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HSBC Holdings plc

Overseas Regulatory Announcement

The attached announcement has been released to the other stock exchanges on which HSBC Holdings plc is listed.

The Board of Directors of HSBC Holdings plc as at the date of this announcement comprises: Mark Tucker*, Noel Quinn, Geraldine Buckingham†, Rachel Duan†, Georges Elhedery, Carolyn Julie Fairbairn†, James Anthony Forese†, Steven Guggenheimer†, José Antonio Meade Kuribreña†, Kalpana Morparia†, Eileen K Murray†, David Nish† and Jackson Tai†.

* Non-executive Group Chairman

† Independent non-executive Director

Hong Kong Stock Code: 5

HSBC Holdings plc

Registered Office and Group Head Office:

8 Canada Square, London E14 5HQ, United Kingdom

Web: www.hsbc.com

Incorporated in England with limited liability. Registered in England: number 617987



2 May 2023

HSBC HOLDINGS PLC 1Q 2023 EARNINGS RELEASE WEBCAST AND CONFERENCE CALL

HSBC will be holding a webcast presentation and conference call today for investors and analysts. The speakers will be Noel Quinn (Group Chief Executive) and Georges Elhedery (Group Chief Financial Officer).

A copy of the presentation to investors and analysts is attached and is also available to view and download at <https://www.hsbc.com/investors/results-and-announcements/all-reporting/group>.

Full details of how to access the conference call appear below and details of how to access the webcast can also be found at www.hsbc.com/investors/results-and-announcements.

Time: 7.30am (London); 2.30pm (Hong Kong); and 2.30am (New York).

Webcast: <https://streamstudio.world-television.com/CCUlv3/registration.aspx?ticket=768-1956-35773&target=en-default-&status=preview&browser=ns-0-1-0-0-0>

Conference call access numbers:

Restrictions may exist when accessing freephone/toll-free numbers using a mobile telephone.

Passcode: 8934143

	Toll-free	Toll
UK	0800 279 3590	0207 950 6551
US	866 297 1588	+1 210 795 1143
Hong Kong	800 968 764	+852 3001 3842
International		+1 210 795 1143

Replay access details from 2 May 10:45am BST – 2 July 2023 10:30am BST.

Passcode: 5552

	Toll-free	Toll
UK	0800 279 4887	+44 20 3430 8972
US	+1 866 742 2549	+1 203 369 4600
Hong Kong	+852 3018 4327	
International		+1 203 369 4600

Note to editors:

HSBC Holdings plc

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 62 countries and territories. With assets of US\$2,990bn at 31 March 2023, HSBC is one of the world's largest banking and financial services organisations.

ends/all

HSBC Holdings plc 1Q23 Results

Presentation to Investors and Analysts



Summary of reporting changes from 1Q23

IFRS 17 insurance contracts reporting

- ◆ On 1st January 2023, the Group's treatment of insurance contracts transitioned from IFRS 4 to IFRS 17
- ◆ The impacts of IFRS 17 included a \$2.2bn reduction in NII and a \$0.5bn reduction in FY22 PBT. Further impacts can be found on slide 30 and in our IFRS 17 transition document¹
- ◆ This presentation is on an IFRS 17 basis unless noted otherwise. All prior periods have been restated

Constant currency performance

- ◆ We no longer recognise 'significant items' in the reporting of our business performance
- ◆ Income and balance sheet numbers in this presentation are on a constant currency basis unless stated otherwise
- ◆ 'Notable items' are disclosed separately to highlight items considered outside the normal course of business and generally non-recurring in nature

Secondary line of reporting by main legal entity

- ◆ Our primary segmental reporting by global business remains unchanged
- ◆ Supplementary presentation of results is now on a main legal entity basis, replacing geographical regions

Strategic progress

Noel Quinn
Group Chief Executive



1Q23 results update

Georges Elhedery
Group Chief Financial Officer



Highlights

- 1 | Reported PBT of **\$12.9bn**. PBT up **\$9.0bn** vs. 1Q22 on a constant currency basis, driven by an **\$8.6bn** increase in revenue. 1Q23 included **\$3.6bn** of revenue notable items*
- 2 | **\$0.4bn** ECL charge (18bps of gross loans & advances), reflecting improved economic assumptions
- 3 | On a FY23 cost target basis (constant currency, excluding notable items, hyperinflation² and additional costs relating to SVB UK and related international investments), **costs up \$0.2bn (2%)**
- 4 | **RoTE** of 27.4%³; **19.3%** if the provisional gain on acquisition of SVB UK and the part-reversal of France impairment are excluded
- 5 | Dividend of **\$0.10 per share**; the **first quarterly dividend since 2019**. Share buyback of up to **\$2bn** planned post AGM with an intention to complete this in around 3 months⁴

* \$2.1bn part-reversal of an impairment due to the accounting driven reclassification of the French retail business from held-for-sale and a \$1.5bn provisional gain on the acquisition of SVB UK
The remainder of the presentation unless otherwise stated, is presented on a constant currency 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

1Q23 results summary

\$m	1Q23	1Q22	Δ
NII	8,959	6,088 ▲	47%
Non-NII	11,212	5,484 ▲	>100%
<i>o/w: notable items</i>	3,577	(120) ▲	>100%
Revenue	20,171	11,572 ▲	74%
ECL	(432)	(632) ▼	32%
Costs	(7,586)	(7,712) ▼	2%
Associates	733	610 ▲	20%
Constant currency PBT	12,886	3,838 ▲	>100%
FX translation	—	306	—
Reported PBT	12,886	4,144 ▲	>100%
Tax	(1,860)	(712) ▲	>100%
Profit attributable to ordinary shareholders	10,327	2,755 ▲	>100%
Earnings per share, \$	0.52	0.14 ▲	\$0.38
Dividend per share, \$	0.10	—	—
RoTE ³ , %	27.4	7.2 ▲	20.2ppts

\$bn	1Q23	4Q22	Δ
Customer loans	963	932 ▲	3%
Customer deposits	1,604	1,583 ▲	1%
Reported RWAs	854	840 ▲	2%
CET1 ratio ⁵ , %	14.7	14.2 ▲	0.5ppts
TNAV per share, \$	8.08	7.44 ▲	\$0.64

Variances on this slide are vs. 1Q22 if not otherwise stated

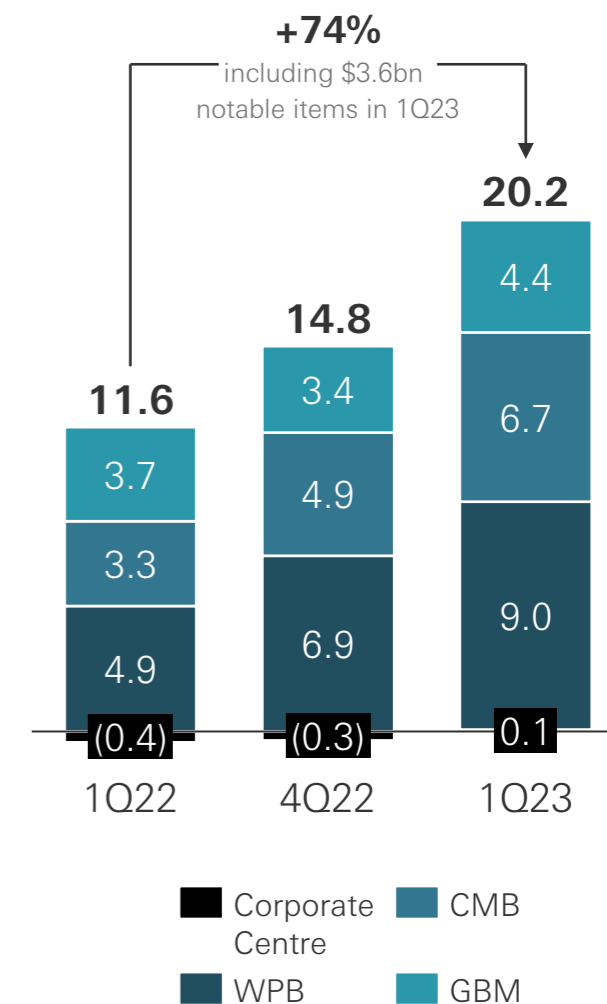
* Trading income reported in net income from financial instruments held for trading or managed on a fair value basis. This is partially offset at the total revenue level with a \$1.4bn net interest expense for central costs of funding trading income

- ◆ **NII of \$9.0bn, up \$2.9bn (47%)**, primarily due to interest rate rises. Stable vs. 4Q22
- ◆ **Non-NII of \$11.2bn, up \$5.7bn** includes:
 - ◆ \$3.6bn notable items which related to the accounting driven reclassification of our French retail business from held-for-sale and a provisional gain on acquisition of SVB UK
 - ◆ \$4.1bn trading income*, up \$2.0bn
- ◆ **ECL charge of \$0.4bn**, reflecting improved economic assumptions
- ◆ **Costs of \$7.6bn** down \$0.1bn (2%), primarily due to lower cost notable items in the quarter. Up 2% in 1Q23 on a FY23 cost target basis
- ◆ **Customer lending** up \$32bn vs. 4Q22 (3%), including \$7.3bn loans from SVB UK and \$25bn of French retail loans reclassified from HFS. Excluding these impacts, lending stable
- ◆ **Customer deposits** up \$21bn vs. 4Q22 (1%), including \$8.5bn deposits from SVB UK and \$23bn of French retail deposits reclassified from HFS. Excluding these impacts, deposits stable (down 0.6%)
- ◆ \$1.9bn tax charge included a **\$0.4bn** uncertain tax provision release in the UK
- ◆ **CET1 ratio of 14.7%**, including a **c.30bps** gain relating to the part-reversal of France impairment and our acquisition of SVB UK
- ◆ **TNAV per share of \$8.08, up \$0.64** vs. 4Q22 due to profit generation

Revenue performance

		1Q23 revenue		1Q23 vs. 1Q22	
WPB	Wealth	\$1,961m		226	13%
	Personal Banking	\$4,967m		1,934	64%
	Other	\$2,055m		1,875	o/w: France impairment reversal \$2,021m* >100%
CMB	GTRF	\$510m	(8)		(2)%
	Credit and Lending	\$1,364m	(67)		(5)%
	GPS	\$2,911m		1,927	>100%
	Other	\$1,890m		1,476	o/w SVB UK gain \$1,511m >100%
GBM	MSS	\$2,558m		283	12%
	<i>of which: FX</i>	\$1,219m		200	20%
	Banking	\$2,132m		649	44%
	<i>of which: GPS</i>	\$1,075m		616	>100%
	<i>of which: Capital Markets & Advisory</i>	\$306m		+31	11%
	Other	\$(250)m	(195)		>(100)%
Corp. Centre		\$73m		499	
Group		\$20,171m	▲ 74%	8,599	

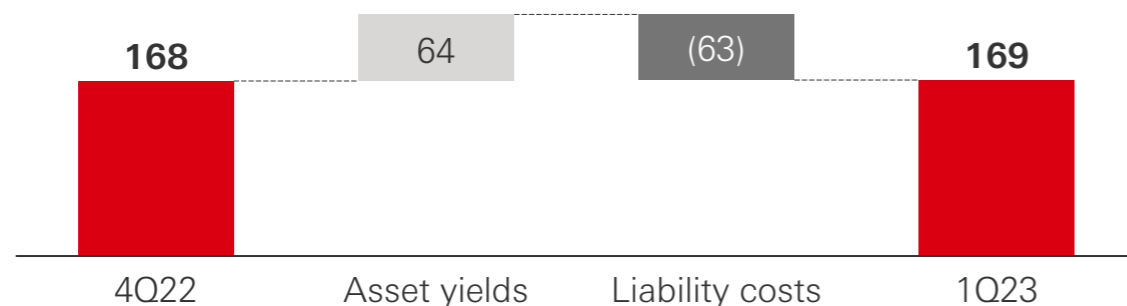
Revenue by global business, \$bn



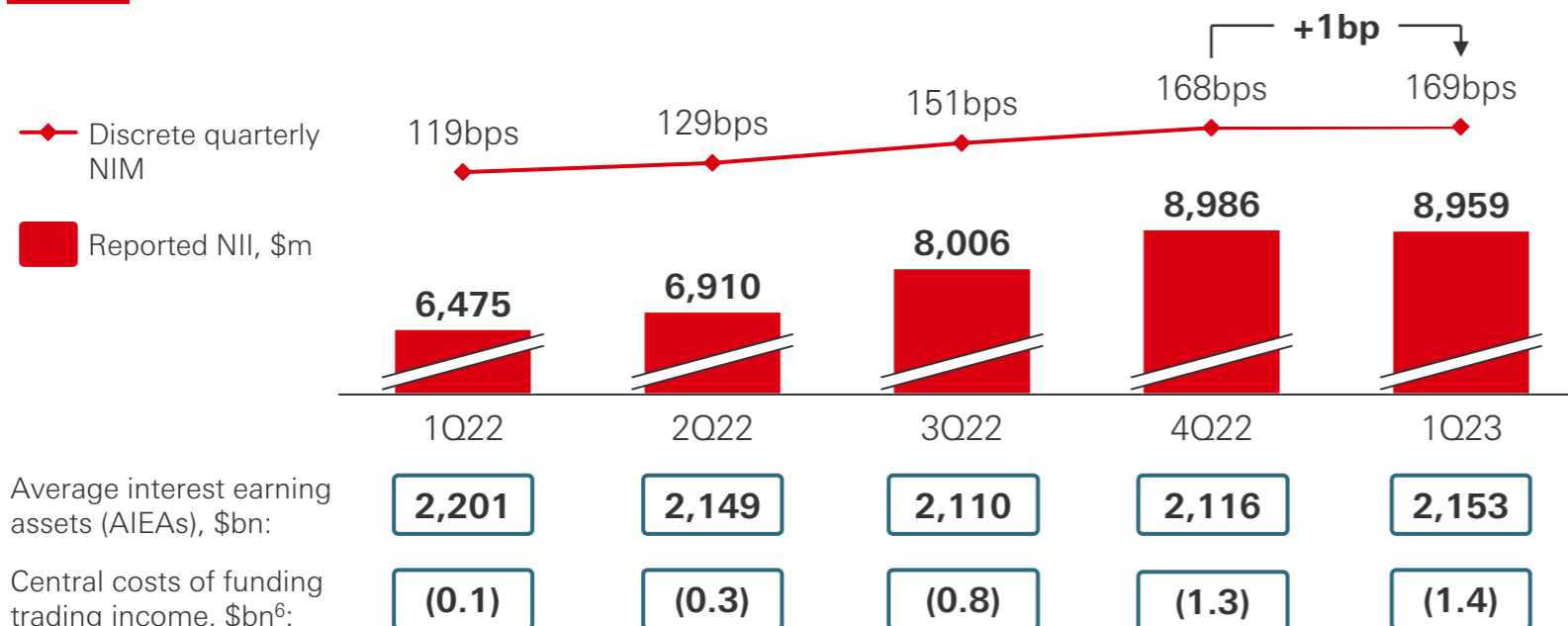
* A further \$0.1bn relating to the impairment part-reversal is booked in Corporate Centre

