of $5 million, capital redemption reserve of $337 million and merger reserve of $17,111 million
2 Comprises actuarial gain on Group defined benefit schemes
3 On 18 February 2022, the Group announced the buy-back programme for a share buy-back of its ordinary shares of $0.50 each. Nominal value of share purchases was $56 million, and the total consideration paid was $754 million, the buy-back completed on 19 May 2022. The total number of shares purchased was 111,295,408, representing 3.61 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account
4 On 1 August 2022, the Group announced the buy-back programme for a share buy-back of its ordinary shares of $0.50 each. Nominal value of share purchases was $36 million, and the total consideration paid was $504 million. The total number of shares purchased was 73,073,837 representing 2.5 per cent of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account
5 Movement related to Translation adjustment and AT1 Securities charges
6 Movement mainly related to $21million NCI on Power2SME Pte Ltd. and $8 million on CurrencyFair Limited & $(9) million related to AT1 securities charges
7 Movements primarily from non-controlling interest pertaining to Mox Bank Limited ($39 million), Trust Bank Singapore Limited ($47 million) , Zodia Markets Holdings Limited ($3 million) and Power2SME Pte Ltd. ($9 million)
8 On 16 February 2023, the Group announced the buy-back programme for a share buy-back of its ordinary shares of $0.50 each. Nominal value of share purchases was $58 million, and the total consideration paid was $1,000 million and the buy-back completed on 29 September 2023. The total number of shares purchased was 116,710,492, representing 4.03 per cent of the ordinary shares in issue as at the commencement of the buy-back. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account
9 On 28 July 2023, the Group announced the buy-back programme for a share buy-back of its ordinary shares of $0.50 each. Nominal value of share purchases was $57 million, and the total consideration paid was $1,000 million and the buy-back completed on 6 November 2023. The total number of shares purchased was 112,982,802, representing 3.90 per cent of the ordinary shares in issue as at the commencement of the buy-back. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account
10 Movements primarily from non-controlling interest pertaining to Mox Bank Limited ($48 million), Trust Bank Singapore Limited ($34 million) and Zodia Custody Limited ($28 million)
11 All the amounts are net of tax

Note 28 includes a description of each reserve.

The notes form an integral part of these financial statements.

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 23 February 2024. 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 current 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. 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 LCR ratio.
- 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 23 February 2024. 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

	2023 $million	2022 $million	2021 $million	2020 $million	2019 $million
Operating profit before impairment losses and taxation	6,468	5,405	3,777	4,374	4,484
Impairment losses on loans and advances and other credit risk provisions	(508)	(836)	(254)	(2,325)	(908)
Other impairment[1]	(1,008)	(425)	(372)	(98)	(136)
Profit before taxation	5,093	4,286	3,347	1,613	3,713
Profit attributable to shareholders	3,469	2,948	2,315	724	2,303
Loans and advances to banks[2]	44,977	39,519	44,383	44,347	53,549
Loans and advances to customers[2]	286,975	310,647	298,468	281,699	268,523
Total assets	822,844	819,922	827,818	789,050	720,398
Deposits by banks[2]	28,030	28,789	30,041	30,255	28,562
Customer accounts[2]	469,418	461,677	474,570	439,339	405,357
Shareholders' equity	44,445	43,162	46,011	45,886	44,835
Total capital resources[3]	62,389	63,731	69,282	67,383	66,868
Information per ordinary share					
Basic earnings per share	108.6c	85.9c	61.3c	10.4c	57.0c
Underlying earnings per share	128.9c	97.9c	85.8c	36.1c	75.7c
Dividends per share[4]	27.0c	18.0c	12.0c	–	22.0c
Net asset value per share	1,629.0c	1,453.3c	1,456.4c	1,409.3c	1,358.3c
Net tangible asset value per share	1,393.0c	1,249.0c	1,277.0c	1,249.0c	1,192.5c
Return on assets[5]	0.4%	0.4%	0.3%	0.1%	0.3%
Ratios					
Reported return on ordinary shareholders' equity	7.2%	6.0%	4.2%	0.8%	4.2%
Reported return on ordinary shareholders' tangible equity	8.4%	6.8%	4.8%	0.9%	4.8%
Underlying return on ordinary shareholders' equity	8.7%	6.9%	5.9%	2.6%	5.6%
Underlying return on ordinary shareholders' tangible equity	10.1%	7.7%	6.8%	3.0%	6.4%
Reported cost to income ratio (excluding UK Bank Levy)	63.5%	66.3%	73.6%	68.1%	68.7%
Reported cost to income ratio (including UK Bank Levy)	64.1%	66.9%	74.3%	70.4%	70.9%
Underlying cost to income ratio (excluding UK Bank levy)	63.4%	65.5%	69.8%	66.4%	65.9%
Underlying cost to income ratio (including UK Bank levy)	64.1%	66.2%	70.5%	68.7%	68.2%
Capital ratios:					
CET 1[6]	14.1%	14.0%	14.1%	14.4%	13.8%
Total capital[6]	21.2%	21.7%	21.3%	21.2%	21.2%

