HSBC Holdings plc 4Q22 Results

Presentation to Investors and Analysts

HSBC

Strategic progress

Noel Quinn
Group Chief Executive

Our purpose, values and ambition support the execution of our strategy

Our purpose	**Opening up a world of opportunity**			
Our ambition	To be the preferred **international** financial partner for our clients			
Our values	**We value difference**	**We succeed together**	**We take responsibility**	**We get it done**
Our strategy	**Focus** on our strengths	**Digitise** at scale	**Energise** for growth	**Transition** to net zero

We have made good progress but there's so much more we can achieve

Transformation journey

- First phase of our strategy execution complete
- Improved financial performance
- Strong foundation

Delivery in 2022

- Good set of results
- Revenue growth
- Strong cost discipline
- Enhanced returns

Growth and returns

- Value from international connectivity and customer centricity
- Multiple growth engines
- Strong capital position
- Drive value creation

A reconciliation of reported results to adjusted results can be found on slide 36, where FY22 reported PBT of $17.5bn is reconciled to adjusted PBT of $19.7bn. The remainder of the presentation unless otherwise stated, is presented on an adjusted basis. Figures throughout this presentation may be subject to rounding adjustments and therefore may not sum precisely to totals given in charts, tables or commentary

Our transformation journey: Six components

International connectivity	◆ Grown and protected our market leading position in **international connectivity**
Portfolio repositioning	◆ Whilst **repositioning** unprofitable and non-strategic portfolios, particularly in US and Europe
Broad base of profit generation	◆ Which has resulted in an internationally connected client proposition underpinned by a **broad base of geographically diverse profit generation**
Cost discipline	◆ Supported by **strong cost discipline**, evidenced by an improving cost efficiency ratio
Dividend policy	◆ Supported by a **sustainable dividend policy** with strong capital and liquidity
Platform for growth	◆ Resulting in a strong platform for **growth and returns** ◆ Upon which we will build **new value creation opportunities**

International connectivity: We continue to maintain our market-leading position…

Leading positions in Trade, Payments and FX

1st
Trade Finance globally[1]

Top 3
Processor of SWIFT payments[2]
(>$600tn payments processed in FY22*)

3rd
FX globally
(excl. Commodities)[1]

International connectivity is core to who we serve

~45%
of wholesale client business is cross-border[3]

6m (+7% YoY growth)
WPB clients are international[4]

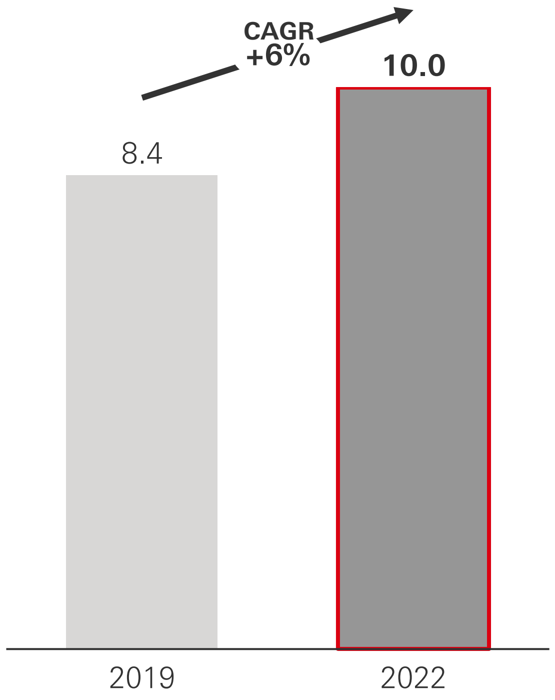
~2x
WPB international clients revenue vs. domestic clients[5]

* Total payments

International connectivity: …and drive growth in revenue and market share

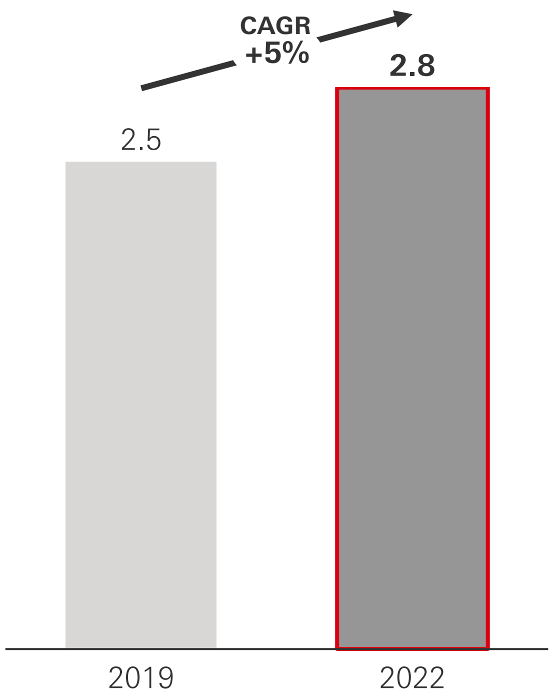
Growth in revenue within payments franchise

Global Payments Solutions (GPS) revenue, $bn



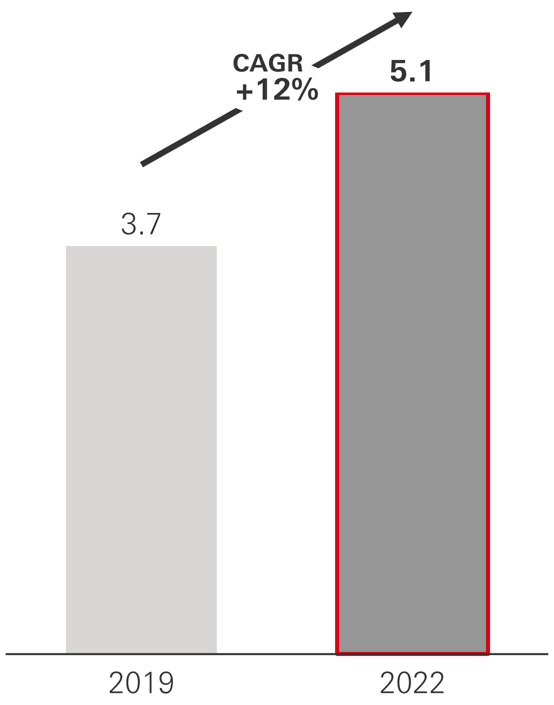
Growth in our trade business

Global Trade and Receivables Finance revenue, $bn



Strong momentum within FX

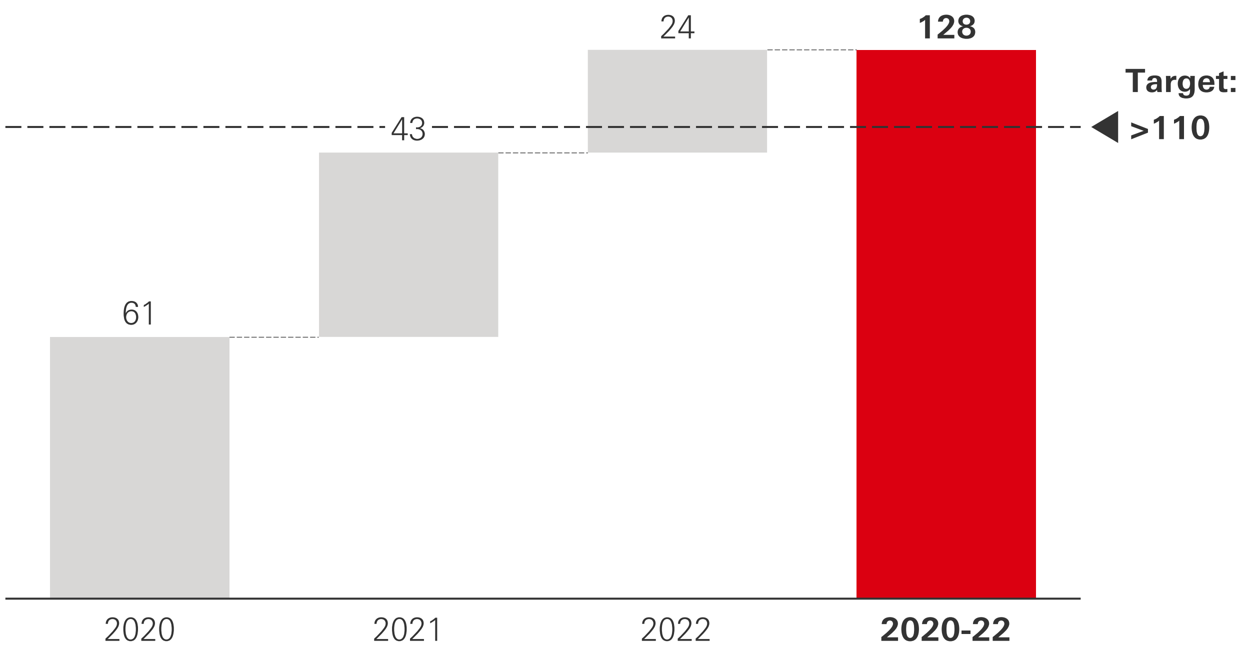
Global Foreign Exchange (Wholesale) revenue[6], $bn



Recorded Wholesale Transaction Banking[7] revenue of $20.0bn, +7% CAGR since 2019

Portfolio repositioned: Exited markets and reduced RWAs while reallocating capital towards higher growth and more profitable opportunities

RWA saves in excess of target[8]

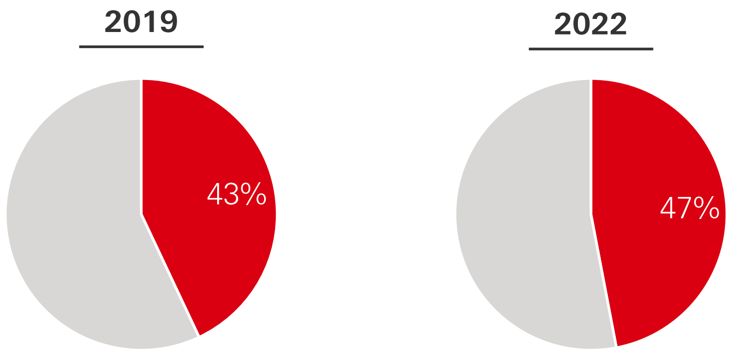


Reshaped portfolio with exits

- **US** mass market retail
- Planned sale of **France** retail
- Planned sale of **Canada** banking business
- Planned sale of **Russia** and **Greece** operations

Capital reallocation to Asia

Asia as a % of Group tangible equity[9], %



Invested in bolt-on acquisitions

AXA Singapore

- 4th largest health insurer in Singapore post acquisition[10]

HSBC Life China

- Increased stake from 50% to 100%

L&T Investment Management

- 14th largest fund house in India post acquisition[11]

HSBC Qianhai

- Increased stake from 51% to 90%

Broad base of profit generation: We have multiple engines of growth and profitability

Hong Kong

$6.8bn **PBT; (44)% vs. 2019**

- #1 market share in deposits[12], insurance[13]
- #1 Trade Finance Bank[14]

Mainland China

$1.0bn **PBT excl. BoCom; +13% vs. 2019**

- #1 foreign bank by revenue[15]
- c.1.3k Pinnacle wealth planners

Asia

(excluding Hong Kong and mainland China)

$4.2bn **PBT[16]; +23% vs. 2019**

India, ($0.9n PBT[17]; +36% vs. 2019)

- Facilitate 9% of India's exports[18]
- Facilitate 9% of traded FX[19]

South East Asia (SEA), ($0.8bn PBT in Singapore; +69% vs. 2019)

- PBT >$100m in 5 out of 6 SEA[20] markets
- Best Cash Management and Trade Finance bank[21]

Middle East

$1.8bn **PBT; +20% vs. 2019**

- #1 in Capital Markets (DCM, ECM, Syndicated Loans)[22]
- #1 underwriter in GSSS bonds[22]

UK

(UK RFB)

$5.0bn **PBT; +78% vs. 2019**

- #1 Trade Finance Bank[14]; 26.9% receivables finance market share[23]
- 7.7% (stock) / 8.9% (gross) market share in mortgages[24]

Europe

(NRFB)

$2.1bn **PBT; +181% vs. 2019**

- c.35% of Wholesale client business booked outside of Europe (excl. UK RFB)[3]
- Top 3 in EMEA ECM[22]; #1 in IPO[22]

US

$1.0bn **PBT; +64% vs. 2019**

- c.65% of wholesale client business booked outside of the US[3]
- #1 Trade Finance Bank[14]

Mexico

$0.7bn **PBT; +9% vs. 2019**

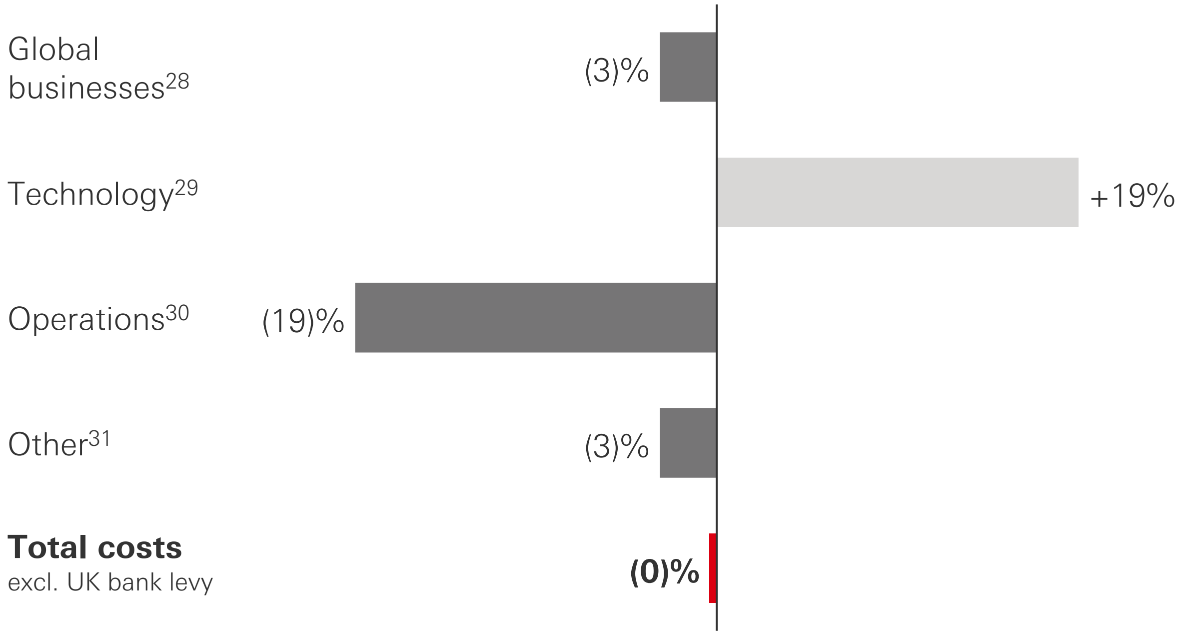
- 18.0% RoTE[25]
- 8.5% WPB loans market share[26]
- c.60% of WPB client acquisition through Wholesale to Personal referrals[27]; referrals up 200k net

Red PBT figures relate to FY22

Cost management: We have maintained cost discipline and improved operational efficiency

Managed costs whilst increasing tech spend

2019-22 adjusted cost movements, %



CTA programme (2020-22)

Further c.$1bn of cost saves are expected to flow through in FY23

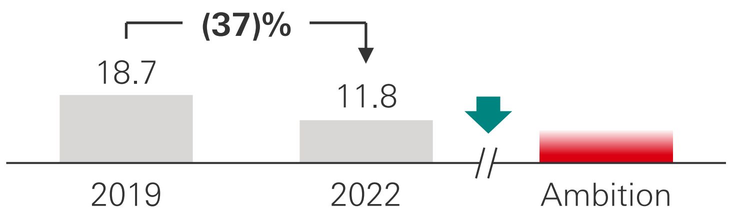
Spend $6.5bn **Saves** $5.6bn

Achieved improved operational efficiency

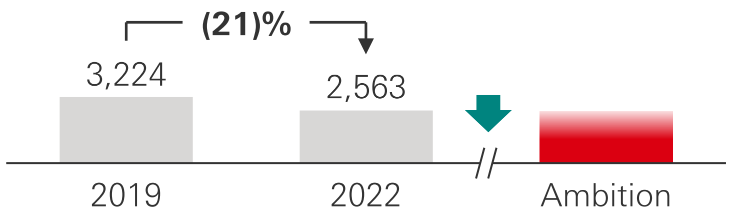
Adjusted cost efficiency ratio
%

2019		2022
59.2%	→	55.0%

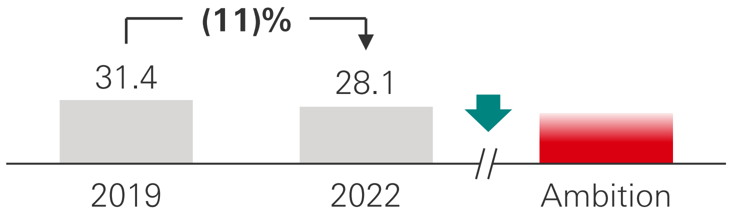
Office real estate
sq. ft, m



Branches globally
#



Operations FTE[32]
'000s

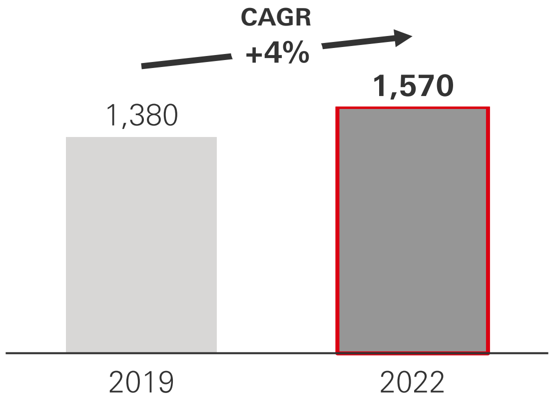


Building platform for growth: Leveraging our balance sheet growth and driving fee income revenue streams…

Balance sheet growth

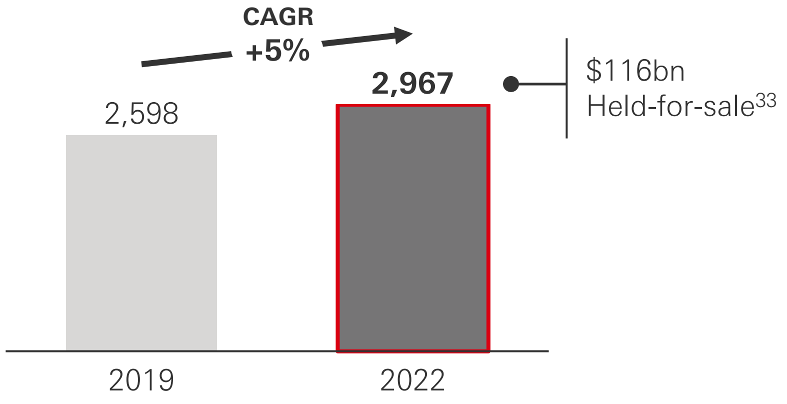
Deposits

$bn



Assets

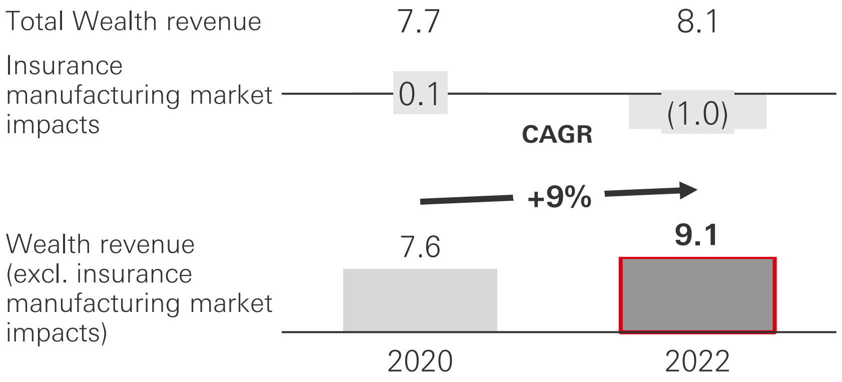
$bn



Building our wealth franchise

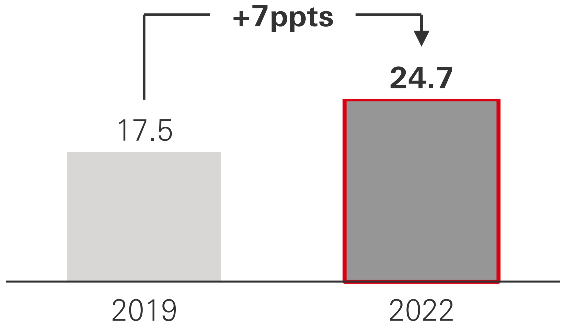
Wealth revenue

Global, $bn



Insurance

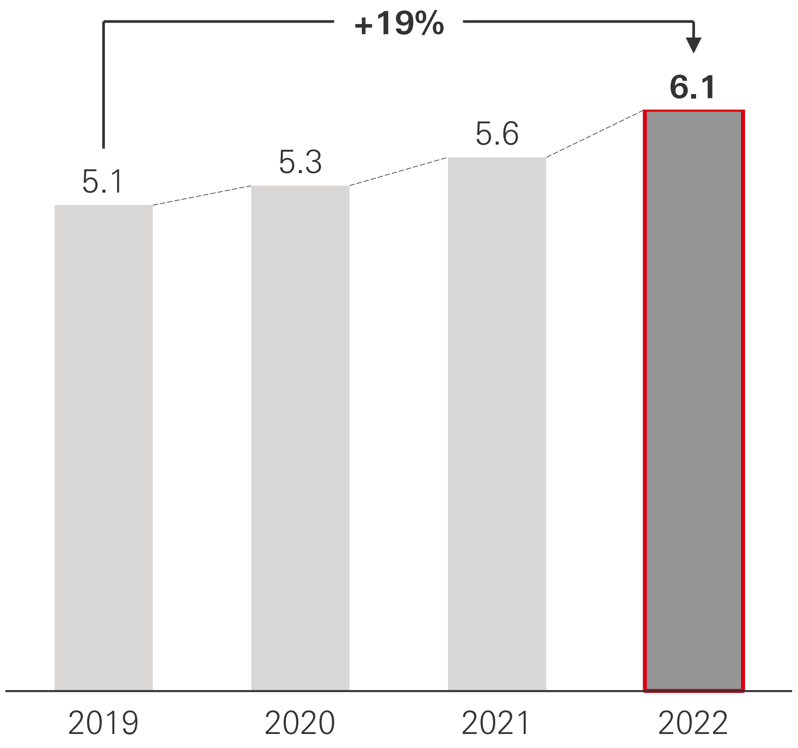
Hong Kong market share[34], %



Building platform for growth: …while investing in technology to scale-up our digital propositions and launch new propositions

Growth in technology spend[29]

$bn, P&L basis



Tech spend % of total Group adjusted operating expenses[29]

2019	2020	2021	2022
16%	17%	19%	20%

Scaling up our digital propositions

Mobile X; global multi-market mobile platform

- Present in 24 markets with around 13m active customers

HSBC Kinetic; digital business banking mobile channel for SMEs in the UK

- Now with c.53k customers

Global Wallet; cloud enabled digital wallet

- Now in six markets (UK, SG, MY, US, HK, CA) and transaction turnover of over $3bn

Global Money; multi-market mobile proposition to manage, spend, send and receive in major currencies

- Live in eight markets and enabled for 19 currencies

Launched new propositions

HSBC Orion

- Launched proprietary tokenisation platform to issue digital bonds based on distributed ledger technology

International Credit

- Launched in Singapore: customers can gain access to credit in a new country based on credit history in home country

Embedded Banking

- Launched an industry-leading native bank account service with Oracle Netsuite Enterprise Resource Planning

Pentagreen

- Launched a sustainable infrastructure debt financing platform, in a joint venture with Temasek, based in South East Asia

Summary of our performance in 2022 (vs. 2021)

Reported PBT of $17.5bn, down $1.4bn (7%); **adjusted PBT of $24.0bn**, up $3.4bn (17%)

Adjusted revenue of $55.3bn, up $8.3bn (18%). NII of $32.6bn, up $7.7bn (31%). Non-NII of $22.7bn, up $0.6bn (3%)

Adjusted costs contained to c.1%, adjusted cost efficiency ratio of 55.0%

ECL charge of $3.6bn, with $1.3bn associated with our mainland China commercial real estate (CRE) portfolio

Dividend per share of $0.32; payout ratio of 44%

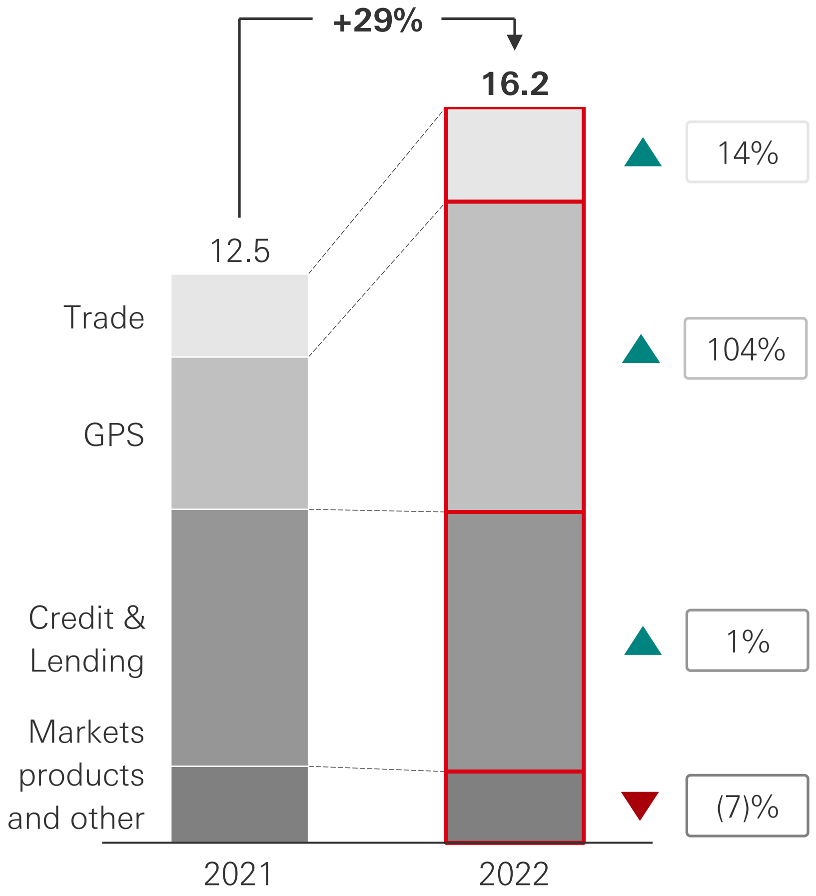
CET1 ratio[35] of 14.2%

Reported RoTE of 9.9%[36]; RoTE excluding significant items of 11.6%

Focus on our strengths – CMB

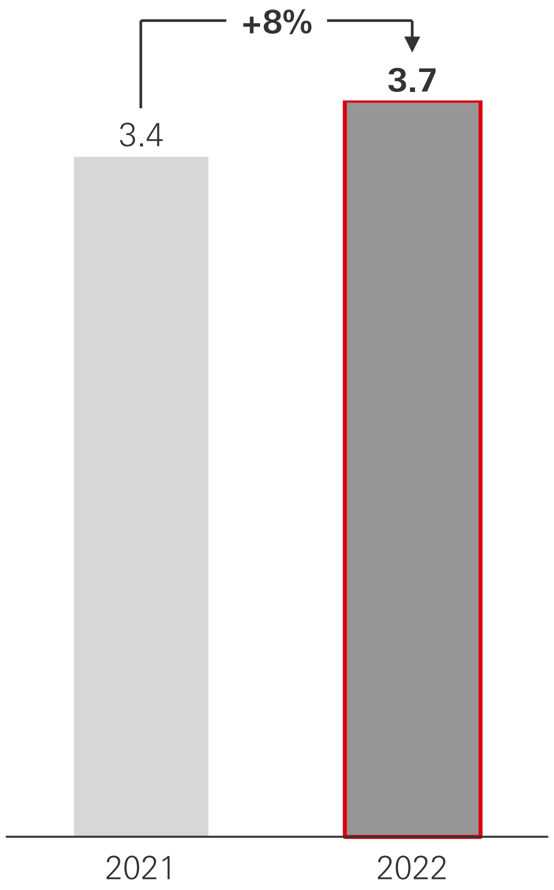
Revenue growth driven by Transaction Banking