Net interest income and margin

NIM progression, bps



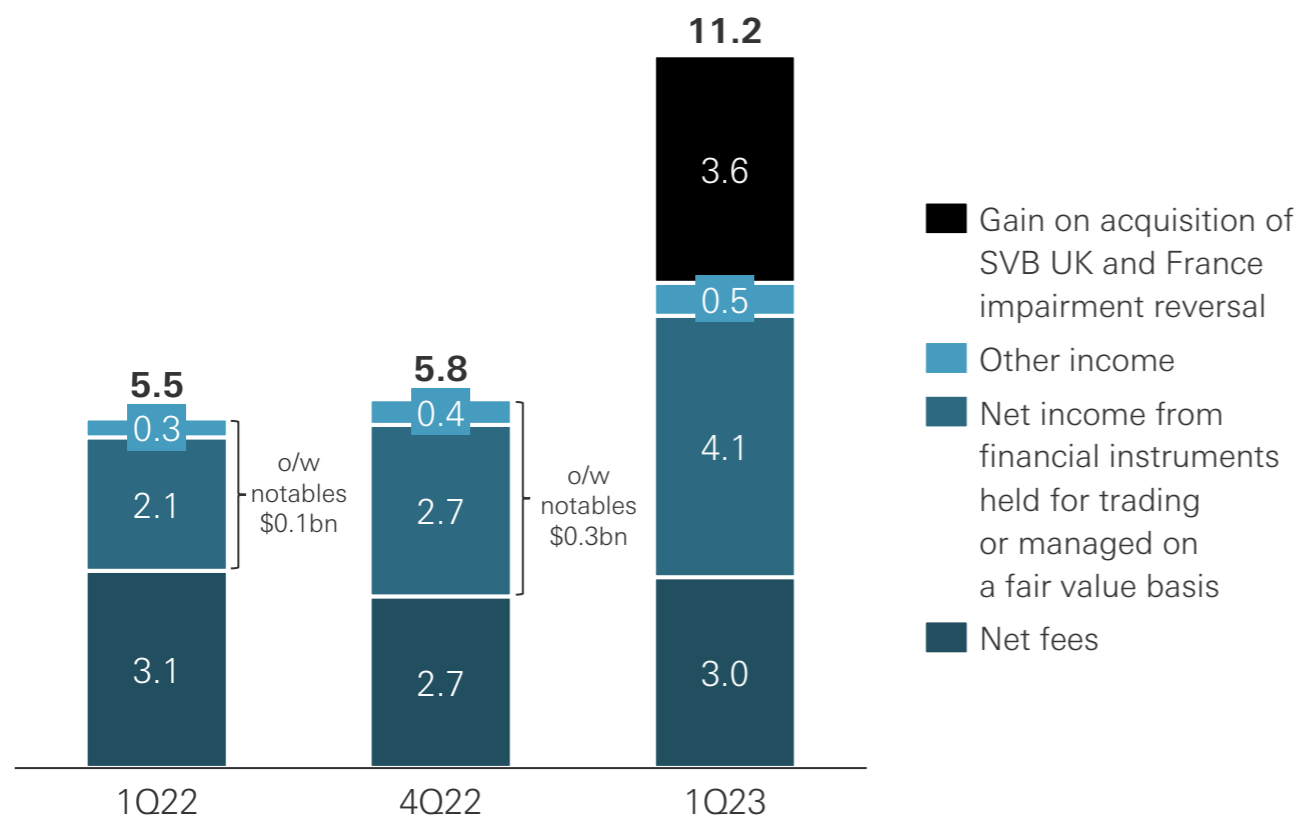
Reported NIM trend



- ◆ **Reported NII of \$9.0bn, up \$2.5bn** vs. 1Q22 (38%) and stable vs. 4Q22, despite a lower day count
- ◆ **NIM up 2bps on a constant currency basis** (4Q22 constant currency: 1.67%)
- ◆ Reported NII included **\$1.4bn interest expense** for centrally allocated funding costs associated with funding GBM's trading activities (4Q22: \$1.4bn; 1Q22 \$0.1bn). This was **offset by \$1.4bn** reported in Corporate Centre trading income
 - ◆ NII guidance assumes this expense will be around the annualised 4Q22/1Q23 run-rate
- ◆ **NIM of 1.69%**, up 1bp vs. 4Q22 on a reported basis. Benefit from higher rates was partly offset by continued deposit migration in Asia (HBAP)
- ◆ **FY23 NII guidance is unchanged** (≥\$34bn when recomputed for IFRS 17)

Non-NII

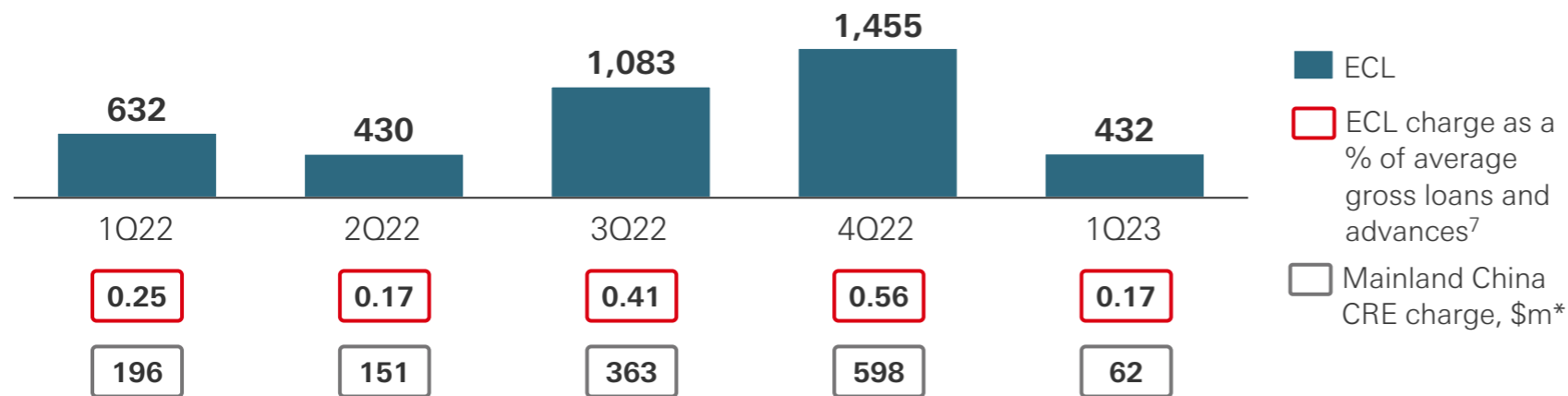
Group non-NII, \$m



- ◆ **Non-NII up \$5.7bn** vs. 1Q22, primarily due to:
 - ◆ **Notable items of \$3.6bn** (\$2.1bn part-reversal of France impairment and \$1.5bn provisional gain on acquisition of SVB UK)
 - ◆ **Higher income from trading and fair value instruments of \$4.1bn**, up \$2.0bn. This income was partially funded by the **\$1.4bn** interest expense representing central costs of funding GBM trading activity detailed on slide 7. This was **up \$1.3bn** vs. \$0.1bn in 1Q22
 - ◆ Other income of \$0.5bn, up \$0.2bn vs. 1Q22, including higher income in Wealth. NNIA in the last 12 months of **\$93bn**, including **\$22bn** during the quarter
- ◆ Fees broadly stable vs. 1Q22. GPS fees of **\$0.5bn, up 9%**
- ◆ Detailed non-NII breakdown by business on slide 17

Credit performance

ECL charge trend, \$m



ECL charge / (release) by entity, \$m

	1Q23	4Q22
Asia (HBAP)	67	904
o/w Hong Kong	44	764
UK RFB (HBUK)	161 [♦]	245
HSBC Bank plc (HBEU)	18	59
USA (HNAH)	29	(1)
Canada (HBCA)	1	20
Mexico (HBMX)	128	183
HSBC Middle East (HBME)	(7)	37
Other ⁸	35	8
Total	432	1,455

ECL charge by stage, \$bn

	Stage 1-2	Stage 3	Total
Wholesale	(0.1)	0.3	0.2
Personal	0.1	0.2	0.2 [‡]
Total	0.0	0.4[‡]	0.4

- ◆ **\$0.4bn** charge includes a minimal stage 1-2 charge, reflecting improved economic assumptions
- ◆ **\$62m mainland China CRE charge** related to credit quality adjustments for two customers. There were no defaults during the quarter though there were also limited repayments
- ◆ Stage 3 balances of **\$20bn**, stable vs. 4Q22
- ◆ **FY23 ECL guidance unchanged at ~40bps⁷**

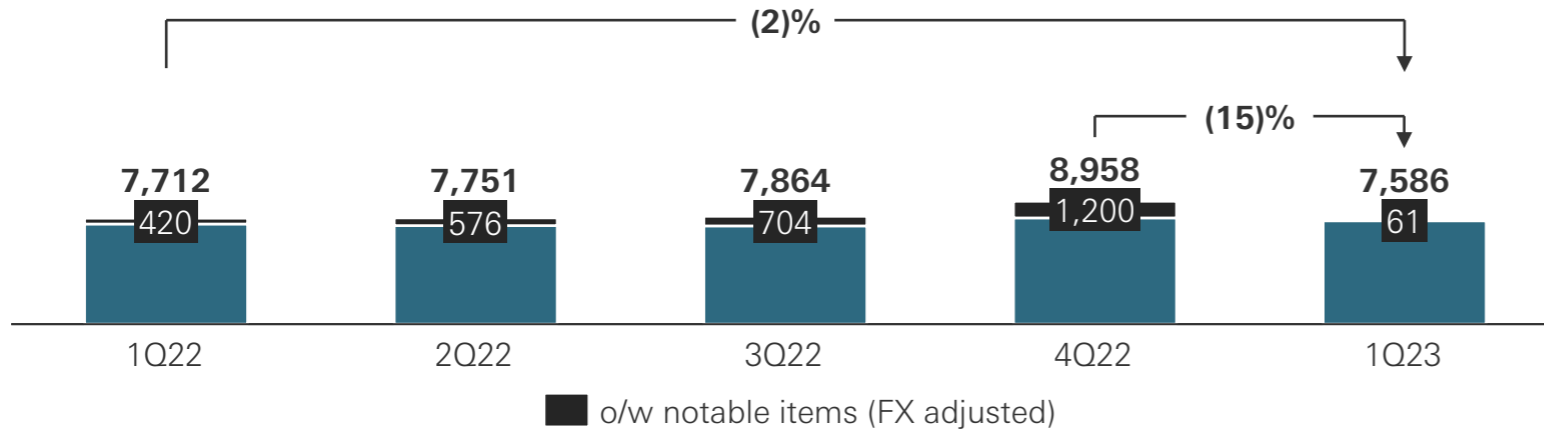
* Mainland China CRE charge is on a reported basis and has not been currency adjusted in prior periods