1 Other Impairment includes $850 million (2022: $308 million) impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai)
2 Excludes amounts held at fair value through profit or loss
3 Shareholders' funds, non-controlling interests and subordinated loan capital
4 Dividend paid during the year per share
5 Represents profit attributable to shareholders divided by the total assets of the Group
6 Unaudited

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.

	2023		2022	
	Bank deposits $million	Customer accounts $million	Bank deposits $million	Customer accounts $million
Insured deposits	10	66,753	28	60,008
Current accounts	9	15,767	8	16,373
Savings deposits	–	27,376	–	26,973
Time deposits	1	23,517	20	16,599
Other deposits	–	93	–	63
Uninsured deposits	35,500	467,868	36,795	460,221
Current accounts	20,969	150,559	22,425	144,931
Savings deposits	–	91,425	–	90,937
Time deposits	8,295	176,977	6,870	176,090
Other deposits	6,236	48,907	7,500	48,263
Total	35,510	534,621	36,823	520,229

UK and non-UK deposits

The following table summarises the split of Bank and Customer deposits into UK and Non-UK deposits for respective account lines based on the domicile or residence of the clients.

	2023		2022	
	Bank deposits $million	Customer accounts $million	Bank deposits $million	Customer accounts $million
UK deposits	2,918	29,318	4,163	38,557
Current accounts	925	7,062	903	8,955
Savings deposits	–	330	–	420
Time deposits	310	5,412	1,004	6,760
Other deposits	1,683	16,514	2,256	22,422
Non-UK deposits	32,592	505,303	32,660	481,672
Current accounts	20,053	159,264	21,530	152,349
Savings deposits	–	118,471	–	117,490
Time deposits	7,986	195,082	5,886	185,929
Other deposits	4,553	32,486	5,244	25,904
Total	35,510	534,621	36,823	520,229

Contractual maturity of Loans, Investment securities and Deposits

	2023						
	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	72,717	197,125	38,877	59,023	–	31,333	485,908
Between one and five years	3,975	52,532	4	69,075	–	4,174	46,365
Between five and ten years	837	19,184	1	18,804	–	2	567
Between ten years and fifteen years	35	14,084	–	9,276	–	–	1,341
More than fifteen years and undated	226	62,561	–	18,155	3,932	–	441
Total	77,790	345,486	38,882	174,333	3,932	35,509	534,622
Total amortised cost and FVOCI exposures	44,977	286,975					
Fixed interest rate exposures	38,505	168,697					
Floating interest rate exposures	6,472	118,278					

	2022						
	Loans and advances to banks $million	Loans and advances to customers $million	Investment securities – Treasury and other eligible	Investment securities – Debt securities $million	Investment securities – Equity shares $million	Bank deposits $million	Customer accounts $million

Other supplementary financial information continued

			Bills $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

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 Central and other government agencies										
– US	1,861	1.39	9,171	1.61	5,799	1.67	4,524	3.89	21,355	2.09
– UK	39	2.75	85	1.06	101	0.67	–	–	225	1.18
– Other	5,045	2.72	9,560	2.80	2,289	3.12	81	4.74	16,975	2.84
Other debt securities	2,487	6.45	2,658	5.37	2,262	5.44	10,973	5.13	18,380	5.38
As at 31 December 2023	9,432	3.44	21,474	2.61	10,451	2.79	15,578	4.77	56,935	3.37

	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

Other supplementary financial information continued

The maturity distributions are presented in the above table on the basis of residual 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

The following tables set out the average balances and yields for the Group's assets and liabilities for the periods ended 31 December 2023 and 31 December 2022 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.