Revenue, $bn



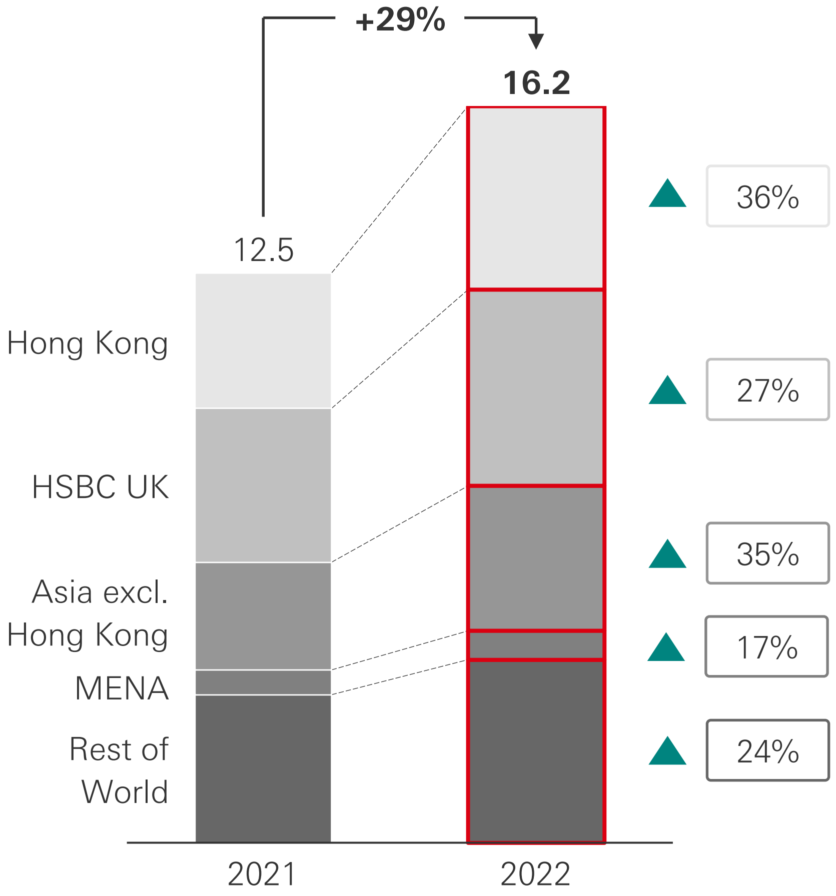
With growth momentum in fee income

Fee income, $bn



Strong growth delivered across all regions

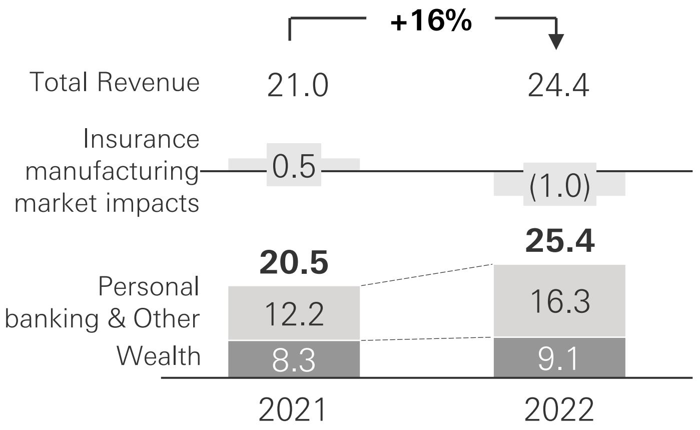
Geographical revenue breakdown, $bn



Focus on our strengths – WPB

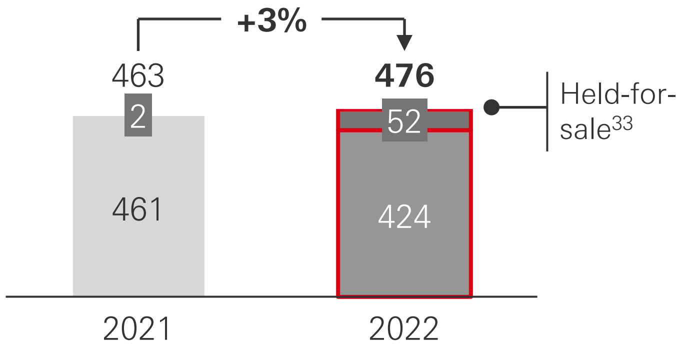
Double-digit revenue growth across Wealth and Personal banking

Revenue, $bn



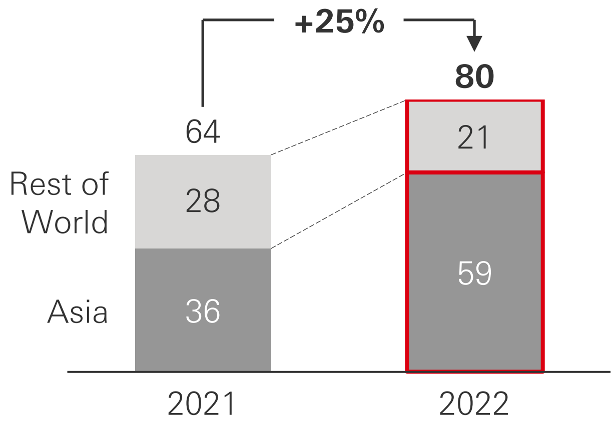
Lending balances growth

Lending balances, $bn



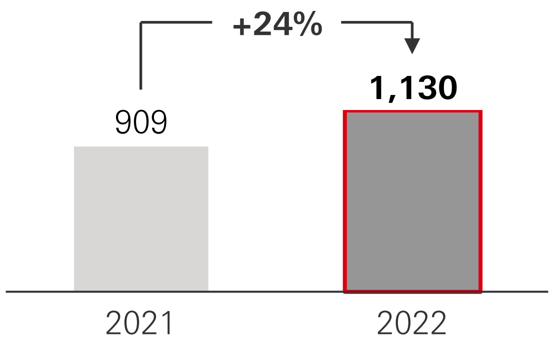
Continued traction in NNIA following 21% growth in 2021

Net new invested assets, $bn



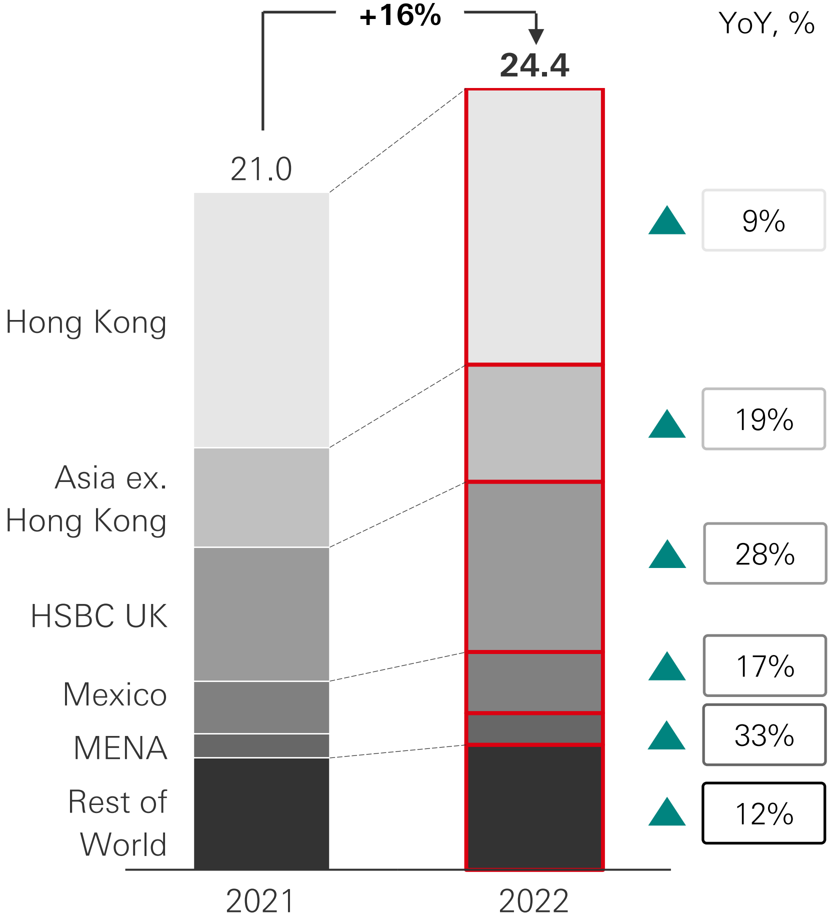
Strong growth in Asia insurance VNB

Asia insurance VNB, $m



All regions delivered robust growth

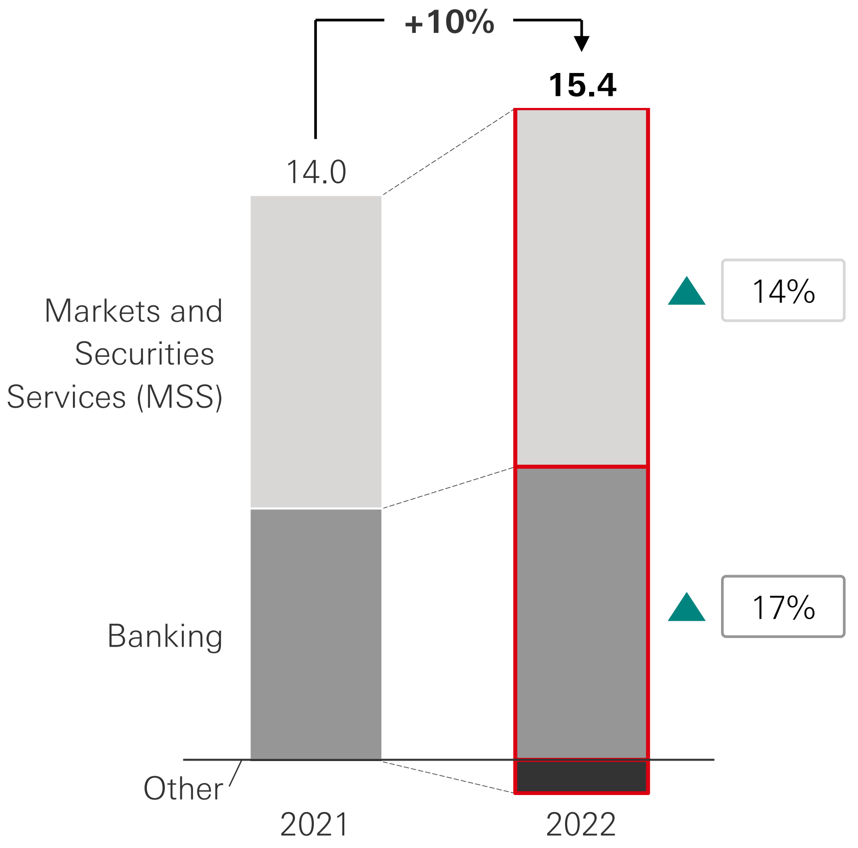
Geographical revenue breakdown, $bn



Focus on our strengths – GBM

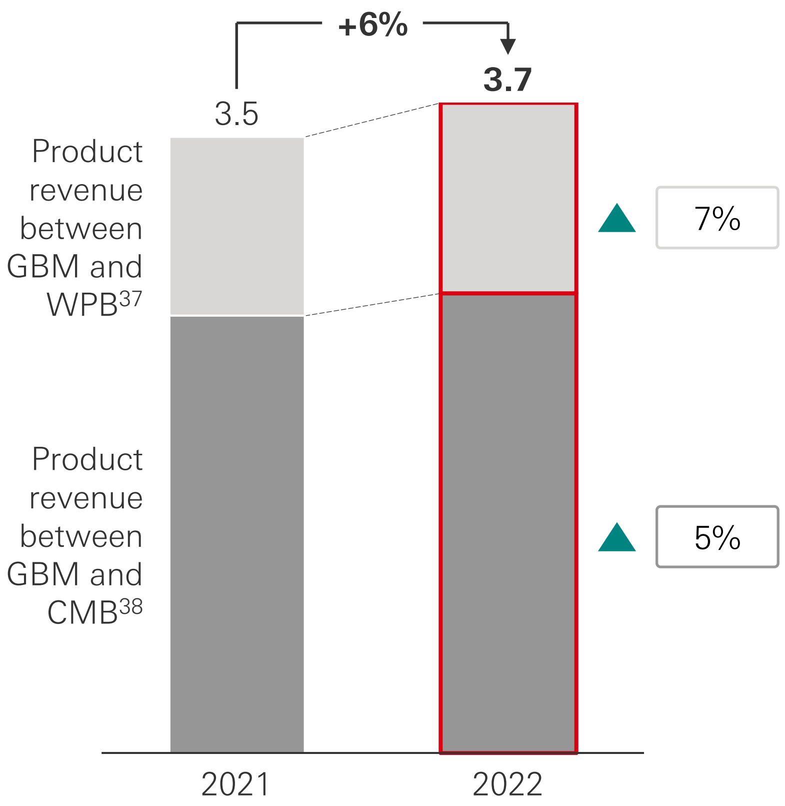
Double-digit revenue growth across MSS and Banking

Revenue, $bn



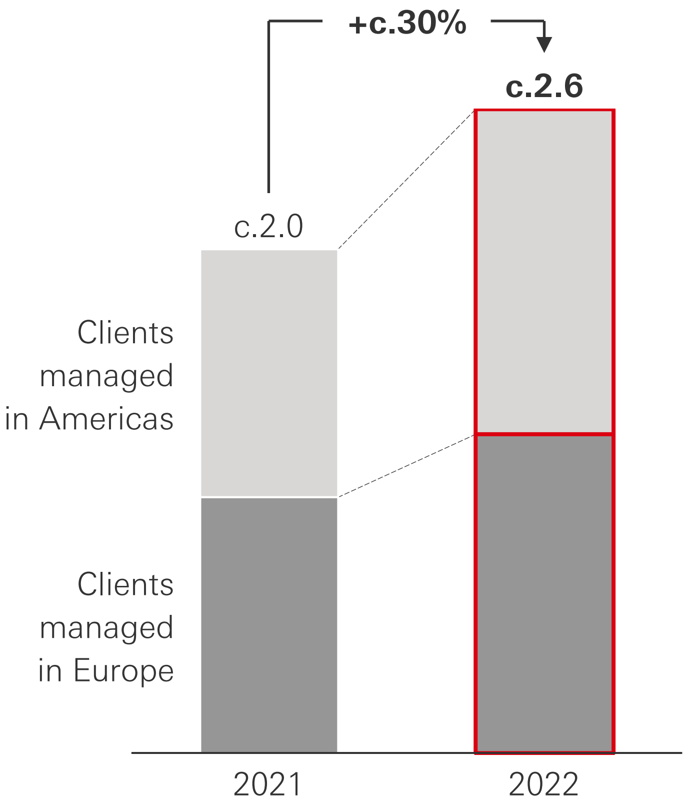
Good momentum from cross-sell of GBM products to WPB and CMB clients

Collaboration revenue, $bn



Growth in client business booked in the East from clients managed in the West[39]

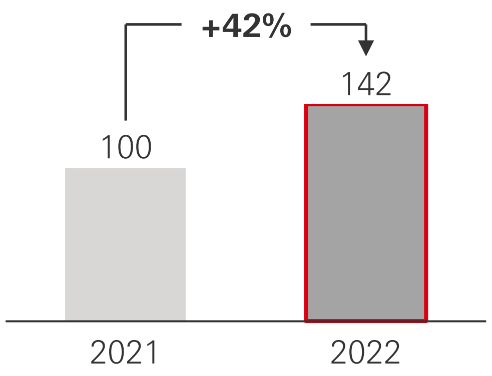
Client business[3] booked in the East, $bn



Digitise - Speed, Scale, Resilience

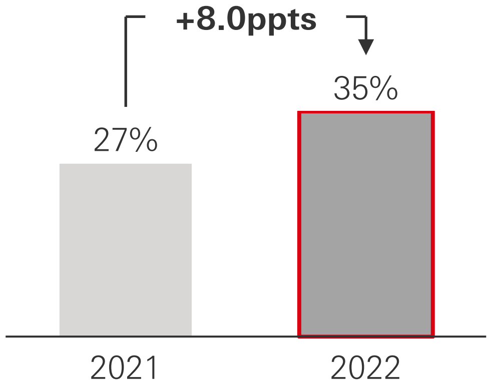
Improvement in product release frequency, and more to come

Product release frequency per year[40], #



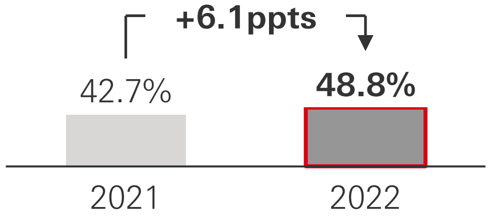
Cloud adoption increasing in a controlled manner

Cloud adoption[41], %



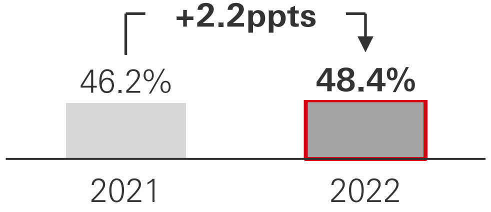
Mobile active WPB customers approaching half of our client base

Mobile active WPB customers[42], %



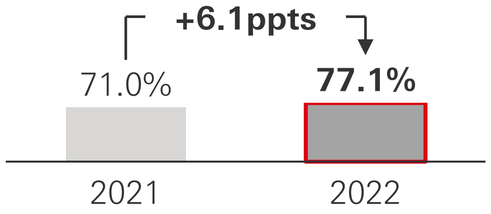
Digital WPB retail sales approaching 50%

Digital WPB retail sales[43], %



Digitally active CMB customers more than 75% of our client base

Digitally active CMB customers[44],%



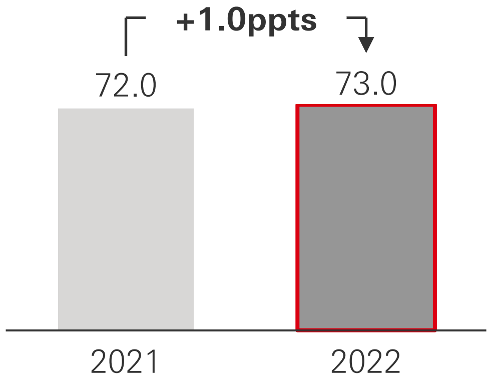
Energise - Inspiring a dynamic culture

Key highlights

- **Simplification** – through delayering and de-duplication of management structures; focus on improving employee efficiency by rewiring work processes (+6% vs. sector benchmark[45])
- **Diversity –** we are delivering on our commitments but striving for more; 36% of enterprise critical roles[46] are now held in Asia
- **Learning –** significant focus on sustainability, digital, and data
- **Strategy and values –** confidence amongst our colleagues in our future has increased by 3 ppts since 2021 to 77%[47]
- **Hybrid working –** getting the balance right for our people and businesses
- **Colleague engagement –** more opportunities for two-way dialogue due to our new social intranet live in 27 markets

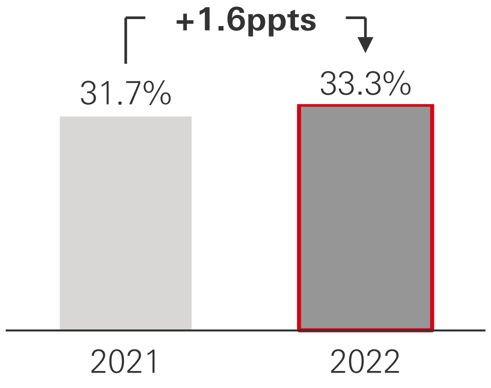
Employee engagement index[48]

%



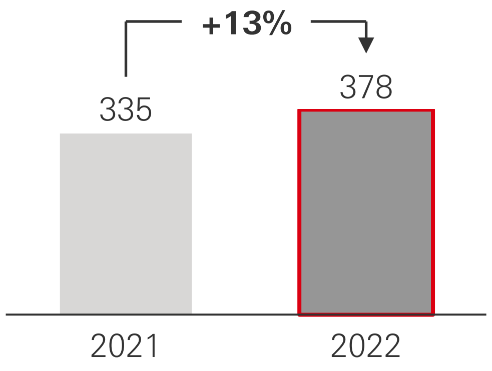
Female leaders[50]

In senior leadership roles, %



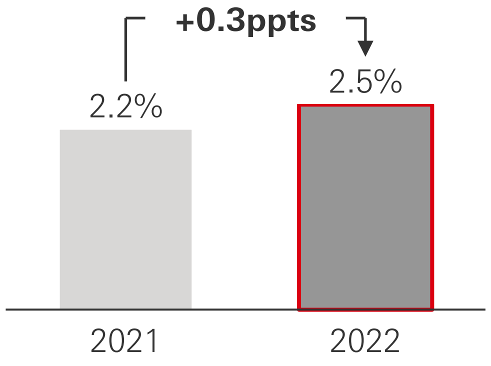
Total learning hours – Future Skills[49]

Across Sustainability, Digital, and Data, '000s



Black heritage leaders[51]

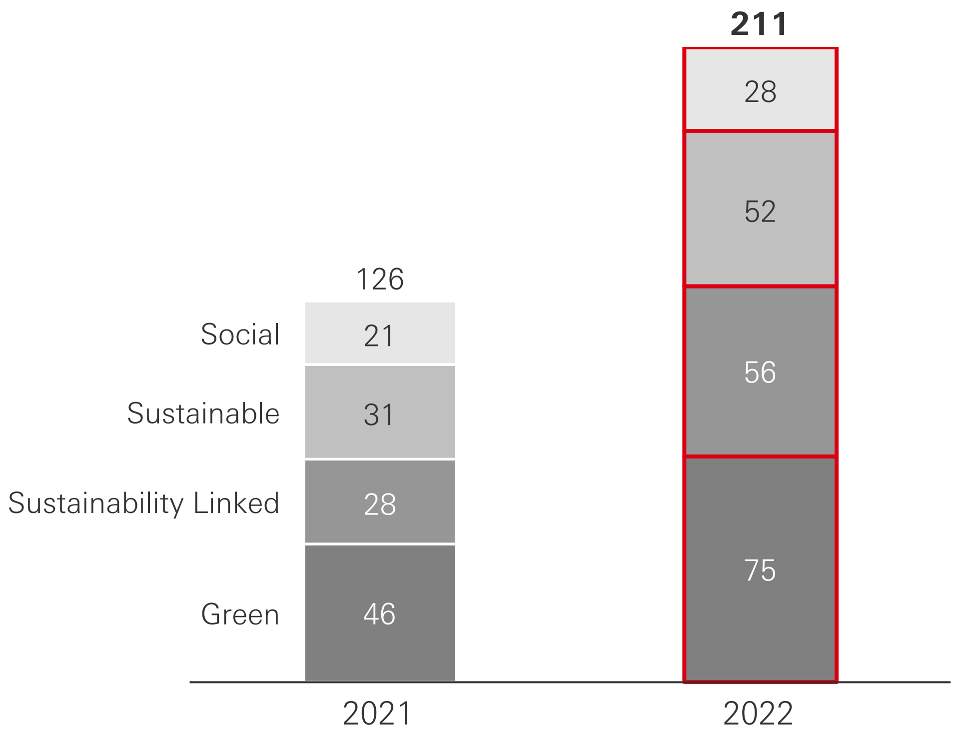
In senior leadership roles in the UK and US, %



Transitioning to net zero - Continuing to build a leading position through active client engagement

Supporting our customers in the transition to net zero

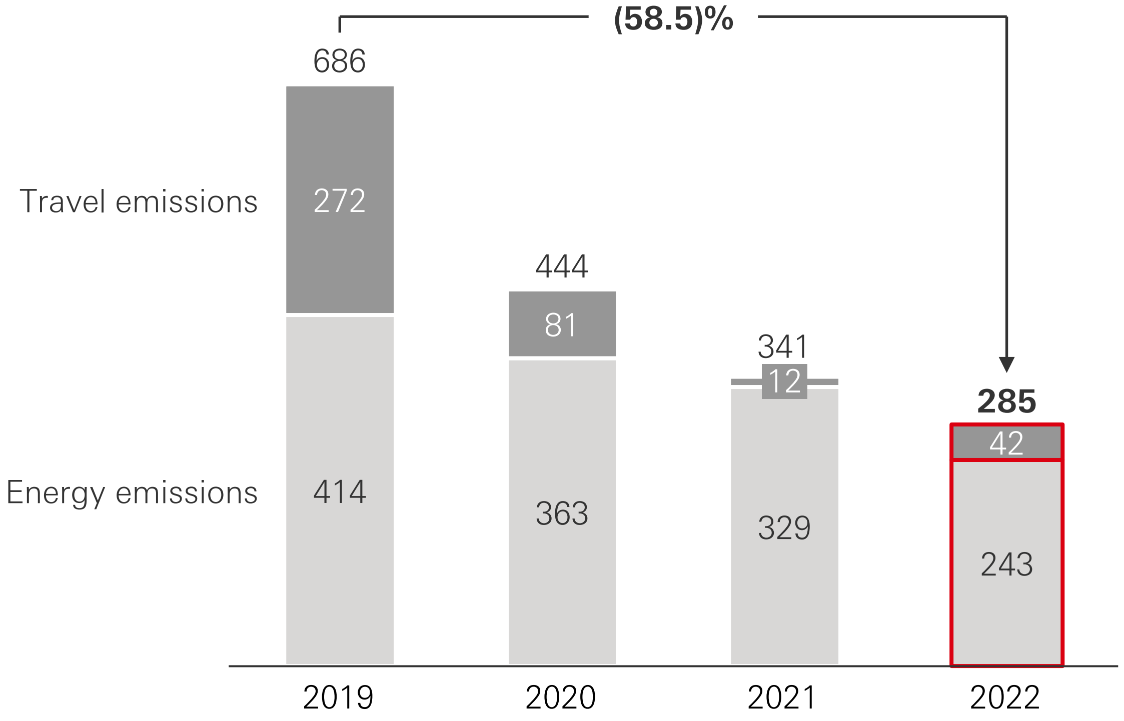
Ambition to provide and facilitate $750bn to $1tn of sustainable finance and investments by 2030[52], cumulative $bn