‡ Totals do not sum due to rounding

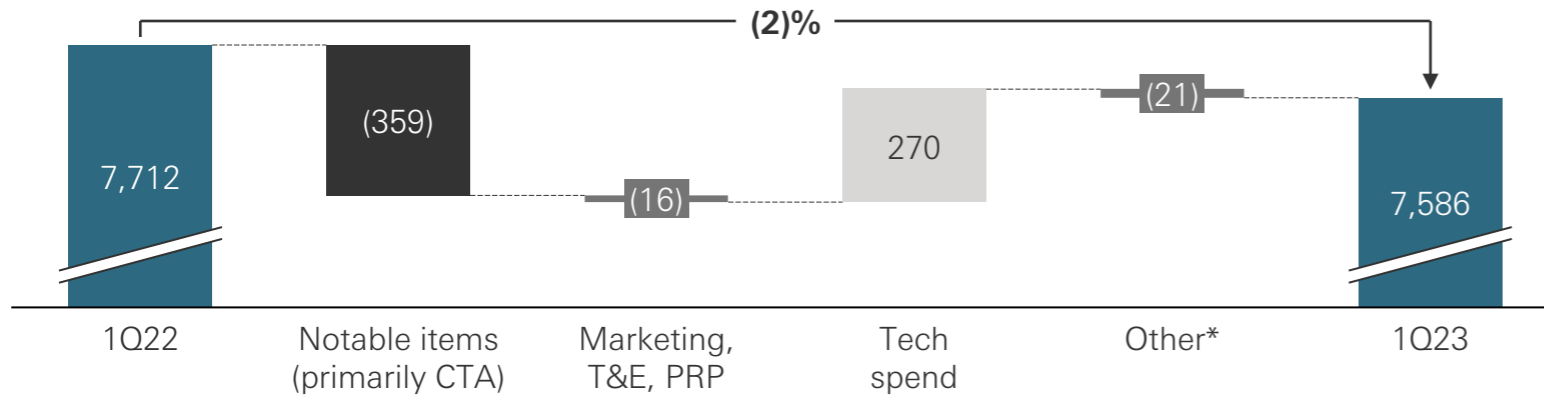
♦ Includes a stage 1 provision on acquisition of SVB UK of GBP £22.2m

Costs

Operating expenses trend, \$m



1Q23 vs. 1Q22 (constant currency), \$m



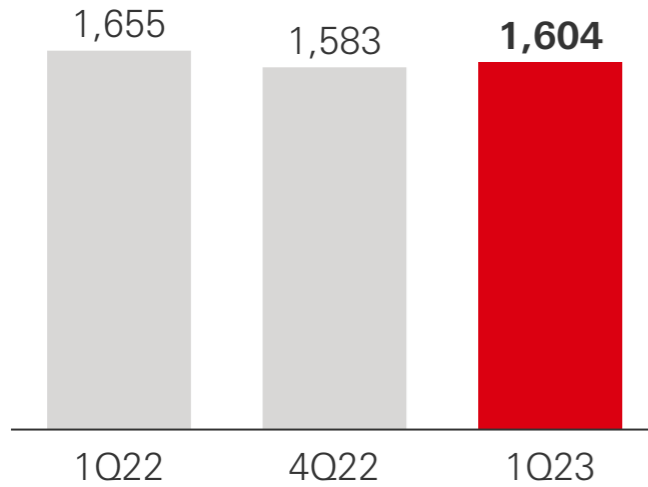
- ◆ **1Q23 constant currency costs of \$7.6bn, down \$0.1bn (2%)** vs. 1Q22 due to the end of the CTA programme and the flow through of cost savings into FY23
- ◆ **Targeting c.3% cost growth in FY23** vs. a FY22 cost target base of \$29.6bn⁹ (reconciliation on slide 30). Costs associated with SVB UK and related international investments are expected to increase costs by a further c.1%[‡]. On this basis:
 - ◆ 1Q23 costs of **\$7.5bn, up \$0.2bn (2%)** vs. 1Q22, due to a higher spend on technology
 - ◆ 2Q23 expected to be impacted by c.\$0.3bn severance costs (included in 3% target)

* Other includes increased investment in wealth in Asia, inflationary impacts and higher costs associated with volume growth. These were offset by flow through cost savings from the CTA programme

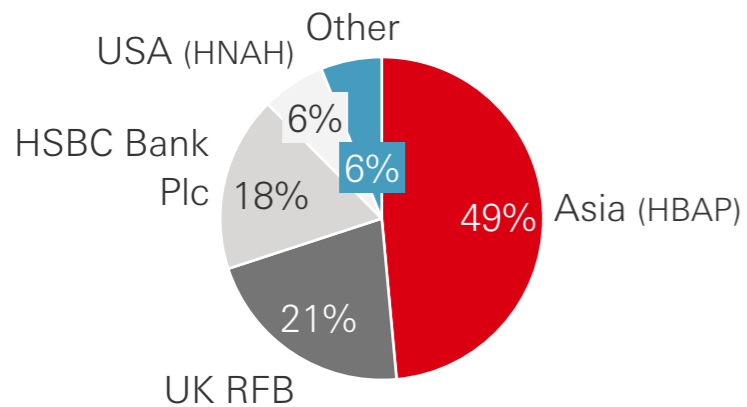
‡ The acquisition of SVB UK is expected to increase revenue by c.\$0.4bn in FY23

Customer deposits

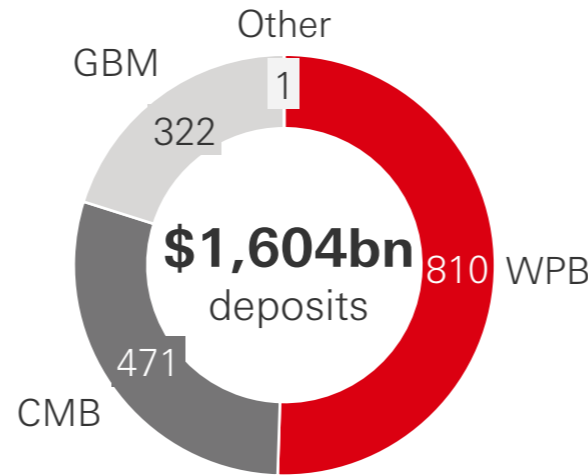
Customer deposits trend, \$bn



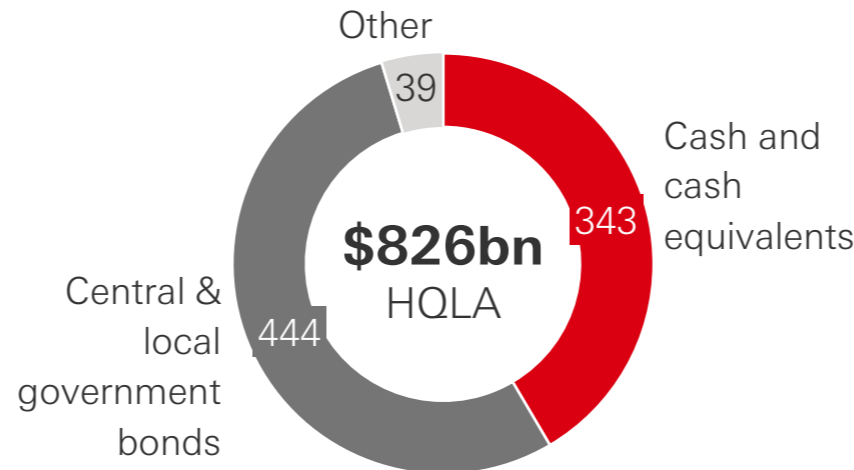
Customer deposits by key legal entity



Deposits by global business, \$bn



High quality liquid assets (HQLA)*, \$bn

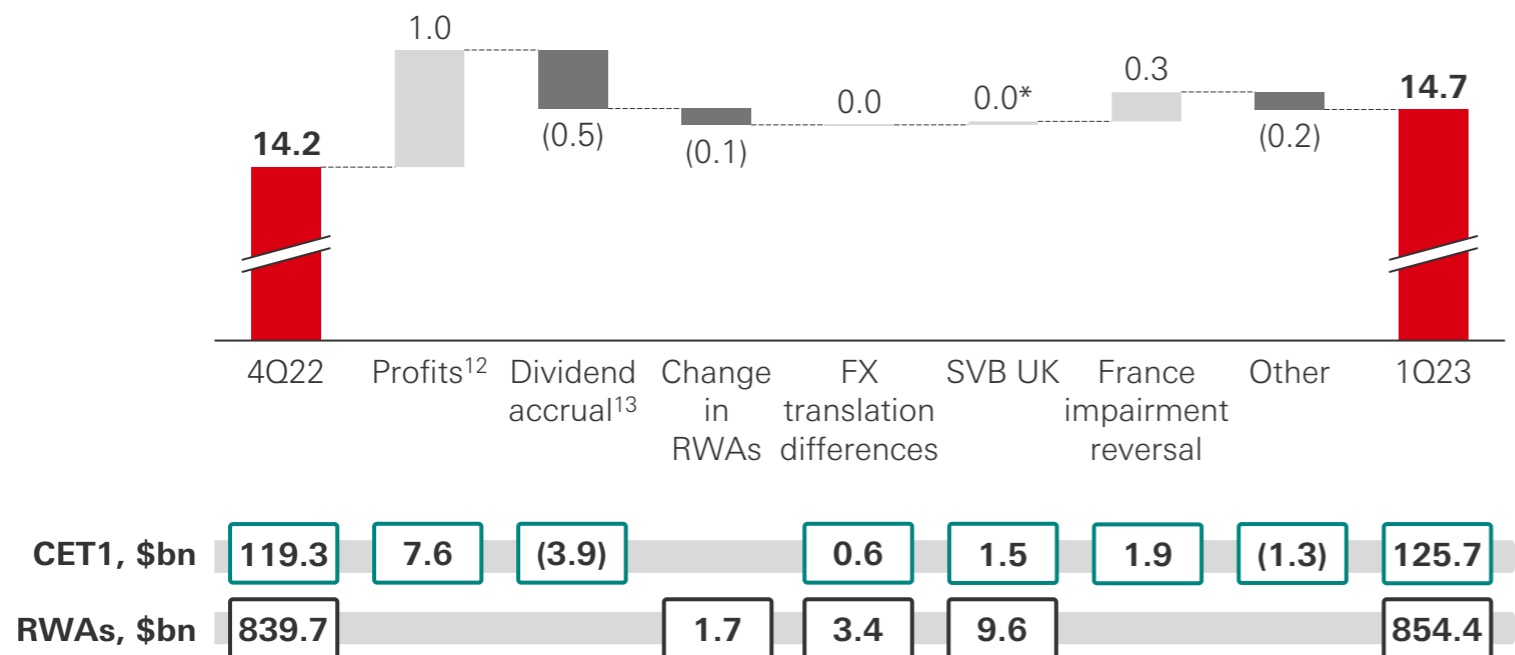


- ◆ **\$1.6tn deposits, stable** vs. 4Q22
- ◆ Group HQLA is equivalent to **51%** of customer deposits
- ◆ Cash and cash equivalents makes up over **40%** of our HQLA with the vast majority of the remainder driven by held-to-collect-and-sell securities (HTC&S)
- ◆ Unrealised losses in our HTC portfolio of **\$1.4bn**, down from \$1.9bn at FY22¹⁰

* HQLA is the period end value before the application of the Group adjustment for restrictions on the transfer of entity liquidity around the Group. On a 12-month average basis for FY22 this was **\$812bn**. 1Q23 HQLA shown on this slide differs from the earnings release, which is a 12 month average after the impact of the above adjustment

Capital adequacy

CET1 ratio, %¹¹



Capital progression⁵

	1Q23	4Q22	1Q22
Common equity tier 1 capital, \$bn	126	119	121
Risk-weighted assets, \$bn	854	840	862
CET1 ratio, %	14.7	14.2	14.1
Leverage exposure, \$bn	2,486	2,417	2,533
Leverage ratio, %	5.8	5.8	5.7

- ◆ **CET1 ratio of 14.7%**, up 0.5ppts vs. 4Q22, driven by profit generation and includes a 0.25ppts impact from the part-reversal of France impairment
- ◆ **CET1 capital increased by \$6.4bn**
- ◆ **RWAs up \$14.7bn**, largely due to \$9.6bn SVB UK RWAs and asset growth in sovereign exposures and retail lending. This was partially offset by a \$7.7bn reduction in RWAs from a regulatory change in Hong Kong which reduced the risk weighting of residential mortgages
- ◆ **Our banking business in Canada** remains in held-for-sale. The transaction is now expected to complete in 1Q24 to ensure a smooth transition
 - ◆ We remain committed to consider the payment of a \$0.21 per share special dividend as a priority use of proceeds, to be paid in 1H24
 - ◆ The remaining proceeds will accrue in CET1 capital and we intend to use excess capital to supplement future share buyback programmes
- ◆ We anticipate the share buyback of up to \$2bn to impact the CET1 ratio by **c.25bps** in 2Q23
- ◆ First quarterly dividend since 2019 of **\$0.10 per share**

* Increases the CET1 ratio by c.5bps

Summary

- 1 Strong quarter with **PBT of \$12.9bn**, including the effect of **\$3.6bn** of revenue notable items
- 2 **\$9bn NII**, stable vs. 4Q22, supported by our **core global deposit franchises**
- 3 **Continued cost discipline** with costs up 2% vs. 1Q22, relative to the FY23 3% cost target
- 4 **Low ECL charge** reflecting a benign credit environment
- 5 **Strong capital distributions**: returned to a quarterly dividend of **\$0.10 per share; up to \$2bn share buyback planned post AGM**, intention to complete in around 3 months⁴. Outlook positive for future distributions, including Canada proceeds