	2023				
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	10,466	67,634	2,833	4.19	3.63
Gross loans and advances to banks	34,743	44,161	2,095	4.74	2.66
Gross loans and advances to customers	55,235	301,570	15,698	5.20	4.40
Impairment provisions against loans and advances to banks and customers	–	(5,894)	–	–	–
Investment securities – Treasury and Other Eligible Bills	7,955	32,026	1,596	4.98	3.99
Investment securities – Debt Securities	29,912	133,023	5,005	3.76	3.07
Investment securities – Equity Shares	3,190	–	–	–	–
Property, plant and equipment and intangible assets	8,861	–	–	–	–
Prepayments, accrued income and other assets	126,539	–	–	–	–
Investment associates and joint ventures	1,628	–	–	–	–
Total average assets	278,529	572,520	27,227	4.76	3.20

	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

Average liabilities

Average liabilities	2023 Average non-interest bearing balance $million	Average interest bearing balance $million	Interest expense $million	Rate paid %	Rate paid total balance %
Deposits by banks	14,238	24,066	796	3.31	2.08
Customer accounts:					
Current accounts	41,911	132,537	3,619	2.73	2.07
Savings deposits	–	112,046	1,981	1.77	1.77
Time deposits	15,345	186,287	8,204	4.40	4.07
Other deposits	44,211	6,527	488	7.48	0.96
Debt securities in issue	12,259	65,579	3,367	5.13	4.33
Accruals, deferred income and other liabilities	132,442	1,009	52	5.15	0.04
Subordinated liabilities and other borrowed funds	–	12,299	951	7.73	7.73
Non-controlling interests	373	–	–	–	–
Shareholders' funds	49,920	–	–	–	–
	310,699	540,350	19,458	3.60	2.29
Adjustment for Financial Markets funding costs and financial guarantee fees on interest earning assets			(1,778)		
Total average liabilities and shareholders' funds	310,699	540,350	17,680	3.27	2.08

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 and financial guarantee fees on interest earning assets			(383)		
Total average liabilities and shareholders' funds	337,681	525,351	7,276	1.38	0.84

Other supplementary financial information continued

Net interest margin

	2023 $million	2022 $million
Interest income (Reported)	27,227	15,252
Average interest earning assets	572,520	565,370
Gross yield (%)	4.76	2.70
Interest expense (Reported)	19,458	7,659
Adjustment for Financial Markets funding costs and financial guarantee fees on interest earning assets	(1,778)	(383)
Interest expense adjusted for Financial Markets trading book funding costs and financial guarantee fees on interest-earning assets	17,680	7,276
Average interest-bearing liabilities	540,350	525,351
Rate paid (%)	3.27	1.38
Net yield (%)	1.49	1.32
Net interest income adjusted for Financial Markets funding costs and Financial guarantee fees on interest earing assets	9,547	7,976
Net interest margin (%)	1.67	1.41

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.