	2021	2022
Sustainable finance and investments, $bn per year	82	84

Becoming a net zero bank

Ambition to be net zero in our operations and supply chain by 2030 or sooner
Greenhouse gas emissions, '000 tonnes CO_2e



We are focused on driving value creation and delivering sustainable growth

Next phase of strategy execution will focus on our strengths…

Higher growth and returns

- Build on our areas of strength, leveraging our **international connectivity** and **geographical diversification** spanning every region
- Continue to drive our transaction banking, wealth and digital platforms in order to grow **fee income**
- Retain strong **cost discipline** while driving investment in **technology** to increase productivity and growth

…while continuing to deliver on improved performance and higher returns

12%+ RoTE guidance from FY23 onwards

Substantial distribution capacity:

- Establishing a 50% dividend payout ratio for FY23 and FY24[53]
- Returning to quarterly dividends from 1Q23
- Consideration of buybacks brought forward to 1Q23
- Incremental special dividend of $0.21 per share in FY24, subject to completion of our Canada transaction and necessary approvals*

* Any remaining additional surplus capital is expected to be allocated towards opportunities for organic growth and investment alongside share buybacks, which would be in addition to any existing share buyback programme

4Q22 results update

Georges Elhedery
Group Chief Financial Officer

HSBC

4Q22 results summary

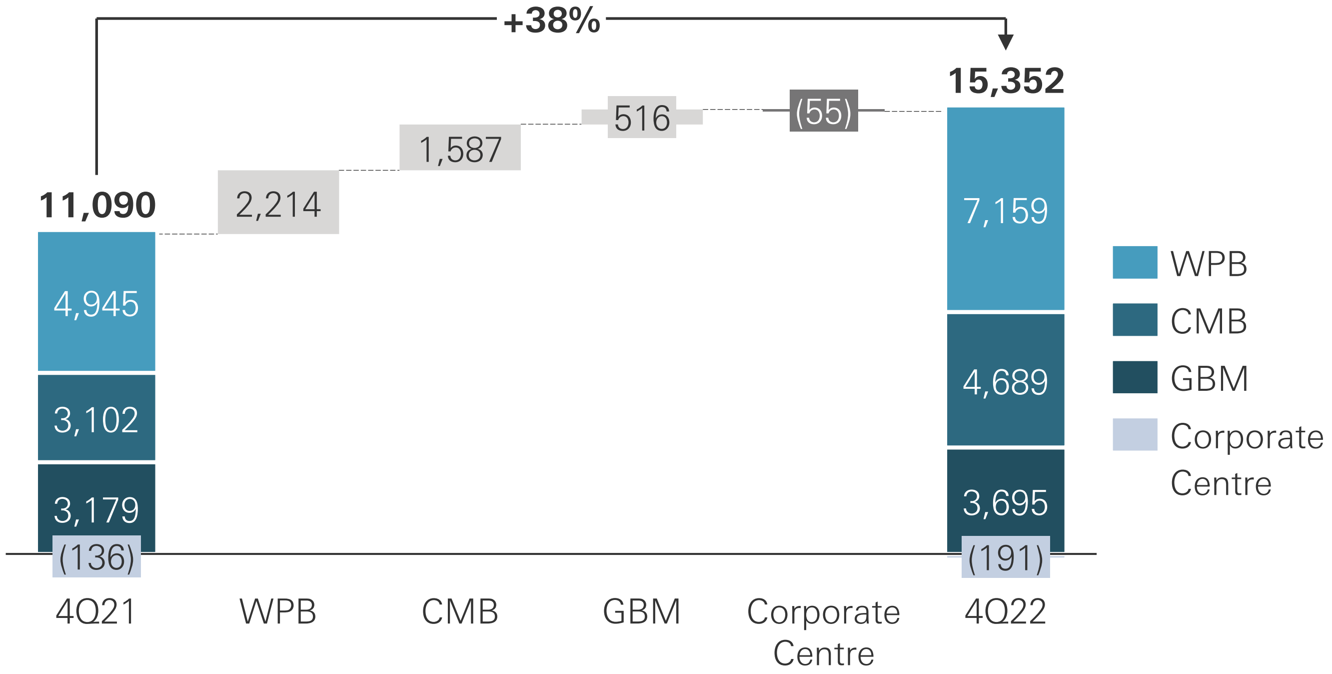
$m	4Q22	4Q21	Δ
NII	9,573	6,255 ▲	53%
Non-NII	5,779	4,835 ▲	20%
Revenue	**15,352**	**11,090** ▲	**38%**
ECL	(1,427)	(482) ▲	>(100)%
Costs	(7,790)	(7,658) ▲	(2)%
Associates	693	608 ▲	14%
Adjusted PBT	**6,828**	**3,558** ▲	**92%**
Significant items and FX translation	(1,623)	(894) ▲	(82)%
Reported PBT	**5,205**	**2,664** ▲	**95%**
Tax	(311)	(635) ▼	51%
Profit attributable to ordinary shareholders	**4,620**	**1,788** ▲	**>100%**
Reported earnings per share, $	0.23	0.09 ▲	$0.14
Impact of sig items on reported EPS, $	(0.04)	(0.06) ▲	$(0.02)
FY DPS, $	0.32	0.25 ▲	$0.07
Reported RoTE[36] (YTD), %	9.9	8.3 ▲	1.6ppts

$bn	4Q22	3Q22	Δ
Customer loans	925	1,005 ▼	(8)%
Customer deposits	1,570	1,629 ▼	(4)%
Reported RWAs	840	828 ▲	1%
CET1 ratio[35], %	14.2	13.4 ▲	0.8ppts
TNAV per share, $	7.57	7.13 ▲	$0.44

- **Reported PBT of $5.2bn** (up 95%); **adjusted PBT of $6.8bn, up $3.3bn** (92%) vs. 4Q21, reflecting strong NII growth (up $3.3bn, 53%) and higher non-NII in Corporate Centre related to revenue earned from GBM to fund their trading books, partly offset by lower fees
- **ECL charge of $1.4bn**, up $0.9bn vs. 4Q21, primarily relating to our mainland China CRE portfolio and a more normalised charge in the UK RFB
- **Costs of $7.8bn**, up 2% vs. 4Q21 due to higher technology spend and higher performance-related pay
- **Customer lending** down $80bn (8%) **vs. 3Q22**, largely due to $55bn of Canada loans moved to HFS. Excl. this impact, **lending was down $25bn** (2%) primarily due to softer economic conditions in Hong Kong
- **Customer deposits** down $58bn (4%) **vs. 3Q22** due to $61bn of Canada deposits moved to HFS. Excl. this impact, **deposits up $2bn**
- **FY22 dividend per share of $0.32,** with a second interim dividend of **$0.23** per share
- **CET1 ratio of 14.2%**, **up 0.8ppts** vs. 3Q22 due to higher capital generation and lower currency adjusted RWAs
- **FY22 effective tax rate of 5%**, including $2.5bn of tax credits, primarily DTAs; expect a normalised effective tax rate of c.20% going forward
- **TNAV per share of $7.57**, **up $0.44** vs. 3Q22 due to profits and favourable FX

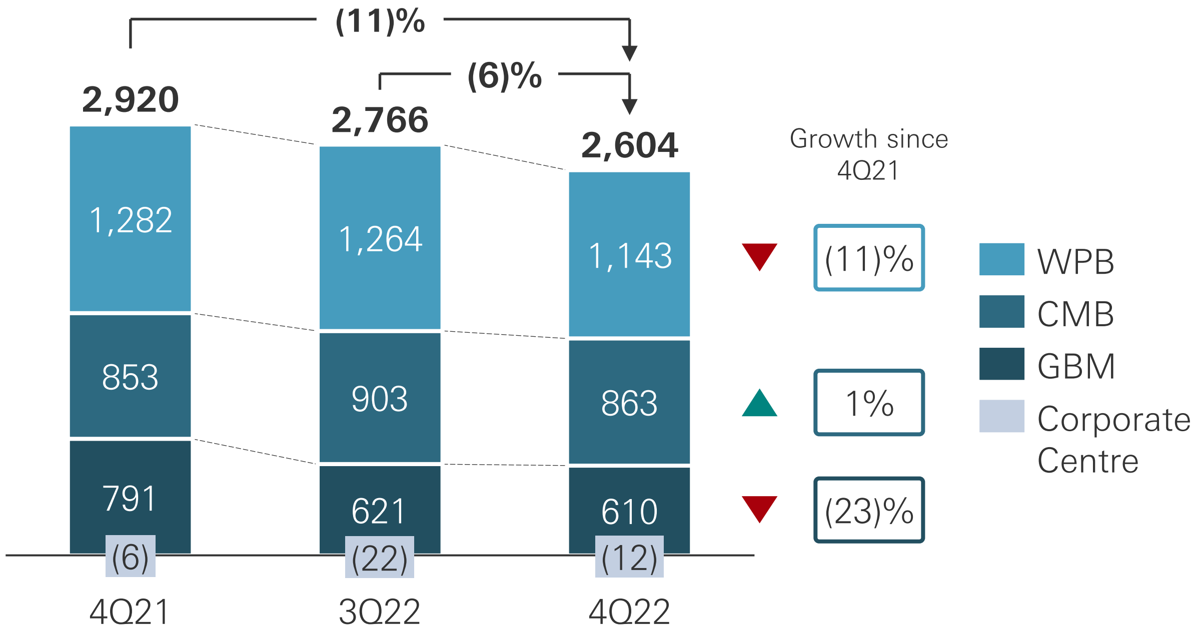
Adjusted revenue performance

Revenue by global business, $m



- **WPB up $2.2bn (45%)**. Personal Banking **up $2.1bn (72%)** primarily due to higher interest rates and balance sheet growth in most regions. Wealth **up $0.1bn (7%)**, due to higher Private Banking NII
- **CMB up $1.6bn (51%)**; Global Payments Solutions (GPS) up $1.7bn, primarily due to higher interest rates
- **GBM up $0.5bn (16%)**. Banking **up $0.5bn (34%)**; GPS up $0.7bn, Capital Markets & Advisory down $0.2bn. MSS **up $0.3bn (18%)**, benefitting from continued market volatility

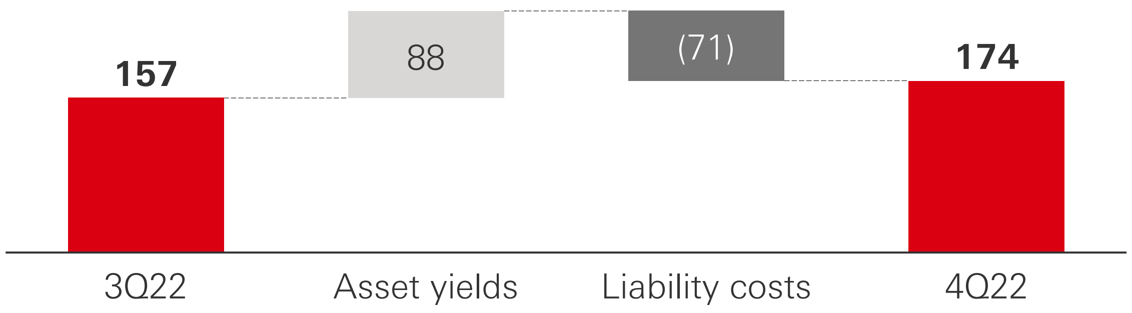
Net fee income by global business, $m



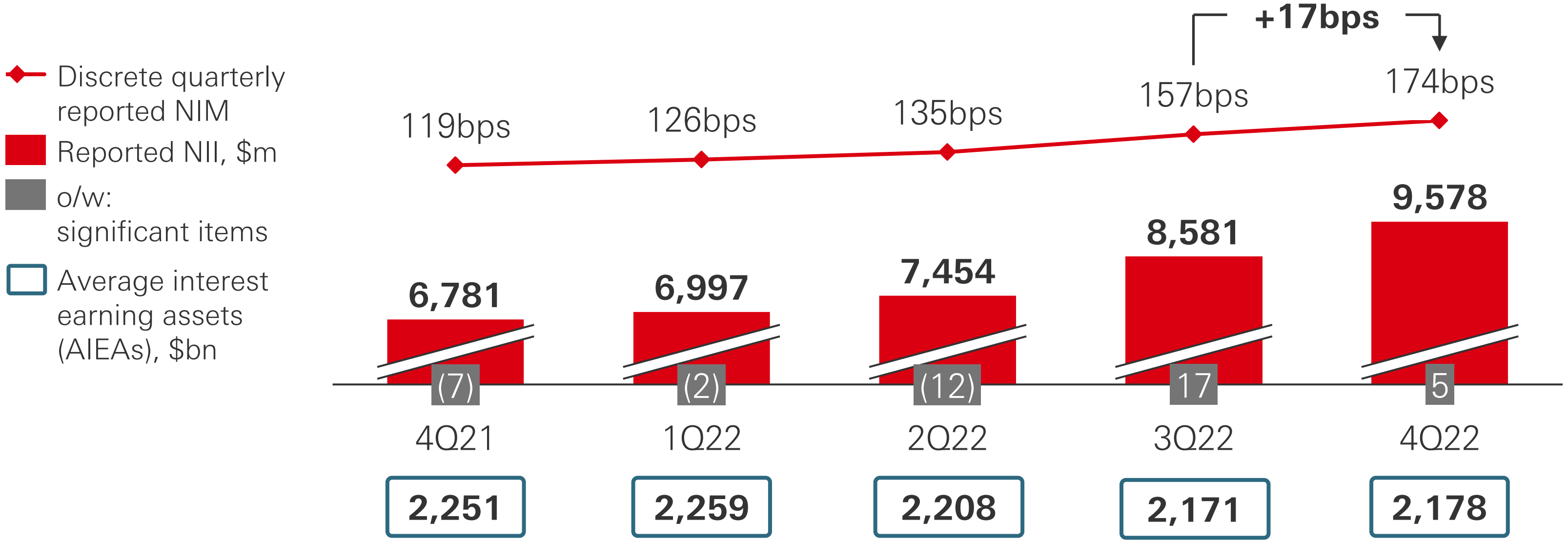
- Group net fee income **down 11%** vs. 4Q21, mainly due to reductions in broader market activity levels
  - WPB fees **down 11%** vs. 4Q21, mainly lower equity and mutual fund sales due to muted customer sentiment
  - CMB fees **up 1%** vs. 4Q21 due to repricing initiatives in GPS
  - GBM fees **down 23%** vs. 4Q21, predominantly driven by lower Capital Markets & Advisory activity

Net interest income and margin

Reported NIM progression, bps



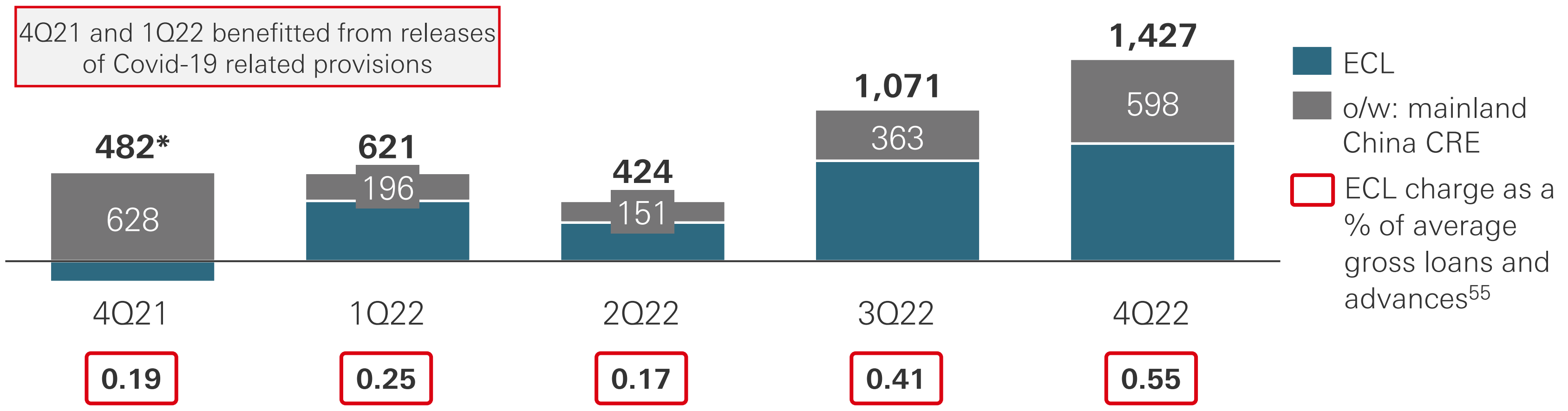
Reported NIM trend



- **4Q22 reported NII of $9.6bn, up $2.8bn (41%)** vs. 4Q21 (up $3.3bn / 53% adjusted) and $1.0bn (12%) vs. 3Q22 (up $1.1bn / 13% adjusted), primarily due to interest rate rises
- **4Q22 reported NIM of 1.74%**, up 17bps vs. 3Q22
- We continue to guide to **FY23 NII of ≥$36bn**[54], which we view as conservative given current FX rates and the strong 4Q22 performance. Guidance considers:
  - Lagged deposit pass through impacts and migration to time deposits
  - Volume of trading book assets funded by liabilities accounted for in interest expense
- Cautious outlook on loan growth in the short term; continue to expect **mid-single digit percentage annual loan growth** in the medium to long term
- We have taken and continue to take action to **improve our NII stability**
- Further NII analysis is included on slide 40

Credit performance

Adjusted ECL charge trend, $m



ECL charge / (release) by geography, $m

	4Q22	3Q22
Hong Kong‡	758	505
Mainland China	100	87
Other Asia	36	71
UK RFB	236	278
HSBC Bank plc	55	(14)
Mexico	173	94
Other	69	50
Total	**1,427**	**1,071**

4Q22 ECL charge by stage, $bn

	Stage 1-2	Stage 3	Total
Wholesale	0.2	0.9	1.1
Personal	0.1	0.2	0.3
Total	**0.3**	**1.1**	**1.4**

- **FY22 ECL charge of $3.6bn** was **35bps** of average gross loans and advances[55]
- **4Q22 ECL charge of $1.4bn:**
  - This includes **$0.6bn** for mainland China CRE exposures
  - The remaining $0.8bn charge represents **c.30bps** of average loans, comprised of a $0.5bn Wholesale charge and $0.3bn Personal charge
- Given current macroeconomic headwinds, whilst we retain our through-the-cycle planning range of 30-40bps, we expect a **FY23 ECL charge of around 40bps**[55]

* Total charge was $482m. China CRE ECL charge of $628m was partly offset by the release of Covid-19 related provisions
‡ Charges largely relate to offshore China CRE exposures booked on Hong Kong balance sheets

Mainland China commercial real estate update

Mainland China CRE exposures by booking location and credit quality

At 31 December 2022

$m	*Memo: Hong Kong at 2Q22*	Hong Kong	Mainland China	RoW	Total
Total	*11,734*	**9,378**	**6,507**	**878**	**16,763**
Strong	*2,095*	1,425	2,118	220	3,763
Good	*2,429*	697	1,087	370	2,154
Satisfactory	*3,104*	1,269	2,248	77	3,594
Sub-standard	*1,946*	2,887	779	193	3,859
Credit impaired	*2,160*	3,100	275	18	3,393
Allowance for ECL	*(884)*	**(1,746)**	**(241)**	**(4)**	**(1,991)**

Hong Kong booked sub-standard and credit impaired exposures

$m	Total exposure	Of which not secured	ECL allowance
Sub-standard	2,887	2,581	(458)
Credit impaired	3,100	2,347	(1,268)
Total	**5,987**	**4,928**	**(1,726)**

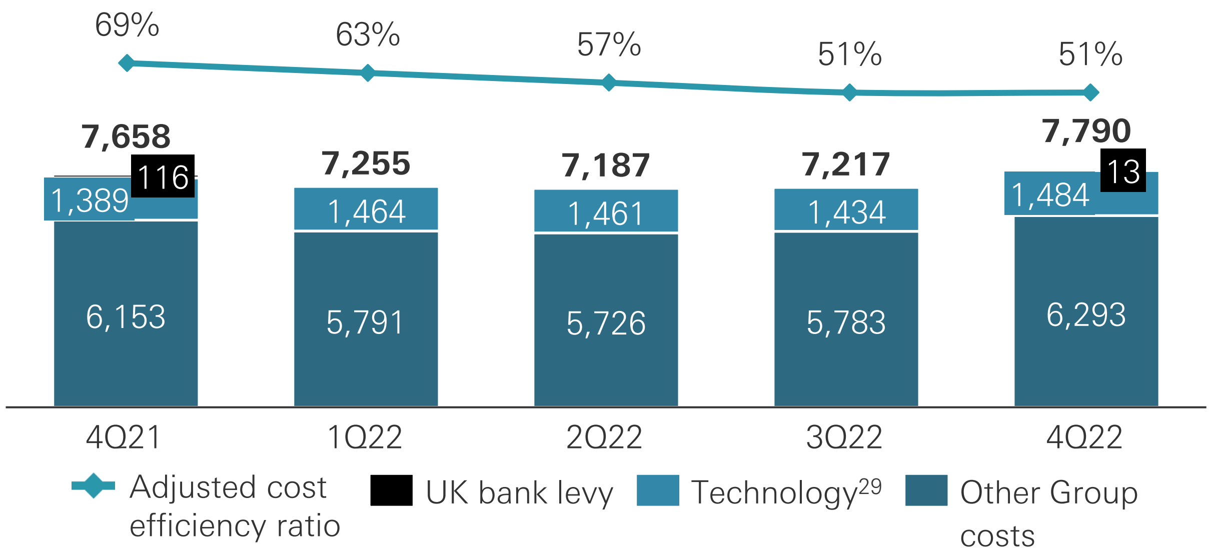
- Total mainland China CRE exposure $16.8bn, down **$3.0bn** vs. 2Q22, primarily due to repayments in the Hong Kong booked portfolio

Hong Kong booked exposures:

- $9.4bn, **down $2.4bn** vs. 2Q22 primarily due to repayments; **$9.1bn** drawn loans & advances
- **$6bn** (c.60%) is classed as sub-standard and credit impaired:
  - **$4.9bn** not secured; **$1.1bn** secured
  - Total ECL allowance of **$1.7bn**, substantially all against the **$4.9bn** of **not secured** exposures; ECL allowance on secured exposures is minimal due to the nature of security held
  - Our coverage ratio against not secured, credit impaired (Stage 3) exposures is **c.50-55%**
- Management assessed a plausible downside scenario for the Hong Kong booked exposure to be around **$1bn** of additional ECL at 31 December 2022
- We have seen recent **positive policy developments** in mainland China's commercial real estate sector and continue to monitor developments closely

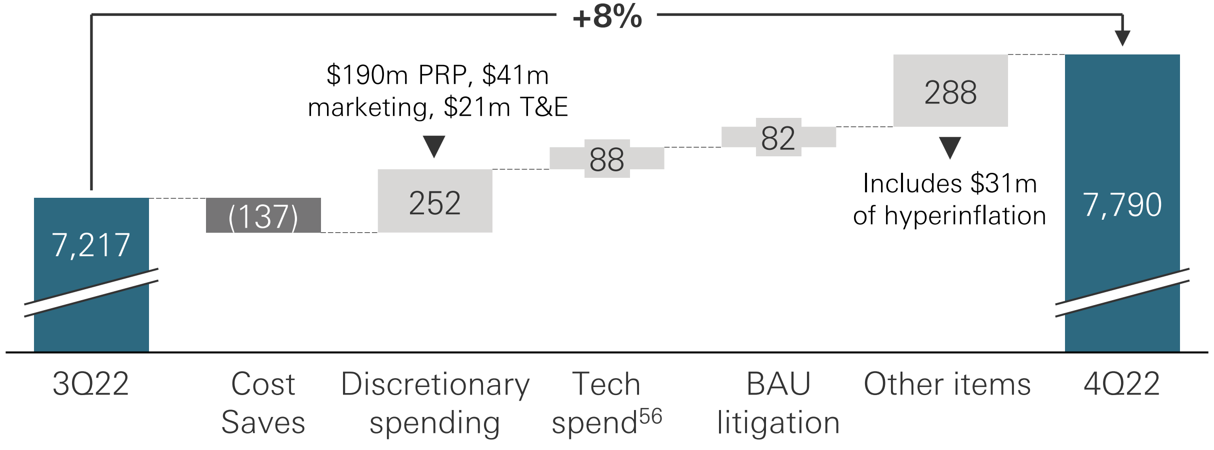
Adjusted costs

Operating expenses trend, $m

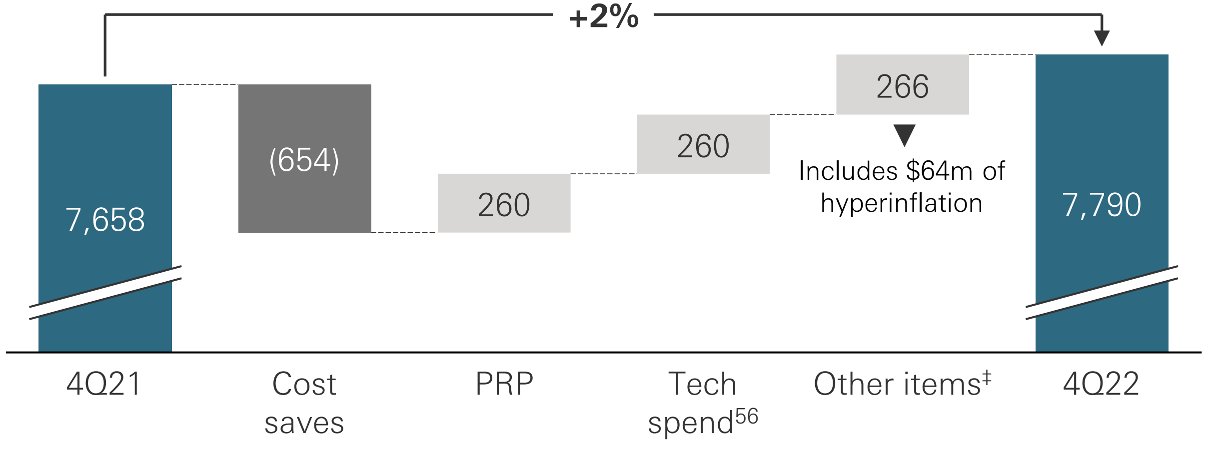


- **4Q22 costs of $7.8bn, up $0.1bn (2%)** vs. 4Q21. $0.7bn of cost saves were offset by $0.3bn higher technology spend and $0.3bn higher performance-related pay (PRP) due to accrual timing differences
- **FY22 costs of $30.5bn**, up $0.4bn (1%) vs. FY21*
- UK bank levy lower than guided due to credits relating to previous years; expect c.$0.2bn for FY23
- Delivered FY20-22 **cost savings of $5.6bn**, with an associated **CTA of $6.5bn**. A further c.$1bn of cost saves are expected to flow through in FY23
- Targeting **c.3% adjusted cost growth in FY23**[57], including up to $0.3bn severance costs that are expected to generate efficiencies into 2024