Appendix

Group guidance summary

		Guidance (to be reviewed at 1H22)
NII		FY23 NII \geq \$34bn on an IFRS 17 basis
Lending		Cautious outlook on loan growth in the short term; expect mid-single digit percentage annual loan growth in the medium to long term
Costs		Approximately 3% cost growth in FY23 vs. a FY22 cost target base of \$29.6bn ⁹ (constant currency, excluding notable items, hyperinflation ² and c.1% additional cost growth from our SVB UK acquisition and related international investments). Full reconciliation on slide 30
ECL		FY23 ECL charge of around 40bps ⁷ ; through-the-cycle planning range of 30-40bps
RoTE		Targeting 12%+ from FY23
Asia as a % of Group TE¹⁴		c.50% medium to long term ¹⁵
Capital and distributions	CET1	Manage in 14-14.5% target range in the medium term; aim to manage range down further longer term
	Dividends	Dividend payout ratio of 50% for 2023 and 2024 ¹⁶

Key financial metrics

Reported results, \$m	1Q23	4Q22	1Q22
NII	8,959	8,986	6,475
Other Income	11,212	5,581	5,830
Revenue	20,171	14,567	12,305
ECL	(432)	(1,430)	(639)
Costs	(7,586)	(8,781)	(8,178)
Associate income	733	693	656
Profit before tax	12,886	5,049	4,144
Tax	(1,860)	(388)	(712)
Profit after tax	11,026	4,661	3,432
Profit attributable to ordinary shareholders ('PAOS')	10,327	4,378	2,755
Basic EPS, \$	0.52	0.22	0.14
Diluted EPS, \$	0.52	0.22	0.14
DPS (in respect of the period), \$	0.10	0.23	—
Net interest margin (annualised), %	1.69	1.68	1.19

Reported balance sheet, \$bn	1Q23	4Q22	1Q22
Total assets	2,990	2,949	3,012
Net loans and advances to customers	963	924	1,054
Customer accounts	1,604	1,570	1,710
Quarterly average interest-earning assets	2,153	2,116	2,201
Reported loan/deposit ratio, %	60.1	58.8	61.7
Ordinary shareholders' equity (NAV)	171	158	165
Tangible ordinary shareholders' equity (TNAV)	159	147	154
NAV per share, \$	8.65	8.01	8.25
TNAV per share, \$	8.08	7.44	7.70

Alternative performance measures, \$m	1Q23	4Q22	1Q22
Constant currency NII	8,959	9,086	6,088
Constant currency other income	11,212	5,757	5,484
Constant currency revenue	20,171	14,843	11,572
Constant currency ECL	(432)	(1,455)	(632)
Constant currency costs	(7,586)	(8,958)	(7,712)
Constant currency associate income	733	716	610
Constant currency profit before tax	12,886	5,146	3,838
PAOS excl. goodwill and other intangible impairment	10,345	4,433	2,759
Return on average tangible equity (annualised), %	27.4	12.3	7.2
Return on average equity (annualised), %	25.5	11.3	6.7
Constant currency net loans and advances to customers, \$bn	963	932	1,018
Constant currency customer accounts, \$bn	1,604	1,583	1,655
Cost efficiency ratio, %	38	60	67
ECL charge as a % of average gross loans and advances to customers, annualised (<i>including held-for-sale balances</i>)	0.18 (0.17)	0.59 (0.56)	0.25 (0.25)

Capital, leverage and liquidity ⁵	1Q23	4Q22	1Q22
Risk-weighted assets, \$bn	854	840	862
CET1 ratio, %	14.7	14.2	14.1
Total capital ratio (transitional), %	19.8	19.3	19.2
Leverage ratio, %	5.8	5.8	5.7
High-quality liquid assets (liquidity value), \$bn*	635	647	688
Liquidity coverage ratio, %	132	132	137

Share count, m	1Q23	4Q22	1Q22
Basic number of ordinary shares outstanding	19,736	19,739	19,968
Basic number of ordinary shares outstanding and dilutive potential ordinary shares	19,903	19,878	20,134
Quarterly average basic number of ordinary shares outstanding	19,724	19,738	20,024

* HQLA shown is after the application of an adjustment to reflect the restrictions on the transfer of entity liquidity around the Group. HQLA before the application of this adjustment is **\$826bn as at 1Q23**

Non-NII by business

\$m		1Q23			4Q22			1Q22		
		Fees	Other	Total	Fees	Other	Total	Fees	Other	Total
WPB	Personal Banking	293	15	308	316	10	326	298	13	311
	Wealth Management	1,003	580	1,583	891	507	1,398	1,054	414	1,468
	<i>o/w Life insurance</i>	41	343	384	31	311	342	43	254	297
	Other	19	2,082*	2,101	36	49	85	30	109	139
	Total	1,315	2,677	3,992	1,243	566	1,809	1,382	536	1,918
CMB	Global Trade & Receivables Finance (GTRF)	262	4	266	228	3	231	257	5	262
	Credit & Lending	185	4	189	169	(11)	158	182	12	194
	Global Payments Solutions (GPS)	359	3	362	356	0	356	316	1	317
	Other	180	1,711 [‡]	1,891	146	143	289	201	147	348
	Total	986	1,722	2,708	899	135	1,034	956	165	1,121
GBM	Markets & Securities Services	105	2,324	2,429	71	1,795	1,866	195	1,959	2,154
	Banking	624	(16)	608	528	(77)	451	627	31	658
	<i>o/w GPS</i>	161	1	162	167	1	168	159	0	159
	<i>o/w Cap. Markets & Advisory</i>	179	2	181	108	6	114	170	7	177
	Other	(19)	(99)	(118)	7	(414)	(407)	(62)	5	(57)
Total	710	2,209	2,919	606	1,304	1,910	760	1,995	2,755	
	<i>Memo item: total GPS non-NII</i>	520	4	524	523	1	524	475	1	476
	<i>Memo item: total GTRF non-NII</i>	373	4	377	334	4	338	363	5	368

* Inclusive of \$2,021m part-reversal of impairment relating to planned sale of French retail business

‡ Inclusive of \$1,511m provisional gain on acquisition of SVB UK

Financial investments

Debt financial investments revaluation movements*, \$bn

	4Q22	Change in quarter	1Q23
Hold-to-collect ('HTC')	(1.9)	0.5	(1.4)
Hold-to-collect and sell ('HTC&S')	(6.5)	0.6	(5.9)

- ◆ Our Treasury debt securities portfolio has minimal unrealised losses in the hold-to-collect ('HTC') book. Excluding holdings for our insurance business which have been primarily reclassified out of HTC under IFRS 17, unrealised losses have fallen to **\$1.4bn** as rates have declined¹⁰
- ◆ Mark-to-market moves in our hold-to-collect and sell ('HTC&S') book are taken directly through equity (via other comprehensive income) and CET1 as they materialise. These losses have fallen to \$5.9bn
- ◆ Risk reduction measures have **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

* Excludes insurance

Notable items (reported basis)

\$m	1Q23	4Q22	3Q22	2Q22	1Q22
Revenue	3,577	(320)	(2,691)	(471)	(120)
<i>o/w: Disposals, acquisitions and related costs</i>	3,562	(71)	(2,378)	(288)	—
<i>o/w: Fair value movements on financial instruments</i>	15	35	(282)	(171)	(200)
<i>o/w: Restructuring and other related costs</i>	—	(284)	(31)	(12)	80
Costs	(61)	(1,169)	(691)	(589)	(451)
<i>o/w: Disposals, acquisitions and related costs</i>	(61)	(9)	(9)	—	—
<i>o/w: Restructuring and other related costs</i>	—	(1,160)	(682)	(589)	(451)
Total	3,516	(1,489)	(3,382)	(1,060)	(571)

Memo: in 1Q23 there was a release of a \$0.4bn uncertain tax provision relating to the UK

NII/NIM supplementary information

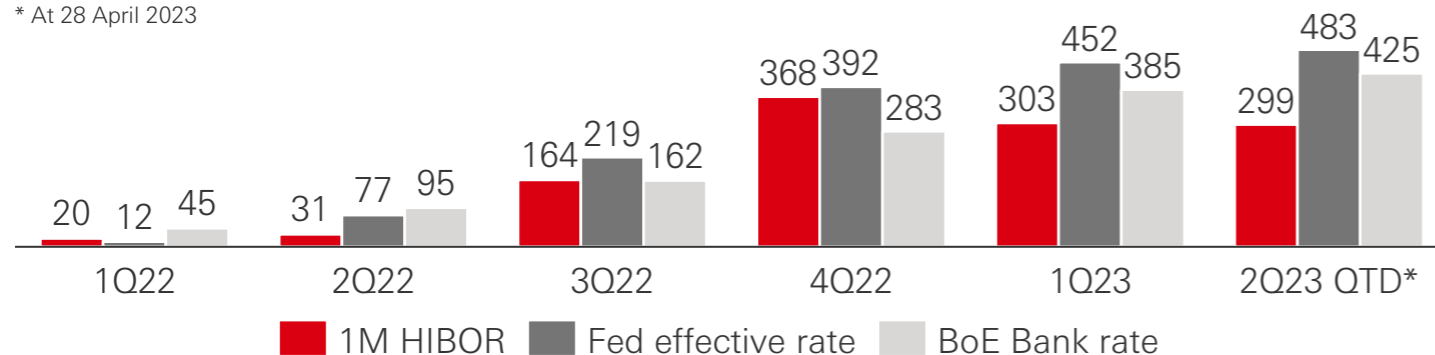
Quarterly NIM by key legal entity

	1Q22	2Q22	3Q22	4Q22	1Q23	% of 1Q23 Group NII	% of 1Q23 Group AIEA
The Hongkong and Shanghai Banking Corporation (HBAP)	1.24%	1.32%	1.66%	1.94%	1.83%	47%	43%
HSBC Bank plc	0.55%	0.57%	0.44%	0.50%	0.59%	8%	22%
HSBC UK Bank plc (UK RFB)	1.63%	1.77%	1.99%	2.19%	2.33%	25%	18%
HSBC North America Holdings, Inc	0.90%	1.05%	1.16%	1.16%	1.15%	5%	8%

- ◆ We continue to further reduce NII sensitivity to downside interest rate risk through increased hedging

Key rates (quarter averages), bps

Source: Bloomberg
* At 28 April 2023



Reported NII trend IFRS 4 and IFRS 17, \$bn

	1Q22	2Q22	3Q22	4Q22	1Q23
IFRS 4 NII	7.0	7.5	8.6	9.6	—
<i>o/w insurance</i>	<i>0.6</i>	<i>0.6</i>	<i>0.7</i>	<i>0.7</i>	—
IFRS 17 NII	6.5	6.9	8.0	9.0	9.0
<i>o/w insurance</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>

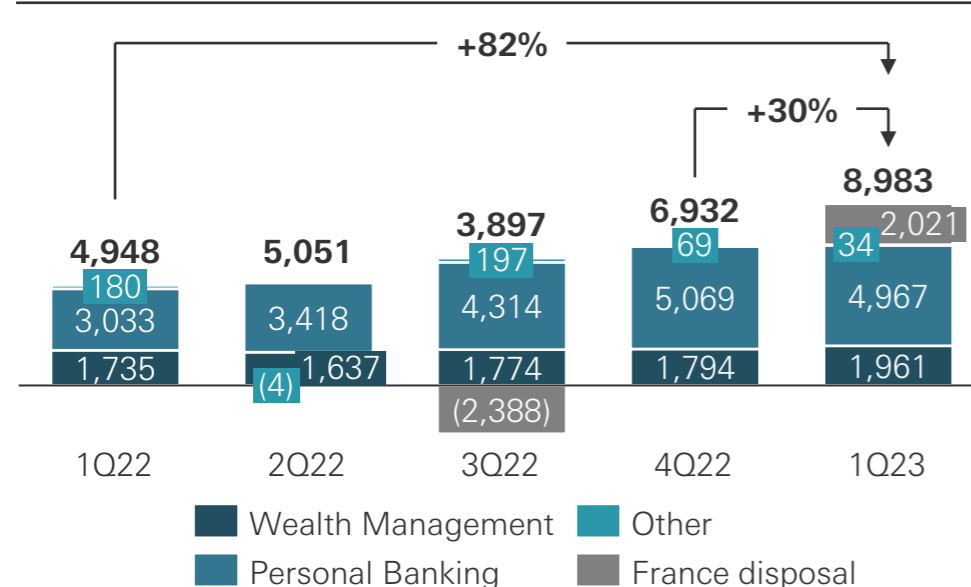
- ◆ Under IFRS 4, FY22 insurance NII was \$2.6bn. Following the implementation of IFRS 17 and the reclassification of assets backing policyholder liabilities, insurance NII has fallen to c.\$0.1bn per quarter, primarily NII on shareholder assets
- ◆ FY22 insurance AIEAs under IFRS 4 were \$73bn and were \$19bn at 1Q23 under IFRS 17

