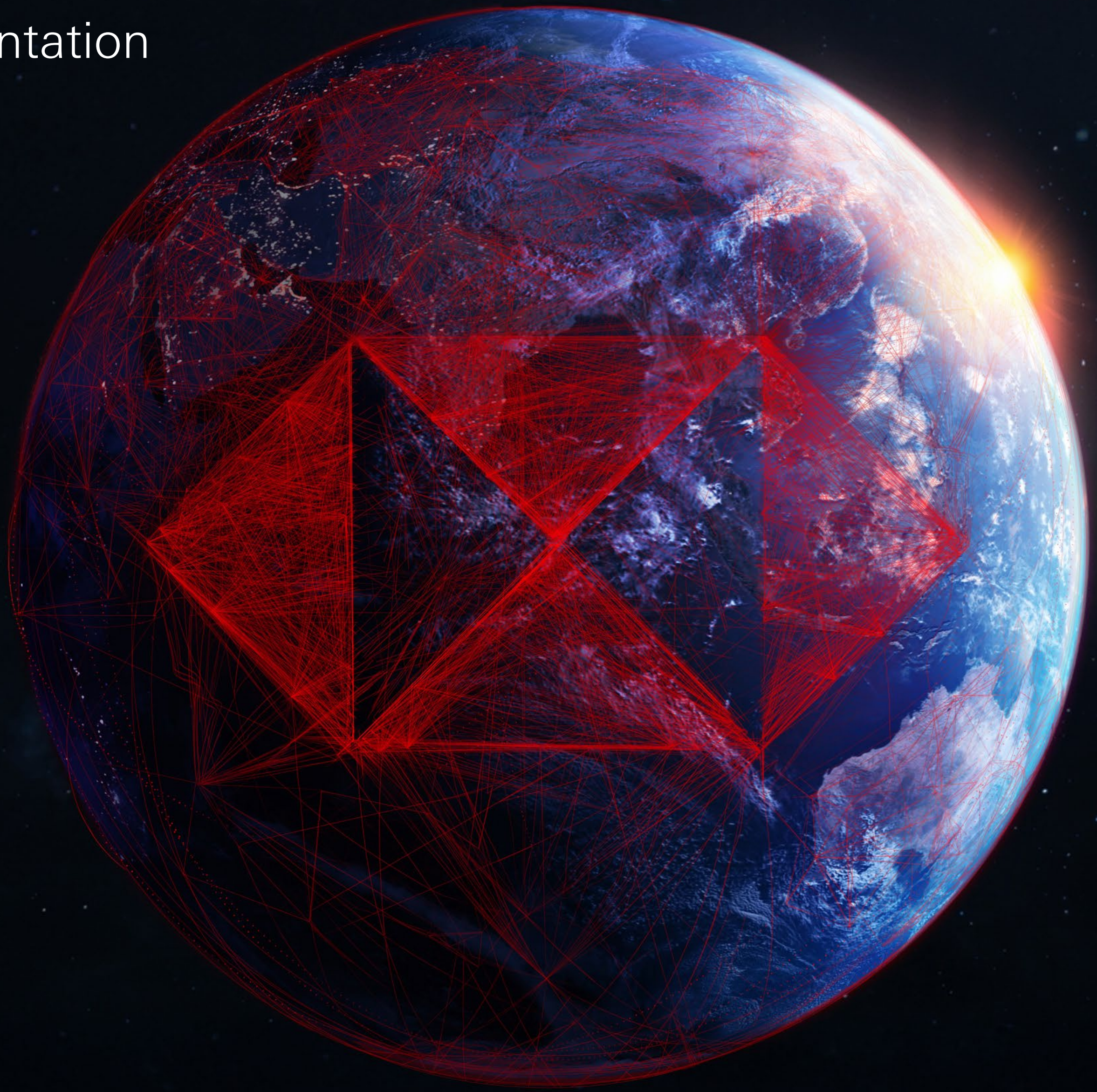
HSBC Holdings plc 1H24 Results

Fixed Income Investor Presentation



HSBC

Results & strategy

HSBC

Summary of 1H24 performance and guidance

1

$37.3bn reported revenue, up 1% vs. 1H23

$33.7bn revenue excluding notable items, up 2% vs. 1H23

2

$21.6bn reported PBT, stable vs. 1H23

$18.1bn PBT excluding notable items, stable vs. 1H23

3

On a target basis[1], **costs were up (7)%** vs. 1H23

4

21.4% reported RoTE[2]

17.0% RoTE excluding notable items[2]

5

$5bn buybacks completed ($12bn since YE22)

$4.8bn of further distributions announced:

- **$1.8bn** dividends on ordinary shares
- **Up to $3bn** share buyback

Guidance

New: FY25 RoTE in the mid-teens, excluding notable items

Existing guidance: FY24 RoTE in the mid-teens, excluding notable items

Upgraded: FY24 Banking NII of ~$43bn[3]

Previous FY24 guidance was Banking NII of at least $41bn

Revised: FY24 ECL charge to be within our medium term planning range of (30) to (40)bps[4]

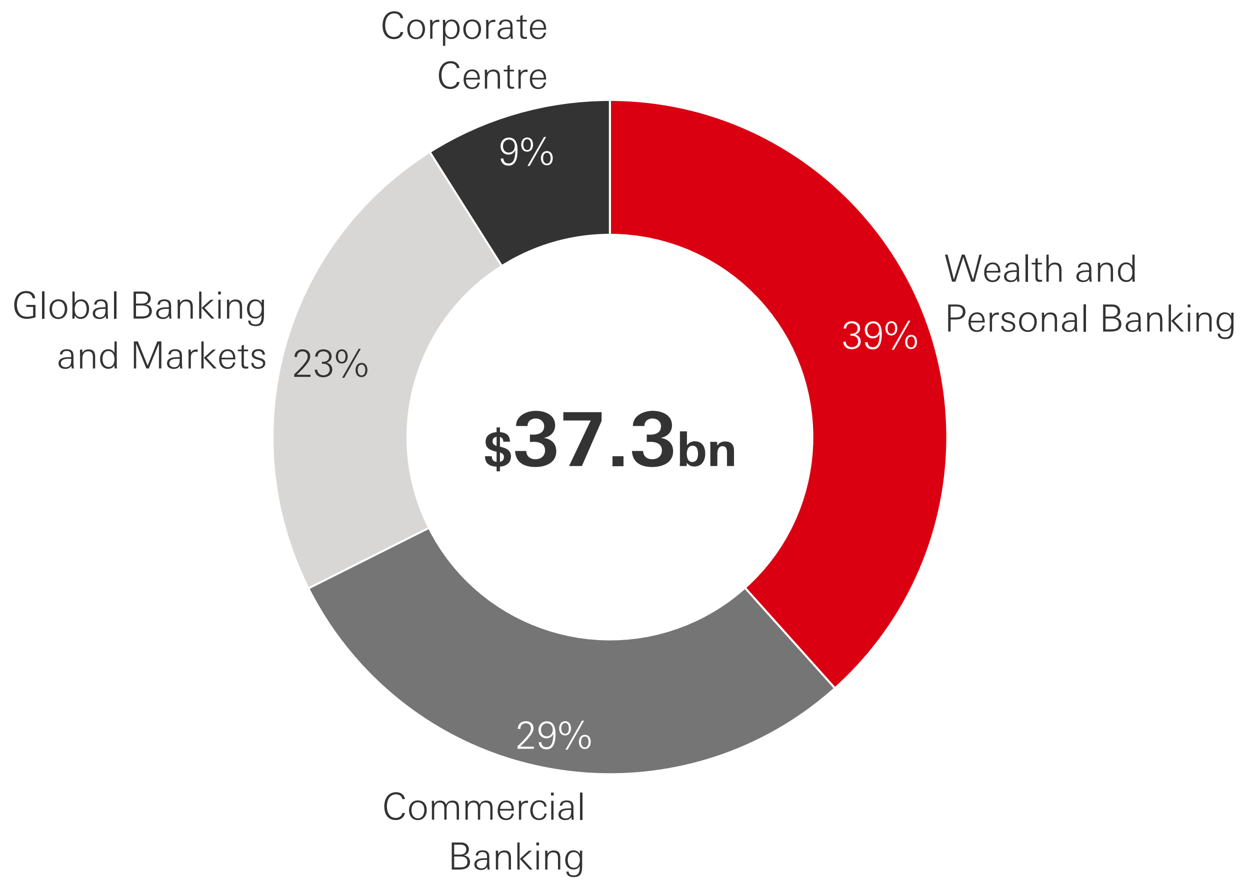
Previous FY24 guidance was a FY24 ECL charge of around (40)bps

Reconfirming: Cost growth in FY24 of approximately (5)% vs FY23, on a target basis[1]

Unless otherwise stated, this presentation is presented on a constant currency basis. ▸ denotes a measure shown on a reported FX basis. In this presentation, % changes relating to ECLs and costs in ( ) represent adverse movements. Figures throughout this presentation may be subject to rounding adjustments and may not sum precisely to totals given in charts, tables or commentary

A diversified and capital-generative business

1H24 revenue



Balance sheet strength

Strong 1H24 capital	**15.0%** CET1 ratio[1]	**31.8%** MREL ratio[1]
Highly liquid; well funded	**$780bn** Average HQLA in entities	**59%** Loan / deposit ratio
Prudent approach to credit risk	**75%** Proportion of customer loans classified as 'Strong' or 'Good' credit quality	**90%** Proportion of personal loan book secured[2]

Organic capital generation

21.4% RoTE[3]
(**17.0%** excl. notable items)

>$13bn
Dividends & buybacks announced in respect of 1H24[4]

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

1H24 results summary

$m	1H24	1H23	Δ
NII	16,911	17,727 ▼	(5)%
Non-NII	20,381	18,775 ▲	9%
Revenue	**37,292**	**36,502** ▲	**2%**
ECL	(1,066)	(1,317) ▼	19%
Costs	(16,296)	(15,244) ▲	(7)%
Associates	1,626	1,531 ▲	6%
Constant currency PBT	**21,556**	**21,472** ▲	**0%**
FX translation	—	185	n.m.
Reported PBT	**21,556**	**21,657** ▼	**(0)%**
Memo: PBT notable items	*3,489*	*3,265* ▲	*7%*
Tax	(3,891)	(3,586) ▼	(9)%
Profit attributable to ordinary shareholders	**16,586**	**16,966** ▼	**(2)%**
Earnings per share, $	0.89	0.86 ▲	$0.03
Dividend per share, $	0.41	0.20 ▲	$0.21
RoTE[1], %	21.4%	22.4% ▼	(1.0)ppt

$bn	1H24	FY23	Δ
Customer loans	938	926 ▲	1%
Customer deposits	1,594	1,591 ▲	0%
Reported RWAs	835	854 ▼	(2)%
CET1 ratio[2], %	15.0%	14.8% ▲	0.2ppts
TNAV per share, $	8.35	8.19 ▲	$0.16

- **Revenue of $37.3bn, up $0.8bn (2%)** vs. 1H23, reflecting the impact of higher customer activity in WPB, and in Equities and Securities Financing in GBM
- ECL charge of **$(1.1)bn**, primarily reflecting the release of stage 1 and 2 provisions in the UK and the release of stage 3 allowances in GBM in Europe
- **Costs of $(16.3)bn, up (7)%** vs. 1H23, mainly due to higher technology spend and the impacts of inflation. 1Q24 costs also included the impact of additional levies
- **Target basis costs[3] of $(16.1)bn** up $(1.1)bn / (7)% vs. 1H23. We remain on track to deliver target basis cost growth of approximately (5)% in FY24
- **Lending up 1%** vs. FY23, mainly due to increases in CMB term lending
- **Deposits broadly stable vs FY23**, higher balances in GBM were offset by decreases in WPB and CMB
- **CET1 ratio of 15.0%** was up 0.2ppts vs. FY23. This was driven by a reduction in RWAs, partly offset by a reduction in CET1 capital
- **Average LCR of 137%**, average **high-quality liquid assets** in entities of **$780bn**

Revenue

$16.5bn, up $0.3bn / 2% vs. 2Q23
Up $0.8bn / 5% excluding notable items and strategic transactions

Constant currency, $bn	2Q23	1Q24	2Q24	2Q24 vs. 2Q23
Banking NII	11.1	11.1	10.9	(0.1)
Fee and other income	5.2	9.5	5.6	0.4
o/w: Wholesale Transaction Banking	2.6	2.6	2.6	(0.0)
o/w: Wealth	1.5	1.8	1.7	0.2
o/w: Other (including notable items)	1.0	5.1*	1.2	0.2
Revenue	**16.3**	**20.6**	**16.5**	**0.3**
Less: Notable items	0.2	(3.7)*	0.2	0.1
Revenue excluding notable items	**16.5**	**16.9**	**16.7**	**0.2**

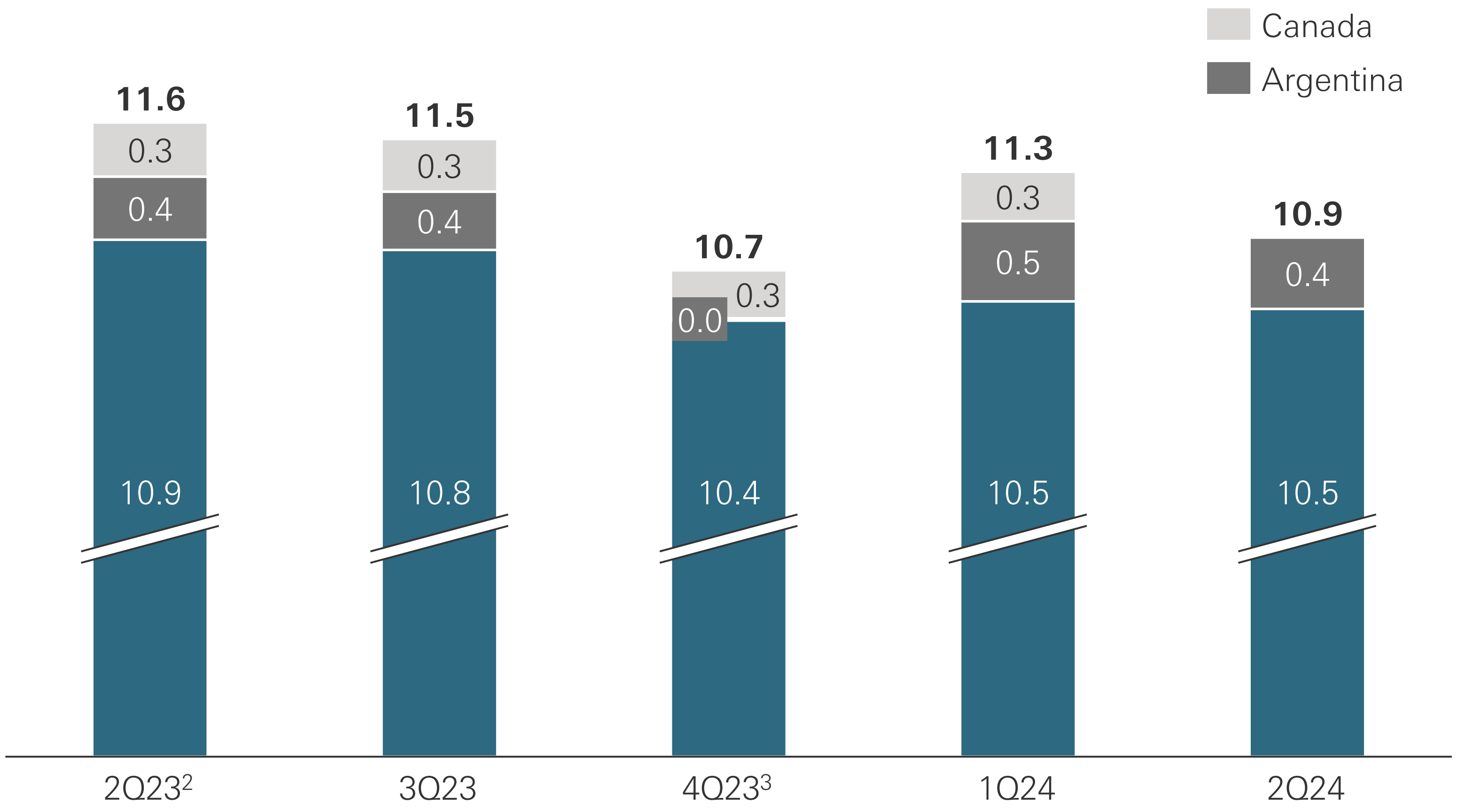
Primarily:
- +$0.3bn other Markets and Investment Banking
- $0.1bn favourable move in notable items
- $(0.1)bn Argentina