4Q22 vs. 3Q22, $m



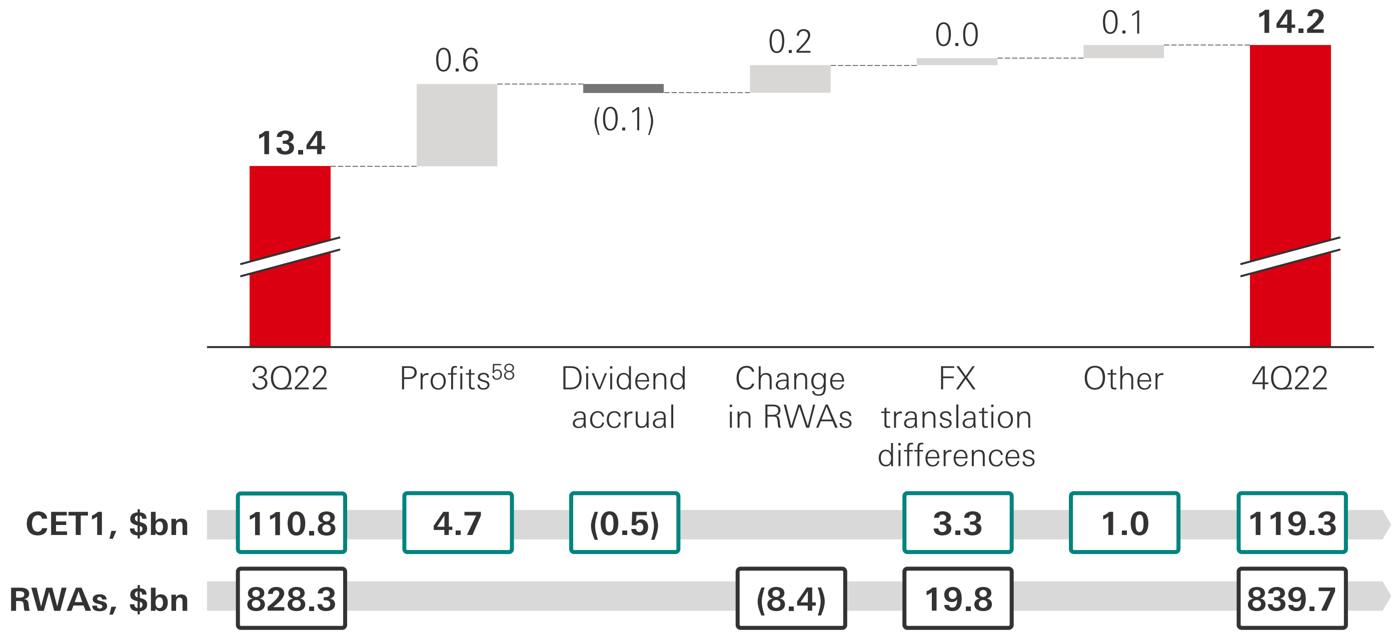
4Q22 vs. 4Q21, $m



* Impact of retranslating prior year costs of hyperinflationary economies at constant currency $(0.2)bn
‡ Other items includes $0.1bn inflation and $0.1bn business and volume growth

Capital adequacy

CET1 ratio, %



Capital progression[35]

	4Q22	3Q22	4Q21
Common equity tier 1 capital, $bn	119	111	133
Reported risk-weighted assets, $bn	840	828	838
CET1 ratio, %	14.2	13.4	15.8
Leverage exposure, $bn	2,417	2,415	2,963
Leverage ratio, %	5.8	5.4	5.2

- **CET1 ratio of 14.2%**, up 0.8ppts vs. 3Q22
- CET1 capital increased by **$8.5bn**, mainly due to profits and favourable FX moves, partly offset by the dividend accrual
- **Reported RWAs of $840bn**, up $11bn (1%) vs. 3Q22; FX translation differences of $20bn were partly offset by lower lending in CMB and GBM
- CET1 ratio **target range remains 14–14.5%** in the medium term, with the intention of managing this range down further longer term
- Establishing a **dividend payout ratio of 50%** for 2023 and 2024[53]; consideration of **buybacks** brought forward to 1Q23

Guidance summary

		FY22	Guidance
NII		**$32.6bn**	FY23 NII ≥$36bn[54]; intend to update target for IFRS 17 at or before 1Q23
Lending		**+1%[55]**	Cautious outlook on loan growth in the short term; expect mid-single digit percentage annual loan growth in the medium to long term
Costs		**$30.5bn**	Approximately 3% adjusted cost growth in FY23[57], including up to $300m severance costs
ECL		**35bps of average gross loans & advances[55]**	FY23 ECL charge of around 40bps[55], increase of 4-5bps due to HFS assets; through-the-cycle planning range of 30-40bps
RoTE		**9.9%**	Targeting 12%+ from FY23
Asia as a % of Group TE[9]		**47%**	c.50% medium to long term[59]
Capital and distributions	**CET1**	**14.2%**	Manage in 14-14.5% target range in the medium term; aim to manage range down further longer term
	Dividends	**44% payout ratio**	Establishing a dividend payout ratio of 50% for 2023 and 2024[53]; intend to reinstate quarterly dividends from 1Q23
	Buybacks	**N/A**	Consideration of buybacks brought forward to 1Q23

Increasing fee-based revenue and growing our WPB franchise remain important priorities for the Group. However, given the changes to the macroeconomic environment, together with the implementation of IFRS 17, 'insurance and fees as a % of Group adjusted revenue' and 'WPB as a % of Group tangible equity' are no longer appropriate to measure our progress in these areas

Summary

1 **4Q22 revenue up $4.3bn (38%)**, **PBT up $3.3bn (92%)** vs. 4Q21; FY22 revenue up $8.3bn and PBT up $3.4bn vs. FY21

2 FY22 ECL charge **$3.6bn**. Expect a charge of **around 40bps of loans** in FY23[55]

3 Continued **cost control**. **FY22 costs were up 1%** vs. FY21, despite the inflationary environment. **Targeting 3% adjusted cost growth in FY23**[57]

4 Strong capital and liquidity; **CET1 ratio of 14.2%**

12%+ RoTE from FY23

Substantial distribution capacity:

- **$0.32 FY22 dividend per share**
- Establishing a **50% payout ratio** for FY23 and FY24[53]
- Returning to **quarterly dividends** from 1Q23
- Consideration of **buybacks** brought forward to 1Q23
- **Incremental special dividend** of $0.21 per share in FY24, subject to completion of our Canada transaction and necessary approvals*

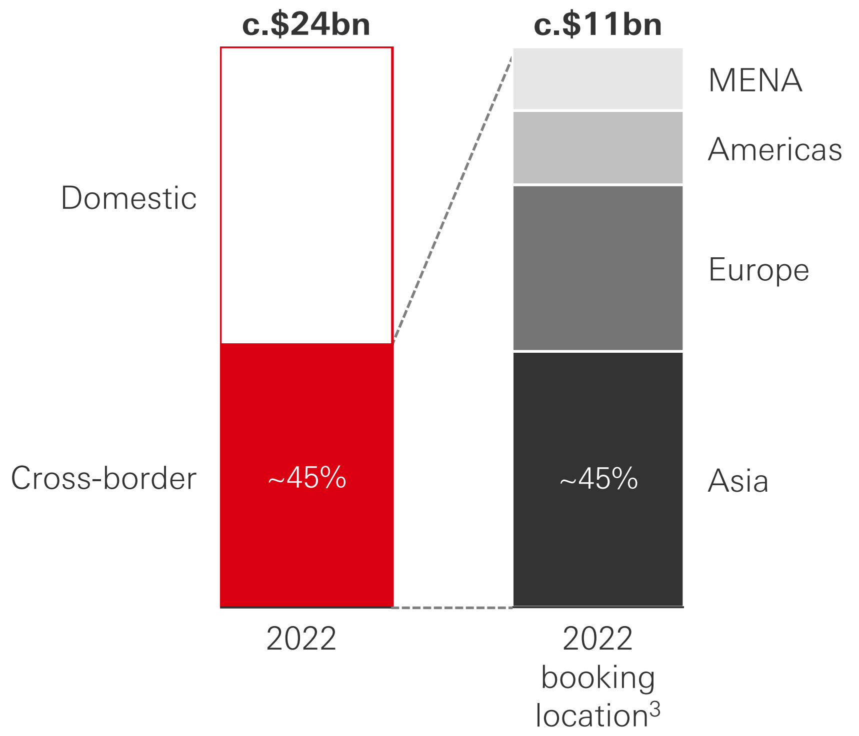
* Any remaining additional surplus capital is expected to be allocated towards opportunities for organic growth and investment alongside share buybacks, which would be in addition to any existing share buyback programme

Appendix

International connectivity is our core value proposition for clients and employees; it's the foundation of our strategy and a driver behind improving returns

~45% of wholesale client business is cross-border[3]

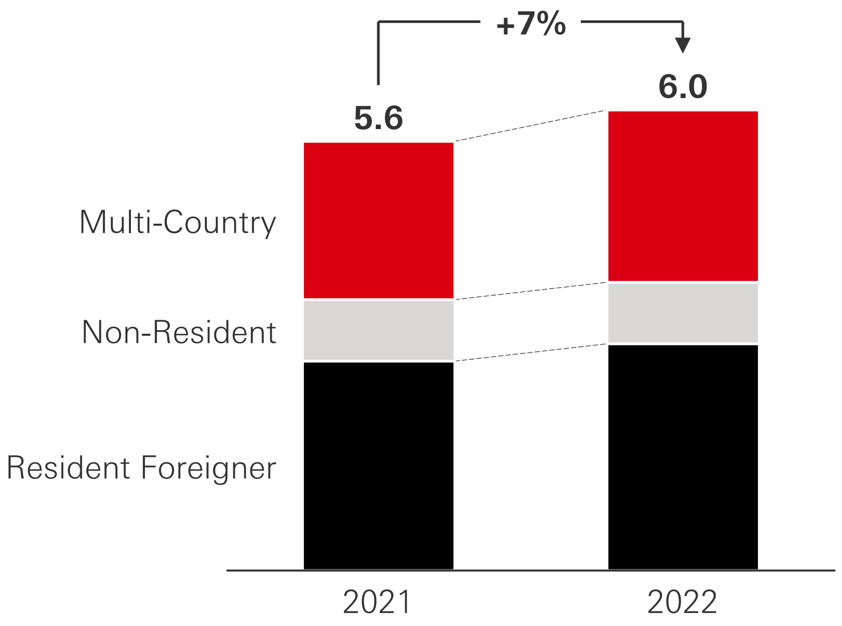
2022 Wholesale client business, $bn



- Business booked domestically includes the home market of international clients

In WPB, International is the most attractive client segment

International WPB customers[4], #m



c.2x | **International customer revenue[60]** vs. domestic customers

c.650k | **New-to-bank international customers**

Changes to presentation of financial results from 1Q23

Current

Reported performance (IFRS)

Adjust for FX, significant items

Adjusted performance[61]

Region	WPB	CMB	GBM	CC	Total
Asia	X	X	X	X	**X**
MENA	X	X	X	X	**X**
Europe[62]	X	X	X	X	**X**
North America	X	X	X	X	**X**
Latin America	X	X	X	X	**X**
Total	**X**	**X**	**X**	**X**	**X**

New

Reported performance (IFRS)

Adjust for FX

Adjusted performance[61]

Memo: Notable items

Entity	WPB	CMB	GBM	CC	Total
The Hongkong and Shanghai Banking Corporation (Asia)	X	X	X	X	**X**
o/w HK	X	X	X	X	**X**
Grupo Financiero HSBC (Mexico)	X	X	X	X	**X**
HSBC UK Bank plc (UK)	X	X	X	X	**X**
HSBC Bank plc (UK / Europe)	X	X	X	X	**X**
HSBC N. America Holdings (USA)	X	X	X	X	**X**
HSBC Bank Canada	X	X	X	X	**X**
HSBC Middle East (UAE)	X	X	X	X	**X**
Other Trading Entities*	X	X	X	X	**X**
Holding companies, shared service centres and intra-group eliminations	X	X	X	X	**X**
Total	**X**	**X**	**X**	**X**	**X**

Key changes

We are making several changes to the presentation of the Group's financial results with effect from 1 January 2023:

- **Changing definition of 'adjusted performance':** we will no longer exclude the impact of significant items when deriving 'adjusted performance'
- **Notable items:** we will separately disclose 'notable items', those components of our income statement which would be considered as outside the normal course of business and generally non-recurring in nature
- **Reporting by legal entity:** we will replace reporting by geographical region with reporting by main legal entity, to better reflect the Group's structure

Impact on targets and guidance

As part of our 1Q23 results, we intend to recalibrate financial targets and guidance to reflect the impact of:

- the above changes, and
- the implementation of IFRS 17 'Insurance Contracts' with effect from 1 January 2023

* Including "of which Other Middle East Entities (Oman, Turkey, Egypt and Saudi Arabia)" and "of which SABB"

ESG update

Environmental

Our net zero transition will be challenging but is an opportunity to make an impact.

We plan to publish our transition plan in FY23, bringing together how we intend to embed net zero targets into our strategy, processes, policies and governance.

We continue to invest in our climate resources and skills. To deliver on our ambition, we require enhanced processes, systems, controls, governance and new sources of data

Net zero in our operations by 2030

Cumulatively reduced absolute greenhouse gas emissions by **58.5%** vs. 2019 baseline

Net zero in our financed emissions by 2050

- Published an updated **energy policy** and **thermal coal phase-out policy**
- Set on-balance sheet **financed emissions targets for 8 high-emitting sectors**

Social

Our percentage of female leaders was **33.3%**, up 1.6ppts vs. FY21[50]

37% increase in Black colleagues in senior leadership roles from 2020 baseline[51]

Employee engagement increased 6ppts vs. FY19 to **73%**[48]

Launched **$1bn Female Entrepreneur Fund**

Governance

4/6 WPB markets and 5/6 CMB markets sustained top 3 rank and/or improved in customer satisfaction

98% of employees completed conduct training[63]

36% of enterprise critical roles are based in Asia[46]

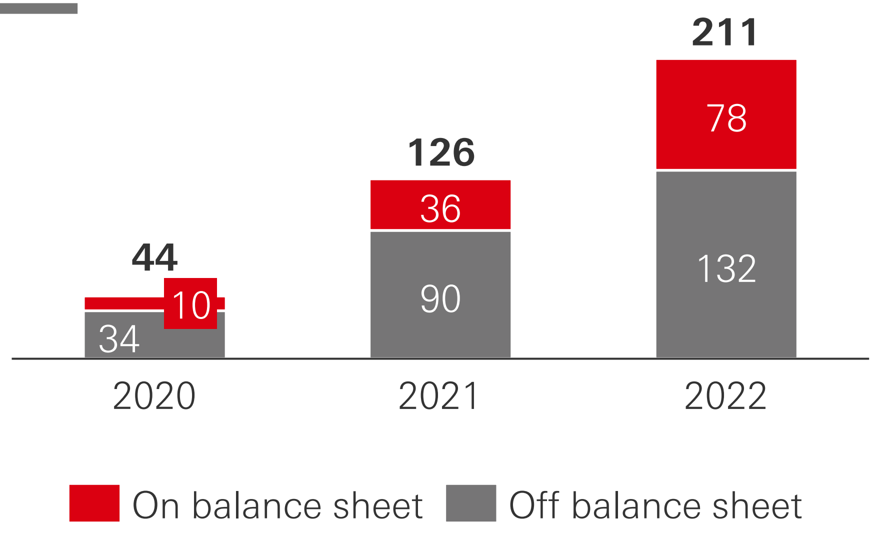
Review of salient human rights issues following the methodology set out in the UNGPs

Sustainable finance update

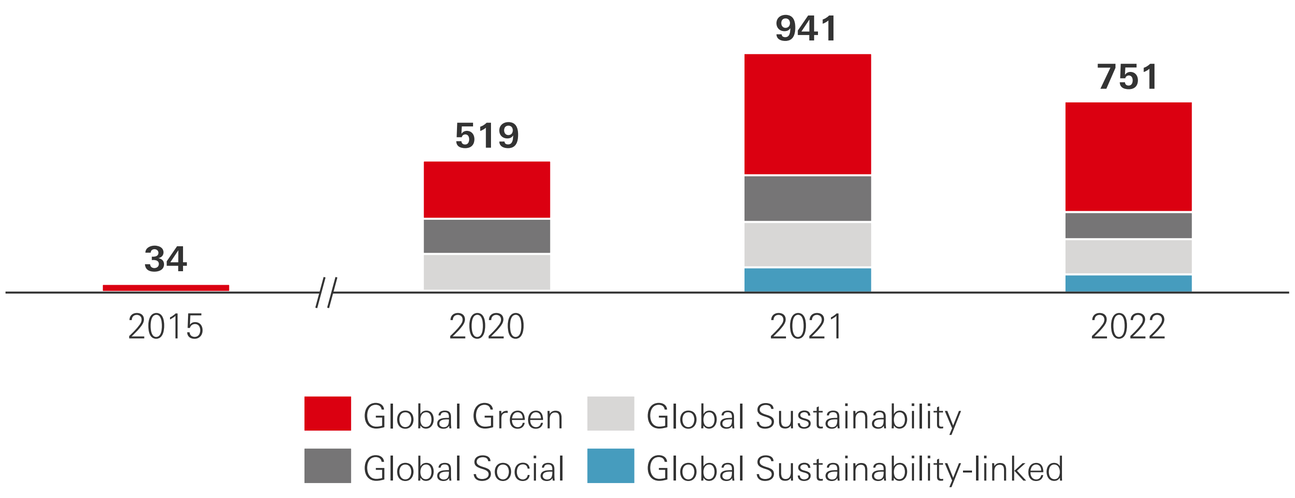
Sustainable finance

- We have provided and facilitated a cumulative **$211bn of sustainable finance and investment** against our 2030 ambition of **$750bn - $1tn**

Financing by type



Global GSSS bond issuance[22], $bn



- HSBC was **a top 5 underwriter of GSSS bonds globally** in FY22, taking a **4.3% market share** (5.0% market share in FY21)[64]
- Apportioned volume of **$32.4bn** vs. $46.8bn in FY21[64]
  - Global GSSS bond issuance was down 20% in 2022 vs. 2021 in the context of a broader 30% decline in overall DCM issuance

Key financial metrics

Reported results, $m	4Q22	3Q22	4Q21
NII	9,578	8,581	6,781
Other Income	5,297	3,035	5,208
Revenue	**14,875**	**11,616**	**11,989**
ECL	(1,427)	(1,075)	(450)
Costs	(8,936)	(7,975)	(9,544)
Associate income	693	581	669
Profit before tax	**5,205**	**3,147**	**2,664**
Tax	(311)	(586)	(635)
Profit after tax	**4,894**	**2,561**	**2,029**
Profit attributable to ordinary shareholders ('PAOS')	4,620	1,913	1,788
Basic EPS, $	0.23	0.10	0.09
Diluted EPS, $	0.23	0.10	0.09
DPS (in respect of the period), $	0.23	—	0.18
Net interest margin (annualised), %	1.74	1.57	1.19

Reported balance sheet, $bn	4Q22	3Q22	4Q21
Total assets	2,967	2,992	2,958
Net loans and advances to customers	925	968	1,046
Customer accounts	1,570	1,567	1,711
Quarterly average interest-earning assets	2,178	2,171	2,251
Reported loan/deposit ratio	58.9	61.7	61.1
Total shareholders' equity (NAV)	187	178	198
Tangible ordinary shareholders' equity (TNAV)	149	141	158
NAV per share, $	8.50	8.00	8.76
TNAV per share, $	7.57	7.13	7.88

Alternative performance measures, $m	4Q22	3Q22	4Q21
Adjusted NII	9,573	8,455	6,255
Adjusted other income	5,779	5,698	4,835
Adjusted revenue	**15,352**	**14,153**	**11,090**
Adjusted ECL	(1,427)	(1,071)	(482)
Adjusted costs	(7,790)	(7,217)	(7,658)
Adjusted associate income	693	563	608
Adjusted profit before tax	**6,828**	**6,428**	**3,558**
PAOS excl. goodwill and other intangible impairment and PVIF	4,590	2,865	2,373
Return on average tangible equity (annualised), %	12.6	7.8	6.0
Return on average equity (annualised), %	11.3	4.7	4.0
Adjusted net loans and advances to customers, $bn	925	1,005	991
Adjusted customer accounts, $bn	1,570	1,629	1,623
Adjusted cost efficiency ratio, %	50.7	51.0	69.1
ECL charge as a % of average gross loans and advances to customers, annualised *(including held-for-sale balances)*	0.58 *(0.55)*	0.41 *(0.41)*	0.19 *(0.19)*

Capital, leverage and liquidity[35]	4Q22	3Q22	4Q21
Reported risk-weighted assets, $bn	840	828	838
CET1 ratio, %	14.2	13.4	15.8
Total capital ratio (transitional), %	19.3	18.1	21.2
Leverage ratio, %	5.8	5.4	5.2
High-quality liquid assets (liquidity value), $bn	644	606	717
Liquidity coverage ratio, %	132	127	139

Share count, m	4Q22	3Q22	4Q21
Basic number of ordinary shares outstanding	19,739	19,738	20,073
Basic number of ordinary shares outstanding and dilutive potential ordinary shares	19,876	19,857	20,189
Quarterly average basic number of ordinary shares outstanding	19,738	19,752	20,152

Reconciliation of reported PBT and adjusted profit after tax

$m		4Q22	3Q22	4Q21	FY22	FY21
	Reported PBT (B)	**5,205**	**3,147**	**2,664**	**17,528**	**18,906**
Revenue	Currency translation	—	(174)	(1,004)	—	(3,074)
	Customer redress programmes	(5)	(17)	7	(8)	(11)
	Disposal, acquisitions and investment in new businesses	71	2,440	—	2,799	—
	Fair value movements on financial instruments	127	232	(16)	579	242
	Restructuring and other related costs*	284	32	112	248	307
	Currency translation of significant items	—	24	2	—	4
ECL	Currency translation	—	4	(32)	—	(174)
Operating expenses	Currency translation	—	87	727	—	2,181
	Customer redress programmes	(10)	(15)	25	(31)	49
	Disposals, acquisitions and investment in new businesses	9	9	—	18	—
	Impairment of goodwill and other intangibles	(13)	—	587	(4)	587
	Restructuring and other related costs	1,160	681	591	2,881	1,836
	o/w: costs to achieve	*1,159*	*676*	*574*	*2,853*	*1,782*
	Currency translation of significant items	—	(4)	(44)	—	(137)
Share of profit in associates and JVs	Currency translation	—	(18)	(61)	—	(113)
	Adjusted PBT	**6,828**	**6,428**	**3,558**	**24,010**	**20,603**
Tax	Currency translation	—	22	58	—	279
	Reported tax charge	(311)	(586)	(635)	(858)	(4,213)
	Tax significant items	(961)	(645)	(104)	(3,429)	(324)
	Currency translation on significant items	—	(5)	6	—	17
	Adjusted profit after tax (A)	**5,556**	**5,214**	**2,883**	**19,723**	**16,362**
	Total tax, currency translation and significant items (A-B)	**351**	**2,067**	**219**	**2,195**	**(2,544)**

* Primarily comprises losses associated with our RWA reduction programme

Certain items included in adjusted revenue

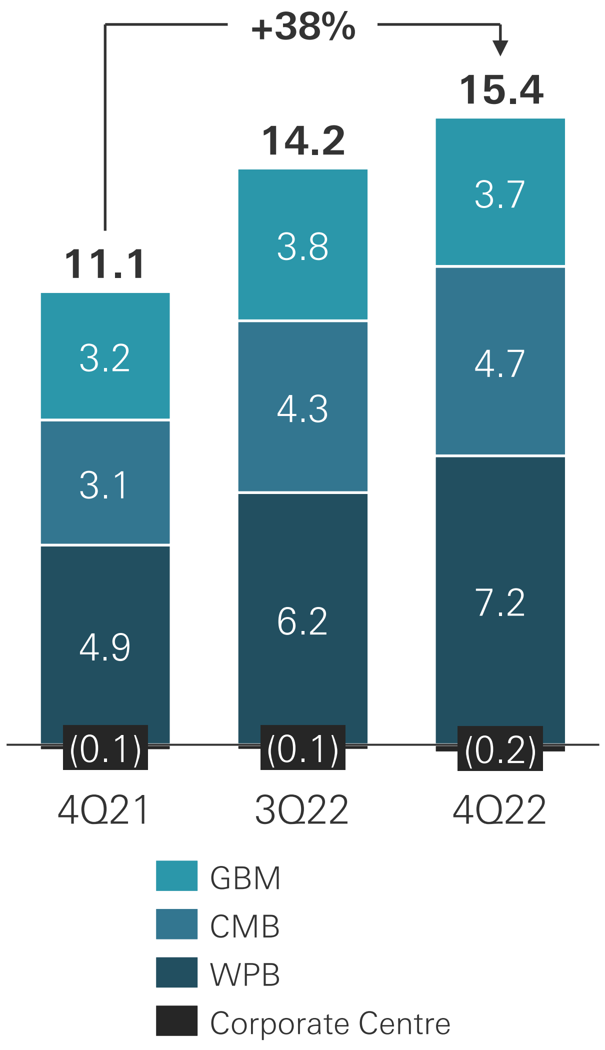
Certain items included in adjusted revenue highlighted in management commentary, $m	**4Q22**	**3Q22**	**2Q22**	**1Q22**	**4Q21**	**FY22**	**FY21**
Insurance manufacturing market impacts in WPB	107	(421)	(382)	(279)	126	(964)	479
of which: Asia WPB insurance manufacturing market impacts	*(18)*	*(443)*	*(402)*	*(361)*	*88*	*(1,228)*	*224*
Gain on Insurance policyholder funds on deposit in WPB	—	—	294	—	—	294	—
Credit and funding valuation adjustments in GBM	10	3	24	(29)	38	6	32
Legacy Credit in Corporate Centre	(15)	(6)	23	(18)	(12)	(17)	(31)
Valuation differences on long-term debt and associated swaps in Corporate Centre	(1)	(48)	(32)	5	(10)	(77)	(99)
Türkiye hyperinflation[65]	(20)	(27)	(113)	—	—	(161)	—
Argentina hyperinflation[65]	(119)	(106)	(86)	(69)	(18)	(380)	(130)
Total	**(38)**	**(605)**	**(272)**	**(390)**	**124**	**(1,299)**	**251**