Wealth and Personal Banking

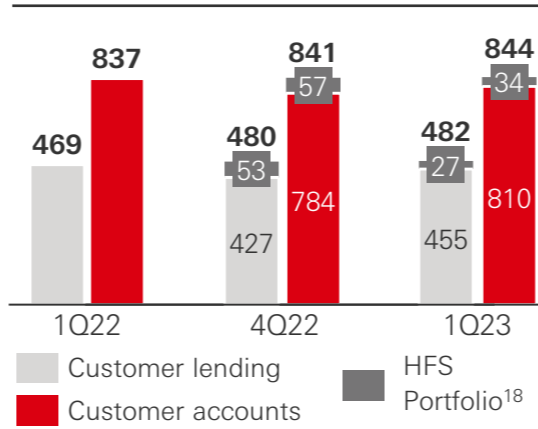
1Q23 financial highlights

Revenue	\$9.0bn	▲	82% (1Q22: \$4.9bn)
ECL	\$(0.2)bn	▼	27% (1Q22: \$(0.3)bn)
Costs	\$(3.5)bn	▼	1% (1Q22: \$(3.5)bn)
PBT	\$5.3bn	▲	>100% (1Q22: \$1.1bn)
RoTE*, 17	50.2%	▲	39.9ppts (1Q22: 10.3%)

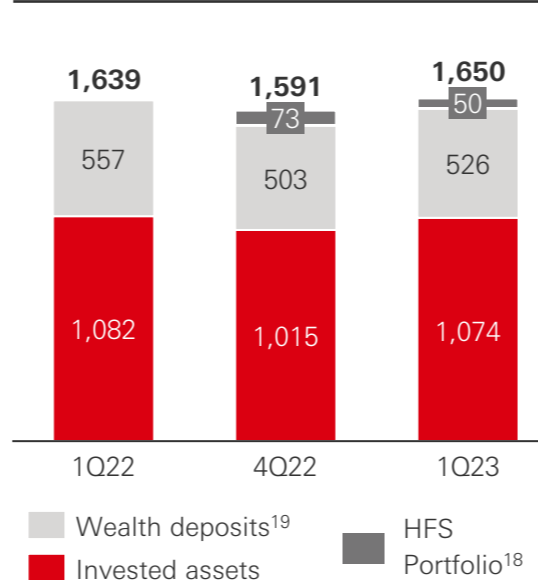
Revenue performance, \$m



Balance sheet, \$bn



Reported Wealth Balances, \$bn



1Q23 vs. 1Q22

- ◆ **Revenue** up \$4.0bn (82%), of which \$2.0bn relates to the France impairment part-reversal. Personal Banking up \$1.9bn (64%) primarily due to rate rises and balance sheet growth in the UK RFB, HBAP, Mexico and the Middle East. Wealth up \$226m due to higher Private Banking, Insurance and Asset Management revenue
- ◆ **Customer lending and accounts** were each down 3% due to HFS transfers. Excluding the impact of HFS:
 - ◆ Lending up \$13bn (3%) including mortgage growth of \$11bn (\$7bn UK, \$3bn HBAP) and unsecured lending growth of \$4bn (\$2bn HBAP, \$1bn Mexico), partially offset by the closure of the John Lewis portfolio (\$1bn)
 - ◆ Deposits up \$7bn (1%) with growth particularly in HBAP, Mexico and the Middle East
- ◆ **Wealth balances** down 2%. Excl. HFS impact, balances remain stable. NNIA of \$93bn since 1Q22 and wealth deposit growth of \$7bn was offset by lower market levels and adverse FX impacts of \$89bn

1Q23 vs. 4Q22

- ◆ **Revenue** up \$2.1bn (of which \$2.0bn France impairment part-reversal). Personal Banking down \$0.1bn (2%), primarily due to term deposit migration in Asia. Wealth up \$0.2bn with higher mutual fund sales in investment distribution and Private Banking
- ◆ **Customer lending and accounts** excl. impact of HFS remain broadly stable
- ◆ **Wealth balances** up 5%. Excl. HFS impact, up \$58bn (4%) due to NNIA of \$22bn, wealth deposit growth of \$4bn and higher market levels and favourable FX impacts of \$32bn

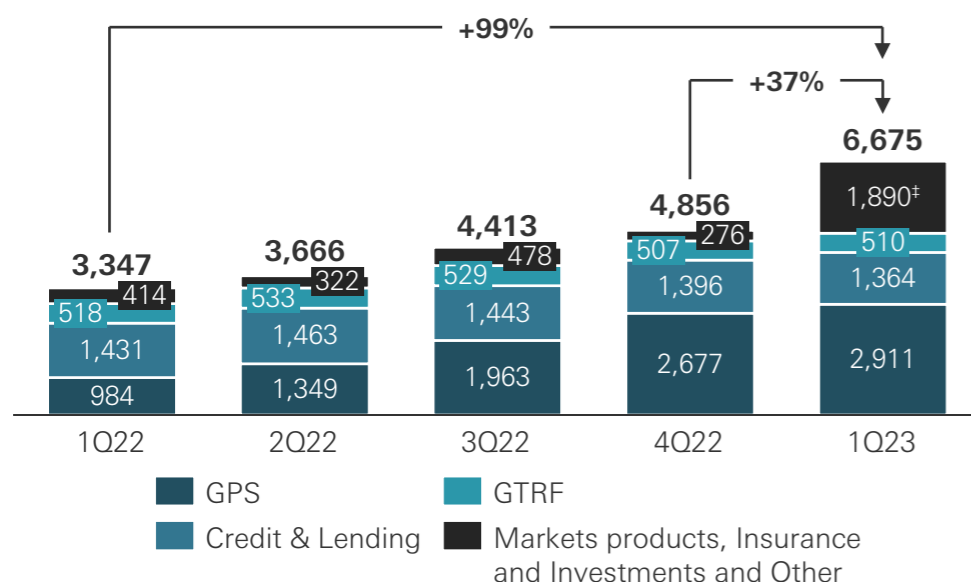
* RoTE (annualised) in 1Q23 included a 21.3 percentage point favourable impact of the part-reversal of the impairment losses relating to the planned sale of our retail banking operations in France

Commercial Banking

1Q23 financial highlights

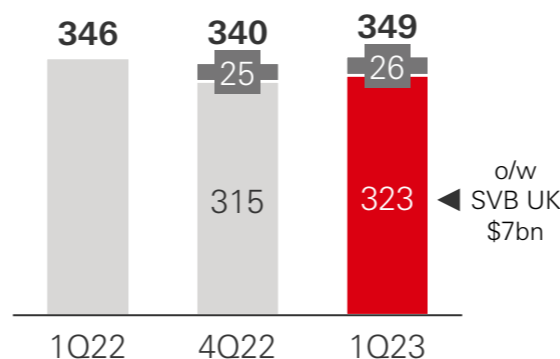
Revenue	\$6.7bn	▲	99% (1Q22: \$3.3bn)
ECL	\$(0.2)bn	▲	>(100)% (1Q22: \$0.0bn)
Costs	\$(1.7)bn	▲	(2)% (1Q22: \$(1.7)bn)
PBT	\$4.8bn	▲	>100% (1Q22: \$1.7bn)
RoTE*, 17	36.1%	▲	24.1ppts (1Q22: 12.0%)

Revenue performance, \$m

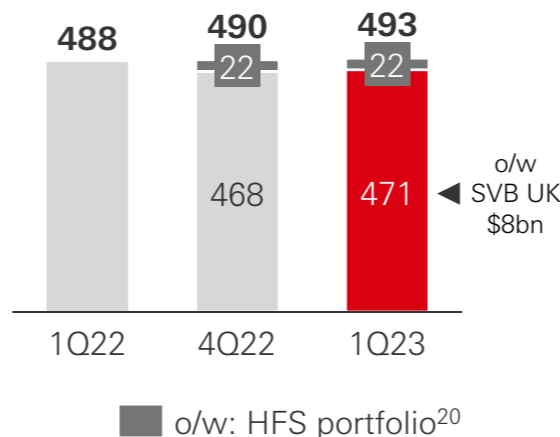


Balance sheet, \$bn

Customer lending



Customer accounts



1Q23 vs. 1Q22

- ◆ **Revenue** up \$3.3bn (99%) with double digit growth across all our main legal entities, notably in the UK RFB and Asia. The key drivers were a \$1.9bn increase in GPS due to interest rates and fee growth and a \$1.5bn provisional gain on the SVB UK acquisition. This was partly offset by lower Credit & Lending due to higher funding costs, notably in HBAP and HSBC Bank plc
- ◆ **Customer lending and accounts** of \$323bn and \$471bn were down 7% and 3% respectively due to Canada HFS transfer, partly offset by the SVB UK acquisition. Excluding these:
 - ◆ Lending down \$4bn (1%), mainly driven by reductions in Hong Kong, partly offset by a transfer of GBM clients into CMB in Australia and Indonesia
 - ◆ Deposits down \$3bn (1%), driven by market wide reductions in the UK, partly offset by growth in HBAP outside Hong Kong

1Q23 vs. 4Q22

- ◆ **Revenue** up \$1.8bn (37%). Growth was largely in our main legal entities in the UK, Asia and Europe and was driven by the \$1.5bn provisional gain on the SVB UK acquisition, higher GPS revenue and higher fees across all products
- ◆ **Customer lending and accounts** are up 3% and up 1% respectively. Excluding SVB UK balances:
 - ◆ Lending broadly stable
 - ◆ Deposits down \$6bn (1%) with reductions in the UK RFB and HSBC Bank plc, mainly reflecting seasonal trends

* RoTE (annualised) in 1Q23 included a 13.3 percentage point favourable impact of the provisional gain on the acquisition of SVB UK

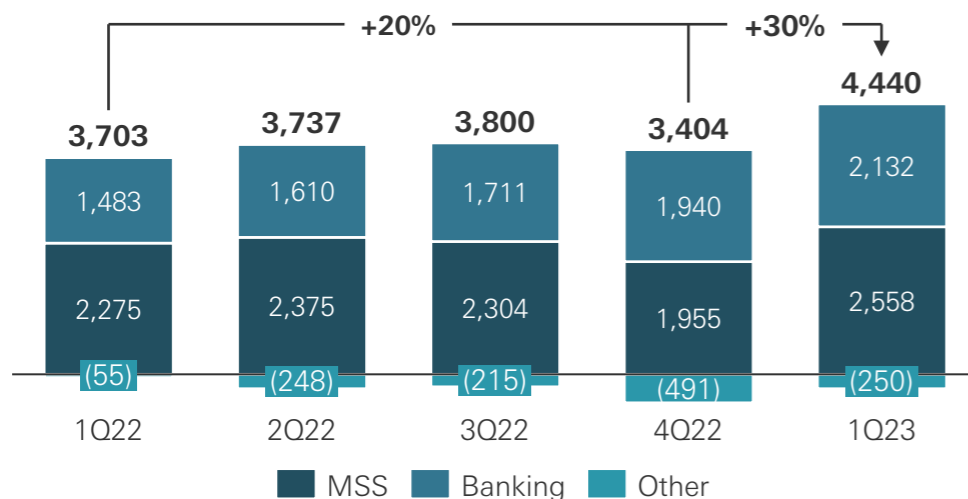
‡ o/w \$1.5bn provisional gain on acquisition of SVB UK

Global Banking and Markets

1Q23 financial highlights

Revenue	\$4.4bn	▲	20% (1Q22: \$3.7bn)
ECL	\$(0.0)bn	▼	89% (1Q22: \$(0.3)bn)
Costs	\$(2.4)bn	▲	2% (1Q22: \$(2.3)bn)
PBT	\$2.0bn	▲	86% (1Q22: \$1.1bn)
RoTE ¹⁷	15.5%	▲	6.8ppts (1Q22: 8.7%)

Revenue performance, \$m



Management view of revenue

\$m	1Q23	Δ1Q22
MSS	2,558	12%
Securities Services	585	27%
Global Debt Markets	350	78%
Global FX	1,219	20%
Equities	143	(64)%
Securities Financing	261	24%
XVAs	0	100%
Banking	2,132	44%
GTRF	179	9%
GPS	1,075	>100%
Credit & Lending	498	(8)%
Capital Markets & Advisory	306	11%
Other	74	76%
GBM Other	(250)	>(100)%
Principal Investments	(4)	>(100)%
Other	(246)	>(100)%
Net operating income	4,440	20%

Key indicators

	1Q23	Δ1Q22
Cost-income ratio, %	53	(9)ppts
Gross Capital Markets and Advisory revenue ²¹ , \$m	483	4%
Customer lending ²² , \$bn	184	(9)%
Customer deposits, \$bn*	322	(2)%
Assets under custody, \$tn	8.7	(8)%
RWAs, \$bn	225	(2)%

1Q23 vs. 1Q22

- ◆ **Revenue** of \$4.4bn, up \$0.7bn (20%)
- ◆ MSS revenue of \$2.6bn, up \$0.3bn (12%):
 - ◆ Global Debt Markets up 78% vs. 1Q22 due to a strong trading performance and the challenging market conditions in 1Q22
 - ◆ Global FX up due to client hedging activity driven by inflation and interest rate expectations
 - ◆ Equities down due to reduced volatility which resulted in lower client volumes, largely in derivatives
 - ◆ Securities Services up 27% due to interest rate rises, partially offset by reduced fees from lower market levels
- ◆ Banking revenue of \$2.1bn, up \$0.6bn (44%):
 - ◆ GPS up >100% due to higher interest rates
 - ◆ Capital Markets, which includes Issuer Services, up marginally year on year
 - ◆ Credit and Lending down 8% largely due to continued balance sheet discipline

1Q23 vs. 4Q22

- ◆ **Revenue** up \$1.0bn (30%):
 - ◆ Higher Global FX related to client activity and trading performance
 - ◆ Global Debt Markets, up >100%, due to client activity across primary and secondary markets
 - ◆ Capital Markets and Advisory up >100% due to higher investor and issuer demand for most of the quarter