	2023 versus 2022		
	Volume $million	Rate $million	Net increase/ (decrease) in interest $million
Cash and unrestricted balances at central banks	550	1,518	2,068
Loans and advances to banks	57	1,185	1,242
Loans and advances to customers	(284)	5,814	5,530
Investment securities	(74)	3,209	3,135
Total interest earning assets	249	11,726	11,975
Interest bearing liabilities			
Subordinated liabilities and other borrowed funds	(208)	589	381
Deposits by banks	(105)	468	363
Customer accounts:			
Current accounts and savings deposits	(458)	3,769	3,311
Time and other deposits	1,601	3,945	5,546
Debt securities in issue	258	1,940	2,198
Total interest bearing liabilities	1,088	10,711	11,799

Other supplementary financial information continued

	2022 versus 2021		
	(Decrease)/increase in interest due to:		Net increase/(decrease) in interest
	Volume $million	Rate $million	$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

Shareholder information

Dividend and interest payment dates

Ordinary shares	Final dividend
Results and dividend announced	23 February 2024
Ex-dividend date	7 (UK) 6 (HK) March 2024
Record date for dividend	8 March 2024
Last date to amend currency election instructions for cash dividend*	23 April 2024
Dividend payment date	17 May 2024

* In either United States dollars, sterling or Hong Kong dollars

Preference shares	1st half yearly dividend	2nd half yearly dividend
7⅜ per cent non-cumulative irredeemable preference shares of £1 each	1 April 2024	1 October 2024
8¼ per cent non-cumulative irredeemable preference shares of £1 each	1 April 2024	1 October 2024
6.409 per cent non-cumulative redeemable preference shares of $5 each	30 January and 30 April 2024	30 July and 30 October 2024
7.014 per cent non-cumulative redeemable preference shares of $5 each	30 January 2024	30 July 2024

Annual General Meeting

The Annual General Meeting (AGM) will be held on Friday 10 May 2024 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 2024 Notice of AGM.

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

Interim results

The interim results will be announced to the London Stock Exchange and 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 2023, on or before 31 December 2024. We have also published our approach to tax and tax policy.

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

Pillar 3 Reporting

In accordance with the Pillar 3 disclosure requirements, the Group will publish the Pillar 3 Disclosures in respect of the year ended 31 December 2023, on or before 23 February 2024.

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

ShareCare

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

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

Shareholder information continued

Donating shares to ShareGift

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

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

Bankers' Automated Clearing System (BACS)

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

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

Registrars and shareholder enquiries

If you have any enquiries relating to your shareholding and you hold your shares on the UK register, please contact our registrar 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.

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

Substantial shareholders

The Company and its shareholders have been granted partial exemption from the disclosure requirements under Part XV of the Securities and Futures Ordinance (SFO). As a result of this exemption, shareholders, directors and chief executives, 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, nor a register of directors' and chief executives' interests under section 352 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.

Shareholder information continued

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
Final 2022	11 May 2023	14.00c/11.249168p/HK$1.098083	N/A
Interim 2023	13 October 2023	6.00c/4.910412p/HK$0.469085	N/A

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

Shareholder information continued

Chinese translation

If you would like a Chinese language version of the 2023 Annual Report, please contact Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

二〇二三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 now' 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 change your bank mandate or address information.

Shareholder information continued

Important notices

Basis of Preparation and Caution Regarding Data Limitations

This section is specifically relevant to, amongst others, the sustainability and climate models, calculations and disclosures throughout this report.

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: the limited availability of reliable data, data gaps, and the nascent nature of the methodologies and technologies underpinning this data; the limited standardisation of data (given, amongst other things, limited 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 current 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 above);

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 noninfringement 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;

Shareholder information continued

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 ESG 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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Shareholder information continued

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Digital Annual Report

sc.com/annualreport

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ShareGift information
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helpline: +44 (0)20 7930 3737

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Chinese translation

Computershare Hong Kong
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Wan Chai
Hong Kong

Register for electronic communications
website: investorcentre.co.uk

By Order of the Board
Adrian de Souza
Group Company Secretary

Hong Kong, 23 February 2024

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

Chairman:
José María Viñals Iñiguez

Executive Directors:
William Thomas Winters, CBE and Diego De Giorgi

Independent Non-Executive Directors:
Shirish Moreshwar Apte; David Philbrick Conner; Gay Huey Evans, CBE; Jacqueline Hunt; Robin Ann Lawther, CBE; Maria da Conceicao das Neves Calha Ramos (Senior Independent Director); Philip George Rivett; David Tang; Carlson Tong and Linda Yi-chuang Yueh, CBE