Table does not cast due to rounding
* 1Q24 notable items primarily relate to the $4.8bn gain on sale of Canada and the $(1.1)bn impairment on classifying Argentina to held-for-sale

Banking NII

Stable run rate QoQ; upgrading FY24 guidance to ~$43bn[1]

Banking NII (reported FX), $bn



Banking NII of $10.9bn, down $(0.4)bn vs. 1Q24, primarily:

- Canada sale: $(0.3)bn
- Asia: $(0.1)bn due to lower HKD rates and time deposit migration
- UK RFB stable

Expect FY24 Banking NII of **~$43bn**[1]

- Assumes c.$1bn contribution from Argentina — sale now expected to complete in 2H24

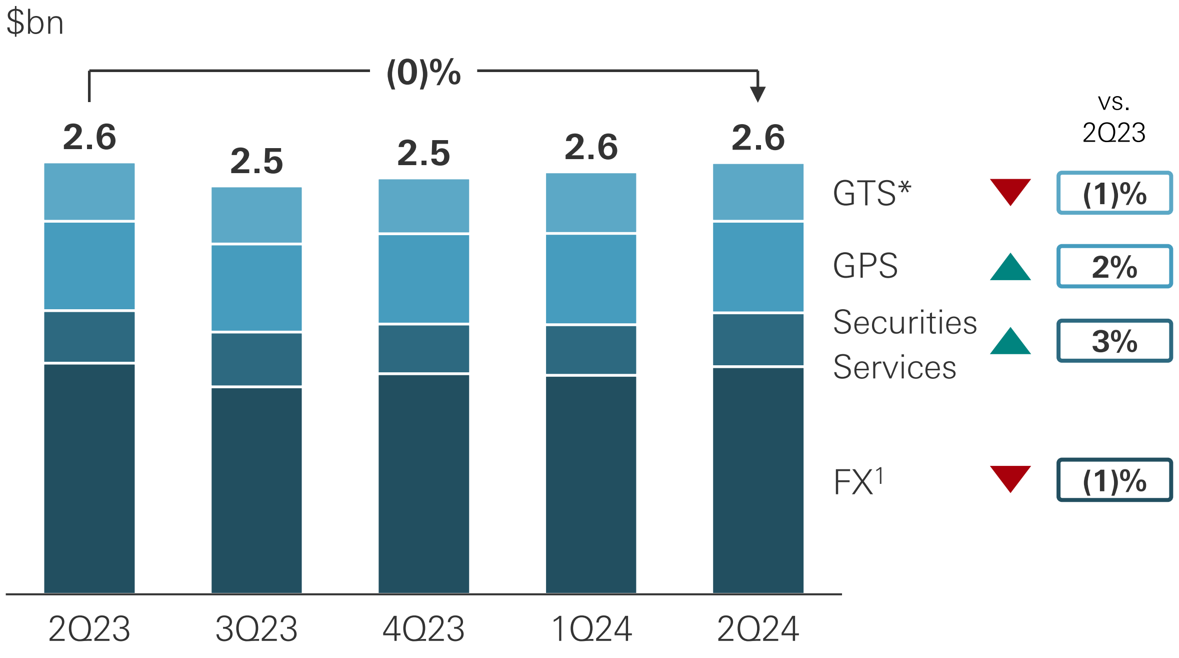
Benefit expected from the **reinvestment of existing structural hedge**:

- c.$55bn maturing in 2H24 with an average yield of 2.8%
- c.$105bn maturing in FY25 with an average yield of 2.8%

Fee and other income: Wholesale Transaction Banking and Wealth

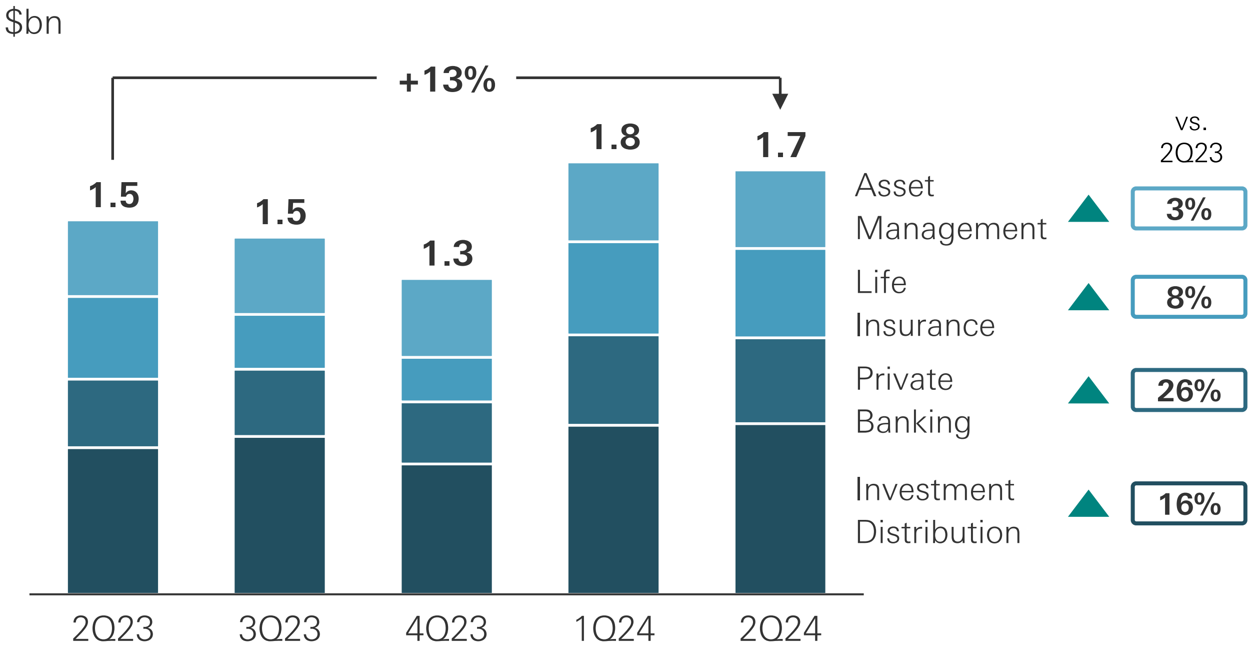
Wholesale Transaction Banking stable; strong quarter for Wealth

Wholesale Transaction Banking stable vs. 2Q23



- **Wholesale Transaction Banking up 2%** vs. 2Q23 excluding the impact of strategic transactions
- **GPS** up due to higher payments volumes and new client mandates
- **FX** broadly stable vs. a strong comparative period

Wealth +13% vs. 2Q23



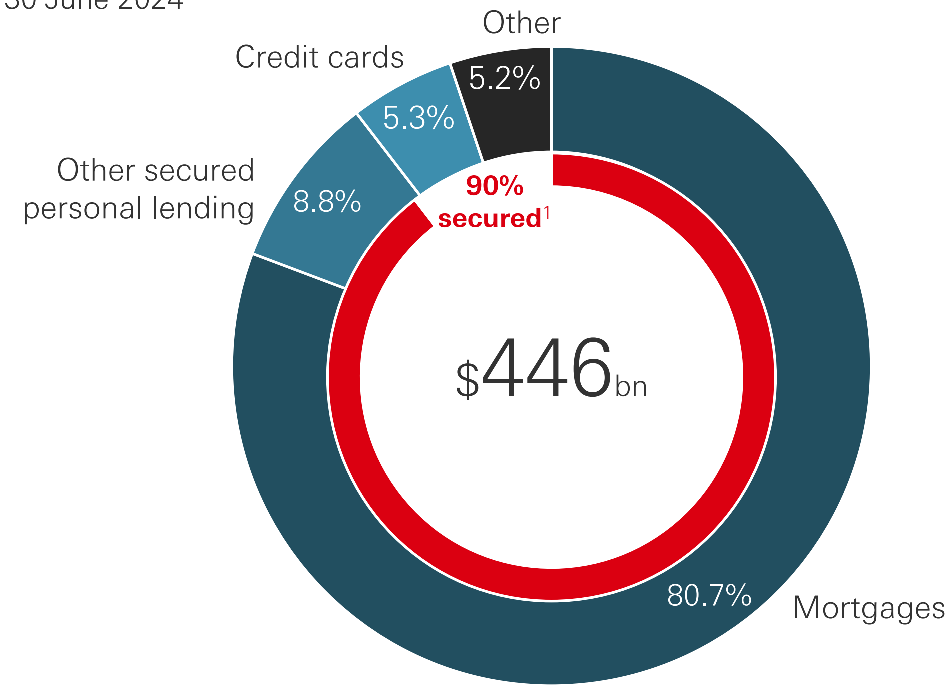
- Performance driven by **continued growth in our Wealth customer base**; **Asia Wealth +26%** vs. 2Q23
- **$1.3tn invested assets**, up 2% vs. 1Q24‡; **2Q24 NNIA $6bn**
- **$0.6bn insurance new business CSM**, up $0.2bn vs. 2Q23‡
- **Global CSM balance of $12.2bn**, up $0.3bn in the quarter‡

* Global Trade and Receivables Finance was renamed Global Trade Solutions in 2Q24
‡ Reported basis

Gross customer lending

Personal loan book, $bn

At 30 June 2024



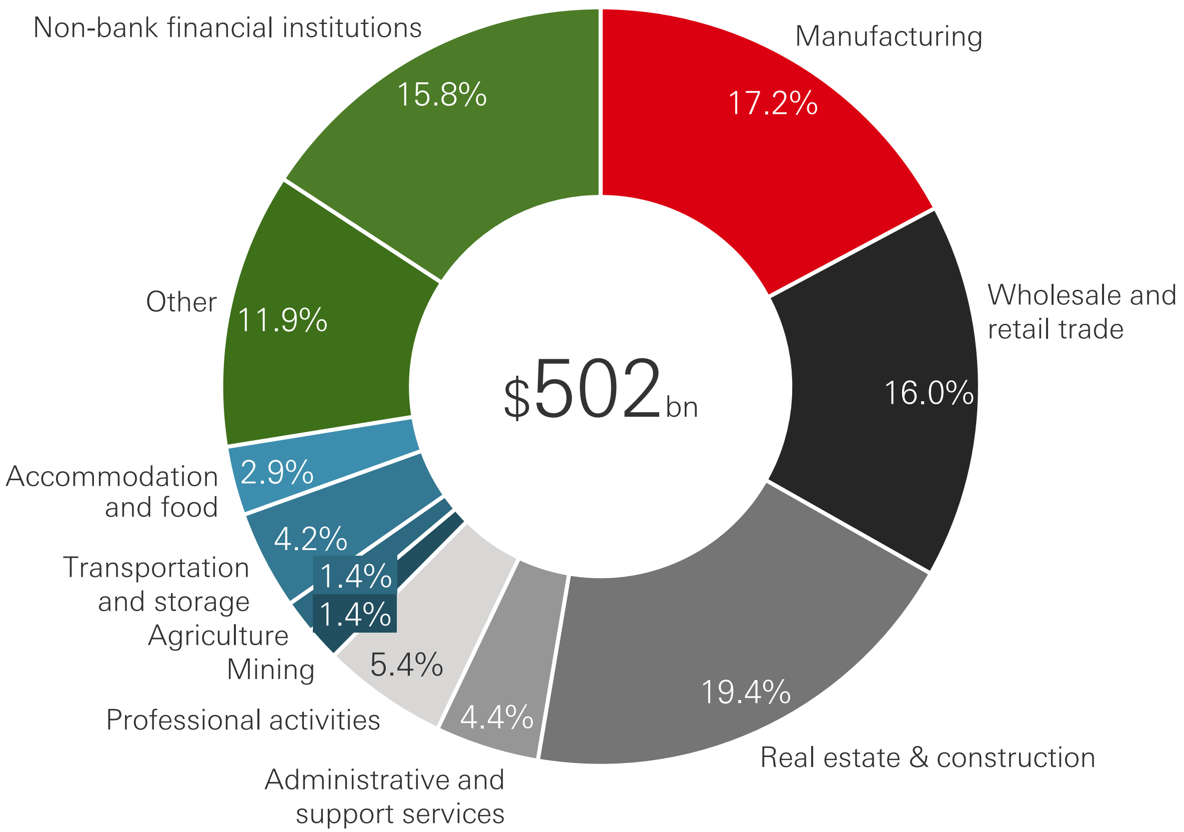
Retail mortgage average LTVs (portfolio, indexed)

