HSBC Holdings plc 1Q22 Results

Presentation to Investors and Analysts

HSBC

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

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

1Q22 highlights

1 **1Q22 reported revenue of $12.5bn, down $0.5bn (4%) vs. 1Q21; reported PBT of $4.2bn down $1.6bn (28%) vs. 1Q21**, with the positive impact from higher rates more than offset by lower non-NII and higher ECL

2 **More normalised ECL**, with a charge of **$0.6bn** (25bps of average loans). Stage 3 charges **remain low**

3 **Good cost control**, with adjusted costs down 2% vs. 1Q21; **firmly on track to meet our FY22 target of stable adjusted costs**

4 **Strong adjusted lending growth of $21bn (2%) vs. 4Q21**, particularly CMB and GBM in Trade, supported by strong mortgage growth in WPB

5 **CET1 ratio[1] of 14.1%**, down 1.7ppts vs. 4Q21, of which **c.0.8ppts** related to expected regulatory impacts and **c.0.4ppts** related to adverse fair value movements through OCI

6 **Strategy execution is on track**

A reconciliation of reported results to adjusted results can be found on slide 15, the remainder of the presentation unless otherwise stated, is presented on an adjusted basis
Figures throughout this presentation may be subject to rounding adjustments and therefore may not sum precisely to totals given in charts, tables or commentary

Business highlights

Global business highlights

- **Strong Insurance performance** excluding adverse market impacts; **VNB up 25%** vs. 1Q21
- **Mortgage growth** of $6bn vs. 4Q21, particularly in the UK ($3bn)
- **Strong CMB lending growth**, up $9bn (3%) vs. 4Q21, with C&L up $6bn and trade balances up $3bn
- **CMB fees up 13%** vs. 1Q21 across all regions and particularly in GLCM and Trade
- 1Q22 CMB value of **approved limits* of $58bn**, c.$7bn higher vs. FY21 quarterly average of $51bn
- **Trade balances** up $15bn (22%) vs. 1Q21 to **$86bn**
- **GLCM balances** across CMB and GBM up $51bn (7%) vs. 1Q21 to **$749bn**
- **#1 in the EMEA IPO league tables** with an 11% market share[2]

Geographic highlights

- Profitable in **all regions**
- **HSBC UK PBT up $0.2bn** (14%) vs. 1Q21, good revenue growth supported by further ECL releases
- **MENA PBT up $0.1bn** (21%) vs. 1Q21 driven by strong FX performance

Adjusted PBT by region, $bn

	1Q21	1Q22
Europe	1.5	**0.7**
o/w: UK RFB	*1.1*	***1.3***
o/w: HSBC Bank plc	*0.8*	*0.2*
Asia	3.8	**2.9**
o/w: Hong Kong	*1.9*	*1.1*
o/w: Asia ex-HK	*1.9*	*1.8*
MENA	0.3	**0.4**
North America	0.5	**0.5**
Latin America	0.2	**0.2**

Sustainability

Per our announcement on 16 March 22[3], we have committed to:

1) Publish a bank-wide **Climate Transition Plan** in 2023
2) A science-aligned **phase-down of fossil fuel financing**
3) Undertake a review of and **update our wider financing and investment policies** critical to achieving net zero by 2050

Top 3 globally for GSS bond issuance with a market share of 6.2%[4]

Operations and Technology

Real estate footprint down 25% since FY19, or c.4.7 million sq. feet, with a further 7 buildings closed in 1Q22

Signed **quantum computing** partnership with IBM

* Includes renewal and refinancing activity. Note, clients may elect not to draw down on approved limits; from 3Q21 we have chosen to exclude past approvals from the same client within 60 calendar days from approved limit analysis, comparative data have been re-presented accordingly

Hong Kong and mainland China

Hong Kong adjusted performance

$m	1Q21	4Q21	1Q22
NII	1,815	1,838	1,896
Non-NII	2,163	1,255	1,342
Revenue	**3,978**	**3,093**	**3,238**
ECL	(84)	(479)	(205)
Costs	(1,992)	(1,992)	(1,962)
PBT*	**1,908**	**626**	**1,072**
Memo: WPB insurance market impacts	*(69)*	*91*	*(297)*