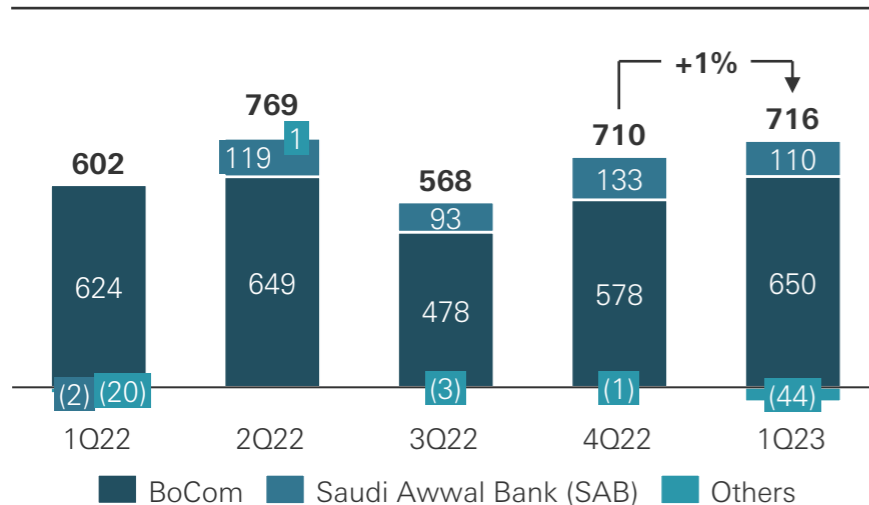
* Between 4Q22 and 1Q23, \$4.3bn deposits were transferred from GBM to CMB in Australia and Indonesia. At 1Q23, \$4.9bn GBM balances were in held-for-sale relating to Canada

Corporate Centre

1Q23 financial highlights

Revenue	\$73m	▲	>100% (1Q22: \$(426)m)
ECL	\$(3)m	▲	(50)% (1Q22: \$(2)m)
Costs	\$(23)m	▼	89% (1Q22: \$(206)m)
Associates	\$716m	▲	19% (1Q22: \$602m)
PBT	\$763m	▲	>100% (1Q22: \$(32)m)
RoTE ¹⁷	11.1%	▲	13.0ppts (1Q22: (1.9)%)

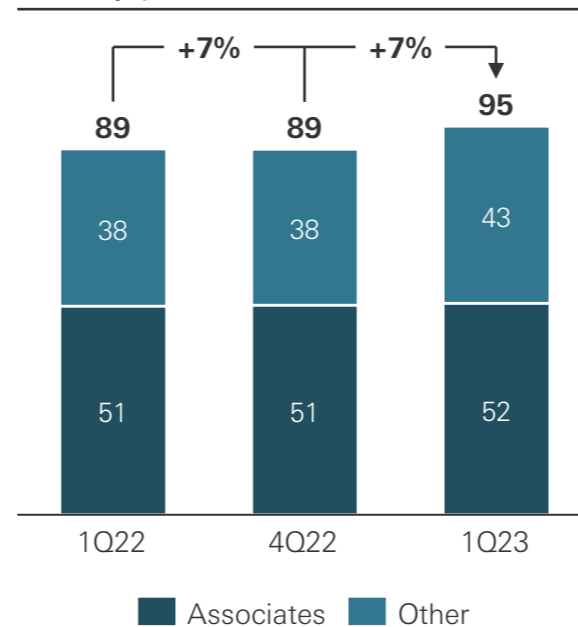
Associate income detail, \$m



Revenue performance, \$m

	1Q22	2Q22	3Q22	4Q22	1Q23
Central Treasury	(189)	(189)	(352)	(12)	101
Legacy Portfolios	(19)	24	(7)	(170)	(2)
Other	(218)	(349)	(240)	(167)	(26)
Total	(426)	(514)	(599)	(349)	73
<i>Not included in Corporate Centre revenue: Markets Treasury revenue allocated to global businesses</i>	472	354	349	298	243

RWAs, \$bn



1Q23 vs. 1Q22

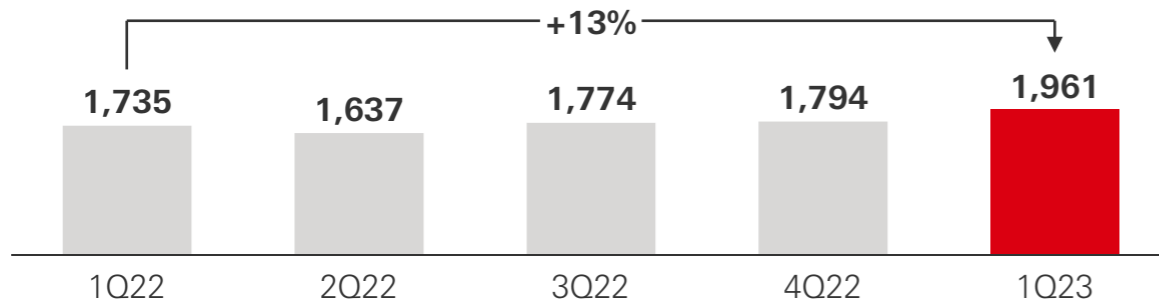
- ◆ **Revenue** up \$499m, primarily in Central Treasury reflecting the non-recurrence of adverse FV movements on non-qualifying hedges in 1Q22, partly offset by adverse FV moves on FX hedges relating to the planned sale of our Canada business
- ◆ **RWAs** up \$6bn (7%), including on FX hedges related to the planned sale of our banking business in Canada, partly offset by lower structural FX RWAs

1Q23 vs. 4Q22

- ◆ **Revenue** up \$422m, primarily due to the non-recurrence of disposal losses on legacy portfolios, favourable valuation differences in 1Q23 and transactional FX-related valuation gains
- ◆ **RWAs** up \$6bn (7%), including on FX hedges related to the planned sale of our banking business in Canada and higher structural FX RWAs

Wealth and insurance

Wealth revenue, \$m



Life insurance reported income statement, \$m

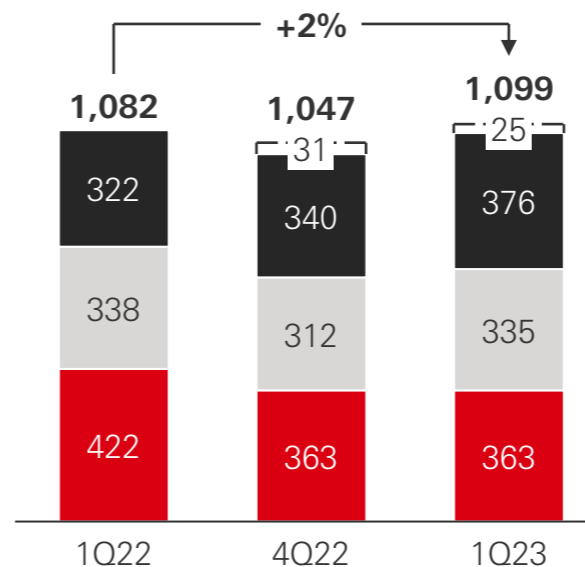
	1H22	2H22	FY22
Revenue	659	697	1,356
ECL	(4)	(5)	(9)
Operating expenses	(363)	(401)	(764)
Associates	4	14	18
PBT	296	305	601

Quarterly reported life insurance revenue: 1Q22 \$392m; 2Q22 \$267m; 3Q22 \$278m; 4Q22 \$419m; 1Q23 \$448m

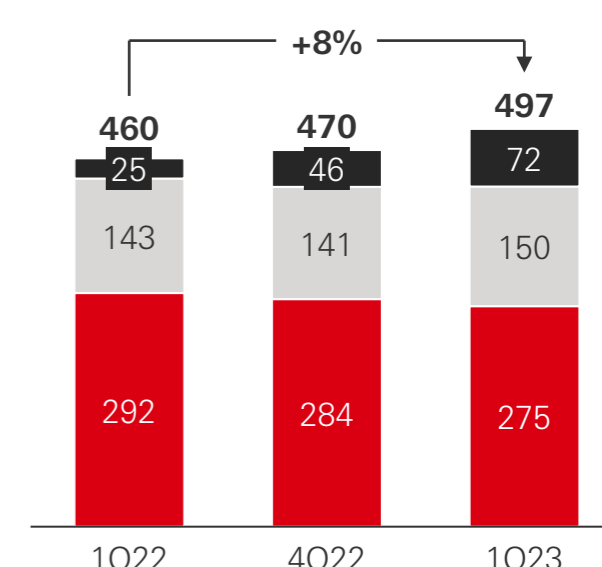
- ◆ **1Q23 revenue** was up **14%** on 1Q22 with improvements in CSM release and positive market conditions benefiting the net investment margin
- ◆ **New business CSM** in 1Q23 of \$0.4bn was **up \$0.1bn** vs. 1Q22 due to the opening of the border between mainland China and Hong Kong and new product launches. ANP of \$0.9bn was **up \$0.2bn (35%)**

Reported invested assets, \$bn

Global



Asia (HBAP)

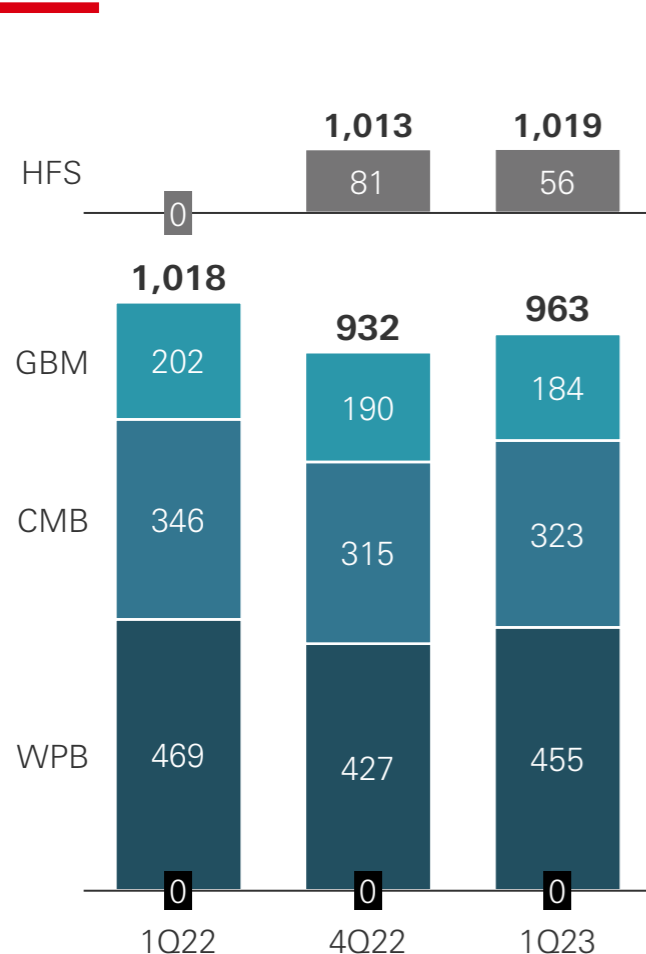


■ Retail ■ GPB ■ AM 3rd party distribution & pension □ HFS

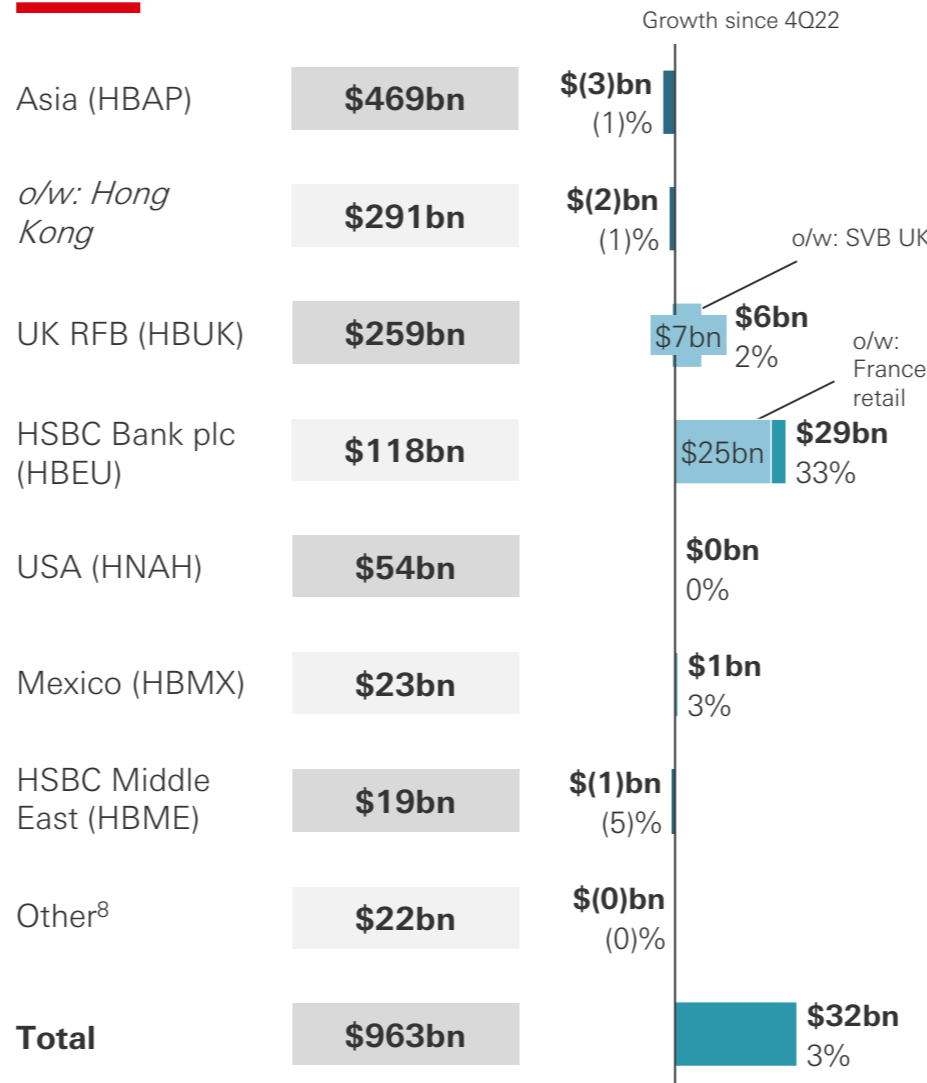
- ◆ Global reported invested assets stable vs. 1Q22. Up 2% excluding the impact of held-for sale balances, driven by **\$93bn NNIA** over the last 12 months (**\$22bn** in 1Q23) which offset the lower market levels and adverse FX impact (\$76bn)
- ◆ HBAP reported invested assets **grew by 8%** vs. 1Q22 driven by **\$66bn NNIA** over the last 12 months (**\$14bn** in 1Q23) which offset the lower market levels (\$29bn)