UK: 53%
New lending: 67%

HK: 61%
New lending: 66%

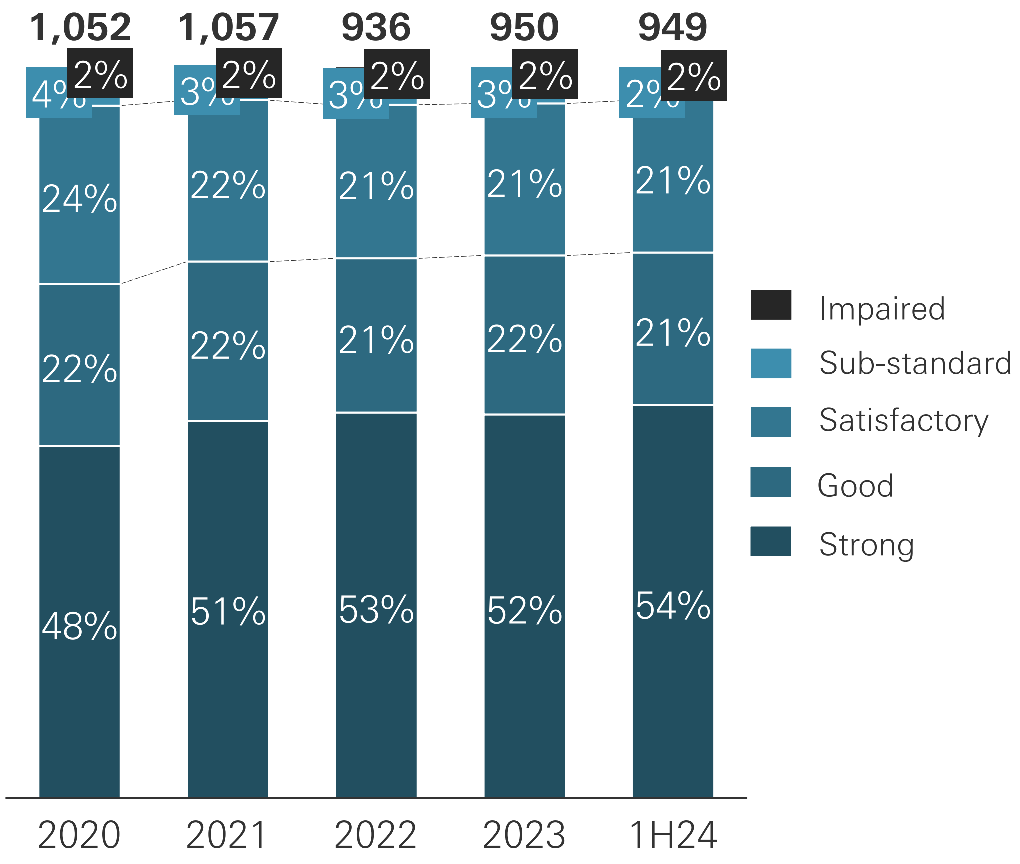
Wholesale loan book, $bn

At 30 June 2024



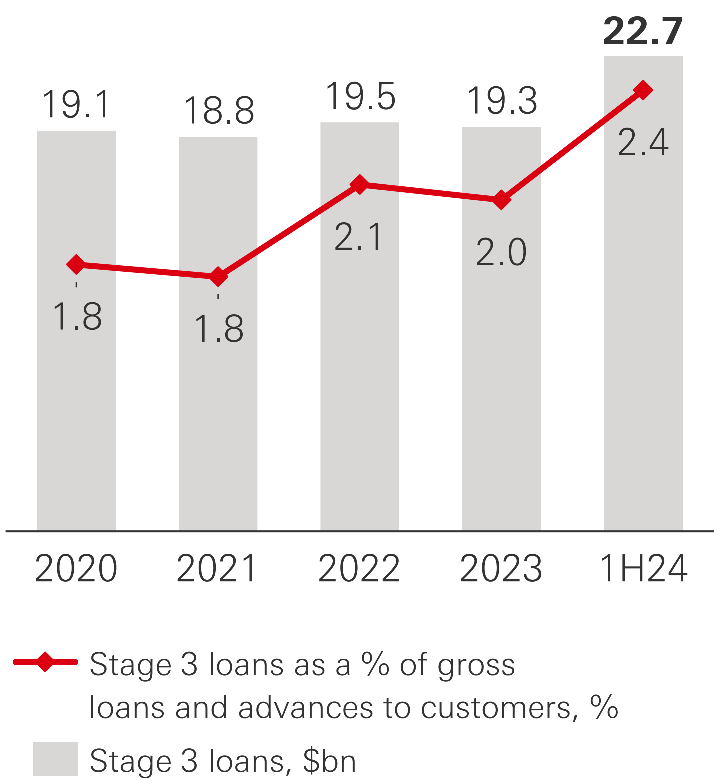
Asset quality

Gross loans to customers by credit quality classification trend, $bn



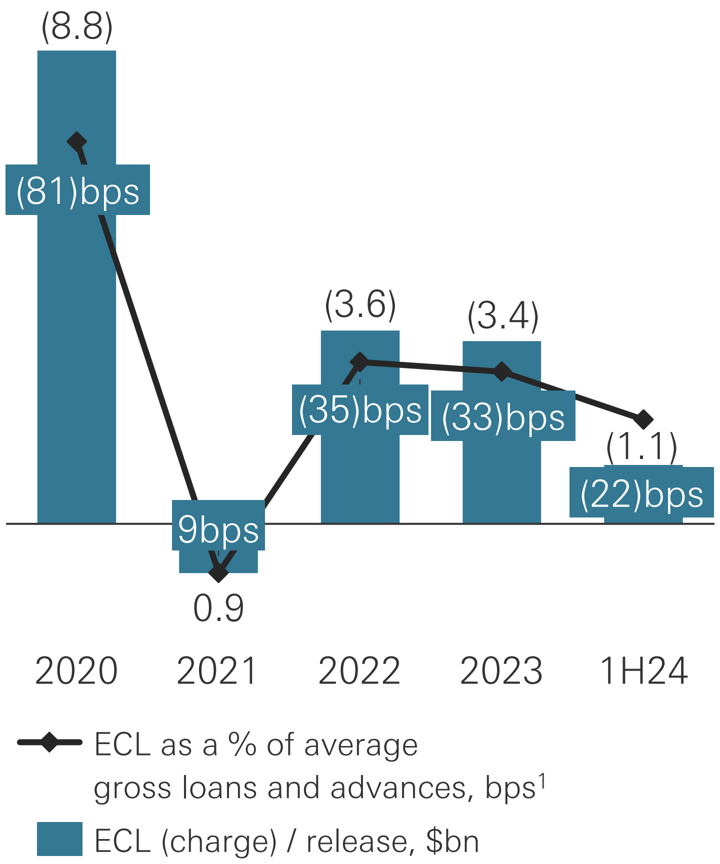
Wholesale loans classified as Strong or Good credit quality are equivalent to an investment grade rating from an external credit rating agency

Stage 3 loans to customers



1H24 increase in Stage 3 loans mainly in Hong Kong wholesale; limited impact on ECL charge due to high levels of collateralisation

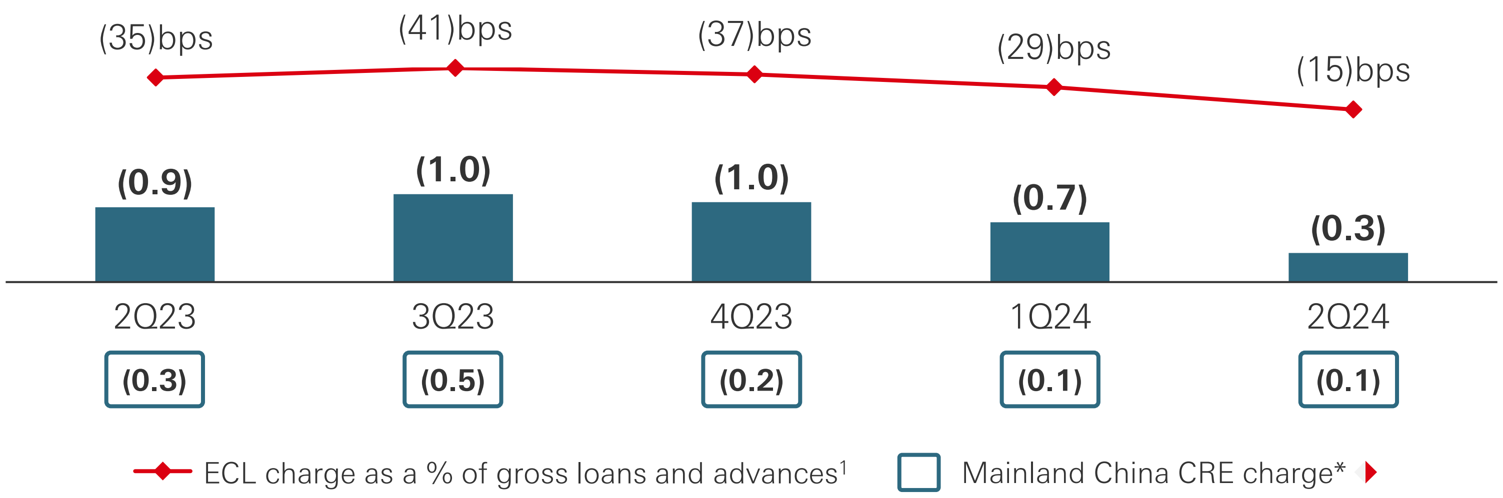
Reported ECL (charge) / release



Credit performance

2Q24 charge benefitted from recoveries and other items; excluding these, ECLs were broadly in line with our (30) to (40)bps planning range

ECL charge trend, $bn



2Q24 ECL charge, $bn

	Stage 1-2	Stage 3	Total
Wholesale	(0.2)	(0.0)	(0.2)
Personal	0.1	(0.2)	(0.1)
Total	**(0.1)**	**(0.3)‡**	**(0.3)‡**

- **$(0.3)bn** 2Q24 ECL charge benefitted from $0.4bn of recoveries and other items, principally:
  - Releases of management overlays, largely in the UK
  - Recoveries from a single client in GBM in Europe
  - EM sovereign credit upgrade
- **$22.7bn** stage 3 balances (2.4% of customer loans), up $1.4bn / 0.1ppts vs. 1Q24 on a reported basis, driven by Hong Kong CRE (limited impact on ECL charge due to high levels of collateralisation)
- **Revised guidance:** expect FY24 ECL charge to be within our medium term planning range of **(30) to (40)bps**[2]

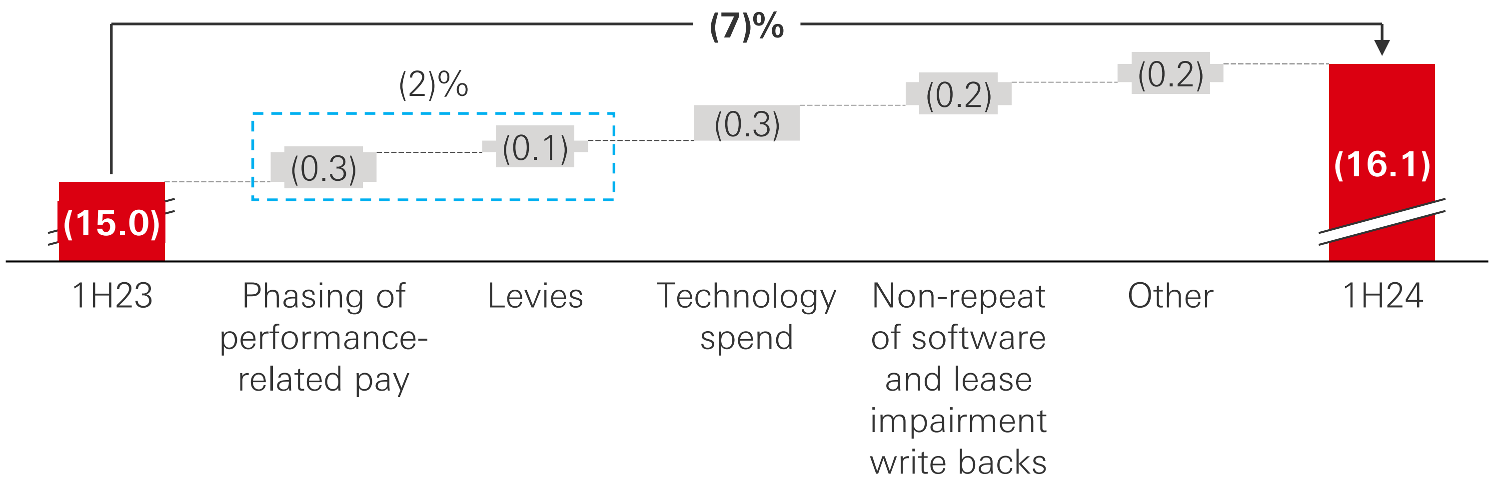
* Mainland China 2Q24 ECL charge $(72)m
‡ Table does not cast due to rounding

Costs

On track to meet cost growth of ~(5)% vs. FY23[1]

$bn*	1H23	1H24
Constant currency costs	**(15.2)**	**(16.3)**
Less: notable items	0.1	0.1
Add: impact of retranslating results of hyperinflationary economies at constant currency	(0.3)	—
Less: Canada direct costs	0.3	0.2
Less: France direct costs	0.1	—
Target basis costs	**(15.0)**	**(16.1)**

1H24 vs. 1H23 (target basis), $bn



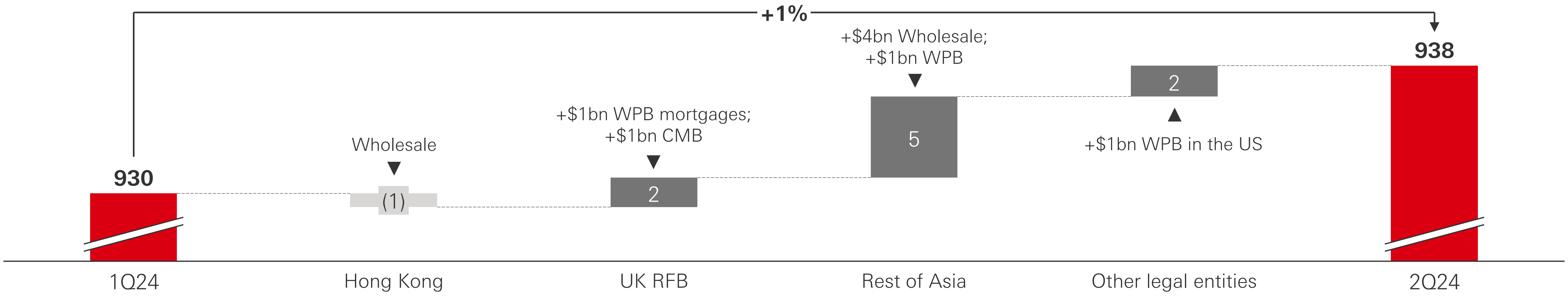
- **Target basis costs up (7)% vs. 1H23**, primarily due to the phasing of performance-related pay, incremental levies in 1Q24 and higher technology spending
- **Reconfirming cost growth guidance of approximately (5)% vs. FY23** on a target basis[1] (FY23 baseline: $(31.0)bn)
  - **Performance-related pay:** 1H24 accrual $(0.3)bn higher than 1H23. Our cost guidance assumes FY24 will be broadly in line with FY23
  - **Levies:** 2H23 included $(0.3)bn levies which we do not expect to repeat in 2H24

* Totals do not cast due to rounding

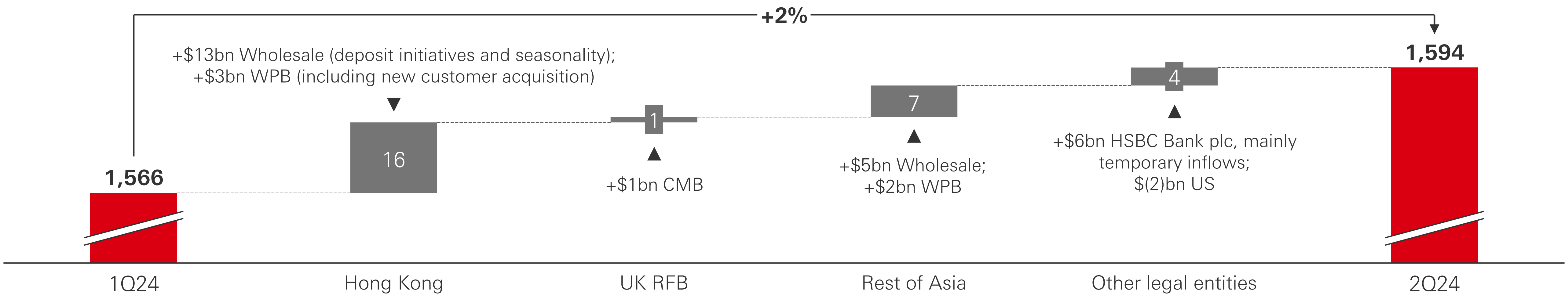
Customer loans and deposits

Second consecutive quarter of loan growth

Customer loans, $bn



Customer deposits, $bn



Outlook

New RoTE guidance for FY25; upgrading FY24 Banking NII guidance

1 **RoTE in the mid-teens for FY24 and FY25**, excluding notable items

2 **FY24 Banking NII of ~$43bn**[1]

3 **FY24 ECL charge to be within our medium term planning range of (30) to (40)bps**[2]

4 **Cost growth in FY24 of approximately (5)%** vs. FY23, on a target basis[3]

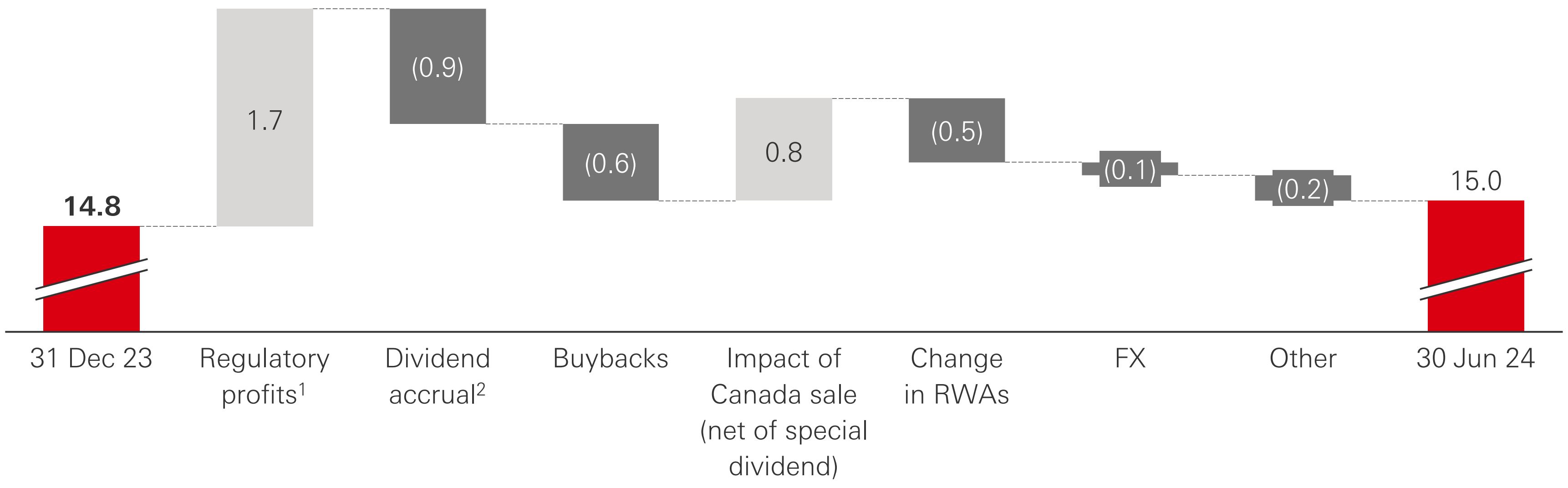
5 Expect **mid-single digit annual percentage loan growth** over the medium to long term[4]