4Q22 adjusted revenue performance

	4Q22 revenue				4Q22 vs. 4Q21	
WPB	**$7,159m**	▲ 45%	Wealth	**$2,078m**	144	o/w: insurance market impacts: $(19)m
			Personal Banking	**$4,991m**	2,097	
			Other	**$90m**	(27)	
CMB	**$4,689m**	▲ 51%	GTRF	**$488m**	17	
			Credit and Lending	**$1,344m**	(97)	
			GPS	**$2,571m**	1,710	
			Other	**$286m**	(43)	
GBM	**$3,695m**	▲ 16%	MSS	**$2,017m**	303	o/w: XVAs: $(28)m
			Banking	**$2,057m**	517	
			of which: GPS	***$1,108m***	*666*	
			Principal Investments	**$(3)m**	(53)	
			Other	**$(376)m**	(251)	
Corp. Centre	**$(191)m**				(55)	o/w: valuation differences: $9m
Group	**$15,352m**	▲ 38%			(162) / **4,262**	

Impact of certain items

Revenue by global business, $bn



Net interest margin supporting information

1 year NII sensitivity

At 31 December 2022, assumes a static balance sheet (no assumed migration from current account to time deposits), no management actions from Global Treasury and a simplified 50% pass-through

	Currency					
	USD $m	**HKD** $m	**GBP** $m	**EUR** $m	**Other** $m	**Total** $m
+25bps	(66)	107	245	167	431	884
-25bps	64	(115)	(289)	(194)	(439)	(973)
+100bps	(267)	413	1,026	674	1,689	3,535
-100bps	236	(476)	(1,177)	(765)	(1,787)	(3,969)

5 year NII sensitivity

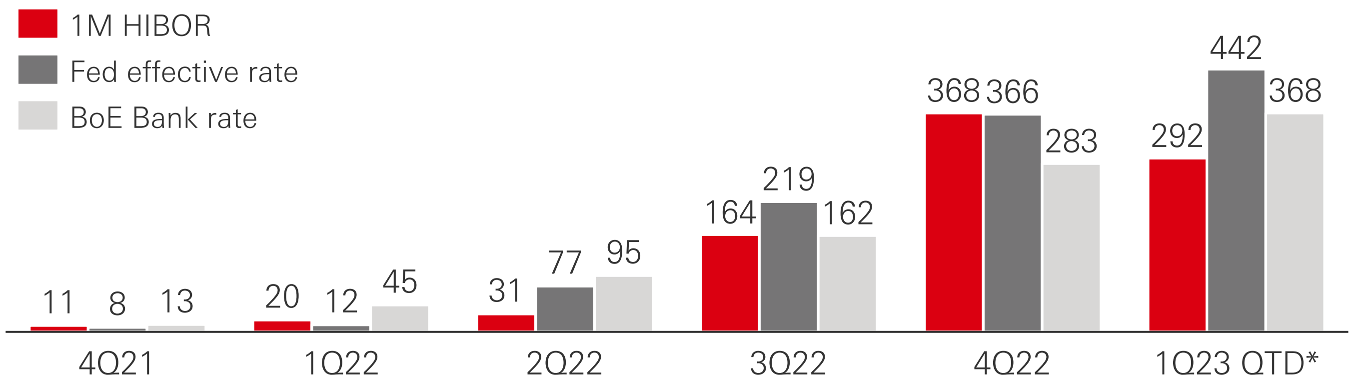
At 31 December 2022, assumes a static balance sheet (no assumed migration from current account to time deposits), no management actions from Global Treasury and a simplified 50% pass-through

	Currency					
	USD $m	**HKD** $m	**GBP** $m	**EUR** $m	**Other** $m	**Total** $m
+25bps	192	668	2,315	924	2,500	6,599
-25bps	(282)	(688)	(2,336)	(1,044)	(2,498)	(6,848)
+100bps	673	2,401	9,254	3,764	9,765	25,857
-100bps	(1,522)	(3,004)	(9,454)	(4,173)	(10,317)	(28,470)

Quarterly NIM by key legal entity

	4Q21	1Q22	2Q22	3Q22	4Q22	% of 4Q22 Group NII	% of 4Q22 Group AIEA
The Hongkong and Shanghai Banking Corporation (HBAP)	1.35%	1.39%	1.46%	1.79%	2.05%	52%	44%
HSBC Bank plc	0.52%	0.55%	0.57%	0.41%	0.52%	6%	21%
HSBC UK Bank plc (UK RFB)	1.48%	1.63%	1.77%	1.99%	2.19%	22%	17%
HSBC North America Holdings, Inc	0.87%	0.90%	1.05%	1.16%	1.16%	5%	8%

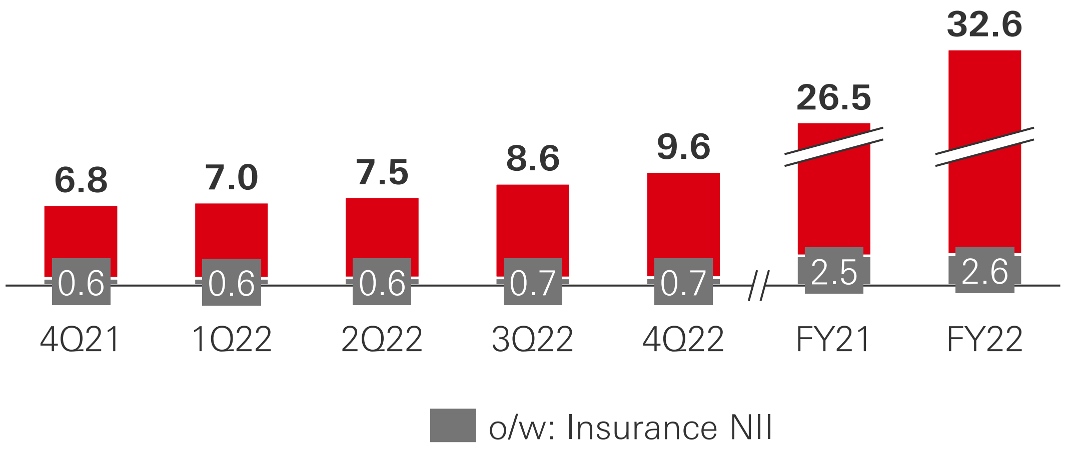
Key rates (quarter averages), bps



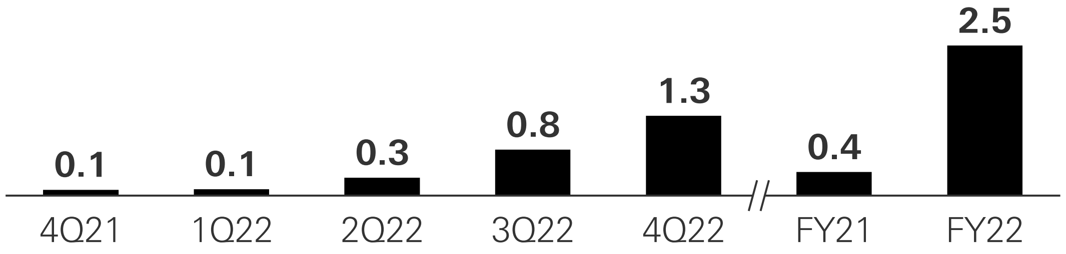
Source: Bloomberg * At 20 Feb 2023

Further NII analysis

Reported NII trend, $bn



Central costs of funding trading income, $bn



IFRS 17

- NII in our insurance manufacturing business* ($2.6bn in FY22) will reduce under IFRS 17 which came into force on 1st January 2023 as a result of related asset reclassifications. Associated income will now be reported in other income
  - 1H22 insurance NII, if reported on an IFRS 17 basis, would have fallen from **$1.3bn to $0.2bn**♦, with an offsetting credit to non-NII due to asset reclassifications

Funding of the trading book

- Included within FY22 NII was a **$2.5bn** interest expense representing centrally allocated funding costs associated with generating trading income‡, offset by $2.5bn of trading income reported in Corporate Centre
  - Up **$2.1bn vs. FY21**, primarily due to higher interest rates
  - Our NII guidance for 2023 incorporates the **annualised run-rate** of this expense (**$1.3bn** in 4Q22) reflecting higher average interest rates than in FY22 and our net trading assets funding position
- FY22 Group AIEAs of **$2.2tn**, of which insurance AIEAs **$73bn**. Average trading assets and financial assets designated and otherwise mandatorily measured at fair value through profit or loss **$151bn**

* Primarily interest earned on investment portfolios, e.g. government and corporate bonds, other securities and cash
♦ Estimate based on certain judgements and is subject to change
‡ Net income from financial instruments held for trading or managed on a fair value basis

Net fee income by global business

	$m	FY22	FY21	Δ
WPB	Personal Banking	1,259	1,277	(1)%
	Wealth Management	3,648	4,281	(15)%
	Other WPB	123	91	35%
	Total WPB	**5,030**	**5,649**	**(11)%**
CMB	GTRF	989	947	4%
	Credit & Lending	708	700	1%
	GPS	1,375	1,156	19%
	Other CMB	621	611	2%
	Total CMB	**3,693**	**3,414**	**8%**
Corporate Centre		**(32)**	**(35)**	**9%**

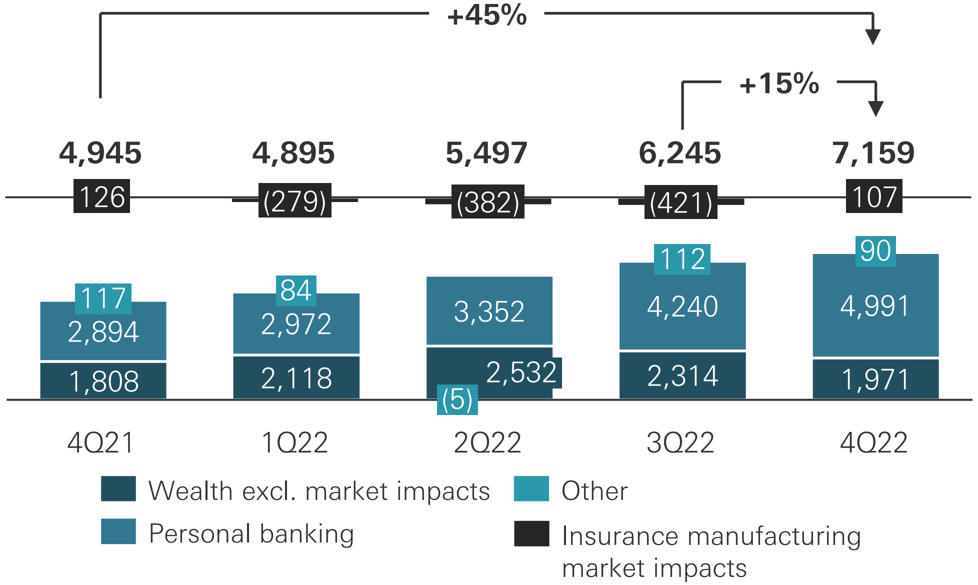
	$m	FY22	FY21	Δ
GBM	MSS	468	931	(50)%
	o/w: Securities Services	1,201	1,257	(4)%
	o/w: Other MSS	(733)	(326)	>(100)%
	Banking	2,318	2,560	(9)%
	o/w: GPS	670	601	11%
	o/w: GTRF	452	431	5%
	o/w: Other Banking	1,196	1,528	(22)%
	Other GBM	(26)	(31)	16%
	Total GBM	**2,760**	**3,460**	**(20)%**
Group net fee income		**11,451**	**12,488**	**(8)%**

Wealth and Personal Banking

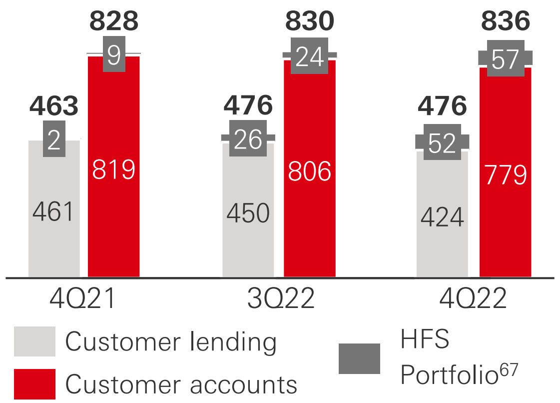
4Q22 financial highlights

Revenue	**$7.2bn**	▲	45% (4Q21: $4.9bn)
ECL	**$(0.3)bn**	▲	>(100)% (4Q21: $(0.0)bn)
Costs	**$(3.7)bn**	▼	0% (4Q21: $(3.7)bn)
PBT	**$3.2bn**	▲	>100% (4Q21: $1.2bn)
RoTE[66]	**18.5%**	▲	3.3ppts (FY21: 15.2%)

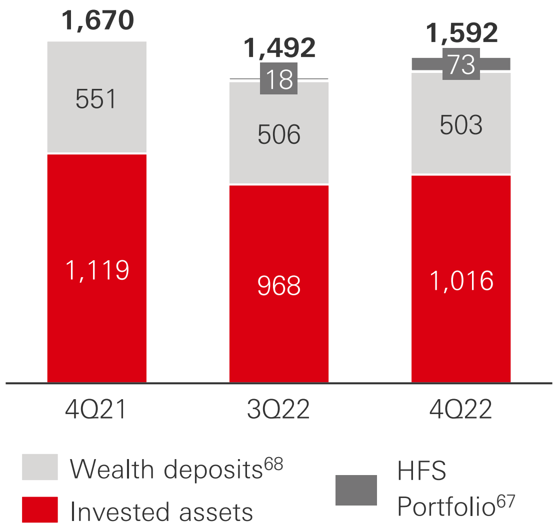
Revenue performance, $m



Balance sheet, $bn



Reported Wealth Balances, $bn



4Q22 vs. 4Q21

- **Revenue** up $2.2bn (45%). Personal Banking up $2.1bn (72%) primarily due to interest rate rises and balance sheet growth in the UK, Asia, Mexico and MENA. Wealth up $144m primarily due to higher Private Banking and Insurance
- **Customer lending and accounts** of $424bn and $779bn were down 8% and 5% respectively due to HFS transfers, excl. impact of HFS and disposed portfolios:
  - Lending **up $15bn (3%)**. Mortgages up $15bn (4%), unsecured up $2bn (5%), partly offset by the run-off of the $1bn John Lewis card portfolio
  - Deposits **up $17bn (2%)** with growth particularly in the UK, Asia, Mexico and MENA
- **Wealth balances** down 9%. Excl. HFS, down $78bn (5%). FY NNIA of $80bn was more than offset by lower market levels ($116bn) and adverse FX and other impacts of $42bn

4Q22 vs. 3Q22

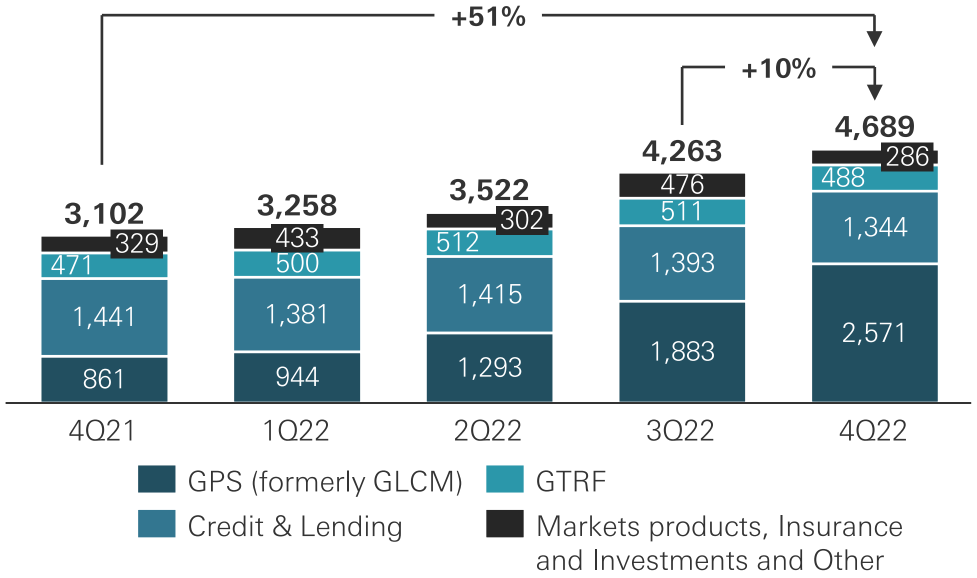
- **Revenue** up $914m (15%). Personal Banking up $751m (18%) primarily due to rate rises. Wealth up $185m due to favourable movement in market impacts of $528m, partly offset by lower Investment distribution and Insurance VNB
- **Customer lending and accounts** were down 6% and 3% respectively due to HFS transfers, excl. which:
  - Lending stable; Personal Banking up, offset by GPB deleveraging and seasonal reduction in balances
  - Deposits **up $6bn**, mainly in Hong Kong
- **Wealth balances** up 3%. Excl. HFS, up $100bn (7%) due to NNIA of $9bn, higher market levels ($29bn) and $62bn favourable FX and other impacts

Commercial Banking

4Q22 financial highlights

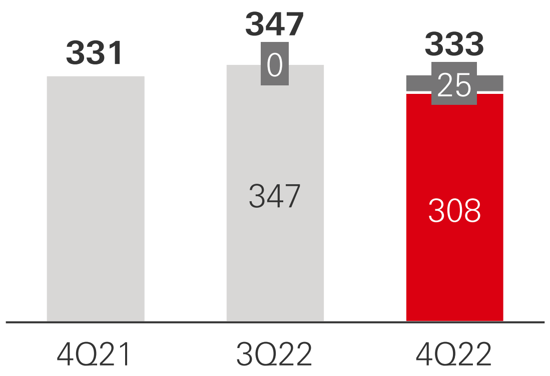
Revenue	**$4.7bn**	▲	51% (4Q21: $3.1bn)
ECL	**$(0.9)bn**	▲	>(100)% (4Q21: $(0.2)bn)
Costs	**$(1.7)bn**	▲	(5)% (4Q21: $(1.6)bn)
PBT	**$2.1bn**	▲	69% (4Q21: $1.2bn)
RoTE[66]	**14.2%**	▲	3.4ppts (FY21: 10.8%)

Revenue performance, $m

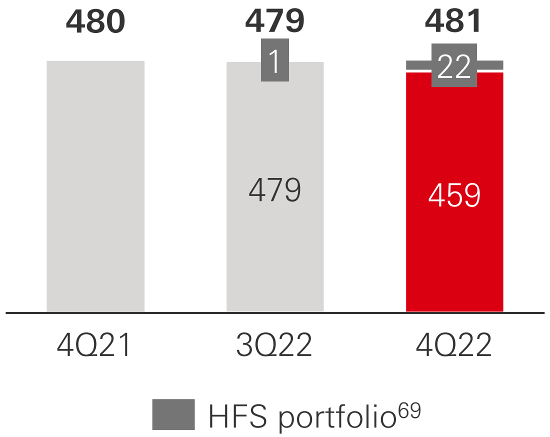


Balance sheet, $bn

Customer lending



Customer accounts



4Q22 vs. 4Q21

- **Revenue** up $1.6bn (51%) with double digit growth in all regions notably in Asia and the UK. GPS revenue up 199% driven by higher rates, higher average balances and 12% fee growth; coupled with growth in GBM collaboration income (up 7%)
- **ECLs** up $0.7bn due to the impact of stage 3 charges in Hong Kong (mainland China CRE exposures) and the UK
- **Customer lending and accounts** of $308bn and $459bn are down 7% and 4% respectively due to Canada HFS transfer, excluding which:
  - Lending **up $2.5bn (1%)**, driven by Credit & Lending, growth in Asia excluding Hong Kong, North America and the UK
  - Deposits **broadly stable**

4Q22 vs. 3Q22

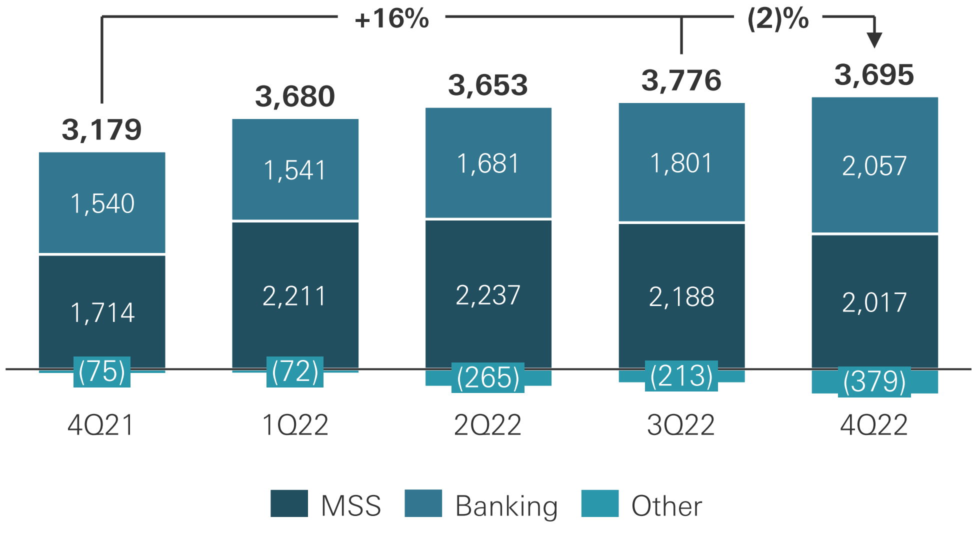
- **Revenue** up $0.4bn (10%) with growth across all regions notably in Asia, continued growth in GPS (up 37%) partly offset by lower Trade (down 5%) and Credit & Lending (down 4%) notably in Hong Kong
- **Customer lending and accounts** were down 11% and 4% respectively due to Canada HFS transfer, excluding which:
  - Lending **down $14bn (4%)**, reflecting softer economic conditions notably in Hong Kong and the UK in both Credit & Lending and Trade
  - Deposits **up $2bn**, with growth in Hong Kong and the USA, partly offset by a market wide reduction in the UK

Global Banking and Markets

4Q22 financial highlights

Revenue	**$3.7bn**	▲	16% (4Q21: $3.2bn)
ECL	**$(0.3)bn**	▲	(19)% (4Q21: $(0.2)bn)
Costs	**$(2.4)bn**	▼	(2)% (4Q21: $(2.4)bn)
PBT	**$1.0bn**	▲	100% (4Q21: $0.5bn)
RoTE[66]	**10.7%**	▲	2.1ppts (FY21: 8.6%)

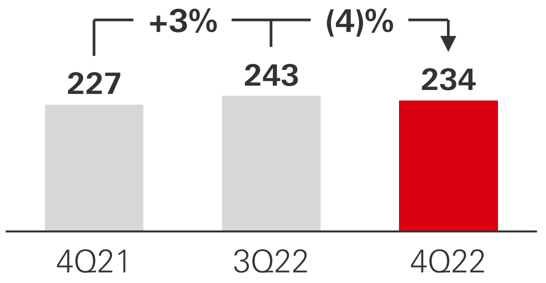
Revenue performance, $m



View of adjusted revenue

$m	4Q22	Δ4Q21
MSS	**2,017**	**18%**
Securities Services	574	32%
Global Debt Markets	158	>100%
Global FX	934	13%
Equities	132	(39)%
Securities Financing	209	4%
XVAs	10	(74)%
Banking	**2,057**	**34%**
GTRF	184	13%
GPS (*formerly GLCM*)	1,108	>100%
Credit & Lending	559	(9)%
Capital Markets & Advisory	124	(57)%
Other	82	>100%
GBM Other	**(379)**	**>(100)%**
Principal Investments	(3)	>(100)%
Other	(376)	>(100)%
Net operating income	**3,695**	**16%**

Adjusted RWAs[70], $bn



4Q22 vs. 4Q21

- **Revenue** of $3.7bn up $0.5bn (16%)
- MSS revenue of $2.0bn up $0.3bn (18%):
  - Continued strong Global FX performance due to elevated client flows and disciplined risk management
  - Global Debt Markets up substantially due to G10 rates and a better trading performance compared to a weak 4Q21
  - Equities down due to reduced client derivative activity compared to a strong 4Q21 and continued muted primary market
  - Global interest rate increases, partially offset by the effect of lower market levels, drove good Securities Services performance
- Banking revenue of $2.1bn up $0.5bn (34%):
  - GPS growth, reflecting higher global interest rates and fees
  - Capital Markets & Advisory down $0.2bn in line with industry fee pool

4Q22 vs. 3Q22

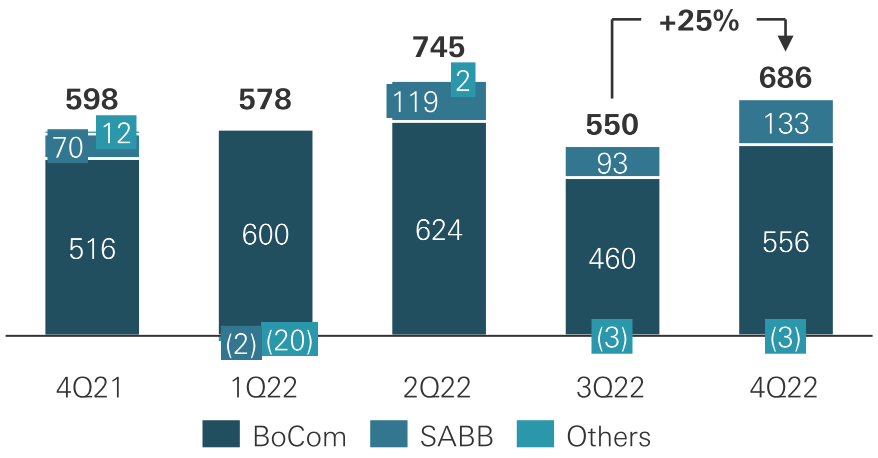
- **Revenue** down 2%
  - MSS down 8% against a strong 3Q22
  - Banking up 14%, as rising interest rates supported strong GPS results

Corporate Centre

4Q22 financial highlights

Revenue	**$(191)m**	▼	(40)% (4Q21: $(136)m)
ECL	**$(8)m**	▲	>(100)% (4Q21: $(3)m)
Costs	**$47m**	▲	(70)% (4Q21: $156m)
Associates	**$686m**	▲	15% (4Q21: $598m)
PBT	**$534m**	▼	(13)% (4Q21: $615m)
RoTE[66]	**5.4%**	▼	(0.2)ppts (FY21: 5.6%)