- In 1Q22 Hong Kong was impacted by **branch closures** from government restrictions and **muted market sentiment**
- **1Q21 non-NII strong** due to elevated levels of market activity, with good performance in Wealth distribution and Global Markets
- **1Q22 non-NII impacted by:**
  - Adverse insurance market impact movements of **$228m**
  - **Lower client activity** drove lower equities brokerage income and markets-linked revenue

Hong Kong digital highlights

96% of WPB transactions **completed digitally**[5] in FY21

HSBC Hong Kong became the **first bank** with approval to offer **remote, branch-like** sales and service activities ('Home Banking')

5 minute digital onboarding journeys now available

- Despite a more subdued performance in parts of the business, **Insurance sales were good: VNB up 20%** vs. 1Q21 with a strong remote proposition
- As of 19 April 22, **all branches** in Hong Kong have **fully reopened**
- Interest rate rises are expected to support **future NII growth**
- **Client activity expected to return to normal levels over time**

Mainland China adjusted performance

$m	1Q21	4Q21	1Q22
NII	410	433	433
Non-NII	481	540	541
Revenue	**891**	**973**	**974**
ECL	17	(48)	(73)
Costs	(636)	(751)	(703)
Associates	716	578	672
PBT	**988**	**752**	**870**

- 1Q22 revenue up 9% vs. 1Q21; **NII up 6%** and **non-NII up 12%**
- Costs up due to **increased investments** in technology
- **Lending up $6bn** (11%) vs. 1Q21 to **$56bn**, of which CMB was **$4bn** (up 17%)
- Increased stake in HSBC Qianhai Securities joint venture **from 51% to 90%**
- Pinnacle Venture on track: **c.700** Wealth Planners hired to date; total planned hires of **c.3,000** in the next few years

* 1Q22 PBT includes associate income of $1m (1Q21: $6m; 4Q21:$4m)

1Q22 results summary

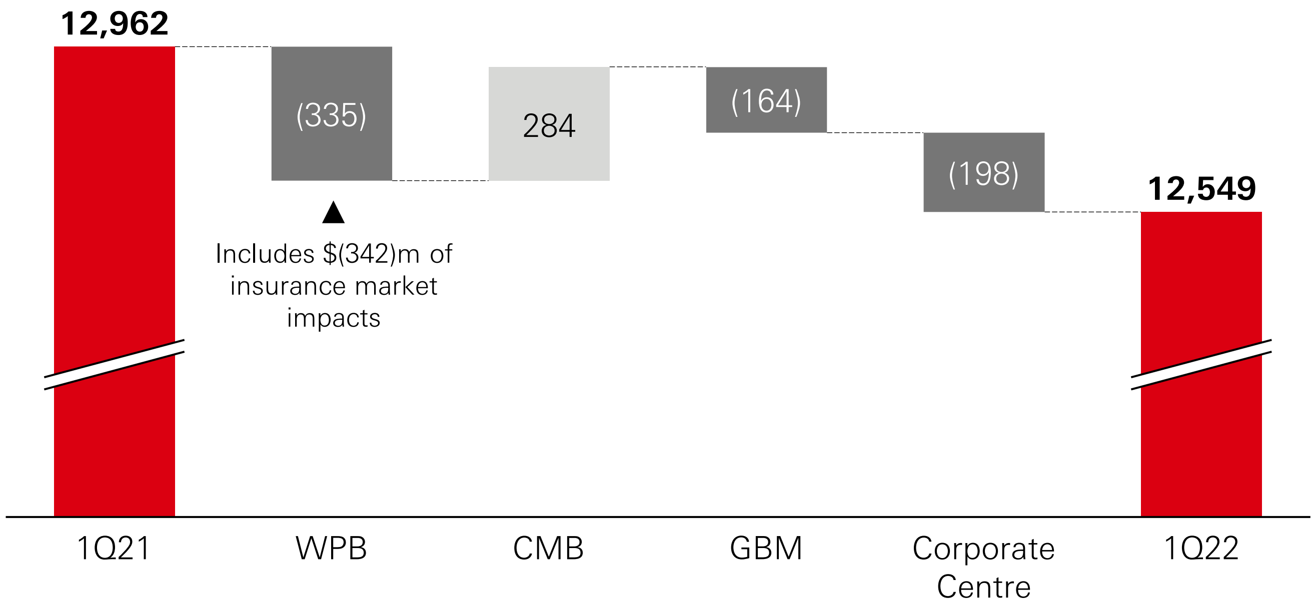
$m	1Q22	1Q21	Δ
NII	6,999	6,338	▲ 10 %
Non-NII	5,550	6,624	▼ (16)%
Revenue	**12,549**	**12,962**	▼ **(3)%**
ECL	(642)	420	▲ >(100)%
Costs	(7,857)	(7,998)	▼ 2 %
Associates	656	896	▼ (27)%
Adjusted PBT	**4,706**	**6,280**	▼ **(25)%**
Significant items and FX translation	(540)	(501)	▲ (8)%
Reported PBT	**4,166**	**5,779**	▼ **(28)%**
Profit attributable to ordinary shareholders	**2,803**	**3,880**	▼ **(28)%**
Reported EPS, $	0.14	0.19	▼ $(0.05)
Impact of sig items on reported EPS, $	(0.02)	(0.03)	▼ $0.01
Reported RoTE[6] (annualised), %	6.8	10.2	▼ (3.4)ppts