Our guidance reflects our current outlook for the global macroeconomic environment, including customer and financial markets activity. This includes our modelling of a number of market dependent factors, such as market-implied interest rates (as of mid-July 2024), as well as customer behaviour and activity levels

Balance sheet & issuance

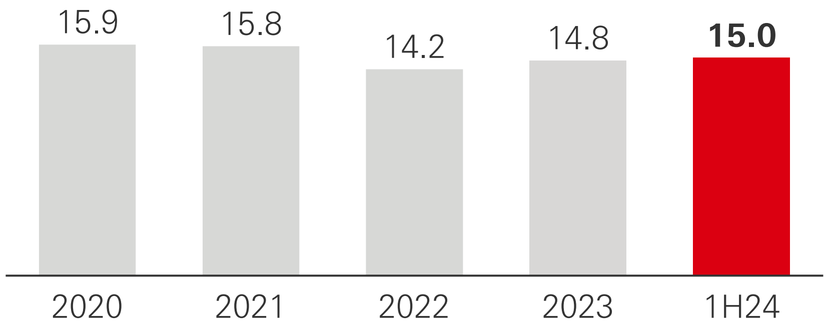
Capital position

CET1 ratio, %

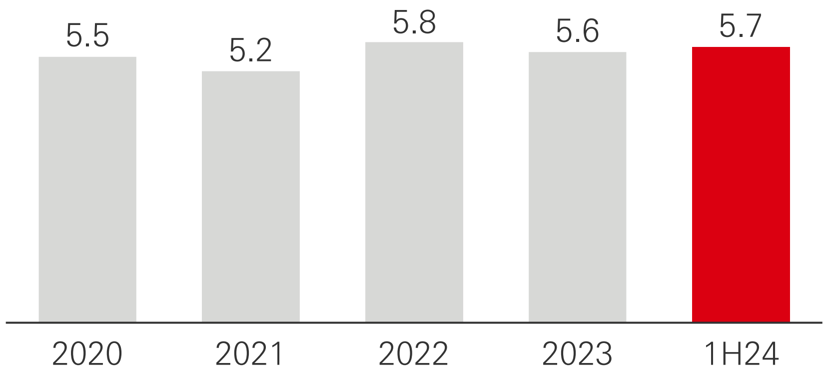


- 1H24 CET1 ratio **does not include an anticipated c.(0.4)ppts impact** from the announced 2Q24 up to $3bn buyback
- **Dividend payout ratio target basis of 50%** for 2024[3]; CET1 ratio target range of **14%–14.5%** medium term[4]

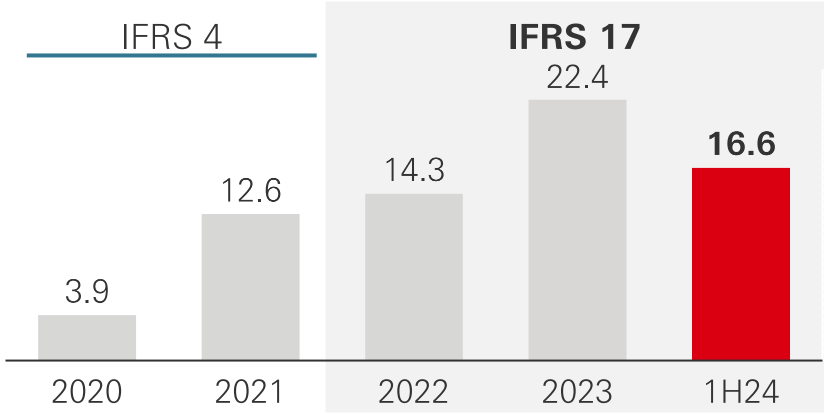
CET1 ratio, %



Leverage ratio[5], %

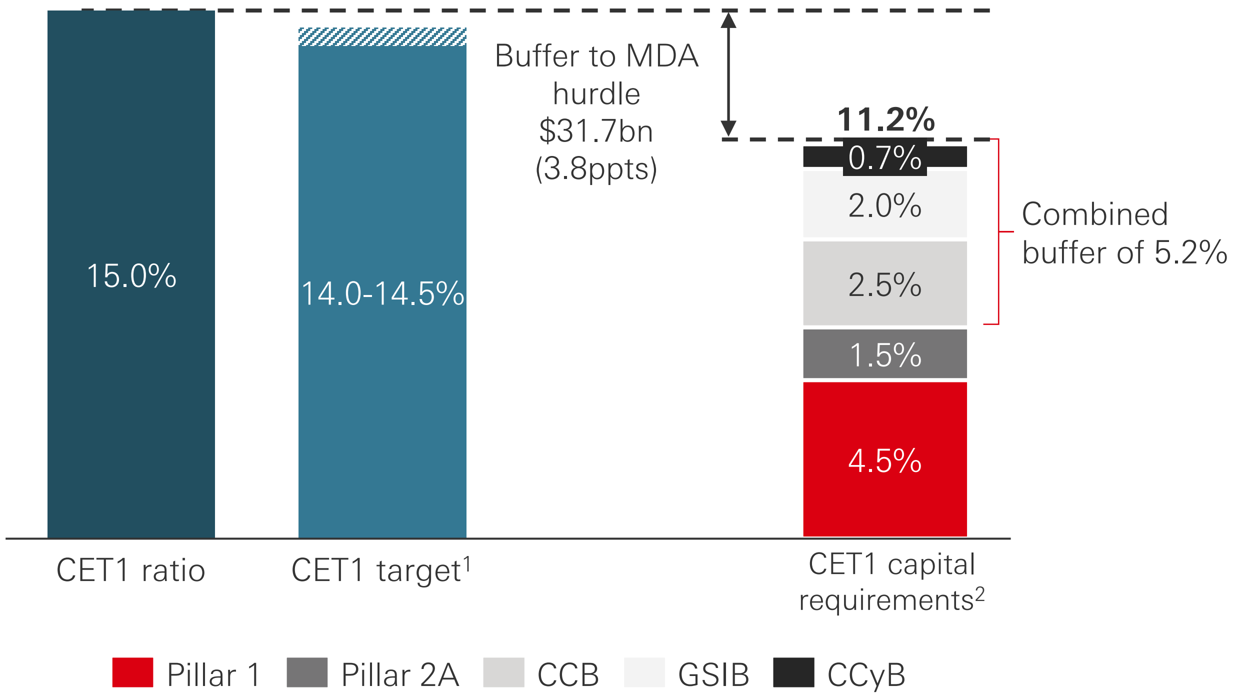


Profit attributable to ordinary shareholders, $bn



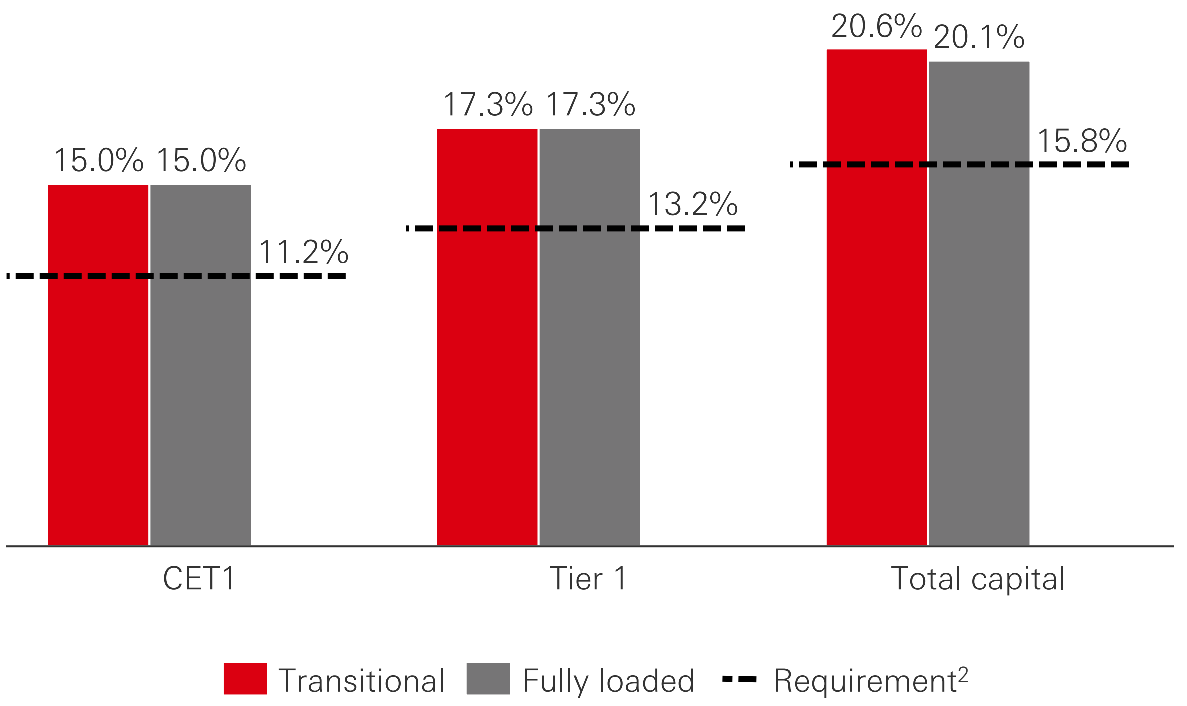
Capital position versus requirements

CET1 ratio as a % of RWAs, vs. target and MDA hurdle



- **Pillar 2A set at 2.6% of RWAs**, of which 1.5% must be held in CET1

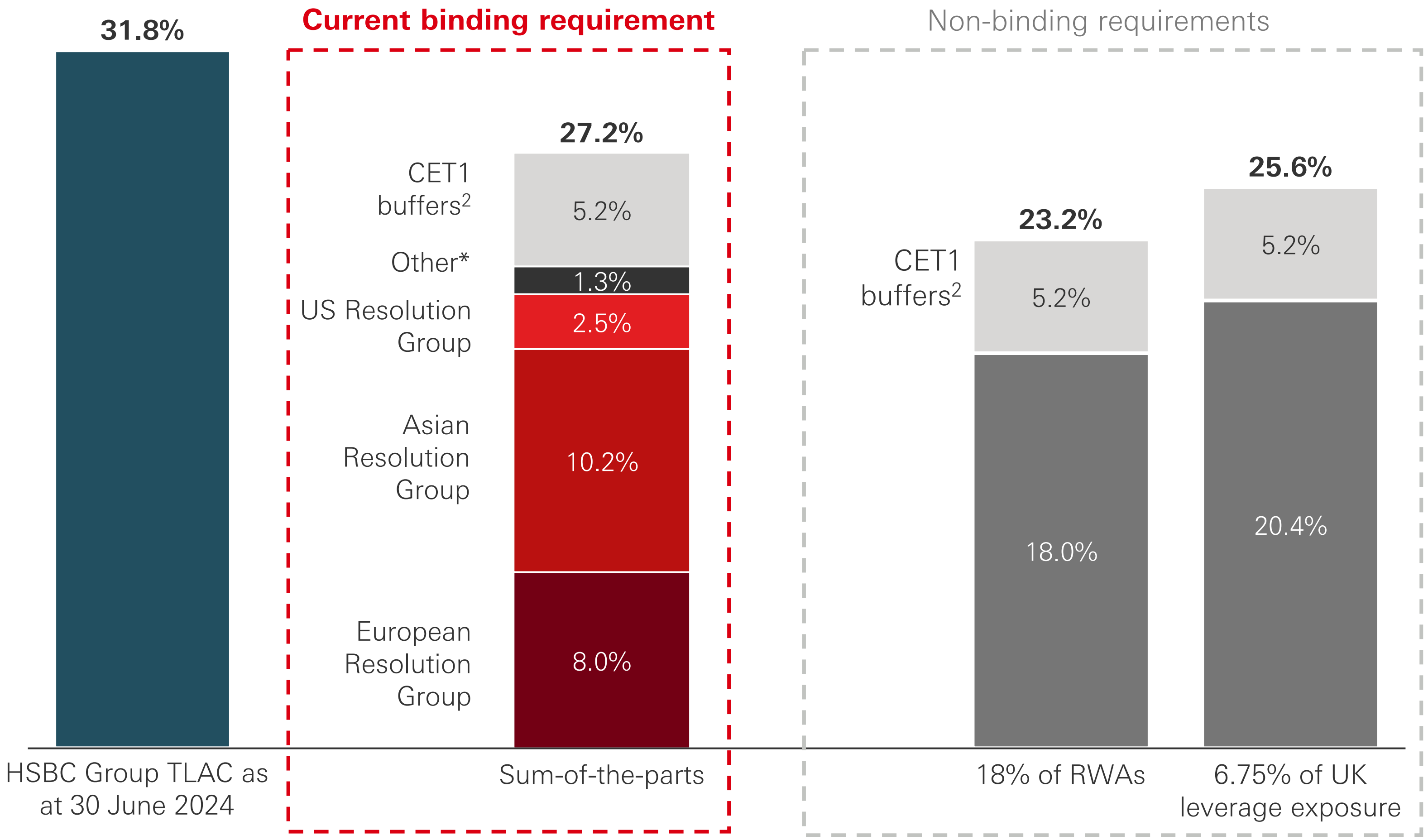
Regulatory capital vs. regulatory requirements as a % of RWAs



- **Total capital ratio** up 0.6ppts vs. FY23 primarily reflecting a higher CET1 ratio, and AT1 issuance
- **Distributable reserves were $13.7bn**, down from $30.9bn at 31 Dec 2023, primarily driven by dividends on ordinary shares, AT1 coupons and payments related to share buybacks. Holding company profits of $9.7bn in 1H24 will be reflected in reserves at 31 Dec 2024

MREL / TLAC position

MREL / TLAC position versus requirements[1] as a % of Group RWAs

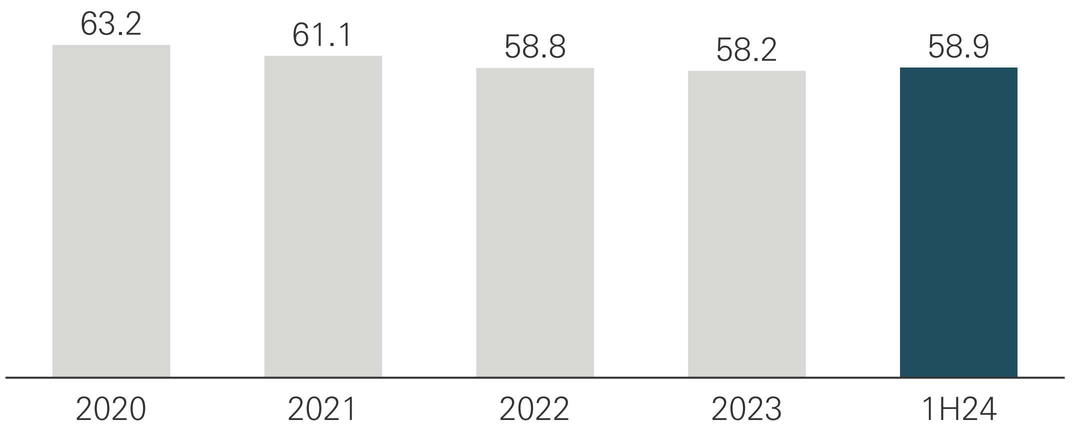


- **4.6ppts / $38bn buffer** to current requirement
- HSBC Group's MREL requirement is the greater of:
  - 18% of RWAs
  - 6.75% of UK leverage exposure
  - The sum of each resolution group's local regulatory requirements and other Group entities' capital requirements (the 'sum-of-the-parts')
- Of the three requirements, the sum-of-the-parts is the current binding constraint
- Expect to maintain a **prudent management buffer** above MREL requirement