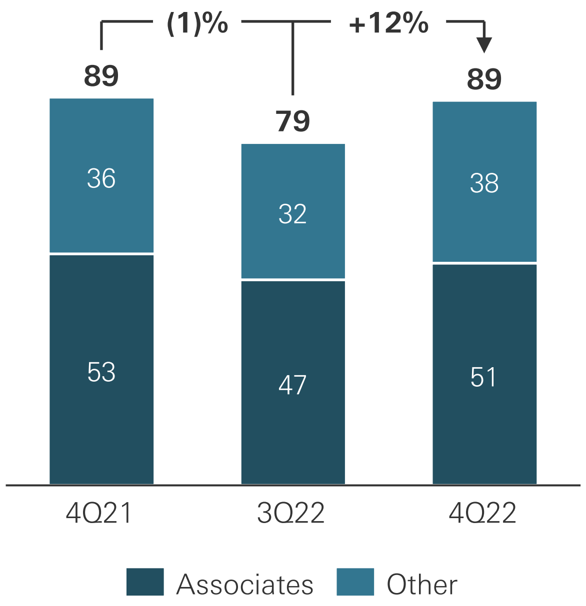
Associate income detail, $m



Revenue performance, $m

	4Q21	1Q22	2Q22	3Q22	4Q22
Central Treasury	(10)	5	(32)	(48)	(1)
Legacy Credit	(12)	(18)	23	(6)	(15)
Other	(114)	(234)	(85)	(77)	(175)
Total	**(136)**	**(247)**	**(94)**	**(131)**	**(191)**
Not included in Corporate Centre revenue: Markets Treasury revenue allocated to global businesses	*448*	*464*	*348*	*353*	*312*

Adjusted RWAs[70], $bn



4Q22 vs. 4Q21

- **Revenue** down $55m (40%), primarily due to higher funding costs on Group assets, an increase in hedging costs and adverse valuations on investment properties
- **Associates** up $88m (15%), primarily SABB and BoCom

4Q22 vs. 3Q22

- **Revenue** down $60m (46%), primarily due to FX movements and higher funding costs on Group assets, partly offset by favourable valuation differences in Central Treasury
- **Associates** up $136m (25%), primarily BoCom and SABB
- **RWAs** up $10bn; primarily $4bn relating to the FX hedges on the planned sale of our Canada business and $3bn due to changes in threshold amounts

Insurance

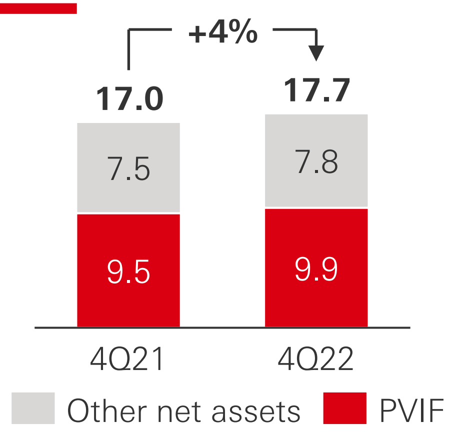
Key financial metrics*

Adjusted income statement, $m	FY22	FY21	FY20
Revenue	**2,006**	**2,683**	**1,934**
Of which: NII	2,595	2,430	2,352
Market impacts	(988)	491	86
Funds on deposit	294	—	—
PVIF	324	69	377
ECL	(18)	(22)	(72)
Operating expenses	(918)	(590)	(492)
Associates	18	17	—
Profit before tax	**1,088**	**2,088**	**1,370**
Memo: distribution income‡	823	795	781

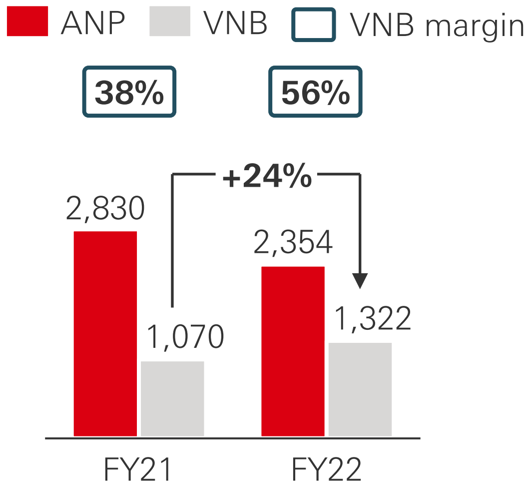
FY22 financial highlights:

- VNB of **$1.3bn, up $0.3bn (24%)** vs. FY21
- Adverse market impacts of **$1.0bn** (FY21: $0.5bn favourable)
- Revenue included **a $0.3bn gain** from a policyholder funds on deposit pricing update, to reflect the cost of provision of these services and a $0.1bn gain on completion of our acquisition of AXA Singapore
- Costs of **$0.9bn, up $0.3bn (56%)** vs. FY21 reflected the acquisition of AXA Singapore and investment in Pinnacle
- Reduction in ANP and increase in VNB margin reflected high 1H22 sales of single premium products in Hong Kong

Reported Embedded Value, $bn



FY22 VNB & ANP, $m



Strategic highlights

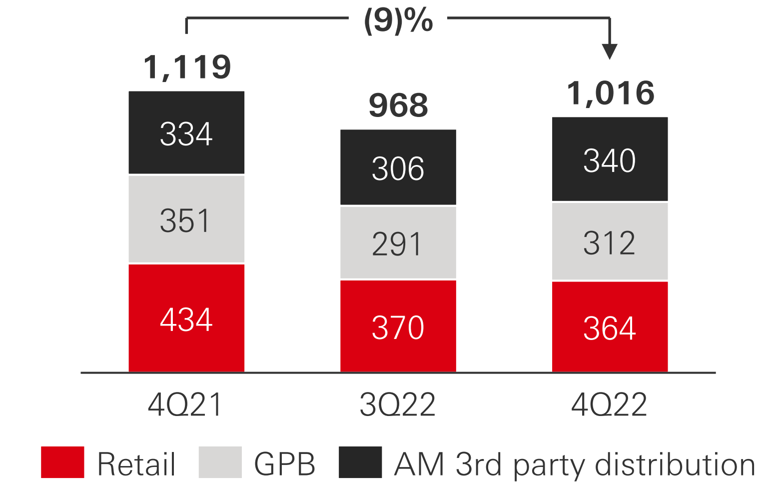
- **#1 ranked** with a market share of 25%[13] in **Hong Kong** for 9M22, **up 2.4ppts** vs. 9M21
- **Pinnacle has been expanded** to cover **6 major cities** in mainland China with **c.1,300** Personal Wealth Planners and **1m** registered users of our Pinnacle River App (HSBC 汇选)
- **c.190k** member registrations on our **digital health and wellness platforms** in Hong Kong[71]
- Successfully integrated **AXA Singapore** with our existing Singapore business and commenced combined operations
- Increased ownership in mainland China from 50% to **100%, established BrokerCo** in mainland China to support Pinnacle expansion
- Extended partnerships with **Allianz** in six key Asian markets for 15 years

* Financial results for the Insurance business are prepared on the current IFRS 4 basis and, as such, do not reflect any potential impacts of IFRS 17 'Insurance Contracts', which is effective from 1 January 2023
‡ Distribution income (HSBC Life and partnerships) through HSBC bank channels

Wealth and Personal Banking: Global invested assets

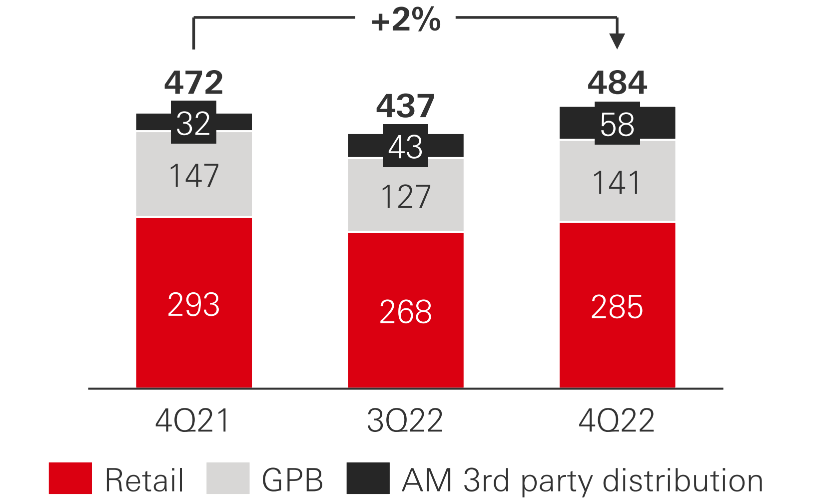
Global reported invested assets

$bn



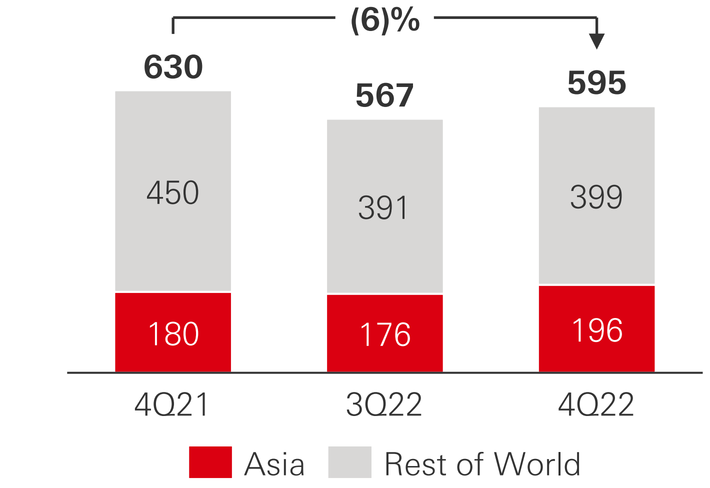
Asia reported invested assets

$bn



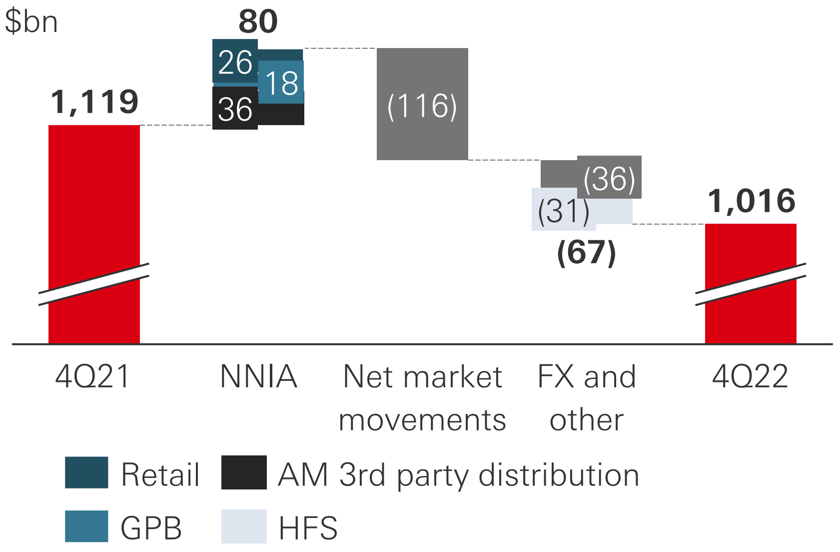
Reported invested assets managed by AM

$bn



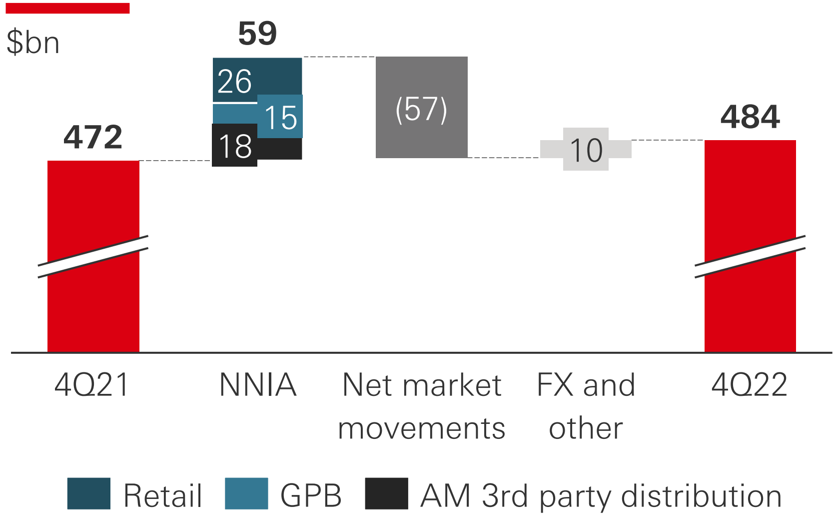
Global reported invested assets evolution

$bn



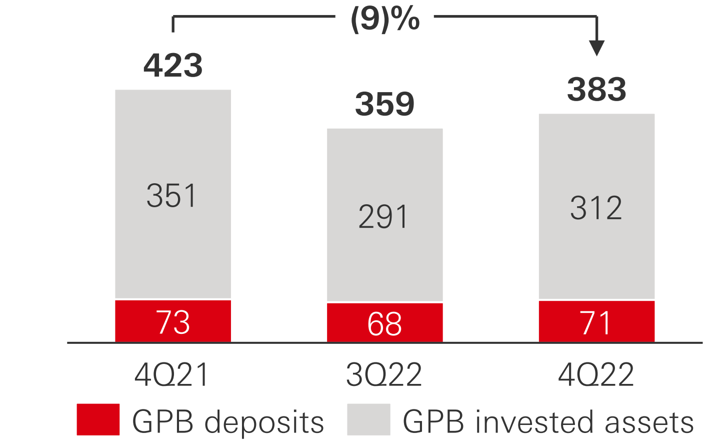
Asia reported invested assets evolution

$bn



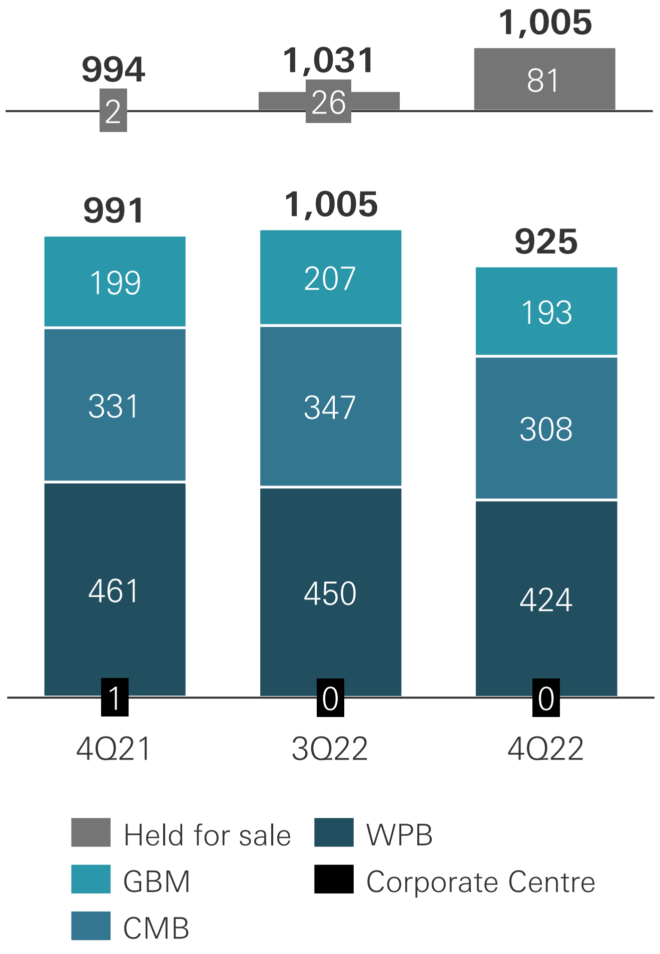
GPB reported client balances

$bn



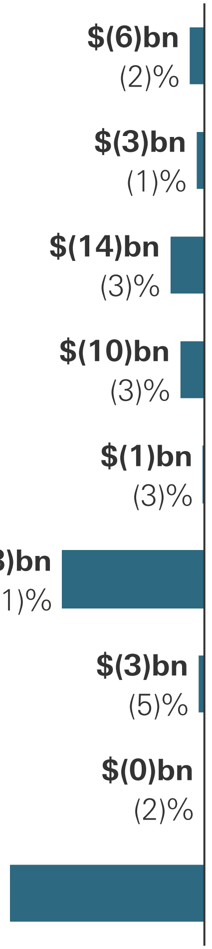
Balance sheet – customer lending

Balances by global business, $bn



Balances by region

		Growth since 3Q22
Europe	$344bn	$(6)bn (2)%
o/w: UK	$286bn	$(3)bn (1)%
Asia	$475bn	$(14)bn (3)%
o/w: Hong Kong	$296bn	$(10)bn (3)%
MENA	$26bn	$(1)bn (3)%
North America	$56bn	$(58)bn (51)%
o/w: US	$54bn	$(3)bn (5)%
Latin America	$24bn	$(0)bn (2)%
Total	$925bn	$(80)bn (8)%

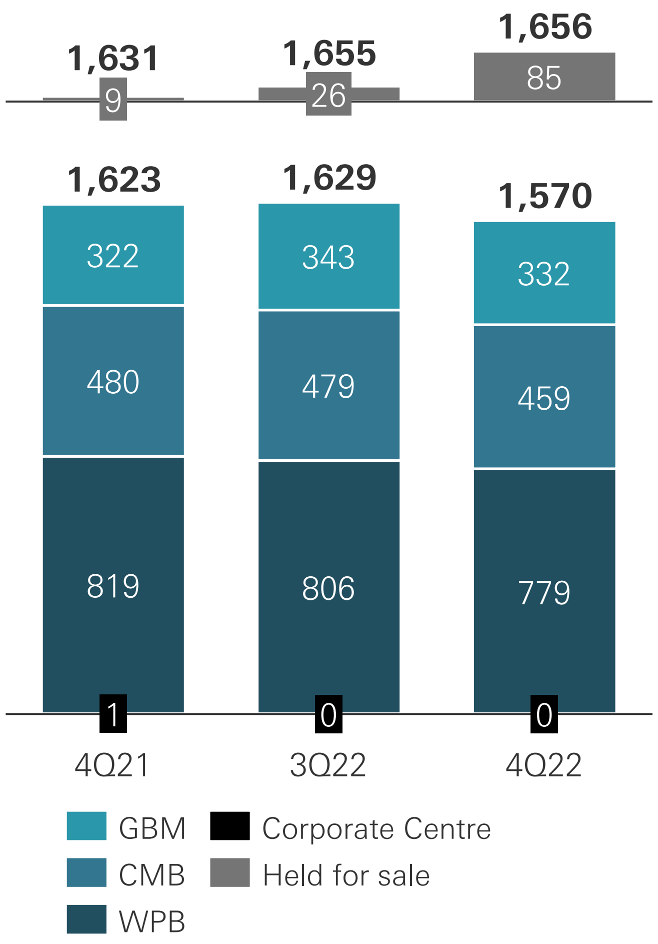


Adjusted customer lending of $925bn, down $80bn (8%) vs. 3Q22, primarily due to the reclassification of $55bn of Canada loans to held-for-sale (HFS). Including HFS balances, lending **down $25bn (2%)**

- **WPB** down $27bn (6%) due to $27bn of Canada loans moved to HFS. Including HFS balances, lending **stable**
- **CMB** down $39bn (11%), of which $25bn of Canada loans moved to HFS. Including HFS balances, lending **down $14bn (4%)** driven by softer economic activity in Hong Kong
- **GBM** down $15bn (7%) due to seasonality in Europe

Balance sheet – customer accounts

Balances by global business, $bn



Balances by region

	Balance	Growth since 3Q22
Europe	**$601bn**	**$(18)bn** (3)%
o/w: UK	**$493bn**	**$(17)bn** (3)%
Asia	**$784bn**	**$15bn** 2%
o/w: Hong Kong	**$543bn**	**$11bn** 2%
MENA	**$44bn**	**$1bn** 3%
North America	**$109bn**	**$(58)bn** (35)%
o/w: US	**$100bn**	**$2bn** 2%
Latin America	**$32bn**	**$1bn** 3%
Total	**$1,570bn**	**$(58)bn** (4)%

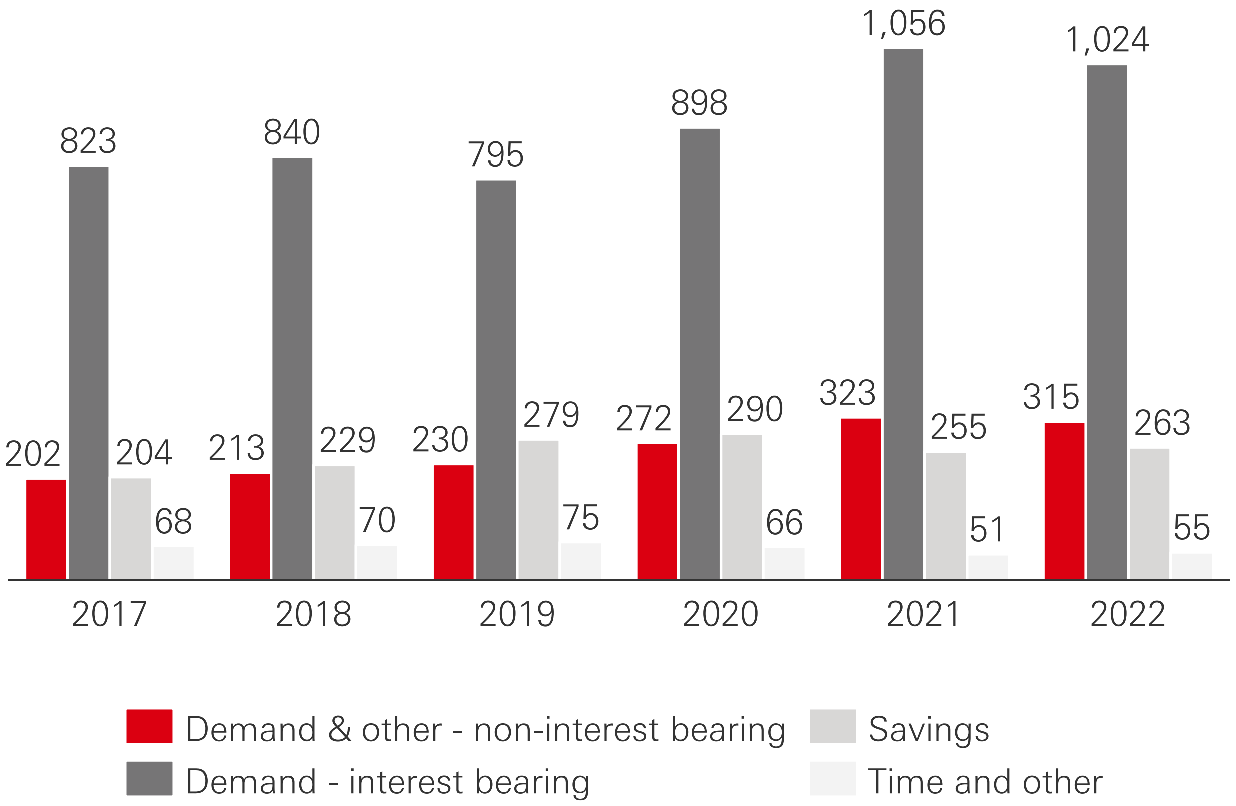
Adjusted customer accounts of $1,570bn, down $58bn (4%) vs. 3Q22 primarily due to the reclassification of $61bn of Canada deposits to held-for-sale (HFS). Including HFS balances, **deposits stable**

- **WPB** down $27bn (3%) due to $33bn of Canada deposits moved to HFS. Including HFS balances, deposits **up $6bn**
- **CMB** down $20bn (4%) due to $22bn of Canada deposits moved to HFS. Including HFS balances, deposits **up $2bn**
- **GBM** down $11bn (3%)
- Average **GPS balances of $753bn** were down $4bn vs. 3Q22 (up $2bn vs. 4Q21)

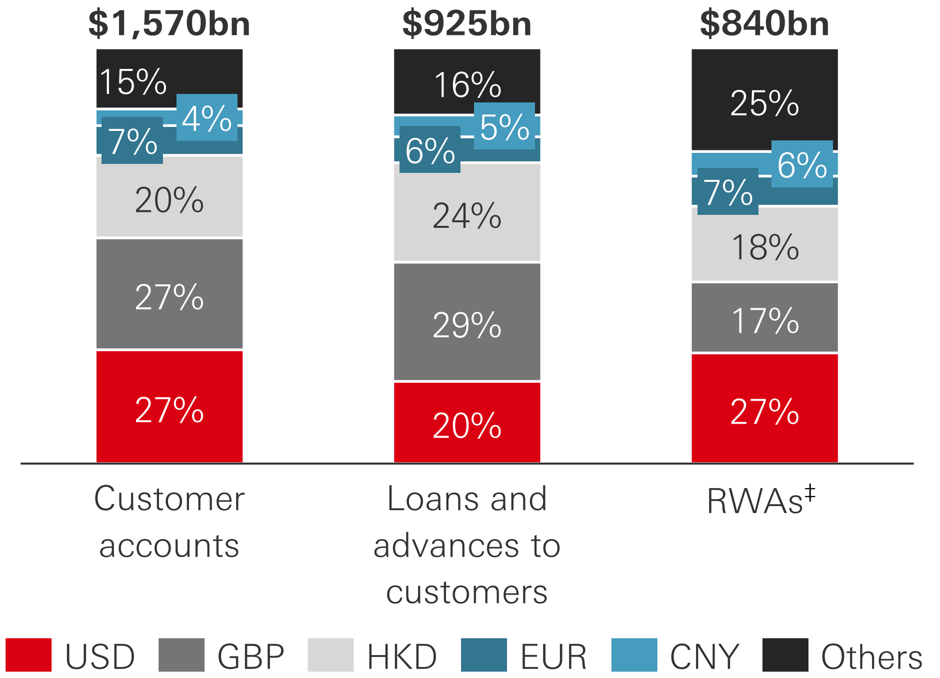
Balance sheet analysis

Group customer accounts by type, $bn*

Average balances



Group loans, deposits and RWAs by currency♦



Hong Kong system deposits by currency at 31 December 2022: 48% HKD; 38% USD; 13% Non-US foreign currencies. Source: HKMA

* As reported in our SEC specific disclosures. Does not include held-for-sale balances

♦ Loans and advances and customer accounts do not include held-for-sale balances. RWAs represent the functional currency of the entity