$bn	1Q22	4Q21	Δ
Customer loans	1,055	1,034	▲ 2%
Customer deposits	1,710	1,689	▲ 1%
Reported RWAs	862	838	▲ (3)%
CET1 ratio[1], %	14.1	15.8	▼ (1.7)ppts
TNAV per share, $	7.80	7.88	▼ $0.08

- **1Q22 reported PBT of $4.2bn; adjusted PBT of $4.7bn**
- **NII of $7.0bn**, up vs. 1Q21 reflecting interest rate rises and lending growth
- **Non-NII of $5.6bn**, down vs. 1Q21, negatively impacted by $342m of adverse insurance market impact movements in WPB and slowdown in Asia Wealth following Covid-related restrictions
- **ECL charge of $0.6bn**, including the impact of deterioration in the forward economic guidance and charges relating to Russian counterparties
- **Costs of $7.9bn**, down vs. 1Q21 as increased investment in technology partly offset cost saves and lower performance related pay
- **Associate income of $0.7bn**, a more normal performance due to the non-repeat of 1Q21 revaluation gains in BGF
- **Customer lending up $21bn** vs. 4Q21, with strong growth across the global businesses
- **TNAV** per share down $0.08 vs. 4Q21; profits were more than offset by negative fair value movements through OCI and FX