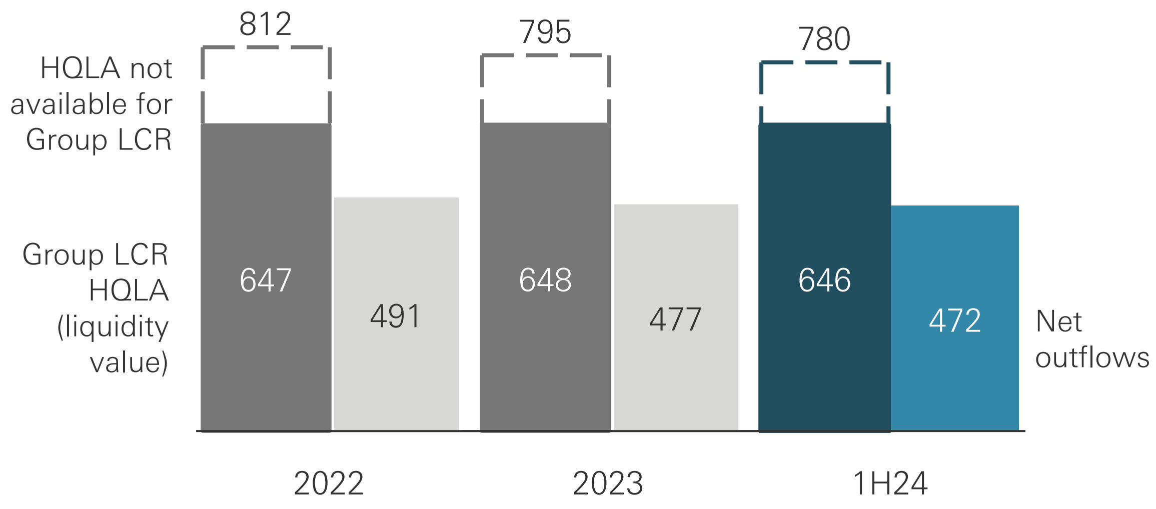
* Capital or TLAC requirements relating to other Group entities

Funding and liquidity

Reported loans to deposits ratio, %



High-quality liquid assets, $bn

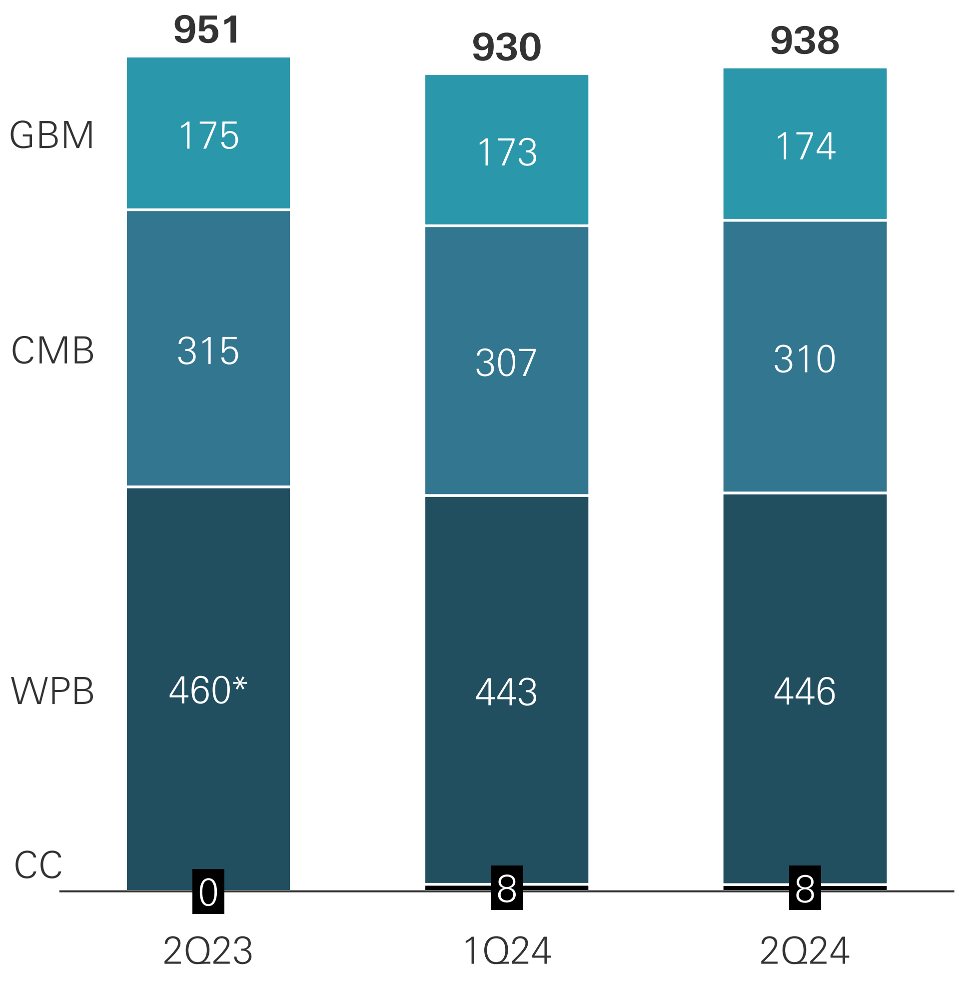


Principal operating entities	Average LCR[1]	
%	1H24	FY23
HSBC UK Bank plc (RFB)	193	201
HSBC Bank plc (NRFB)	146	148
The Hongkong and Shanghai Banking Corporation – Hong Kong branch	195	192
HSBC Singapore[2]	314	292
Hang Seng Bank	263	254
HSBC Bank China	176	170
HSBC Bank USA	172	172
HSBC Continental Europe	156	158
HSBC Bank Middle East Ltd – UAE branch	257	281
HSBC Mexico	160	149
Group consolidated	**137**	**136**

- HSBC primarily manages liquidity at an operating entity level, rather than as a consolidated group. The Group consolidation methodology includes a deduction the impacts of limitations in the transferability of entity liquidity around the Group
- At 1H24 this resulted in an adjustment of $(134)bn to average LCR HQLA and $(7)bn to LCR inflows
- We have enhanced our calculation processes during 1H24, leading to an increase in the spot LCR ratio. The Group LCR is reported as a 12-month average, so the impact of this change will be recognised incrementally over the 12 month period starting from 30 June 2024

Balance sheet – customer lending

Balances by global business, $bn



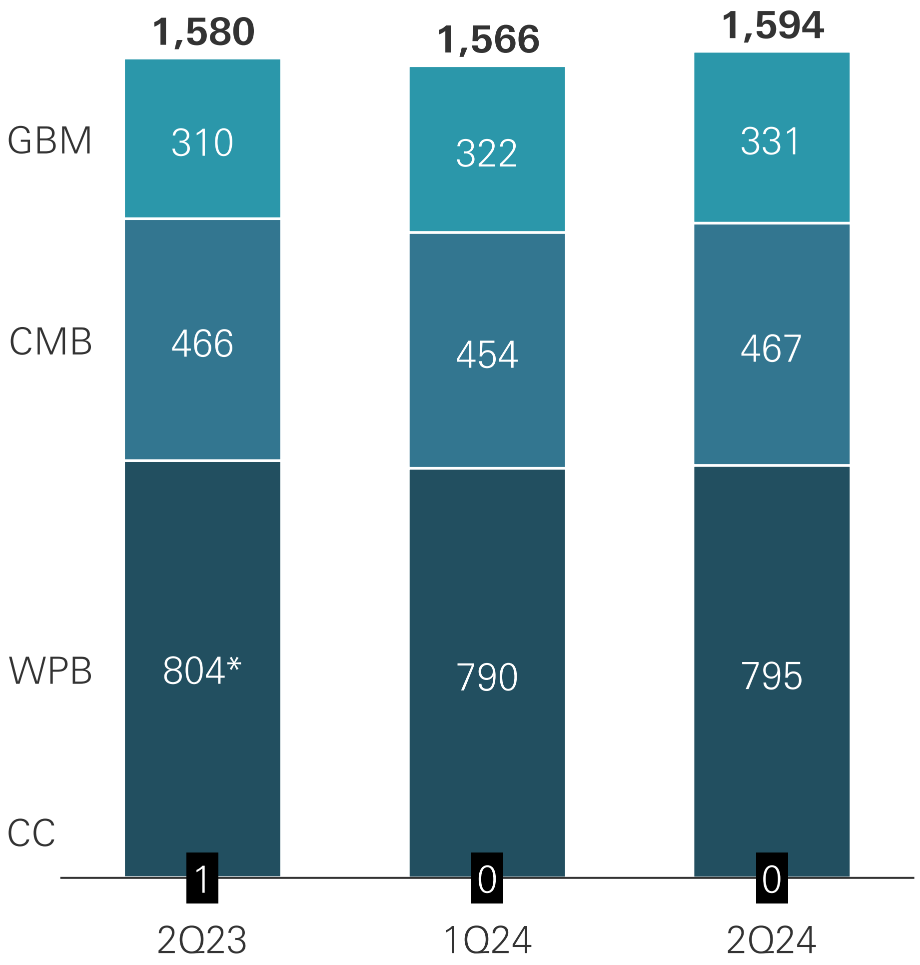
Balances by entity

		Growth since 1Q24
Asia (HBAP)	**$454bn**	**$4bn** 1 %
o/w: Hong Kong	***$275bn***	**$(1)bn** (0)%
UK RFB (HBUK)	**$270bn**	**$2bn** 1 %
HSBC Bank plc (HBEU)	**$108bn**	**$0bn** 0 %
US (HNAH)	**$56bn**	**$1bn** 2 %
Mexico (HBMX)	**$25bn**	**$0bn** 2 %
HSBC Middle East (HBME)	**$21bn**	**$0bn** (1)%
Other	**$5bn**	**$0bn** 9 %
Total	**$938bn**	**$8bn** 1 %

* Includes $25bn from France retail customers which has now been sold or transferred to Corporate Centre

Balance sheet – customer accounts

Balances by global business, $bn



Balances by entity

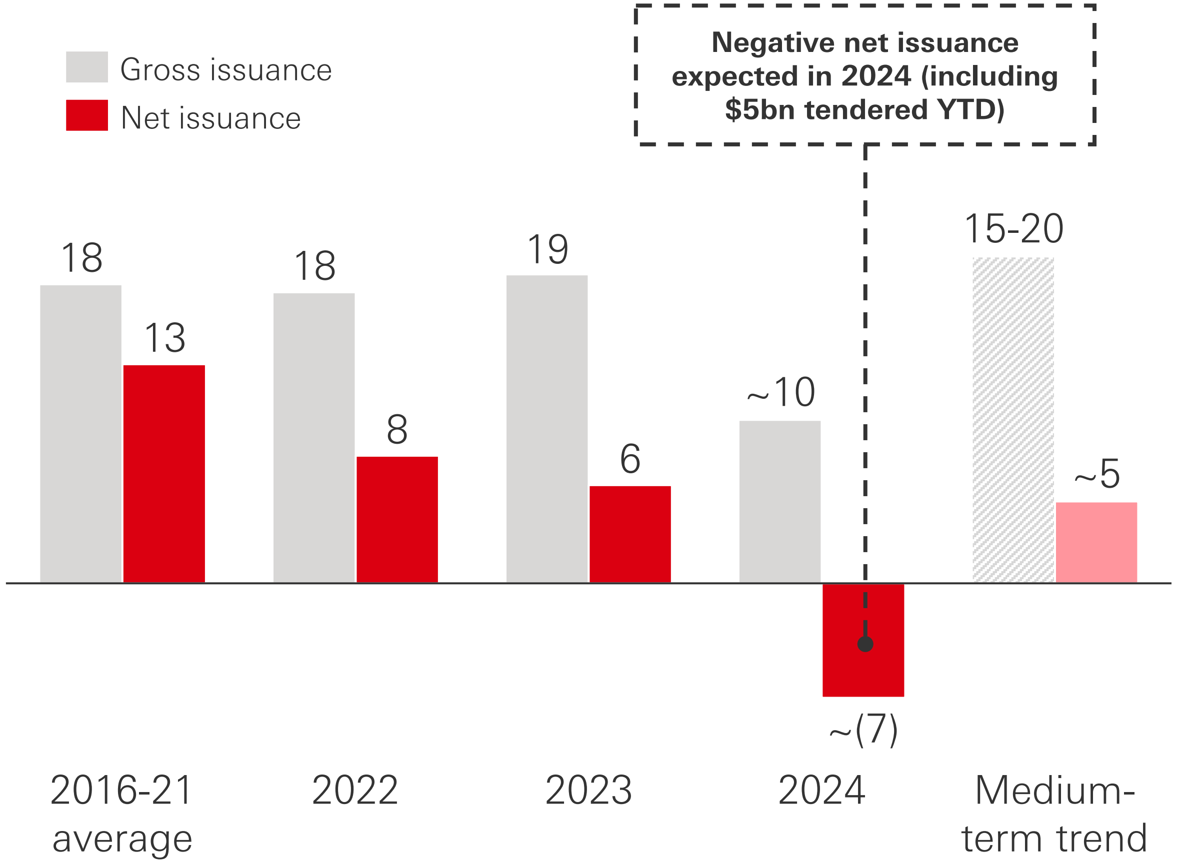
		Growth since 1Q24	
Asia (HBAP)	**$799bn**	**$23bn**	3 %
o/w: Hong Kong	***$544bn***	**$16bn**	3 %
UK RFB (HBUK)	**$335bn**	**$1bn**	0 %
HSBC Bank plc (HBEU)	**$296bn**	**$6bn**	2 %
US (HNAH)	**$93bn**	**$(2)bn**	(2)%
Mexico (HBMX)	**$29bn**	**$1bn**	2 %
HSBC Middle East (HBME)	**$33bn**	**$(0)bn**	(1)%
Other	**$10bn**	**$0bn**	0 %
Total	**$1,594bn**	**$27bn**	2 %

* Includes $23bn from France retail customers (business now sold)

Issuance plan

Modest net new issuance going forward

HoldCo senior gross and net issuance, $bn-equivalent



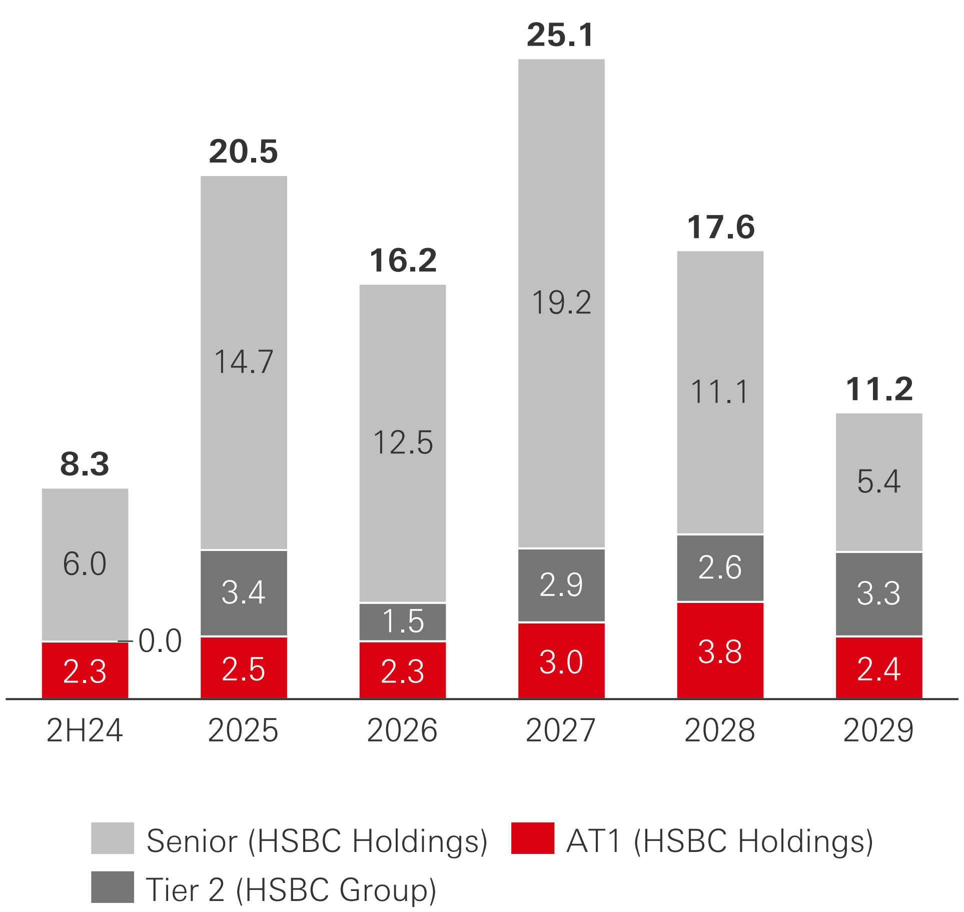
FY24 issuance plan

HoldCo senior	**Planned gross: ~$10bn, YTD: $7.5bn** ~$(7)bn negative net issuance including YTD tender activity
Tier 2	**Planned gross: $2-3bn, YTD $2.5bn** Marginally positive net issuance
AT1	**Planned gross: ~$3bn, YTD $1bn** Announced September redemption of $2.25bn
OpCo	Expect certain subsidiaries to issue senior and secured debt in local markets to meet funding and liquidity requirements