Balance sheet – customer lending

Balances by global business, \$bn



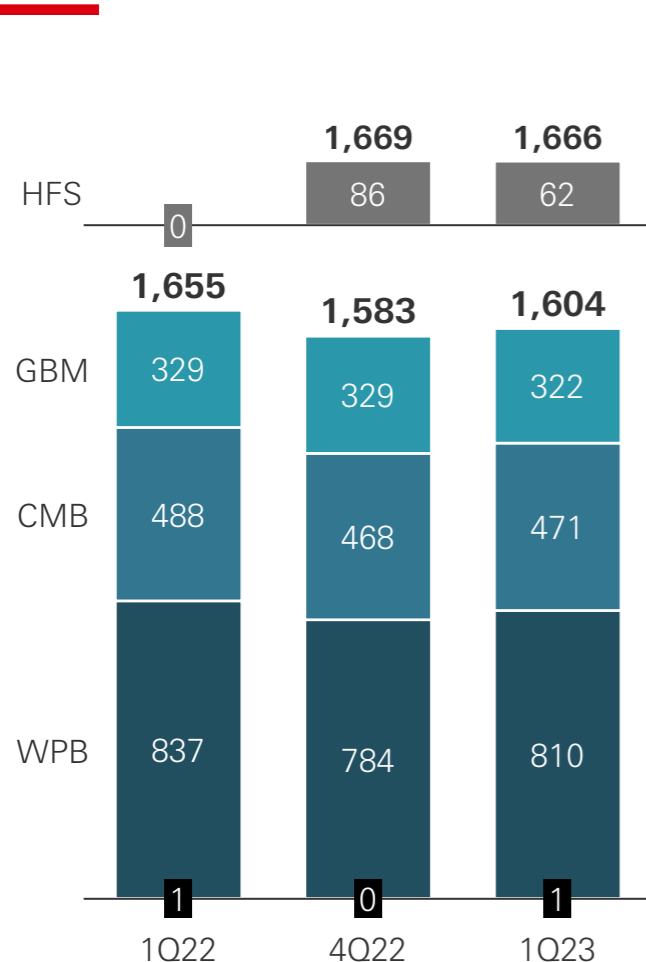
Balances by entity



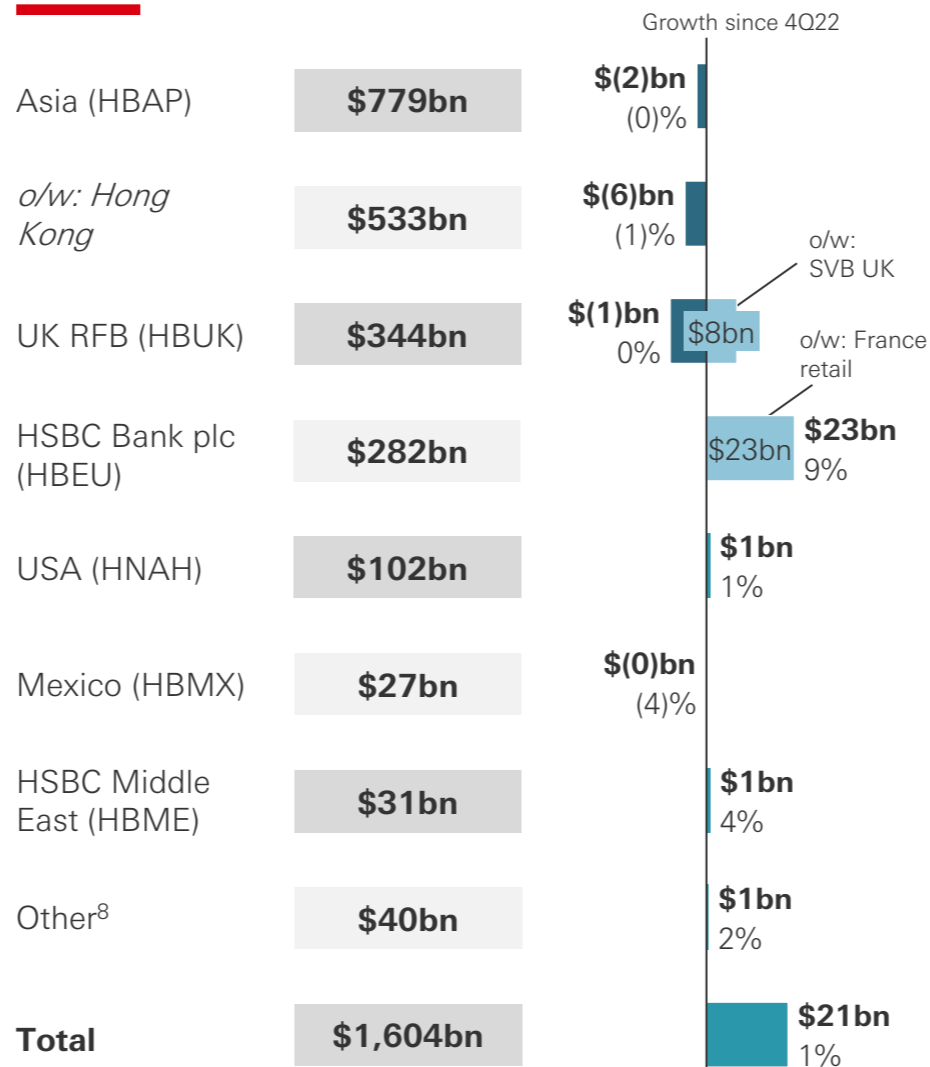
- ◆ **Customer lending of \$963bn up \$32bn (3%) vs 4Q22.** Excluding the reclassification of French retail balances from HFS and balances acquired from SVB UK, lending stable
- ◆ **WPB** up \$28bn (7%), primarily due to \$25bn of French retail balances being reclassified from held for sale
- ◆ **CMB** up \$8bn (3%), mainly due to \$7bn balances from SVB UK. Excluding this, lending was broadly stable
- ◆ **GBM** down \$6bn (3%), reflecting \$4bn loans moved to CMB in Australia and Indonesia

Balance sheet – customer accounts

Balances by global business, \$bn



Balances by entity



- ◆ **Customer accounts of \$1,604bn, up \$21bn (1%) vs 4Q22.** Excluding the reclassification of France balances from HFS and balances from SVB UK, stable (down 0.6%) as clients have reduced excess balances
- ◆ **WPB** up \$25bn (3%) primarily due to \$23bn of French retail balances being reclassified from held for sale
- ◆ **CMB** up \$3bn (1%), mainly due to SVB UK acquisition²³. Excluding this, balances down \$6bn, mainly reflecting seasonal trends in the UK RFB and HSBC Bank plc
- ◆ **GBM** down \$7bn (2%), including \$4bn deposits transferred to CMB
- ◆ **Average GPS balances** of \$733bn were down \$15bn vs. 4Q22, partly reflecting seasonality (down \$19bn vs. 1Q22)
- ◆ Time deposits are **25%** of our Hong Kong deposit base, up 3ppts vs. 4Q22 (HSBC Hong Kong: 22%, up 4ppts; Hang Seng Bank: 35%, up 1ppt)

1Q23 vs. 4Q22 equity drivers

	Shareholders' equity, \$bn	Tangible equity, \$bn	TNAV per share, \$	Basic number of ordinary shares, millions
IFRS 4 at 31 December 2022	187.5	149.4	7.57	19,739
IFRS 17 transition impact	(9.7)	(2.5)	(0.13)	—
At 31 December 2022	177.8	146.9	7.44	19,739
Profit attributable to:	10.7	10.7	0.54	—
<i>Ordinary shareholders²⁴</i>	10.3	10.7	0.54	—
<i>Other equity holders</i>	0.4	—	—	—
Dividends	(0.4)	—	—	—
<i>On ordinary shares</i>	—	—	—	—
<i>On other equity instruments</i>	(0.4)	—	—	—
FX ²⁴	0.9	0.8	0.04	—
Actuarial gains/(losses) on defined benefit plans	0.3	0.3	0.01	—
Cash flow hedge reserves	0.8	0.8	0.04	—
Fair value movements through 'Other Comprehensive Income'	0.6	0.6	0.03	—
<i>Of which: changes in fair value arising from changes in own credit risk</i>	(0.0)	(0.0)	—	—
<i>Of which: Debt and Equity instruments at fair value through OCI</i>	0.6	0.6	0.03	—
Other ²⁴	(0.6)	(0.6)	(0.02)	(3)
At 31 March 2023	190.1	159.5	8.08	19,736

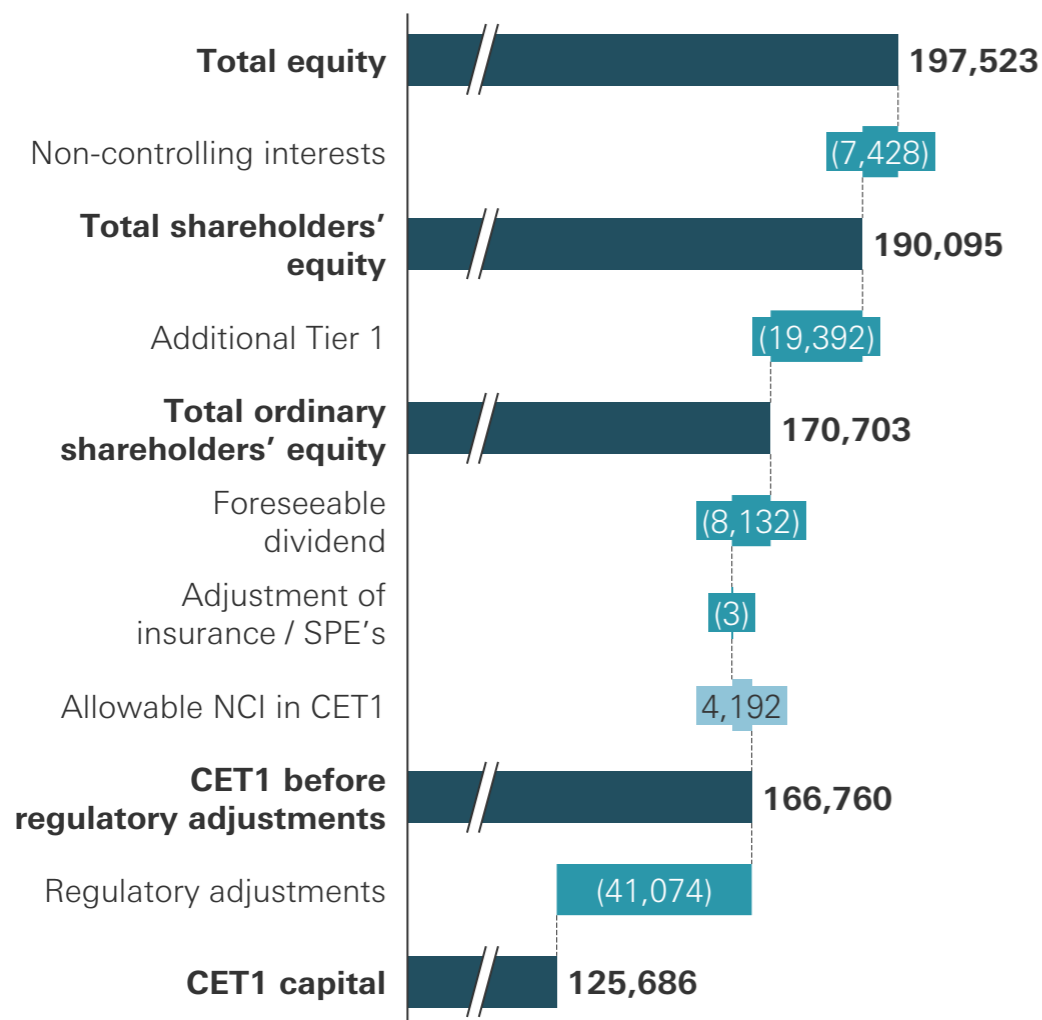
- ◆ Average basic number of shares outstanding during 1Q23: 19,724
- ◆ **1Q23 TNAV per share increased by \$0.64** to \$8.08 per share, mainly due to higher profits