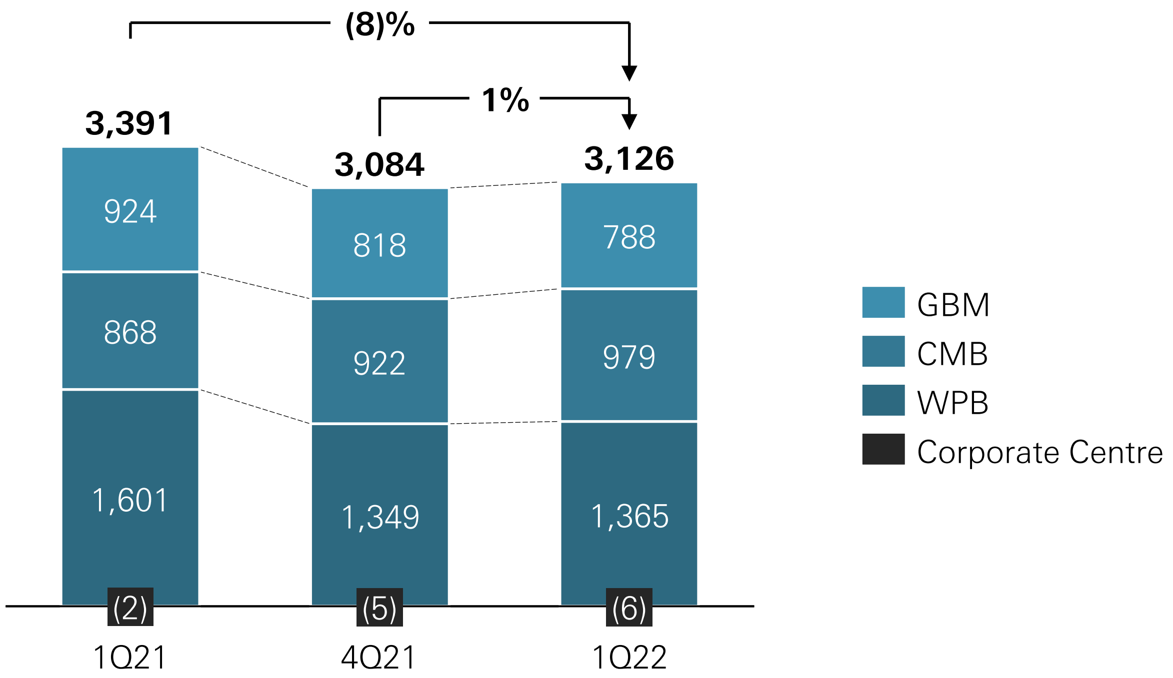
Adjusted revenue performance

Revenue by global business*, $m



- **WPB down 6%** vs. 1Q21. Personal banking **up $216m (7%)** from higher interest rates and balance sheet growth, **offset by adverse insurance market impacts of $342m** and lower Investment Distribution (down $218m, 21%)
- **CMB up 9%** vs. 1Q21 with strong performance **across CMB products** reflecting balance sheet and fee growth, particularly GLCM (up $177m, 21%)
- **GBM down 4%** vs. 1Q21, with strong client volumes and **volatility benefitting Markets**, with Global FX up $142m (15%). **Banking up** $62m (4%) primarily from higher rates and volumes in GLCM (up $89m, 21%). Principal Investments down $112m due to lower revaluation gains

Net fee income by global business, $m

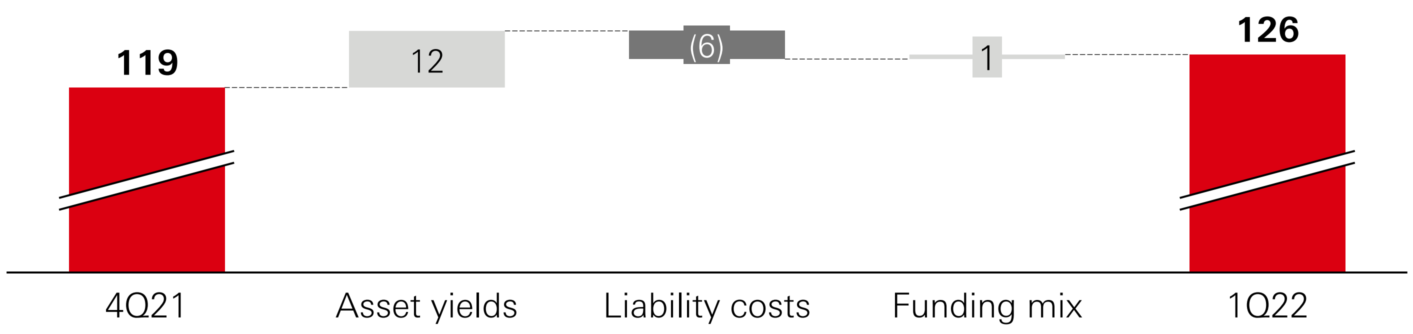


- Group net fee income **down 8%** vs. 1Q21
- **WPB fees down 15%** vs. 1Q21 due to lower equity brokerage activity
- **CMB fee income up 13%** vs. 1Q21, growth across all CMB products
- **GBM fees down 15%** vs. 1Q21, lower client activity in MSS was partly offset by good growth in GLCM