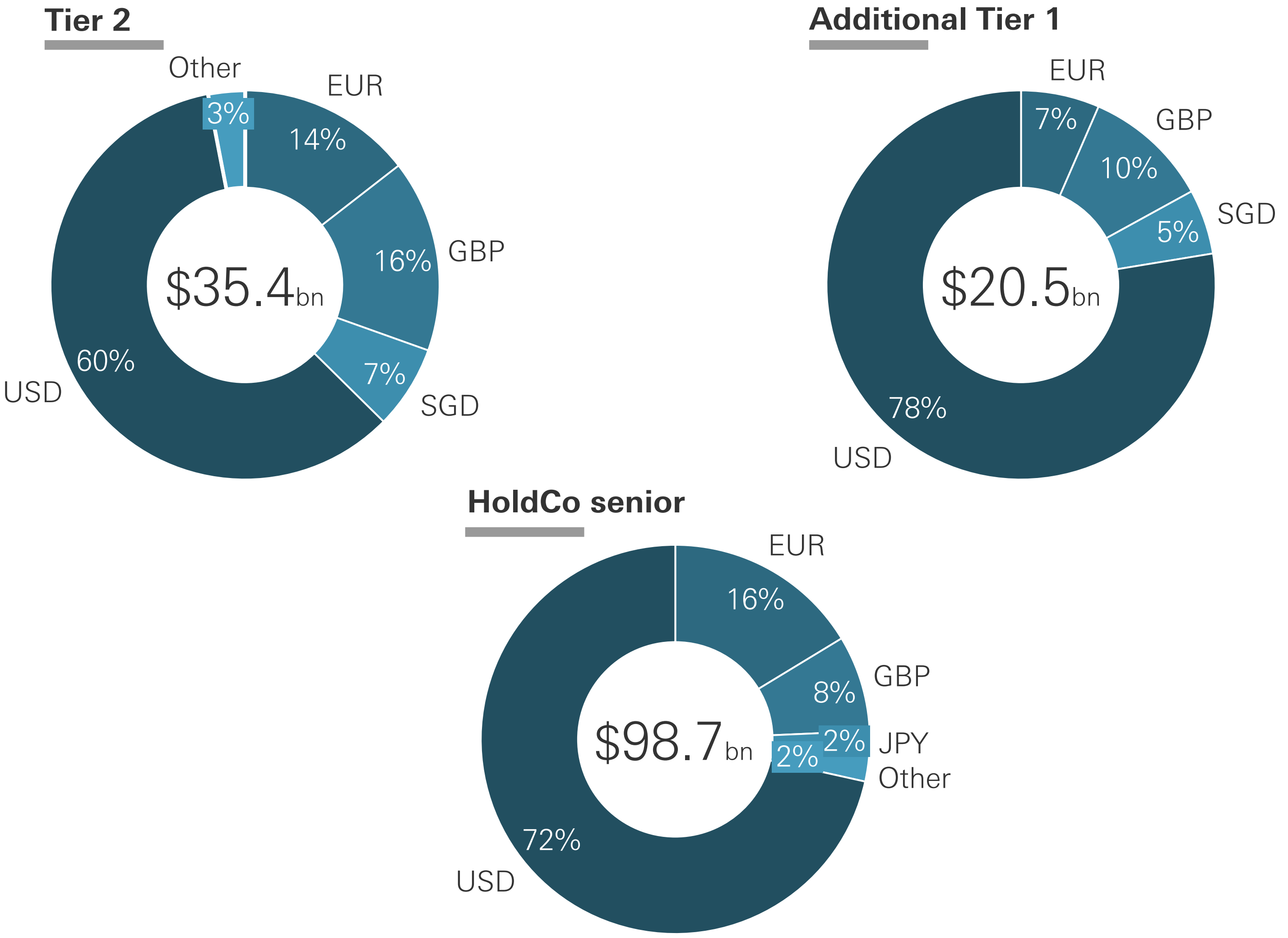
Portfolio instruments

Maturity profile at 1H24[1]

$bn-equivalent

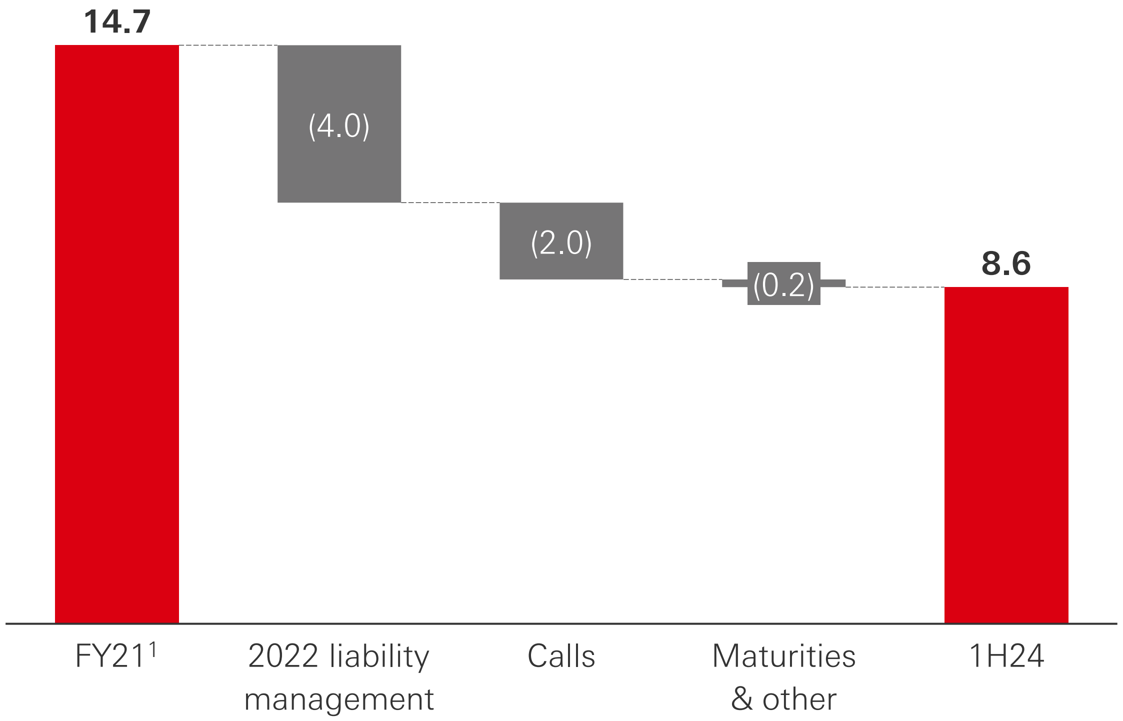


Outstanding instruments by currency (notional) at 1H24



Legacy securities

Total legacy capital securities of $9bn



- Legacy securities have reduced by ~$6bn since end-2021, to $9bn at 1H24
- When considering any potential actions to reduce the portfolio, we evaluate these opportunities against a desire that we **take decisions which present a reasonable economic cost to us**
- Decisions will be taken in the context of the Bank of England's position on legacy securities, noting their stated view that taking steps to reduce legacy instrument portfolios should be **appropriate and proportionate**
- Changes in prevailing interest rates and credit spreads will alter the economics over time
- Where securities may present a significant economic cost to exit early, this cost will generally diminish as the securities near their maturity or first par call date

IBOR – regulatory capital & MREL securities

Our transition approach

We expect to be able to **remediate or mitigate** IBOR risks and remain committed to seeking remediation or mitigation of relevant risks relating to IBOR-demise.

We do not intend to use LIBOR as a means to extract value from holders of our MREL or regulatory capital

Milestones so far

- Consent solicitation passed on English law GBP securities, September 2021
- September 2021 consent solicitation failed on English law SGD securities, both securities now redeemed
- Announcement published on US law USD LIBOR succession under US LIBOR Act and/or relevant fallbacks, June 2023

Remaining securities

- Remaining securities are largely:
  - Non-USD New York law securities where the US LIBOR Act does not apply
  - New York law securities with swap-based coupon resets where the US LIBOR Act does not apply
- Across all remaining securities, IBOR risk only materialises if we do not choose to exercise our call option. All remediation options will be considered

Appendix

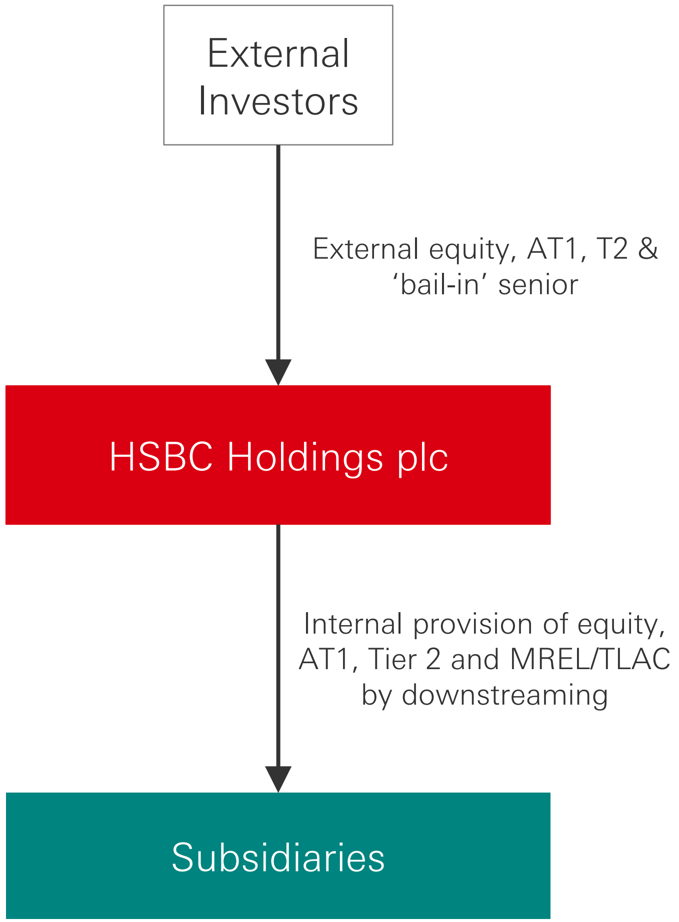
HSBC

MREL / TLAC position

	HSBC Group	US resolution group	Europe resolution group (Including HSBC Holdings)[1]	Asian resolution group
MREL / TLAC position at 1H24	**Total MREL / TLAC: $265.7bn** Of which: non-regulatory capital: $92.3bn	**Total TLAC: $23.3bn** Of which: non-regulatory capital (long-term debt): $9.0bn	**Total MREL / TLAC: $105.7bn** Of which: non-regulatory capital: $92.3bn	**Total TLAC: $110.9bn** Of which: non-regulatory capital: $29.4bn
Balance sheet at 1H24	RWAs: $835.1bn Leverage exposure: $2,514.5bn	RWAs: $109.9bn Average assets: $231.8bn	RWAs: $280.9bn Leverage exposure: $992.9bn	RWAs: $420.0bn Leverage exposure: $1,257.1bn
Requirement	The greater of: ▪ 18% of RWAs ▪ 6.75% of UK leverage exposure ▪ Sum-of-the-parts*	TLAC[2]: the greater of: ▪ 18% of RWAs ▪ 9% of average assets Long-Term Debt: the greater of: ▪ 6% of RWAs ▪ 3.5% of average assets	The greater of: ▪ 18% of RWAs ▪ 6.75% of UK leverage exposure ▪ 2 x (P1 + P2A)	Firm specific requirement, subject to TLAC floor of the greater of: ▪ 18% of RWAs ▪ 6.75% of leverage exposure

* Note: the sum-of-the-parts calculation also includes capital requirements or TLAC requirements relating to other Group entities

Approach to issuance



HSBC Holdings plc

- Since 2015, HSBC Holdings has been the Group's issuing entity for external AT1, Tier 2 and MREL / TLAC-eligible senior
- Issuance executed with consideration to our maturity profile

Internal capital and MREL/TLAC

- Proceeds of external debt issued by HSBC Holdings is predominantly used to acquire internal capital and MREL/TLAC instruments issued by its subsidiaries
- HSBC Holdings does not generally provide funding to subsidiaries for day-to-day liquidity needs
- HSBC Holdings retains proceeds for its own liquidity and capital management (**>$20bn** at 1H24)

External debt issued by subsidiaries

- HSBC will continue to issue senior and secured debt from certain subsidiaries to meet local funding and liquidity requirements. This debt is not intended to constitute MREL/TLAC
- External legacy capital instruments issued by subsidiaries are not eligible as MREL/TLAC

Banking NII

NII to Banking NII, $bn

Reported FX, $bn[1]	2Q23	3Q23	4Q23	1Q24	2Q24	Δ 1Q24
NII	**9.3**	**9.2**	**8.3**	**8.7**	**8.2**	**(0.5)**
Less: insurance NII	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)
Central costs of funding trading income[2]	2.4	2.4	2.5	2.7	2.8	0.1
Banking NII	**11.6**[3]	**11.5**	**10.7**[4]	**11.3**	**10.9**	**(0.4)**
Of which: Asia	*5.5*	*5.8*	*5.6*	*5.4*	*5.3*	*(0.1)*
Of which: UK RFB	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*	*0.0*
Of which: HSBC Bank plc	*1.3*	*1.2*	*1.2*	*1.1*	*1.2*	*0.1*

AIEAs and Group NIM, $bn

Reported FX, $bn	2Q23	3Q23	4Q23	1Q24	2Q24	Δ 1Q24
Average interest earning assets	2,172	2,157	2,164	2,140	2,055	(85)
NIM, bps	172	170	152	163	162	(1)
Centrally-funded net trading assets (period end)	128	130	164	187	207	20

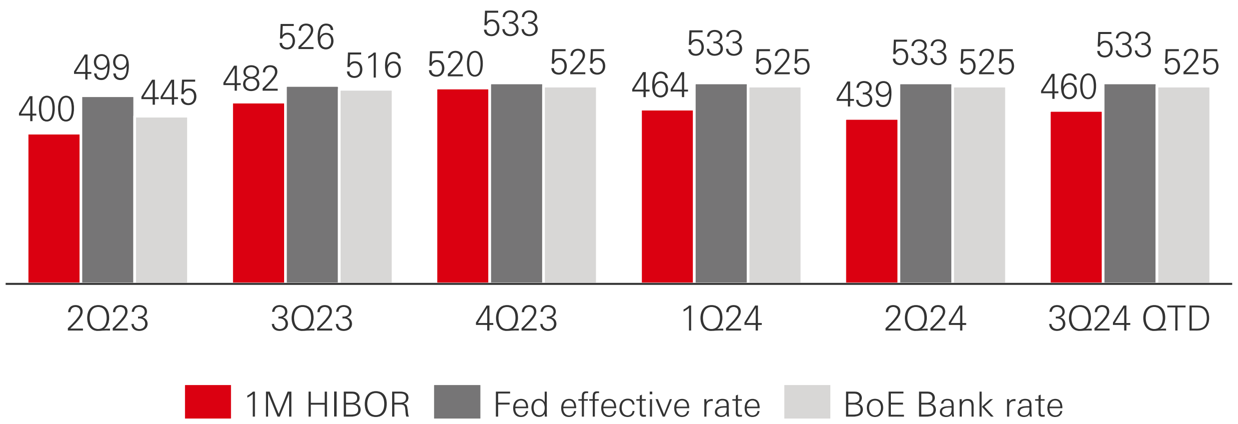
Reported net interest margin

Quarterly NIM by key legal entity (reported FX basis)