‡ RWAs of $840bn includes credit risk, market risk and operational risk RWAs

4Q22 vs. 3Q22 equity drivers

	Shareholders' equity, $bn	Tangible equity, $bn	TNAV per share, $	Basic number of ordinary shares, millions
At 30 September 2022	**177.7**	**140.7**	**7.13**	**19,738**
Profit attributable to:	4.7	5.1	0.26	—
Ordinary shareholders[72]	4.6	5.1	0.26	—
Other equity holders	0.1	—	—	—
Dividends	(0.1)	—	—	—
On ordinary shares	—	—	—	—
On other equity instruments	(0.1)	—	—	—
FX[72]	4.9	4.4	0.22	—
Actuarial gains/(losses) on defined benefit plans	(0.7)	(0.7)	(0.03)	—
Cash flow hedge reserves	1.1	1.1	0.06	—
Fair value movements through 'Other Comprehensive Income'	(0.7)	(0.7)	(0.04)	—
Of which: changes in fair value arising from changes in own credit risk	(1.1)	(1.1)	(0.06)	—
Of which: Debt and Equity instruments at fair value through OCI	0.4	0.4	0.02	—
Other[72]	0.6	(0.5)	(0.03)	1
At 31 December 2022	**187.5**	**149.4**	**7.57**	**19,739**

$7.51 on a fully diluted basis

19,876 million on a fully diluted basis

- Average basic number of shares outstanding during 4Q22: 19,738
- **4Q22 TNAV per share increased by $0.44** to $7.57 per share, mainly due to higher profits and favourable FX impacts
- At 31 December 2022, tangible equity included financial investments at FVOCI reserve of $(6.0)bn and cash flow hedging reserve of $(3.8)bn

FY22 vs. FY21 equity drivers

	Shareholders' equity, $bn	Tangible equity, $bn	TNAV per share, $	Basic number of ordinary shares, millions
At 31 December 2021	**198.3**	**158.2**	**7.88**	**20,073**
Profit attributable to:	16.0	16.1	0.80	—
Ordinary shareholders[72]	14.8	16.1	0.80	—
Other equity holders	1.2	—	—	—
Dividends	(6.5)	(5.3)	(0.27)	—
On ordinary shares	(5.3)	(5.3)	(0.27)	—
On other equity instruments	(1.2)	—	—	—
FX[72]	(9.8)	(9.2)	(0.46)	—
Cancellation of shares / buybacks	(1.0)	(1.0)	0.09	(348)
Actuarial gains/(losses) on defined benefit plans	(1.0)	(1.0)	(0.05)	—
Cash flow hedge reserves	(3.6)	(3.6)	(0.18)	—
Fair value movements through 'Other Comprehensive Income'	(3.4)	(3.4)	(0.17)	—
Of which: changes in fair value arising from changes in own credit risk	1.9	1.9	0.10	—
Of which: Debt and Equity instruments at fair value through OCI	(5.3)	(5.3)	(0.27)	—
Other[72]	(1.5)	(1.4)	(0.07)	14
At 31 December 2022	**187.5**	**149.4**	**7.57**	**19,739**

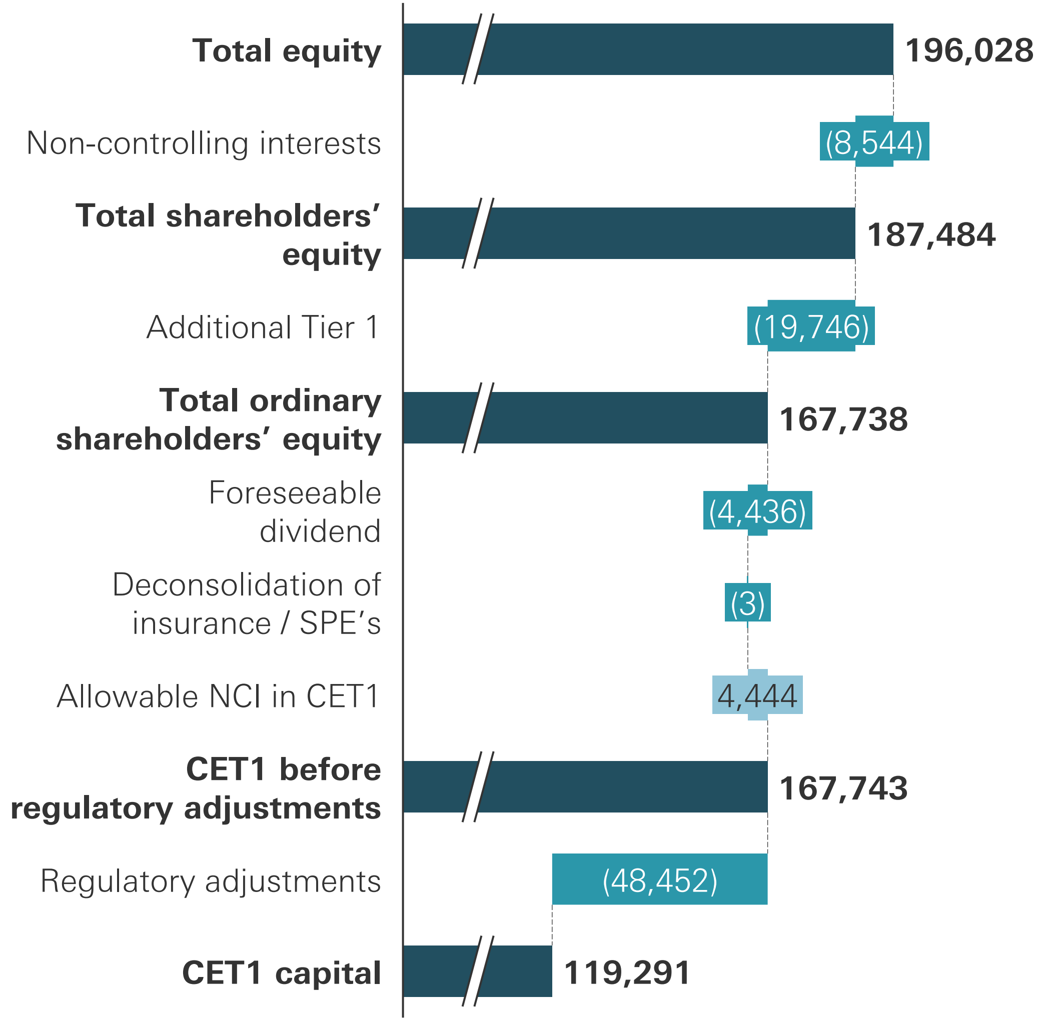
$7.51 on a fully diluted basis

19,876 million on a fully diluted basis

- Average basic number of shares outstanding during FY22: 19,849
- **FY22 TNAV per share decreased by $0.31** to $7.57 per share; mainly due to adverse FX impacts, cash flow hedge reserve movements and dividends paid, partly offset by higher profit
- At 31 December 2022, tangible equity included financial investments at FVOCI reserve of $(6.0)bn and cash flow hedging reserve of $(3.8)bn

Total shareholders' equity to CET1 capital

Total equity to CET1 capital, at 31 December 2022, $m



Total equity to CET1 capital walk, $m

	4Q22	3Q22	2Q22	4Q21
Total equity (per balance sheet)	**196,028**	**185,993**	**196,690**	**206,777**
Non-controlling interests	(8,544)	(8,335)	(8,308)	(8,527)
Total shareholders' equity	**187,484**	**177,658**	**188,382**	**198,250**
Additional Tier 1	(19,746)	(19,746)	(21,691)	(22,414)
Total ordinary shareholders' equity	**167,738**	**157,912**	**166,691**	**175,836**
Foreseeable dividend	(4,436)	(3,926)	(3,548)	(3,655)
Adjustment for insurance / SPE's[*,73]	(3)	4	(12,881)	(13,449)
Allowable NCI in CET1	4,444	4,272	4,392	4,186
CET1 before regulatory adjustments	**167,743**	**158,262**	**154,654**	**162,918**
Prudential valuation adjustment	(1,171)	(1,334)	(1,299)	(1,217)
Intangible assets	(12,141)	(11,082)	(11,746)	(9,123)
Deferred tax asset deduction	(4,235)	(3,528)	(3,274)	(1,520)
Cash flow hedge adjustment	3,601	4,669	2,124	170
Excess of expected loss	(1,248)	(1,992)	(2,373)	(2,020)
Own credit spread and debit valuation adjustment	(412)	(1,589)	(778)	1,571
Defined benefit pension fund assets	(5,448)	(5,639)	(6,638)	(7,146)
Direct and indirect holdings of CET1 instruments	(40)	(40)	(40)	(40)
Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	(220)	(340)	(235)	766
Threshold deductions*	(27,138)	(26,630)	(14,615)	(11,794)
Regulatory adjustments	**(48,452)**	**(47,505)**	**(38,874)**	**(30,353)**
CET1 capital	**119,291**	**110,757**	**115,780**	**132,565**

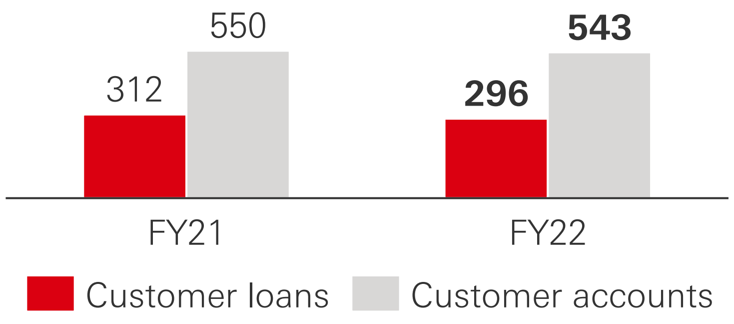
* These rows include offsetting entries of $12,660m for 3Q22 and $13,200m for 4Q22 relating to the start of equity accounting for our insurance subsidiaries with effect from 3Q22

Hong Kong business performance

FY22 financial performance

$m	FY22	FY21	Δ
NII	9,928	7,216	▲ 38%
Non-NII	6,390	7,204	▼ (11)%
Revenue	**16,318**	**14,420**	▲ **13%**
o/w: market impacts	*(1,066)*	*237*	*n.m.*
ECL	(1,680)	(605)	▲ >(100)%
Costs	(7,882)	(7,676)	▲ (3)%
Associates	5	16	▼ (69)%
PBT	**6,761**	**6,155**	▲ **10%**

Balance sheet, $bn



- **Rising interest rates** and **market share gains** drove **PBT of $6.8bn**, up $0.6bn (10%) vs. FY21
  - **Strong 4Q22 performance**: revenue $5.1bn, PBT $2.3bn
- ECL up, largely due to offshore mainland China CRE exposures booked on Hong Kong balance sheets
- Customer lending **down 5%** vs. FY21 due to subdued loan demand in 2H22
- Customer accounts **down 1%** vs. FY21

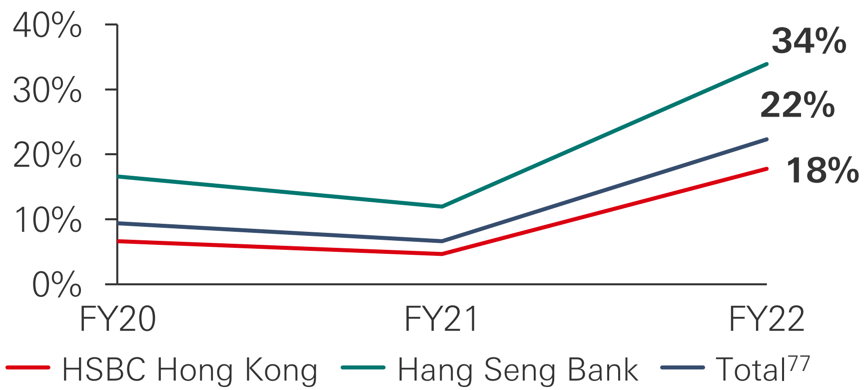
#1 retail NPS amongst major bank[74]

#1 in card spend; market share **49%**[75]

#1 in trade finance; **23.3%** market share[76]

#1 in life insurance ANP; market share **24.7%**[13]

Time deposits as a % of customer accounts*

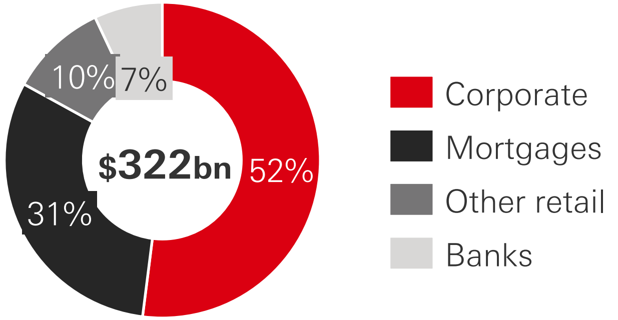


- **CASAs are 78% of customer accounts**
- Time deposits are **22% of customer accounts**, up **16ppts** vs. FY21 due to greater spread between CASA and TMD pricing
  - HSBC Hong Kong up 13ppts; Hang Seng Bank up 22ppts
- Time deposits represent c.50% of system deposits (up 15ppts YoY)[78]

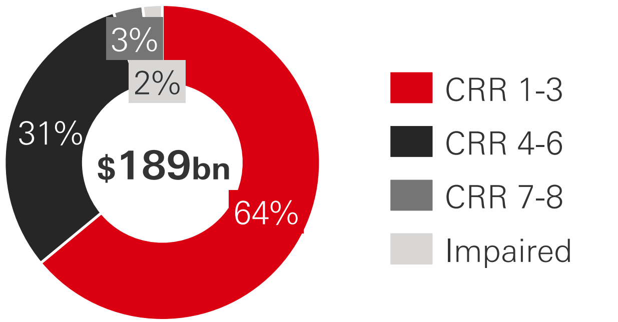
* As at the end of the period

Hong Kong loans and advances

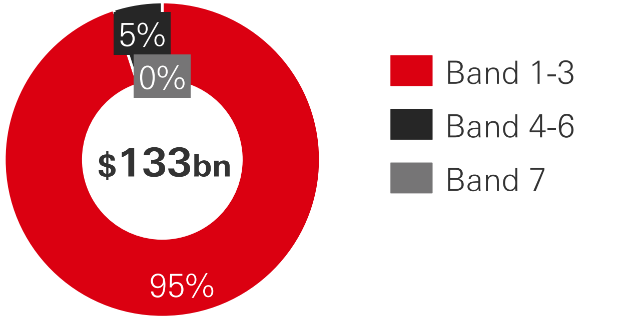
Hong Kong loans and advances



Wholesale credit quality



Personal credit quality

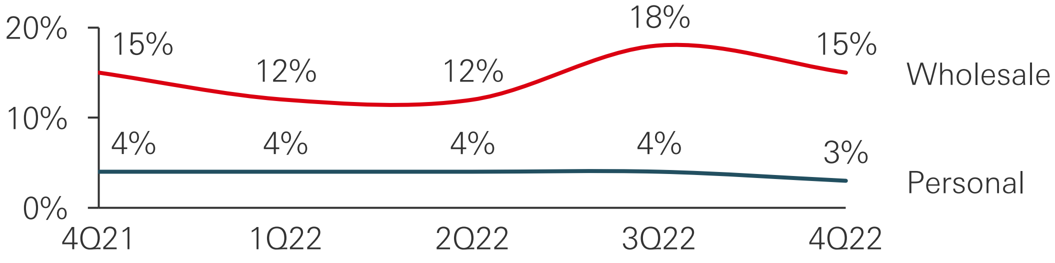


- Total gross loans and advances to customers and banks of **$322bn** (4Q21: $329bn) by booking location (wholesale: $189bn; personal: $133bn)
- FY22 ECL charge of **$1,680m** (CMB: $1,276m, WPB: $139m, GBM $267m), vs. $608m in FY21 (CMB $241m, WPB: $112m, GBM: $255m)
- 4Q22 average LTV on new retail mortgage lending was **59%** (4Q21: 62%); average LTV for the overall retail mortgage portfolio was **57%** (4Q21: 47%)

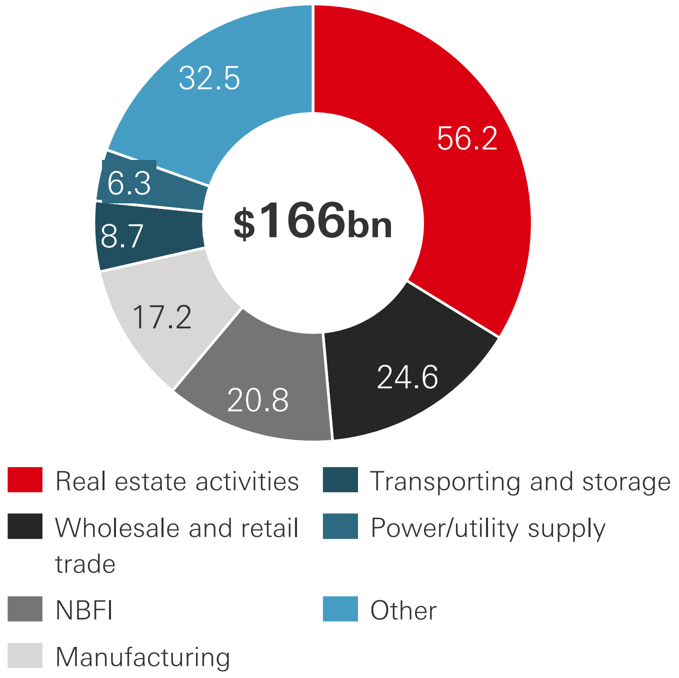
Gross loans and advances to customers and banks by IFRS 9 stage, $bn

	4Q22			4Q21		
	L&A	ECL allowance	ECL % L&A	L&A	ECL allowance	ECL % L&A
Stage 1	283.7	0.2	0.1%	291.3	0.2	0.1%
Stage 2	32.8	1.0	3.1%	35.3	0.9	2.5%
Stage 3*	5.6	2.2	39.0%	2.2	0.9	40.1%
POCI	0.1	0.0	38.6%	0.2	0.0	13.2%
Total	**322.2**	**3.4**		**328.9**	**1.9**	

Stage 2 loans as a % of total L&As to customers and banks



Corporate lending by sector, $bn



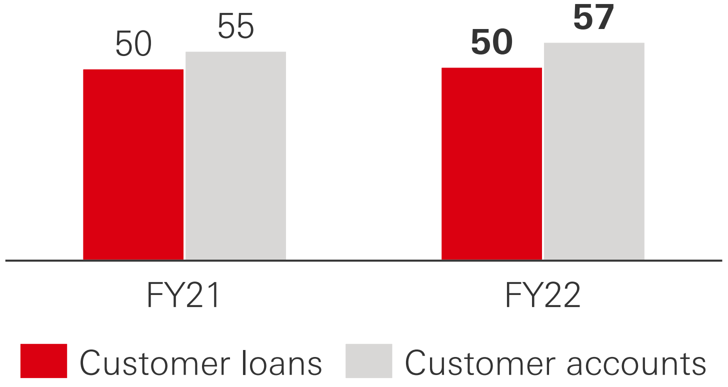
* Stage 3 loans includes c.$3bn of exposure relating to mainland China CRE

Mainland China business performance

FY22 financial performance

$m	FY22	FY21	Δ
NII	1,794	1,604	12%
Non-NII	2,379	1,932	23%
Revenue	**4,173**	**3,536**	**18%**
ECL	(328)	(80)	>(100)%
Costs	(2,836)	(2,622)	(8)%
Associates	2,386	2,372	1%
PBT	**3,395**	**3,206**	**6%**

Balance sheet, $bn



Regional highlights

FY22 revenue up **18%** vs. FY21; **PBT excluding associates** of **$1bn**

1m registered users on the **Pinnacle** River app. **c.1,300 wealth planners** are now digitally enabled in mainland China

Private Banking expansion: launched new offices in Hangzhou and Chengdu

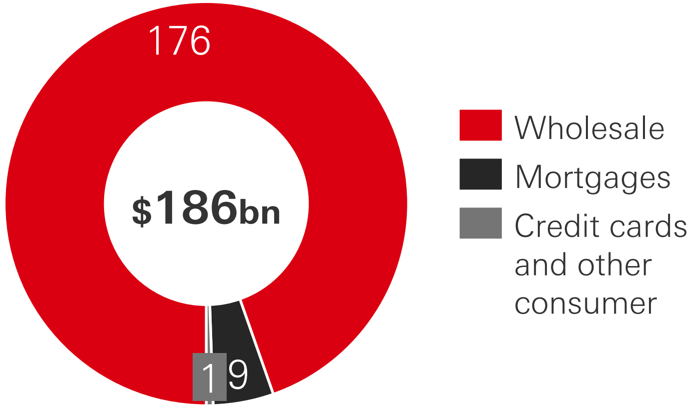
Launched **$5bn GBA sustainability fund** to provide financing for businesses to capture sustainable opportunities while transitioning to a low-carbon economy

Launched a new initiative to provide **financing to SMEs in strategic emerging industries** worth RMB3 billion

Launched **Trade Connect** to offer faster, more efficient and digitised trade financing services for businesses trading in the Greater Bay Area

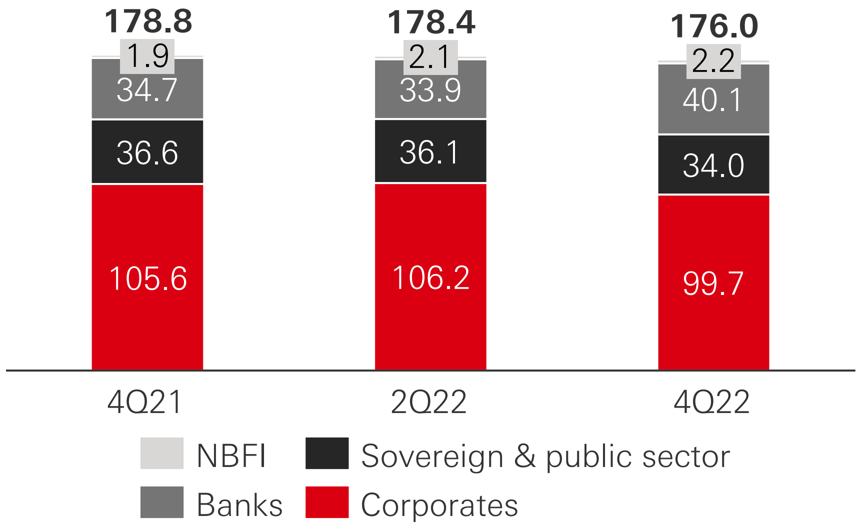
Mainland China risk exposure

Mainland China risk exposure, $bn



- Mainland China risk exposure is defined as lending booked in mainland China plus wholesale lending booked offshore where the ultimate parent and beneficial owner is in mainland China
- Mainland China risk exposure (including Sovereign and public sector, Banks and NBFI and Corporates) of **$186bn** comprising: Wholesale $176bn* (of which 52% is onshore); Retail: $10bn. These amounts exclude MSS financing
- Gross loans and advances to customers of **$51bn** booked in mainland China (Wholesale: $41bn; Retail $10bn)

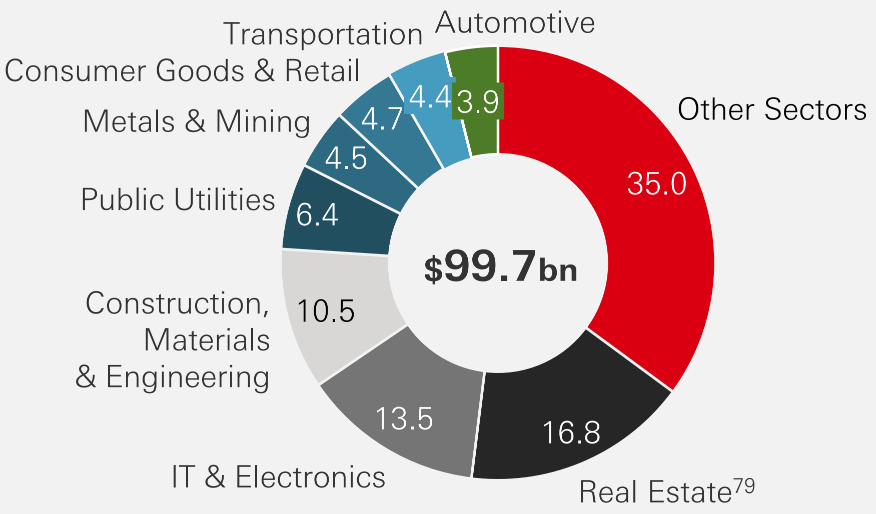
Wholesale lending analysis, $bn



Wholesale lending by counterparty type and CRR

Customer risk rating	1-3	4-6	7-8	9+	Total
NBFI	2.1	0.1	—	—	2.2
Banks	39.9	0.2	—	—	40.1
Sovereign & public sector	34.0	—	—	—	34.0
Corporates	63.4	29.5	2.8	4.0	99.7
Total	**139.4**	**29.7**	**2.8**	**4.0**	**176.0**

Corporate lending by sector, $bn



- **c.16%** of corporate lending is to foreign-owned enterprises
- **c.38%** of lending is to state-owned enterprises
- **c.46%** of lending is to private sector owned enterprises

* Wholesale drawn risk exposure of $176bn includes on balance sheet lending as well as issued off balance sheet exposures, excludes unutilised commitments

UK ring-fenced bank

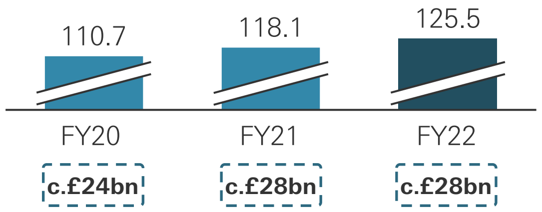
FY22 financial performance

Revenue	**£7.9bn**	▲	27% (FY21: £6.2bn)
o/w: WPB	**£4.3bn**	▲	28% (FY21: £3.4bn)
o/w: CMB	**£3.5bn**	▲	28% (FY21: £2.7bn)
ECL	**£(0.5)bn**	▲	>(100)% (FY21: £1.0bn)
Costs	**£(3.4)bn**	▼	1% (FY21: £(3.5)bn)
PBT	**£4.0bn**	▲	7% (FY21: £3.8bn)
o/w: WPB	**£1.8bn**	▲	11% (FY21: £1.6bn)
o/w: CMB	**£2.2bn**	▲	3% (FY21: £2.1bn)
Customer loans	**£204.1bn**	▲	4% (FY21: £195.5bn)
Reported RWAs	**£92.4bn**	▲	10% (FY21: £83.7bn)

- **Revenue up 27%** vs. FY21, reflecting rising interest rates and lending growth
  - WPB up 28% primarily due to rates and higher deposit balances
  - CMB up 28%, primarily due to rates, re-pricing initiatives in GPS and higher balances
- More normalised FY22 ECL charge of **24bps** of average loans
- **Costs down 1%** as increased technology investments and one-off cost of living payments made to staff were more than offset by management cost control action
- **RWAs** up 10%, primarily due to regulatory changes