\$8.01 on a fully diluted basis

19,903 million on a fully diluted basis

Total shareholders' equity to CET1 capital

Total equity to CET1 capital, at 31 March 2023, \$m



Total equity to CET1 capital walk⁵, \$m

	1Q23 IFRS 17	4Q22 IFRS 17*	4Q22 IFRS 4
Total equity (per balance sheet)	197,523	185,197	196,028
Non-controlling interests	(7,428)	(7,364)	(8,544)
Total shareholders' equity	190,095	177,833	187,484
Additional Tier 1	(19,392)	(19,746)	(19,746)
Total ordinary shareholders' equity	170,703	158,087	167,738
Foreseeable dividend	(8,132)	(4,436)	(4,436)
Adjustment for insurance / SPE's ²⁵	(3)	(3)	(3)
Allowable NCI in CET1	4,192	4,444	4,444
CET1 before regulatory adjustments	166,760	158,092	167,743
Prudential valuation adjustment	(1,147)	(1,171)	(1,171)
Intangible assets	(12,593)	(12,141)	(12,141)
Deferred tax asset deduction	(4,343)	(4,235)	(4,235)
Cash flow hedge adjustment	2,904	3,601	3,601
Excess of expected loss	(1,618)	(1,248)	(1,248)
Own credit spread and debit valuation adjustment	(369)	(412)	(412)
Defined benefit pension fund assets	(5,948)	(5,448)	(5,448)
Direct and indirect holdings of CET1 instruments	(40)	(40)	(40)
Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	(720)	(220)	(220)
Threshold deductions	(17,200)	(17,487)	(27,138)
Regulatory adjustments	(41,074)	(38,801)	(48,452)
CET1 capital	125,686	119,291	119,291

* The overall impact of IFRS17 on CET1 capital is nil since its impact on total shareholders' equity has an offset with threshold deductions

Reconciliations

Reconciliation of reported costs to FY23 cost target basis

\$m	1Q23	1Q22	FY22
Reported	7,586	8,178	32,701
Currency impact*	—	(466)	(480)
Constant currency	7,586	7,712	32,221
Notable items	(61)	(451)	(2,900)
FX impact on notable items*	—	31	4
Hyperinflation ²	—	59	235
SVB UK and related investments	—	—	—
Target basis	7,525	7,351	29,560

FY22 IFRS 4 and IFRS 17

\$m	FY22, IFRS 4 reported	IFRS 17 adjustment	FY22, IFRS 17 reported
NII	32,610	(2,233)	30,377
Non-NII	19,117	1,126	20,243
Revenue	51,727	(1,107)	50,620
Costs	(33,330)	(629)	(32,701)
PBT	17,528	(470)	17,058
NIM, %	1.48	(6)bps	1.42
AIEA, \$bn	2,204	(60)	2,144

* 1Q22 at 1Q23 average FX rates; 2Q22 to 4Q22 at March 2023 average FX rates

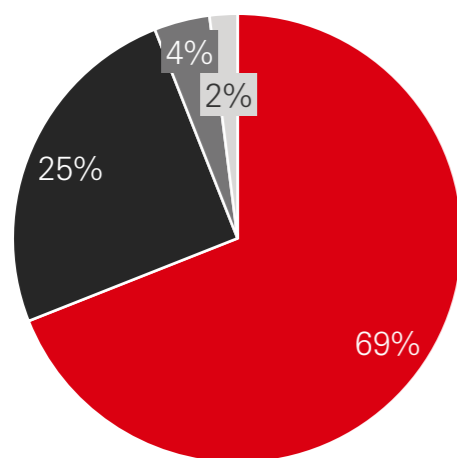
CRE exposures (data as at FY22)

Commercial real estate exposure, \$m²⁶

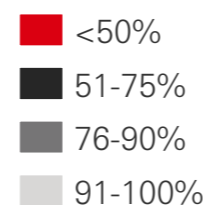
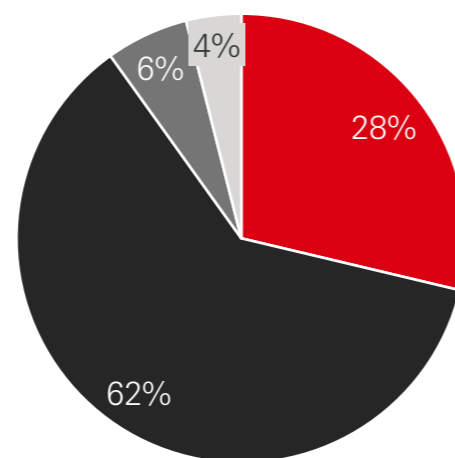
	Asia	<i>o/w HK</i>	Europe	<i>o/w UK</i>	NAM*	LATAM	MENA	Total
Gross loans and advances	66,433	50,103	21,888	16,044	5,415	978	1,765	96,479
o/w stage 1	46,757	35,963	17,318	12,209	2,109	880	1,115	68,179
o/w stage 2	16,337	11,092	3,590	3,008	3,298	44	364	23,633
o/w stage 3	3,339	3,048	980	827	8	54	286	4,667
Stage 3 as a % of loans	5.0	6.1	4.5	5.2	0.0	5.5	16.2	4.8

LTV analysis (fully collateralised exposure)²⁷

Hong Kong



UK



- ◆ Exposure in North America of **\$5.4bn, down 25%** vs. 2020 (4Q20: \$7.7bn) as a result of de-risking actions
- ◆ In more developed markets such as the UK and Hong Kong, our exposure mainly comprises the financing of investment assets, the redevelopment of existing stock and the augmentation of both commercial and residential markets to support economic and population growth
- ◆ Hong Kong exposure includes exposure to mainland China CRE of **\$9.4bn**, which accounts for \$1.7bn of the \$3.0bn stage 3 exposure
- ◆ In less developed commercial real estate markets, our exposures comprise lending for development assets on relatively short tenors with a particular focus on supporting larger, better capitalised developers involved in residential construction or assets supporting economic expansion

* CRE in North America (NAM) relates to exposure in the USA and Bermuda only given Canada is classified as held-for-sale. During 1Q23, we aligned the classification of CRE across the Group and re-presented NAM CRE exposure at 4Q22 as \$5.4bn (previously reported as \$2.3bn), which has a corresponding ECL charge of \$0.1bn

Supplementary information

Reported PBT by legal entity, \$m

	1Q23	4Q22	1Q22
HSBC UK Bank plc (HBUK)	3,131	1,140	1,170
HSBC Bank plc (HBEU)	2,714	(356)	(23)
The Hongkong and Shanghai Banking Corporation Limited (HBAP)	5,849	3,753	2,765
HSBC Bank Middle East Limited (HBME)	377	179	182
HSBC North America Holdings Inc. (HNAH)	307	84	310
HSBC Bank Canada (HBCA)	239	219	231
Grupo Financiero HSBC, S.A. de C.V. (HBMX)	215	140	113
Other trading entities ⁸	493	438	262
– of which: other Middle East entities (Oman, Türkiye, Egypt, Saudi Arabia)	139	150	210
– of which: Saudi Awwal Bank	110	133	(2)
Holding companies, shared service centres and intra-group eliminations	(439)	(548)	(866)
Total	12,886	5,049	4,144

Middle East and North Africa

The following tables show the results of our Middle East and North Africa business operations on a regional basis (including results of all the legal entities operating in the region and our share of the results of Saudi Awwal Bank) and by global business

Regional performance, \$m	1Q23	4Q22	1Q22
Revenue	899	810	724
ECL	(8)	(35)	43
Operating expenses	(374)	(449)	(380)
Share of profit/(loss) from associates and joint ventures	110	133	(2)
Profit before tax	627	459	385
Loans and advances to customers (net)	25,160	26,475	26,708
Customer accounts	45,830	43,933	43,873

Profit before tax by global business, \$m	1Q23	4Q22	1Q22
Wealth and Personal Banking	141	91	48
Commercial Banking	119	69	95
Global Banking and Markets	296	201	268
Corporate Centre	71	98	(25)
Total	627	459	386

Glossary

AGM	Annual General Meeting
AIEA	Average interest earning assets
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
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
CSM	Contractual Service Margin, a component of the carrying amount of a group of insurance contract assets or liabilities which represents the unearned profit which the Group will recognise as it provides insurance contract services under the insurance contracts in the Group
CRE	Commercial Real Estate
CTA	Costs to achieve
DPS	Dividend per share
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
EPS	Earnings per share
GBM	Global Banking and Markets, a global business
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
HFS	Held-for-sale
HQLA	High-quality liquid assets
HTC&S	Hold to collect and sell
IFRS	International Financial Reporting Standard
IFRS 4	IFRS 4 'Insurance Contracts'

IFRS 17	IFRS 17 'Insurance Contracts'
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
OCI	Other Comprehensive Income
PAOS	Profit attributable to ordinary shareholders
PBT	Profit before tax
Ppt	Percentage points
PRP	Performance related pay
SAB	Saudi Awwal Bank, an associate of HSBC
SEA	Southeast Asia, includes Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam
SPE	Special purpose entity
SVB UK	Silicon Valley Bank UK
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
WPB	Wealth and Personal Banking, a global business
XVAs	Credit and Funding Valuation Adjustments

Footnotes

1. Report on Transition to IFRS 17 'Insurance Contracts', available at www.hsbc.com/investors
2. The impact of retranslating the 2022 results of hyperinflationary economies at constant currency
3. RoTE on an annualised basis
4. Subject to approval of the relevant resolutions. Contractual term of 5 months expected
5. Unless otherwise stated, regulatory capital ratios and requirements are on a reported basis, and are based on the transitional arrangements of the Capital Requirements Regulation in force at the time. Leverage metrics exclude central bank claims in accordance with the Prudential Regulation Authority's ('PRA') UK leverage framework. References to EU regulations and directives (including technical standards) should, as applicable, be read as references to the UK's version of such regulation or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018, and as may be subsequently amended under UK law
6. Numbers shown on a reported basis. When currency-adjusted, 4Q22 figure is \$(1.4)bn and all other periods are unchanged
7. Includes held-for-sale balances
8. Including "of which Other Middle East Entities (Oman, Turkiye, Egypt and Saudi Arabia)" and "of which SAB" which do not consolidate into HSBC Bank Middle East Limited
9. 1Q22 at 1Q23 average FX rates; 2Q22 to 4Q22 at March 2023 average FX rates
10. Excluding holdings for our insurance business which have been primarily reclassified out of HTC under IFRS 17
11. The CET1 ratio itemised movement presented on the graph includes the impact of threshold deductions, whereas the CET1 movement break-down in \$bn excludes the impact of threshold deductions
12. Regulatory profits
13. Includes ordinary dividend accrual of \$3.5bn and AT1 coupon payment of \$0.4bn
14. Based on tangible equity ('TE') of the Group's major legal entities excluding associates, holding companies and consolidation adjustments. Asia refers to The Hongkong and Shanghai Banking Corporation (HBAP)
15. Medium term is defined as 3-4 years from 1 January 2020; long term is defined as 5-6 years from 1 January 2020
16. In determining our dividend payout ratio we will exclude material notable items (including the planned sale of our banking business in Canada) from reported earnings per share
17. 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
18. Included within held for sale at 4Q22 were balances associated our retail banking operations in France and our banking business in Canada. In 1Q23 held for sale balances related to our banking business in Canada only
19. 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
20. Included within held for sale are balances associated with our banking business in Canada
21. Includes revenue shared with Markets and Securities Services and CMB
22. Customer lending shown is as reported in loans and advances to external customers and does not include lending to financial institutions
23. After initial deposit outflows following our acquisition of SVB UK, deposits are now stabilising and client exits have been minimal
24. Differences between shareholders' equity and tangible equity drivers primarily reflect goodwill and other intangible impairment and amortisation expense within 'Profit Attributable to Ordinary shareholders', FX on goodwill and intangibles within 'FX', and intangible additions and other movements within 'Other'
25. A revised approach to insurance-related adjustments has been effective from 30 September 2022. This has had no impact on overall CET1 capital
26. Based on the loan purpose for on balance sheet exposures only
27. Based on the industry sector of the obligor / borrower including both on and off balance sheet exposures. Totals for Hong Kong \$36.2bn, UK \$12.7bn

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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, increased volatility in the financial services and banking sector, 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 2022 filed with the Securities and Exchange Commission (the “SEC”) on Form 20-F on 22 February 2023 (the “2022 Form 20-F”) and our 1Q 2023 Earnings Release which we expect to furnish with the SEC on Form 6-K on 2 May 2023 (the “1Q 2023 Earnings Release”).

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 a “constant currency” basis which is computed by adjusting comparative period reported results for the effects of foreign currency translation differences, which distort period-on-period comparisons.

Reconciliations between Alternative Performance Measures and the most directly comparable measures under IFRS are provided in our 1Q 2023 Earnings Release, when filed, which is available at www.hsbc.com.

Information in this Presentation was prepared as at 2 May 2023.