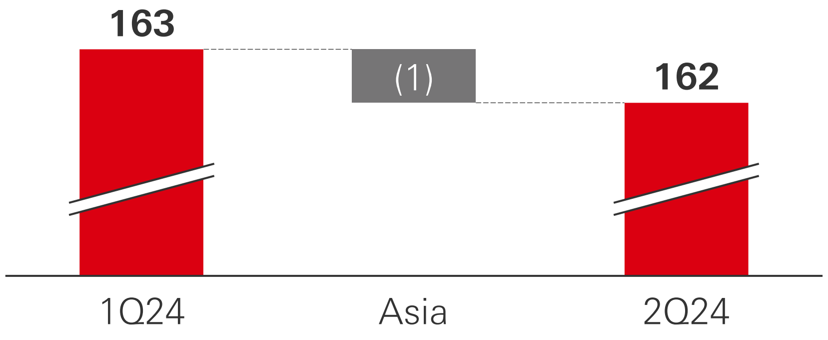
	2Q23	3Q23	4Q23	1Q24	2Q24	% 2Q24 NII	% 2Q24 AIEA
Asia	1.83%	1.85%	1.73%	1.66%	**1.63%**	44%	44%
HSBC Bank plc	0.60%	0.53%	0.50%	0.35%	**0.35%**	5%	23%
UK RFB	2.49%	2.41%	2.50%	2.56%	**2.57%**	31%	19%
US	1.01%	0.87%	0.90%	0.83%	**0.76%**	4%	9%
Group	1.72%	1.70%	1.52%	1.63%	**1.62%**	n.m	n.m

Key rates (quarter averages), bps

Source: Bloomberg
At 29 July 2024

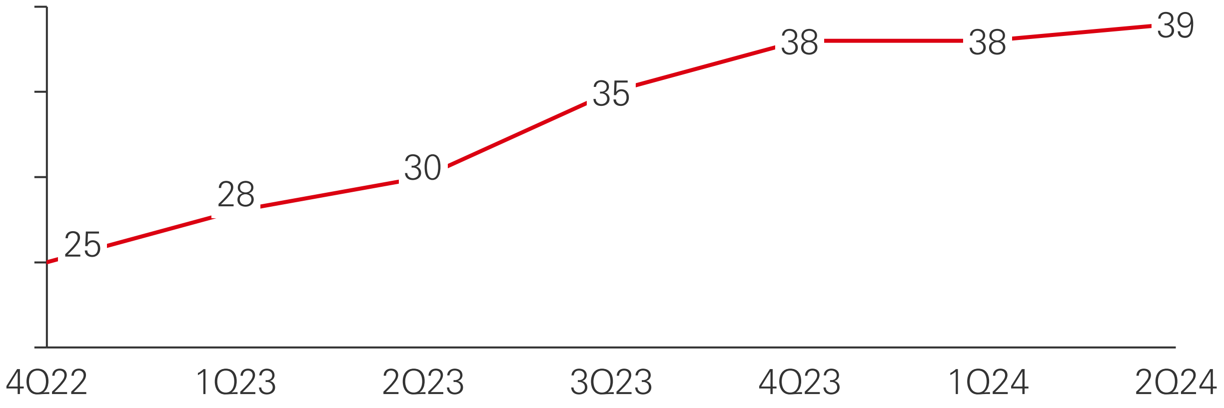


Group NIM, bps (reported FX basis)



Movement across other legal entities nets to zero

Time deposits (TMD) as a % of Hong Kong customer deposits



A 3ppts shift from CASA to TMD would result in an incremental annual interest expense of c.$(0.5)bn[1]

Banking NII sensitivity and structural hedge

Year 1 Banking NII sensitivity to a (100)bps down-shock,* $bn

Banking NII – year 1 sensitivity to a (100)bps down-shock

$bn

USD	(0.8)
HKD	(0.4)
GBP	(0.4)
EUR	(0.2)
Other	(0.9)
Total	**(2.7)**

Banking NII sensitivity

- Banking NII sensitivity to a (100)bps downshock **$(2.7)bn**, a reduction of c.$4.3bn since June 2022. We estimate that over one-third of the reduction was driven by increases in the notional and duration of the structural hedge, with the remainder driven by changes in the balance sheet, higher interest rates and methodology enhancements
- Around **three quarters** of our Banking NII sensitivity is from exposure to **short term interest rates**

Structural hedge

- At 30 June 2024, the notional amount of the structural hedge was **$504bn**, weighted average life **2.8 years**
- The structural hedge **increased by c.$25bn** in 1H24. Subject to market conditions, we expect to increase both the notional and the duration of the structural hedge in 2H24
- We expect **c.$55bn** of existing structural hedges to mature in 2H24 and a further **c.$105bn** in FY25, both with an **average yield of c.2.8%**

* Assumptions include a static balance sheet, no management actions from Global Treasury and a 50% pass-through – see page 105 of the Interim Report for further detail

Global CRE exposures

Commercial real estate gross loans and advances, $m[1]

Reported FX basis	FY23	1H24	Δ	1H24 stage 3 %
Asia (HBAP)	58,121	55,123	(5)%	11%
o/w: Hong Kong	42,462	40,130	*(5)%*	*14%*
o/w: HK, excl. exposure to mainland China borrowers	36,817	35,609	*(3)%*	*9%*
UK RFB (HBUK)	14,010	13,759	(2)%	4%
HSBC Bank plc (HBEU)	4,834	4,821	(0)%	5%
US (HNAH)	3,925	3,182	(19)%	8%
Mexico (HBMX)	780	574	(26)%	4%
HSBC Bank Middle East (HBME)	1,460	1,289	(12)%	9%
Other	459	42	(91)%	50%
Total	**83,589**	**78,790**	**(6)%**	**9%**
o/w: UK‡	14,586	14,221	*(3)%*	*4%*

Hong Kong, excluding exposure to mainland China borrowers

Exposure of **$35.6bn**, down $(1.2)bn vs. FY23

- c.60% secured; c.40% unsecured
- All exposures rated sub-standard or credit impaired are secured with good collateral cover:
  - $2.0bn sub-standard — average LTV 50%
  - $3.2bn credit impaired — average LTV 55%
- All unsecured are performing, with c.90% rated Strong or Good

USA

Exposure of **$3.2bn**, down 19% vs. FY23. In the 2024 Dodd-Frank Act stress tests, modelled CRE losses were 11%, down from 16% in 2022

Other entities and HSBC Bank plc

Other entities down c.$(0.4)bn vs. FY23 due to a transfer of exposures to HSBC Bank plc

‡ Includes lending outside the UK RFB

Mainland China commercial real estate

Mainland China CRE exposures by booking location and credit quality

At 30 June 2024

Reported FX, $bn	*Memo: Hong Kong at 4Q23*	Hong Kong	Mainland China	Rest of Group	Total
Total	*6.3*	**4.8**	**4.3**	**0.3**	**9.4**
Strong	*0.8*	0.3	1.7	0.1	2.1
Good	*0.6*	0.4	0.9	–	1.4
Satisfactory	*0.7*	0.3	1.3	0.0	1.6
Sub-standard	*1.3*	1.1	0.2	0.2	1.5
Credit impaired	*2.9*	2.6	0.3	0.0	2.9
Allowance for ECL	*(1.8)*	**(1.8)**	**(0.2)**	**(0.0)**	**(2.0)**

Hong Kong booked sub-standard and credit impaired exposures

$bn	Total exposure	Of which not secured‡	ECL allowance◆
Sub-standard	1.1	0.8	(0.1)
Credit impaired	2.6	2.0	(1.6)
Total	**3.7**	**2.9**	**(1.7)**

79% coverage ratio against not secured, credit impaired exposures

Total exposure of $9.4bn, down $(2.7)bn vs. 4Q23

ECL charge of $(72)m in 2Q24 / $(126)m in 1H24

Hong Kong booked exposure of $4.8bn, down $(1.5)bn* vs. 4Q23

- Of the $1.0bn classified as strong, good or satisfactory:
  - c.$0.7bn are to state-owned enterprises
  - c.$0.3bn are primarily to privately-owned enterprises that are not typically engaged in residential property development

* Of which $1.3bn repayments, $0.2bn write-offs
‡ Does not cast due to rounding
◆ ECL allowance shown only exposures that are not secured

Notable items

Reported FX basis, $m	2Q23	3Q23	4Q23	1Q24	2Q24
Revenue	**(241)**	**(268)**	**(2,733)**	**3,732**	**(161)**
o/w: Disposals, acquisitions and related costs	*(241)*	*310*	*(2,333)*	*3,732*	*(161)*
o/w: Fair value movements on financial instruments	—	—	*(1)*	—	—
o/w: Restructuring and other related costs	—	—	—	—	—
o/w: Disposal losses on Markets Treasury repositioning	—	*(578)*	*(399)*	—	—
Costs	**(10)**	**(49)**	**(65)**	**(50)**	**(32)**
o/w: Disposals, acquisitions and related costs	*(57)*	*(79)*	*(124)*	*(63)*	*(38)*
o/w: Impairment of non-financial items	—	—	—	—	—
o/w: Restructuring and other related costs	*47*	*30*	*59*	*13*	*6*
Associates	**—**	**—**	**(3,000)**	**—**	**—**
Total	**(251)**	**(317)**	**(5,798)**	**3,682**	**(193)**
Memo: Notable items on a constant currency basis	*(250)*	*(316)*	*(5,794)*	*3,682*	*(193)*

Hong Kong

1H24 performance

$m	1H23	1H24	Δ
NII	4,967	4,178	▼ (16)%
Non-NII	5,312	6,344	▲ 19%
Revenue	**10,279**	**10,522**	▲ **2%**
ECL	(495)	(386)	▼ 22%
Costs	(3,759)	(4,025)	▲ (7)%
Associates	16	9	▼ (44)%
PBT	**6,041**	**6,120**	▲ **1%**
Customer loans, $bn	289.9	274.8	▼ (5)%
Customer deposits, $bn	531.4	543.8	▲ 2%

WPB

- Strong Wealth revenue and customer acquisition: **345k NTB customers** and **$19bn NNIA** in 1H24

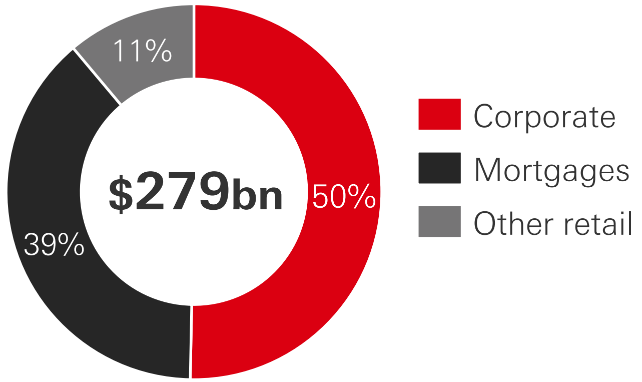
CMB

- Trade market share **up 0.4ppt** vs. 4Q23 to **26.1%**[1]
- **Acquired >10k Business Banking customers** in 1H24

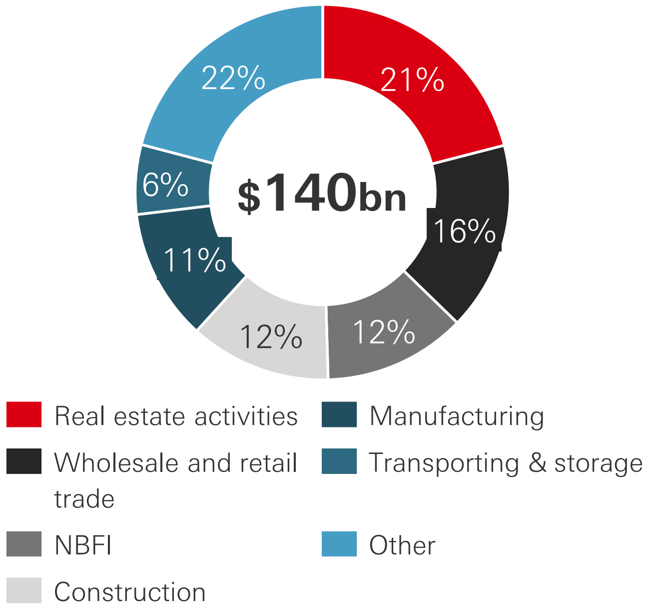
GBM

- Good Markets performance, driven by Debt Markets and Securities Financing

Gross loans and advances to customers

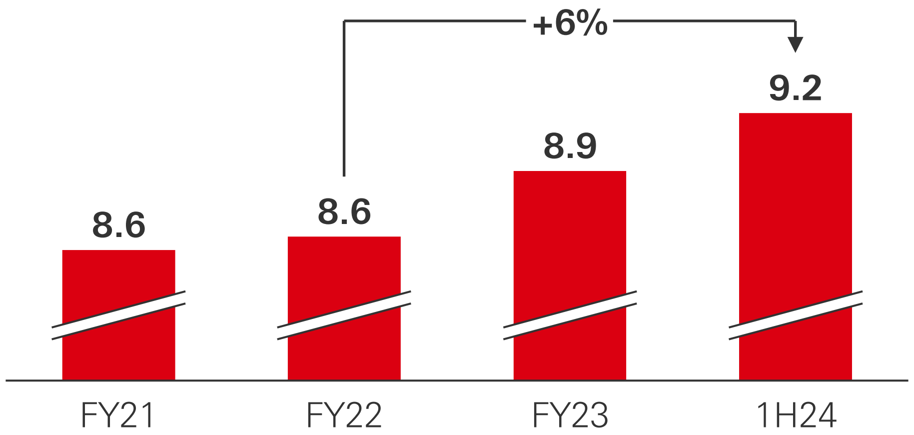


Corporate lending by sector, $bn



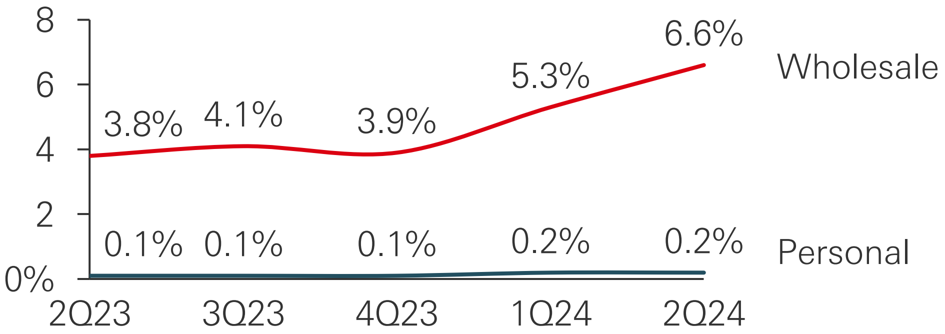
WPB active customers, millions[2]

Customer acquisition accelerated following the border reopening in early 2023



Stage 3 loans as a % of total L&As to customers

Wholesale increase primarily driven by CRE (limited impact on ECL charge due to high levels of collateralisation)



UK ring-fenced bank

1H24 performance

£m	1H23	1H24		Δ
NII	3,871	4,003	▲	3%
Non-NII	2,133	923	▼	(57)%
Revenue	**6,004**	**4,926**	▼	**(18)%**
ECL	(337)	(49)	▼	85%
Costs	(1,765)	(1,925)	▲	(9)%
PBT	**3,902**	**2,952**	▼	**(24)%**
Customer loans, £bn	209.6	213.9	▲	2%
Customer deposits, £bn	273.8	266.8	▼	(3)%
RoTE, %*	36.4	21.5	▼	(14.9)ppt

1H23 included a £1,240m gain on acquisition of SVB UK. Excluding this, 1H24 revenue / PBT were up 3% / 11% vs. 1H23

WPB

- **Increased mortgage stock market share to 8.1%** (up 0.1ppt vs. FY23)[1]
- Maintained **credit card stock market share of 9.3%** vs. FY23[2]
- Now have **>1m Global Money customers**

CMB

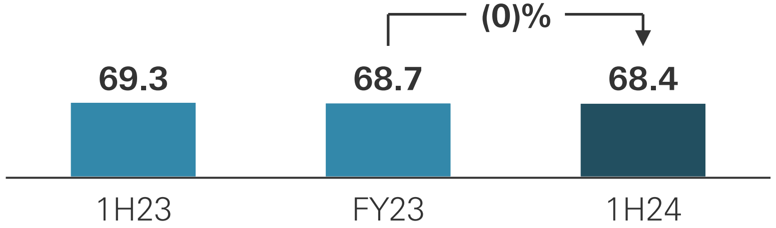
- **c.400 new-to-bank customers in HSBC Innovation Bank** in 1H24
- **UK's #1 Trade Finance Bank**[3]

Personal gross lending balances

£bn	1H23	FY23	1H24
Mortgages	126.4	129.3	131.2
Credit cards	5.8	6.3	6.3
Other personal lending	7.9	7.8	7.8
Mortgages data:			
YTD gross lending	11.1	22.8	9.4
Stock market share[1], %	7.8	8.0	8.1
Flow market share[1], %	10.1	10.2	8.8