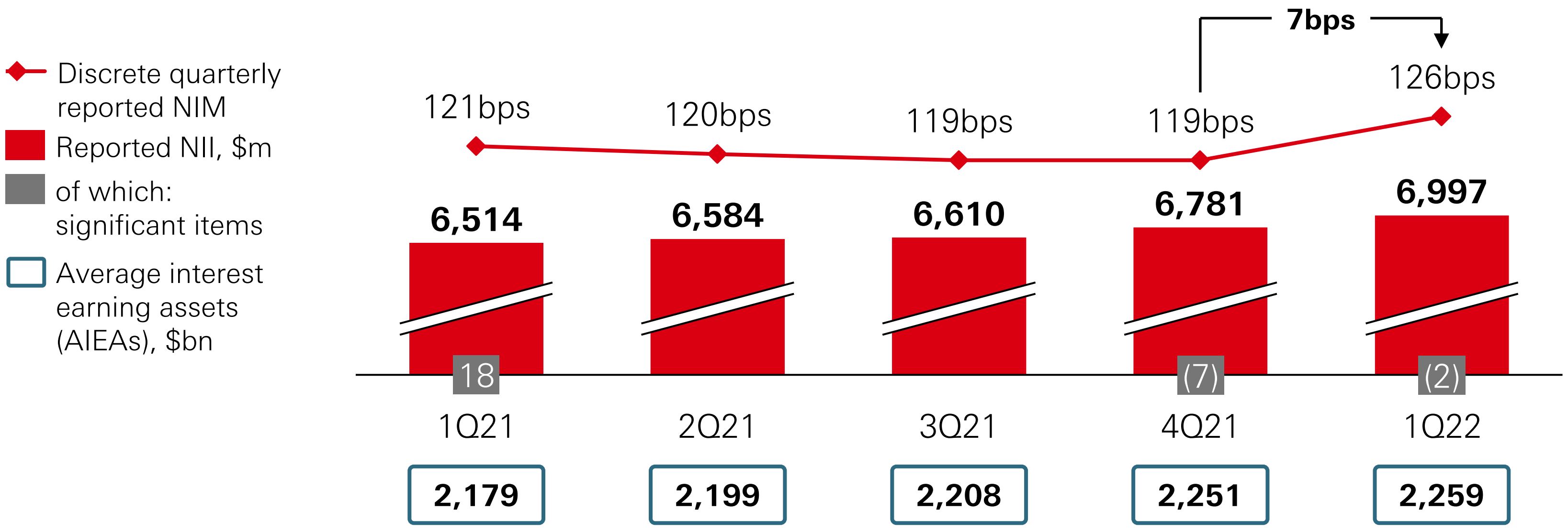
* Using March 2022 average FX rates, FY21 adjusted revenue would decrease by c.$1.4bn, and FY21 adjusted costs would decrease by c.$0.9bn, primarily due to the weakening of GBP against USD