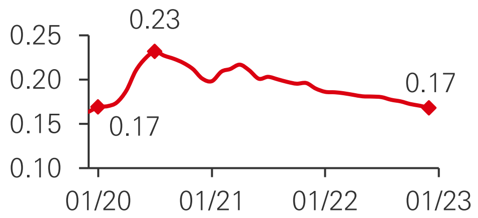
WPB

Personal gross mortgage balances, £bn



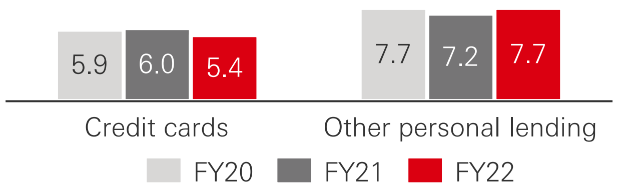
- Continued strength in mortgage lending through FY22: **7.7%** mortgage stock market share[80]; gross new lending share[80] of **8.9%**
- Buy-to-let mortgages of £3.8bn, up £0.8bn vs. FY21
- Mortgages on a standard variable rate of £2.4bn
- Interest-only mortgages of £18.7bn[81]
- New originations average LTV of 67%; average portfolio LTV of 50%

Mortgages:
90+ day delinquency trend[82], %



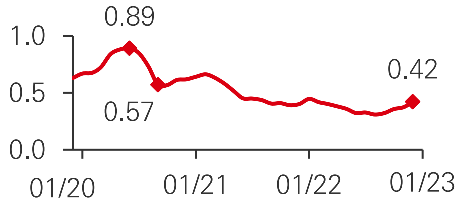
- Mortgage delinquencies are in line with pre-pandemic levels. Customers continue to show good resilience and notable stress has not been observed in this portfolio

Personal gross unsecured lending balances, £bn



- **Credit cards**: despite higher spending than pre-pandemic, balances are down YoY due to the run-off of the John Lewis card portfolio and increased repayments
- **Other personal lending** up £0.5bn vs. FY21, despite subdued loan demand in 4Q22

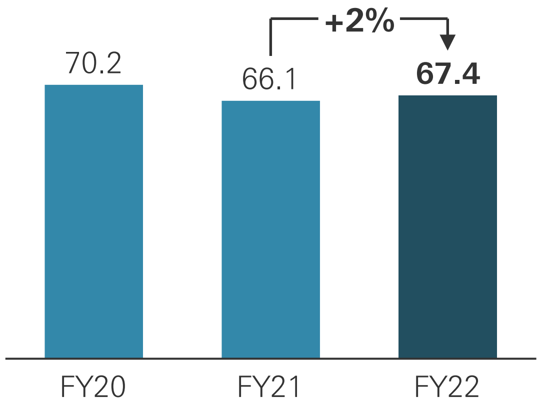
Credit cards:
90-179 day delinquency trend[82], %



- Card delinquencies remain below pre-pandemic levels. Uptick in delinquencies in 2H22 due to the run-off of the relatively lower risk John Lewis portfolio

CMB

Wholesale gross customer loans, £bn



- **Gross customer loans up 2%.** Underlying growth more than offset Covid-19 related lending repayments of c.£1.8bn during the year (FY22 Covid-19 lending balances are £7.4bn)
- Launched **£15bn SME fund** to provide support for British businesses to grow
- Launched **£250m growth lending proposition** to support high-growth, tech scale-ups which have a clear path to profitability
- HSBC Kinetic now has **>50k** active customers

Held-for-sale businesses

FY22 Canada and France retail performance

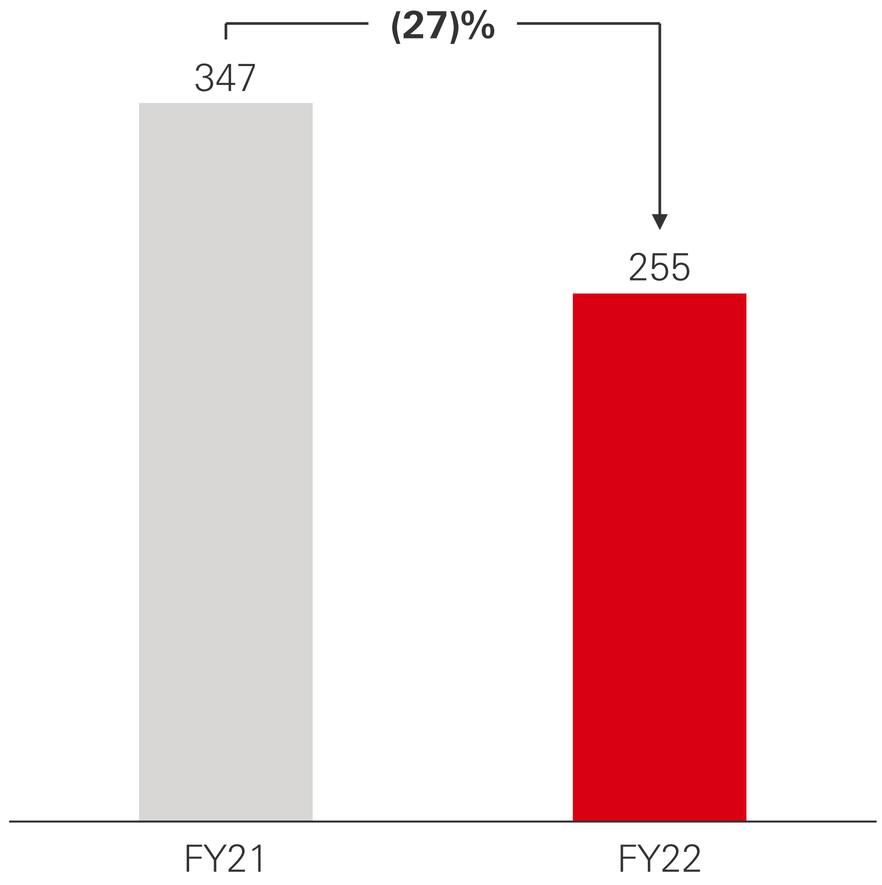
$bn*	Canada	France retail
Revenue	1.9♦	0.6
ECL	(0.1)	—
Operating expenses	(1.0)	(0.5)
Reported PBT	**0.8**	**0.1**
Customer loans‡	55.2	25.0
Customer accounts‡	60.6	22.3
RWAs	31.9	5.0

- In 2022, we reclassified our Canada, France retail, Greece and Russia businesses as held-for-sale. During the year we recognised a $2.4bn impairment loss on France and a $0.4bn loss associated with Greece and Russia. All sales are expected to complete in 2023
- The sale of HSBC Canada for a **cash consideration of CAD13.5bn** is expected to generate a **pre-tax gain of $5.6bn** on completion based on 4Q22 figures[83]
- Our Group 4Q22 CET1 ratio of 14.2% includes a **c.(5)bps** impact from FX hedges relating to the proceeds from the **planned sale of our Canada business**; potential for a further c.(5)bps of impact as hedges move to deal contingent
- Completion of the Canada sale is expected to generate around **1.4ppts favourable impact on CET1 ratio** in 2023 and the France retail sale **0.1ppts favourable impact**
- Around $0.4bn of operating expenses from the businesses ($0.3bn Canada, $0.1bn France) relate to Group recharges and other costs and will not transfer as part of the planned transactions. We have plans to **reduce up to 50%** of these costs starting from 2024

* On a reported basis
♦ Of which $1.3bn NII
‡ Balances included in held-for-sale are 'assets held-for-sale' and 'liabilities of disposal groups held-for-sale'; Greece and Russia balances in HFS: loans $0.3bn, accounts $2.3bn

Impacts of financial investments

Hold-to-collect-and-sell ('HTC&S') portfolio, $bn



- As part of our interest rate hedging strategy, we hold a debt portfolio of financial investments measured at fair value through other comprehensive income (FVOCI), which are classified as hold-to-collect-and-sell. This portfolio totalled **$255bn** at FY22, **down $92bn (27%)** vs. FY21
- The increase in term market yield curves in FY22 drove a **$5.5bn** fall in the fair value of securities through OCI (**0.7ppts of CET1**). Over time, these adverse OCI movements will unwind as the instruments reach maturity, although not all instruments will necessarily be held to maturity
- We have taken actions in FY22 to **reduce the duration risk of this portfolio** and **the overall capital volatility of our hedging instruments**, including decreasing the amount of securities held under HTC&S (measured at FVOCI) and prospectively increased those held under to hold-to-collect (measured at amortised cost)
- Risk reduction has **lowered the HTC&S stressed value at risk** exposure of this portfolio from $3.6bn at the end of 2021 **to $2.2bn** at the end of 2022

PBT by region and dividends by subsidiary

Profit / (loss) before tax by region, $bn

	FY22	FY19
Europe	**4.8**	**(0.3)**
o/w UK RFB	5.0	2.8
o/w HSBC Bank plc	2.1	0.7
Asia	**14.3**	**18.5**
o/w Hong Kong	6.8	12.1
MENA	**1.8**	**1.5**
North America	**2.1**	**1.4**
o/w US	1.0	0.6
Latin America	**1.0**	**0.6**
o/w Mexico	0.7	0.7
Group PBT	**24.0**	**21.7**

- Asia FY22 contribution to Group adjusted profits of **60%**, vs. **85%** in FY19

Dividends paid by subsidiary in period, $m

	FY22	FY19
HSBC UK Bank plc	2,192	424
HSBC Bank plc*	—	3,689
The Hongkong and Shanghai Banking Corporation Ltd	4,092	8,529
Other	2,362	1,755
Total ordinary dividends paid	**8,646**	**14,397**
AT1 and preference dividends	832	720
Total dividends paid to HSBC Holdings Plc	9,478	15,117
Memo: ordinary dividend to shareholders declared, $bn[84]	6.3	6.1

- FY22 Asia subsidiary dividends were **47%** of ordinary dividends paid by subsidiaries, vs. 59% in FY19
- FY19 Asia subsidiary dividends paid during 2019 related to both FY18 and FY19 reporting periods

* In 2022, HSBC Bank plc paid a special dividend of £850m to Group, recorded as a return of capital; 2019 HSBC Bank plc dividend figure includes a return of capital of £1,277m to Group classed as dividend payment

Glossary

AIEA	Average interest earning assets
AM	Asset Management
ANP	Annualised new business premiums
AT1	Additional Tier 1
BoCom	Bank of Communications Co. Limited, an associate of HSBC
Bps	Basis points. One basis point is equal to one-hundredth of a percentage point
CASA	Current accounts and savings accounts
CET1	Common Equity Tier 1
Corporate Centre (CC)	Corporate Centre comprises Central Treasury, our legacy businesses, interests in our associates and joint ventures and central stewardship costs
CMB	Commercial Banking, a global business
CRE	Commercial Real Estate
CRR	Customer risk rating
CTA	Costs to achieve
C&L	Credit & Lending
DBS	Digital Business Services
DCM	Debt Capital Markets
DPS	Dividend per share
DTA	Deferred tax asset
ECL	Expected credit losses. In the income statement, ECL is recorded as a change in expected credit losses and other credit impairment charges. In the balance sheet, ECL is recorded as an allowance for financial instruments to which only the impairment requirements in IFRS 9 are applied
ECM	Equity Capital Markets
EMEA	Europe, the Middle East and Africa
EPS	Earnings per share
FVOCI	Fair value through other comprehensive income
GBA	Greater Bay Area
GBM	Global Banking and Markets, a global business
GPB	Global Private Banking
GPS	Global Payments Solutions (formerly GLCM: Global Liquidity and Cash Management)
Group	HSBC Holdings plc and its subsidiary undertakings
GTRF	Global Trade and Receivables Finance
GSSS	Green, social, sustainability and sustainability-linked
HFS	Held-for-sale
HTC&S	Hold to collect and sell

IFRS	International Financial Reporting Standard
Legacy credit	A portfolio of assets including securities investment conduits, asset-backed securities, trading portfolios, credit correlation portfolios and derivative transactions entered into directly with monoline insurers
LTV	Loan to value
MENA	Middle East and North Africa, including Türkiye
MSS	Markets and Securities Services
NAV	Net asset value
NBFI	Non-bank financial institution
NCI	Non-controlling interests
NIM	Net interest margin
NNIA	Net new invested assets
NPS	Net promoter score
NRFB	Non ring-fenced bank in Europe and the UK
OCI	Other Comprehensive Income
PAOS	Profit attributable to ordinary shareholders
PBT	Profit before tax
PD	Probability of default
Ppt	Percentage points
PRP	Performance related pay
PVIF	Present value of in-force insurance contracts
SABB	The Saudi British Bank, an associate of HSBC
SEA	Southeast Asia, includes Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam
SPE	Special purpose entity
RoTE	Return on average tangible equity
RWA	Risk-weighted asset
T&E	Travel and entertainment
TMD	Time deposits
TNAV	Tangible net asset value
UK RFB / RFB	HSBC UK, the UK ring-fenced bank, established July 2018 as part of ring fenced bank legislation
UNGP	United Nations Guiding Principles
VNB	Value of new business written
WPB	Wealth and Personal Banking, a global business
XVAs	Credit and Funding Valuation Adjustments

Footnotes

1. Source: Coalition Greenwich Competitor Analytics. Based on HSBC's internal business structure and internal revenue numbers. Global Trade Finance rank at 1H22 and based on the following peer group: BAC, BARC, BNPP, CITI, DB, JPM, SG, SCB, WF; Global Foreign Exchange rank at 3Q22 YTD and based on the following peer group: BAC, BARC, BNPP, CITI, CS, DB, GS, JPM, MS, SG, UBS
2. In respect of FY22
3. Client business differs from reported revenue as it relates to certain client specific income, and excludes certain products (including Principal Investments, GBM "other" and asset management), Group allocations, recoveries and other non-client related and portfolio level revenue. It also excludes Hang Seng. GBM client business includes an estimation of client-specific day one trade specific revenue from MSS products, which excludes ongoing mark-to-market revenue and portfolio level revenue such as hedging. Cross-border client business represents the income earned from a client's entity domiciled in a different geography than where the client group's global relationship is managed. 'Booking location' represents the geography of the client's entity or transaction booking location where this is different from where the client group's global relationship is managed. Cross-border client business represents the income earned from a client's entity domiciled in a different geography than where the client group's global relationship is managed
4. WPB international customers comprises customers who are either multi-country, non-resident or resident foreigners within International markets in the UK, Hong Kong, Canada, the US, India, Singapore, Malaysia, UAE, Australia, mainland China and CIIOM. Multi-country are those customers who bank in more than one market; Non-Resident customers are those whose address is different from market; Resident Foreigners are customers whose nationality, or country of birth for non-resident Indians and overseas Chinese is different to market we bank them in. Note, customers may be counted more than once when banked in multiple countries. Total WPB clients of c.38m
5. Based on 10 markets (Hong Kong excl. Hang Seng, mainland China, the UK, UAE, Malaysia, India, Singapore, Australia, Channel Islands and Isle of Man and the US), based on 9M22 data
6. GFX in GBM management view of income and GFX in CMB from cross sale of FX to CMB clients includes within 'Markets products, Insurance and Investments and Other'. GFX includes our emerging markets business
7. Wholesale transaction banking includes GPS, GTRF, FX and Securities Services
8. Cumulative RWA saves under our transformation programs includes $9.6bn of accelerated saves made over 4Q19
9. Based on tangible equity ('TE') of the Group's major legal entities excluding associates, holding companies and consolidation adjustments
10. 4th largest health insurer based on gross premiums. GIAS data as of September 2022
11. Data at 31 December 2022. AUM source: Association of Mutual Funds in India (Average AUM)
12. Hong Kong Monetary Authority system deposits. Data as of 30 November 2022
13. Hong Kong Insurance Authority Statistics. Market shares and ranking based on ANP, HSBC Life Hong Kong and Hang Seng Insurance combined. Data as of 30 September 2022
14. Euromoney Trade Finance Survey, 2022
15. HSBC internal analysis on 2021 annual reports of foreign banks operating in mainland China (Citi, Bank of East Asia, Siam Commercial Bank, Deutsche Bank, DBS, United Overseas Bank, OCBC, Agricultural Bank of China)
16. Asia adjusted PBT of $14,334m excl. Hong Kong adjusted PBT of $6,761m and mainland China adjusted PBT of $3,395m
17. Excludes Global Service Centres
18. HSBC internal analysis, based on internal MI compared with data from the Ministry of Commerce. Data as of 30 November 2022
19. HSBC internal analysis, based on internal MI compared with RBI FX Market Turnover Data. Data as of 31 December 2022
20. Includes: Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam
21. Corporate Treasury Awards, 2022. Countries include Indonesia, Malaysia, Philippines, Singapore and Thailand
22. Dealogic, as of December 2022
23. Trade association UK. Data as of 30 September 2022
24. Bank of England. Data as of 31 December 2022
25. Legal entity basis. HSBC Mexico
26. Comision Nacional Bancaria y de Valores. Data as of 30 November 2022
27. Through Employee Banking Solutions, primarily payroll lending proposition
28. Global business cost excludes technology spend
29. Technology costs in operating expenses trends include transformation saves and are presented on a net basis
30. Operations cost within DBS
31. Includes Global Functions, centrally managed costs and other DBS
32. Operations personnel within DBS
33. Primarily comprises the assets relating to the planned sale of our retail banking operations in France and our banking business in Canada reported on the Group balance sheet under "assets held for sale"
34. Hong Kong Insurance Authority Statistics. Includes Hang Seng. 2022 data as of 30 September 2022
35. Unless otherwise stated, regulatory capital ratios and requirements are based on the transitional arrangements of the Capital Requirements Regulation in force at the time. These include the regulatory transitional arrangements for IFRS 9 'Financial Instruments'. The leverage ratio is calculated using the end point definition of capital and the IFRS 9 regulatory transitional arrangements, in line with the UK leverage rules that were implemented on 1 January 2022, and excludes central bank claims. Comparatives for 2021 are reported based on the disclosure rules in force at that time, and include claims on central banks. References to EU regulations and directives (including technical standards) should, as applicable, be read as references to the UK's version of such regulation and/or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018, and subsequently amended under UK law
36. Reported RoTE is computed by adjusting annualised reported results for PVIF and for impairment of goodwill and other intangible assets (net of tax), divided by average reported equity adjusted for goodwill, intangibles and PVIF for the period
37. Revenue from the sale of Global Markets products to WPB customers
38. Revenue from the sale of Global Markets and Global Banking products to CMB customers
39. West refers to Americas and Europe. East refers to Asia and the Middle East
40. Amount of Software Releases for a Notional team of 10 People on a bank wide basis. Stats are November 2021 and November 2022
41. % of the Group's technology services that are on the private or public cloud
42. % of WPB customers who have logged into a HSBC Mobile App at least once in the last 30 days
43. Total number of digital sales (# units) as a percentage of the total WPB sales (# units) across retail
44. % of CMB customers who are active on Internet Banking Channels in the last 3 months
45. Refers to employee Snapshot survey response to the question 'The work processes in this organisation allow employees to work efficiently'; the global FS benchmark includes data from a number of financial organisations and is calculated based on a rolling two-year average
46. Includes all Group General Managers, as well as roles meeting the following criteria: critical in delivery of business strategy; regulator identified as critical; responsible for largest growth opportunities; significant impact on risk position of the Group; responsible for enterprise wide transformational change programmes; significant barriers to entry into the role
47. Refers to employee Snapshot survey response to the question 'I feel confident about this company's future'
48. Employee engagement index represents the average % of respondents who would recommend HSBC as a great place to work, are proud to say they work for HSBC and feel valued at HSBC
49. Total learning hours as recorded in Degreed (Learning Experience Platform) in terms of individual learning content consumption across content items that are tagged with Sustainability, Digital or Data skills

Footnotes

50. Senior leadership is classified as those at Band 3 and above in our global career band structure. Employees with an 'Undeclared' or 'Unknown' gender have been incorporated into the 'Male' category
51. Individuals at Band 3 and above in our global career band structure who identify as being of black heritage in the US and the UK
52. The volume amounts stated include; capital markets/advisory activities, balance sheet related transactions that capture the limit of the facility at the time it was provided and the net new flows of sustainable investments (Assets under Management); Green, Social, Sustainability and Sustainability Linked labelled bonds that align to the International Capital Markets Association (ICMA) principles Capital markets/advisory volumes are recorded as HSBC's proportional bookrunner value
53. In determining our dividend payout ratio we will exclude material significant items (including the planned disposal of our retail banking operations in France and the planned sale of our banking business in Canada) from reported earnings per share
54. On an IFRS 4 basis and retranslated for foreign exchange movements. We intend to update our NII guidance at or before our 1Q23 results to incorporate the expected impact of IFRS 17
55. Includes held-for-sale balances
56. Technology cost increases in quarterly walks are presented on a gross basis (excl. saves)
57. On an IFRS 4 basis and retranslated for foreign exchange movements. There may also be an incremental adverse impact from retranslating the 2022 results of hyperinflationary economies at constant currency
58. Regulatory profits
59. Medium term is defined as 3-4 years from 1 January 2020; long term is defined as 5-6 years from 1 January 2020
60. Based on 10 markets (Hong Kong excl. Hang Seng, mainland China, the UK, UAE, Malaysia, India, Singapore, Australia, Channel Islands and Isle of Man and the US), based on 9M22 data
61. Alternative Performance Measure (APM)
62. Currently includes "Holdings and Other"
63. Less than 1% of employees will not yet have completed due to new joiners to the bank being given 45 days to complete their mandatory training
64. Source: Dealogic. Apportioned volume represents the portion of deal volume assigned to HSBC in deals where HSBC is marked as a lender. Market shares exclude self-mandated deals
65. For accounting purposes, Argentina was deemed a hyperinflationary economy from 1 July 2018 and Türkiye from 1 June 2022
66. YTD RoTE by Global Business excludes significant items. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric. RoTE by Global Business considers AT1 Coupons on an accruals basis, vs. Reported RoTE where it is treated on a cash basis
67. Included within held for sale at 4Q21 were balances associated with our US mass market retail banking business, which were disposed of during 1Q22. Included within assets held for sale at 3Q22 were balances primarily related to our retail banking operations in France. Included within held for sale at 4Q22 were balances primarily relating to our retail banking operations in France and our banking business in Canada
68. Wealth deposits include Premier, Jade and Global Private Banking deposits, which include Prestige deposits in Hang Seng Bank, and form part of the total WPB customer accounts balance
69. Included within held for sale at 4Q22 were balances relating to our banking business in Canada, as well as balances relating to planned sale of our businesses in Greece and Russia. 3Q22 included balances relating to the planned sale of our businesses Greece and Russia
70. A reconciliation of reported RWAs to adjusted RWAs can be found in the 'HSBC Holdings plc 4Q 2022 Datapack'
71. Data as of 31 Dec 2022
72. Differences between shareholders' equity and tangible equity drivers primarily reflect goodwill and other intangible impairment, PVIF movements and amortisation expense within 'Profit Attributable to Ordinary shareholders', FX on goodwill and intangibles within 'FX', and intangible additions and other movements within 'Other'
73. A revised approach to insurance-related adjustments has been effective from 30 September 2022. This has had no impact on overall CET1 capital
74. Excludes Hang Seng
75. Source: HKMA. Statistics of Payment Cards issued in Hong Kong
76. November 2022. Source: Hong Kong Monetary Authority
77. Total includes HSBC Hong Kong, Hang Seng and other Hong Kong entities
78. Source: HKMA. December 2022 data
79. Mainland China reported Real Estate exposures comprises exposures booked in mainland China and offshore where the ultimate parent is based in mainland China, and all exposures booked on mainland China balance sheets; Commercial Real Estate refers to lending that focuses on commercial development and investment in real estate and covers commercial, residential and industrial assets; Real Estate for Self Use refers to lending to a corporate or financial entity for the purchase or financing of a property which supports overall operations of a business i.e. a warehouse for an e-commerce firm
80. Source: Bank of England
81. Includes offset mortgages in first direct, endowment mortgages and other products
82. Excludes Private Bank
83. Inclusive of recycling of c.$0.5bn in foreign currency translation reserve losses. The estimated pre-tax profit on the sale will be recognised through a combination of the consolidation of HSBC Canada's results into the Group's financial statements until completion, and the remaining gain on sale recognised at completion. There would be no tax on the gain recognised at completion
84. Approximate distribution for dividends declared in respect of FY22

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Forward-looking statements

This Presentation may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position, strategy and business of the Group which can be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “project”, “plan”, “estimate”, “seek”, “intend”, “target”, “believe”, "potential" and "reasonably possible" or the negatives thereof or other variations thereon or comparable terminology (together, “forward-looking statements”), including the strategic priorities and any financial, investment and capital targets and any ESG related targets, commitments and ambitions described herein. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. The assumptions and judgments may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors (including without limitation those which are referable to general market or economic conditions, regulatory changes, geopolitical tensions such as the Russia-Ukraine war, the impact of the Covid-19 pandemic or as a result of data limitations and changes in applicable methodologies in relation to ESG related matters). Any such forward-looking statements are based on the beliefs, expectations and opinions of the Group at the date the statements are made, and the Group does not assume, and hereby disclaims, any obligation or duty to update, revise or supplement them if circumstances or management’s beliefs, expectations or opinions should change. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. No representations or warranties, expressed or implied, are given by or on behalf of the Group as to the achievement or reasonableness of any projections, estimates, forecasts, targets, commitments, ambitions, prospects or returns contained herein.

Additional detailed information concerning important factors, including but not limited to ESG related factors, that could cause actual results to differ materially from this Presentation is available in our Annual Report and Accounts for the fiscal year ended 31 December 2021 filed with the Securities and Exchange Commission (the “SEC”) on Form 20-F on 23 February 2022 (the “2021 Form 20-F”), our 1Q 2022 Earning Release furnished to the SEC on Form 6-K on 26 April 2022 (the “1Q 2022 Earnings Release”), our Interim Financial Report for the six months ended 30 June 2022, furnished to the SEC on Form 6-K on 1 August 2022 (the “2022 Interim Report”), our 3Q 2022 Earnings Release, furnished to the SEC on Form 6-K on 25 October 2022 (the “3Q 2022 Earnings Release”) and our Annual Report and Accounts for the fiscal year ended 31 December 2022 available at www.hsbc.com and which we expect to file with the SEC on Form 20-F on 22 February 2023 (the “2022 Form 20-F”).

Alternative Performance Measures

This Presentation contains non-IFRS measures used by management internally that constitute alternative performance measures under European Securities and Markets Authority guidance and non-GAAP financial measures defined in and presented in accordance with SEC rules and regulations (“Alternative Performance Measures”). The primary Alternative Performance Measures we use are presented on an “adjusted performance” basis which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons. Significant items are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business.

Reconciliations between Alternative Performance Measures and the most directly comparable measures under IFRS are provided in our 2021 Form 20-F, our 1Q 2022 Earnings Release, our 2022 Interim Report, our 3Q 2022 Earnings Release and our 2022 Form 20-F, when filed, each of which are available at www.hsbc.com.

Information in this Presentation was prepared as at 21 February 2023.