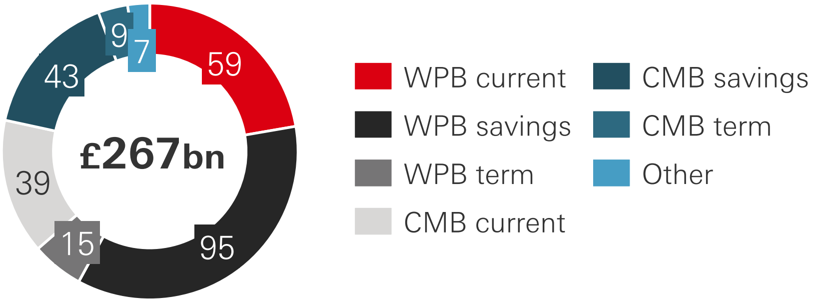
1H24 LTVs: portfolio avg. 53%; avg. new lending 67%

CMB lending, £bn



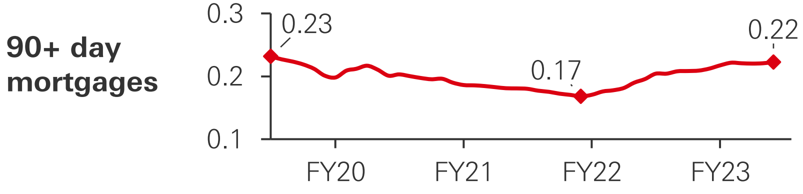
- **Lending stable**: continued repayment of government scheme lending was partly offset by growth
- **Credit**: resilient performance, despite higher interest rates and inflation. Various measures of portfolio risk, including accounts in special credit management or in the early stages of credit challenge are at a 12-month low

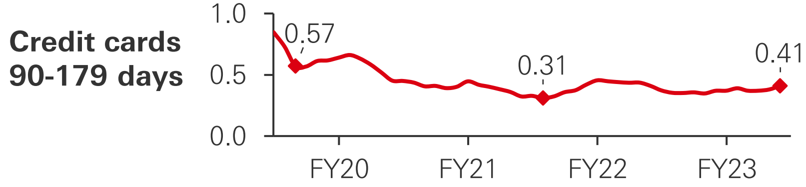
Deposits by type, £bn



Balances broadly stable vs. Dec-23. Time deposits 9% of total deposits, stable vs. Dec-23

WPB credit: delinquency trends[4], %





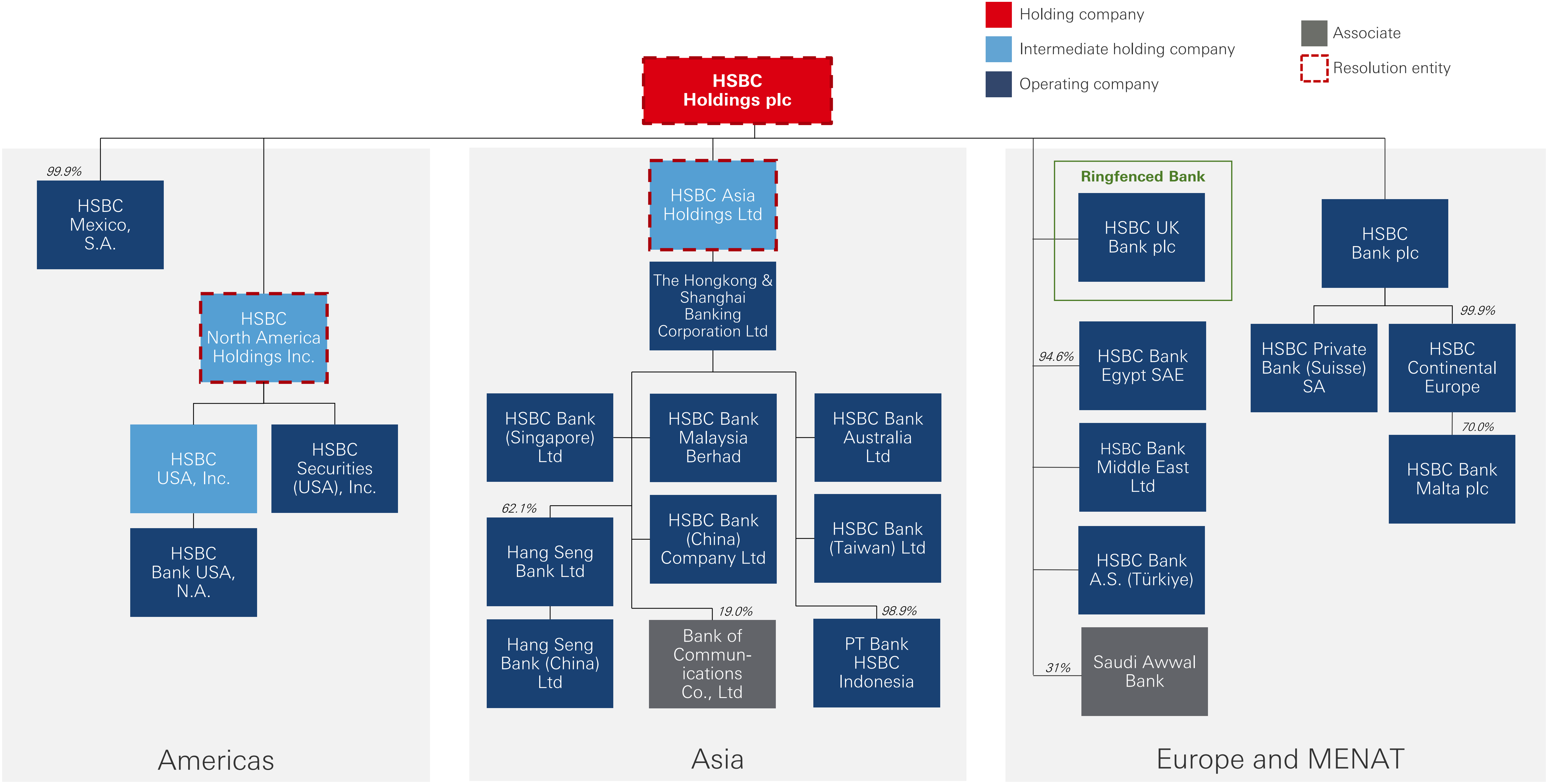
Stable in 1H24. Delinquency % remains below pre-Covid levels for cards; marginally higher than pre Covid levels for mortgages

* RoTE is YTD annualised. 1H23 RoTE included 13.9ppts for the gain on acquisition of SVB UK, excluding which RoTE was 22.5%

Credit ratings for main issuing entities

Long term senior ratings as at 30 July 2024	S&P		Moody's		Fitch	
	Rating	**Outlook**	**Rating**	**Outlook**	**Rating**	**Outlook**
HSBC Holdings plc	A-	STABLE	A3	STABLE	A+	STABLE
The Hongkong and Shanghai Banking Corporation Ltd	AA-	STABLE	Aa3	NEG	AA-	STABLE
HSBC Bank plc	A+	STABLE	A1	STABLE	AA-	STABLE
HSBC UK Bank plc	A+	STABLE	A1	STABLE	AA-	STABLE
HSBC Continental Europe (formerly HSBC France)	A+	STABLE	A1	STABLE	AA-	STABLE
HSBC Bank USA NA	A+	STABLE	Aa3	STABLE	AA-	STABLE

Simplified structure chart



Glossary

AIEA	Average interest earning assets
AT1	Additional Tier 1
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	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
CCB	Capital Conservation Buffer
CCyB	Countercyclical Capital Buffer
CRE	Commercial Real Estate
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
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
GTS	Global Trade Solutions
HIBOR	Hong Kong Interbank Offered Rate
HSBC Group	HSBC Holdings plc and its subsidiary undertakings
HQLA	High-quality liquid assets
IBOR	Interbank Offered Rate
IFRS	International Financial Reporting Standard

LCR	Liquidity coverage ratio
LIBOR	London Interbank Offered Rate
LTV	Loan to value ratio
MENAT	Middle East and North Africa, including Türkiye
MREL	Minimum requirement for own funds and eligible liabilities
MSS	Markets and Securities Services
NBFI	Non-bank financial institution
NII	Net interest income
NIM	Net interest margin
NPS	Net promoter score
NRFB	Non ring-fenced bank in Europe and the UK
OCI	Other Comprehensive Income
PBT	Profit before tax
Ppt	Percentage points
SVB UK	Silicon Valley Bank UK
TLAC	Total Loss Absorbing Capacity
UK RFB	HSBC UK, the UK ring-fenced bank, established July 2018 as part of ring fenced bank legislation
RoTE	Return on average tangible equity
RWA	Risk-weighted asset
TNAV	Tangible net asset value
TMD	Time deposits
WPB	Wealth and Personal Banking, a global business

Footnotes

Slide 2: Summary of 1H24 performance and guidance

1. Cost growth is on a target basis which excludes the direct cost impact of our disposals in France and Canada from the 2023 baseline. It is measured on a constant currency basis and excludes notable items and the impact of retranslating the prior year results of hyperinflationary economies at constant currency, which we consider to be outside of our control. Our ~(5)% cost growth guidance reflects our current business plan for 2024
2. RoTE is YTD annualised
3. Based on our current forecasts, using market implied interest rates as of mid-July 2024. This guidance remains dependent on the path of interest rates globally
4. Including held-for-sale balances. The medium term is defined as 3-4 years from 1 January 2024

Slide 3: A diversified and capital-generative business

1. 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. 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
2. Secured lending comprises 'first lien residential mortgages' and 'other personal lending which is secured'
3. YTD, annualised
4. Comprises $0.20 per share of announced ordinary dividends in respect of 1H24, the special dividend of $0.21 per share announced at 1Q24 results, the $3bn buyback announced at 1Q24 and the additional up to $3bn buyback announced at 2Q24

Slide 4: 1H24 results summary

1. See footnote 2 on slide 3
2. See footnote 1 on slide 3
3. See footnote 1 on slide 2

Slide 6: Banking NII

1. Based on our current forecasts using market implied interest rates as of mid-July 2024. This guidance remains dependent on the path of interest rates globally
2. Banking NII of $11.6bn included $0.4bn due to methodology changes which related broadly equally to 1Q23 and 2Q23
3. 4Q23 included impacts of $(0.5)bn from Argentina hyperinflation accounting and $(0.3)bn from the reclassification of cash flow hedge revenue between NII and non-NII

Slide 7: Fee and other income: Wholesale Transaction Banking and Wealth

1. Includes (i) GFX in GBM management view of income; (ii) GFX from cross sale of FX products to CMB clients, included within 'CMB Markets products, Insurance and Investments and Other'. GFX includes our emerging markets business

Slide 8: Gross customer lending

1. Secured lending comprises 'first lien residential mortgages' and 'other personal lending which is secured'

Slide 9: Asset quality

1. Including held-for-sale balances

Slide 10: Credit performance

1. Including held-for-sale balances
2. Including held-for-sale balances, the medium term is defined as 3-4 years from 1 January 2024

Slide 11: Costs

1. See footnote 1 on slide 2

Slide 13: Outlook

1. Based on our current forecasts using market implied interest rates as of mid-July 2024. This guidance remains dependent on the path of interest rates globally
2. Including held-for-sale balances. The medium term is defined as 3-4 years from 1 January 2024
3. See footnote 1 on slide 2
4. The medium term is defined as 3-4 years from 1 January 2024 and the long term is defined as 5-6 years from 1 January 2024

Slide 15: Capital position

1. Includes profits and movement in reserves, excluding the impact of the sale of our banking business in Canada and the loss on classification to held-for-sale of our banking business in Argentina, which is presented in 'Other' in the chart
2. Includes AT1 coupon payments
3. Excluding material notable items and related impacts
4. Target: intend to manage between 14-14.5% medium term; medium term is defined as 3-4 years from 1 January 2024; long term is defined as 5-6 years from 1 January 2024
5. See footnote 1 on slide 3

Footnotes

Slide 16: Capital position versus requirements
1. See footnote 4 on slide 15
2. Excludes Pillar 2B requirements

Slide 17: MREL / TLAC position
1. Excludes Pillar 2B requirements
2. Group CET1 buffers are shown in addition to the MREL requirements. The buffers shown in addition to the RWA, leverage and SoTP TLAC/MREL requirement are calculated in accordance with the PRA Supervisory statement 16/16 updated in December 2020

Slide 18: Funding and liquidity
1. LCR is based on average values. The LCR is the average of the preceding 12 months. The liquidity value of the assets for each entity's LCR calculation is shown in the table, along with the individual LCR ratio on a local regulatory requirements basis wherever applicable. Where local regulatory requirements are not applicable, the PRA LCR is shown. The local basis may differ from PRA measures due to differences in the way regulators have implemented the Basel III standards
2. HSBC Singapore includes HSBC Bank Singapore Limited and The Hongkong and Shanghai Banking Corporation – Singapore branch. Liquidity and funding risk is monitored and controlled at country level in line with the local regulator's approval. Prior period numbers have been restated for consistency

Slide 22: Portfolio instruments
1. To next call date if callable; otherwise to maturity

Slide 23: Legacy securities
1. FY21 reflects end of CRR1 grandfathering period for non-compliant regulatory capital securities

Slide 26: MREL / TLAC position
1. Investments by the European resolution group in the regulatory capital or TLAC of other group companies are deducted
2. The TLAC requirements for our US business are calculated based on the greater of 1) a specified minimum percentage of risk weighted assets, including a buffer of 2.5% of risk weighted assets, and 2) a specified minimum percentage of average total consolidated assets (based on the U.S. tier 1 leverage ratio)

Slide 28: Banking NII
1. On a constant currency basis: 2Q23 $11.1bn, 3Q23 $11.1bn, 4Q23 $10.1bn, 1Q24 $11.1bn
2. Funding is used to fund assets that generate trading and fair value income, primarily relating to GBM
3. 2Q23 included c.$0.4bn due to methodology changes, of which c.$0.2bn related to 1Q23 and c.$0.2bn to 2Q23
4. 4Q23 included: (i) $(0.5)bn of Argentina hyperinflation accounting; (ii) the reclassification of $(0.3)bn of cash flow hedge revenue between NII and non-NII, of which $(0.2)bn related to 9M23. (Argentina NII was $0.0bn in 4Q23 / $1.0bn in FY23, including the impact of hyperinflation adjustments of $(0.5)bn in 4Q23 / $(0.5)bn in FY23)

Slide 29: Net interest margin
1. Based on HK deposit balance of $544bn and the c.3.5ppts difference between the average rates paid on time deposits and CASA as at 18 July 2024. Actual NII impact of migration will depend on rates paid and market conditions

Slide 31: Global CRE exposures
1. Commercial real estate lending includes the financing of corporate, institutional and high net worth customers who are investing primarily in income producing real estate assets and to a lesser extent their construction and development

Slide 34: Hong Kong
1. Source: HKMA, May 2024 vs. December 2023
2. WPB active customer count is the sum of HSBC Hong Kong and Hang Seng Bank (HSB) active customers. There may be double counting of customers who have banking relationships with both HSBC Hong Kong and HSB. HSBC Hong Kong WPB active customers includes c.0.5m PayMe customers who have no other relationship with HSBC. Hang Seng excludes Private Banking customers. Includes c.870k customers are who are non-resident Chinese

Slide 35: UK ring-fenced bank
1. Source: Bank of England data, May 2024
2. UK Finance data to May 2024, excluding HSBC Legacy Partnership Limited balances (formerly John Lewis Financial Services Limited)
3. 2024 Euromoney Trade Survey, 'Market Leader' award
4. Excludes Private Bank

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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 2023 filed with the Securities and Exchange Commission (the "SEC") on Form 20-F on 22 February 2024 (the "2023 Form 20-F"), our 1Q 2024 Earnings Release furnished with the SEC on Form 6-K on 30 April 2024 (the "1Q 2024 Earnings Release") and our Interim Financial Report for the six months ended 30 June 2024, which we expect to furnish with the SEC on Form 6-K on 31 July 2024 (the "Interim Report 2024").

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 2023 Form 20-F, 1Q 2024 Earnings Release and the 2024 Interim Report, when furnished with the SEC, each of which is available at www.hsbc.com.

Information in this Presentation was prepared as at 31 July 2024.