Net interest income and margin

Reported NIM progression, bps



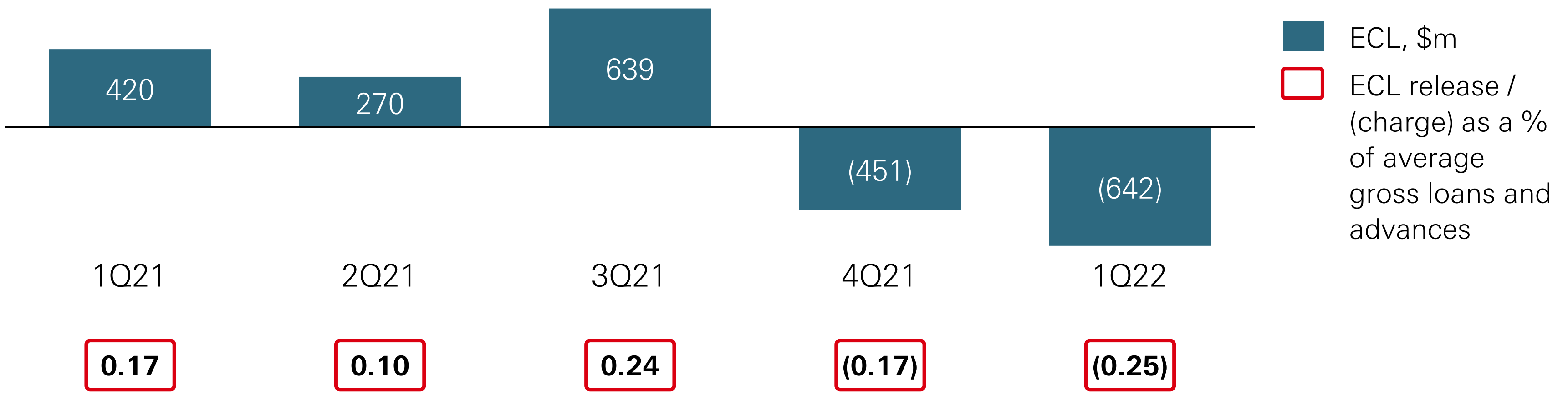
Reported NIM trend



- **1Q22 reported NII of $7.0bn was up $0.5bn (7%)** vs. 1Q21 due to the impact of rising global interest rates. Reported AIEAs increased $80bn (4%)
- **1Q22 NIM of 1.26%,** up 7bps vs. 4Q21, increased asset yields and volumes were partly offset by higher liability costs
- **1Q22 reported NII was up $0.2bn (3%)** vs. 4Q21, more than offsetting a lower day count
- **Continued improvement in interest rate outlook**, leading to higher NII expectations going forward

Credit performance

Adjusted ECL release/(charge) trend



ECL release/(charge) by geography, $m

	1Q22	4Q21
Hong Kong*	(205)	(479)
Mainland China	(73)	(48)
Other Asia	(33)	—
UK RFB	84	225
HSBC Bank plc	(262)	47
Mexico	(101)	(145)
Other	(52)	(51)
Total	**(642)**	**(451)**

ECL release/(charge) by stage, $bn

1Q22	Stage 1-2	Stage 3	Total
Wholesale	(0.0)	(0.3)	**(0.3)**
Personal	(0.3)	(0.1)	**(0.3)**
Total	**(0.3)**	**(0.4)**	**(0.6)**

- 1Q22 ECL **net charge of $642m** included:
  - Net charges relating to Russian counterparties of **c.$250m** (Stage 2) and **c.$160m** relating to China CRE (Stage 2&3)
  - **Low overall Stage 3 charges of c.$400m**

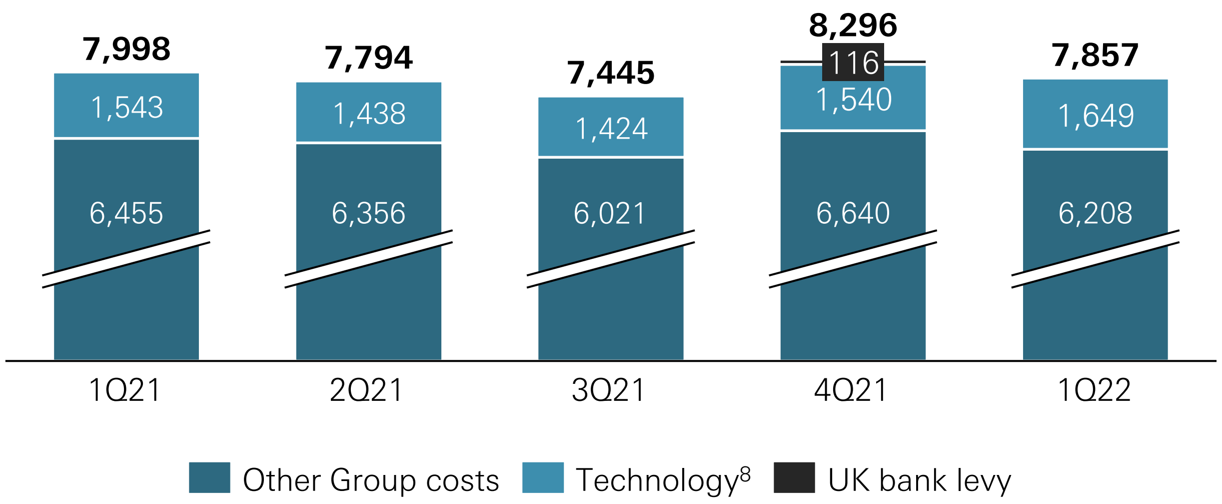
- Our Stage 1-2 coverage **remained stable; a c.$600m release** of Covid-19-related allowances was partly offset by:
  - $275m charge for broader **Russia-Ukraine war risks** and higher **inflation risks**
  - **$250m management overlay** for economic uncertainty

- Stage 3 loans **at 1.8%** of total loans; **stable** vs. 4Q21
- Continue to expect ECL charge to **normalise towards 30bps** in FY22[7]

* 1Q22 and 4Q21 charge largely relates to offshore China CRE exposures booked on Hong Kong balance sheets

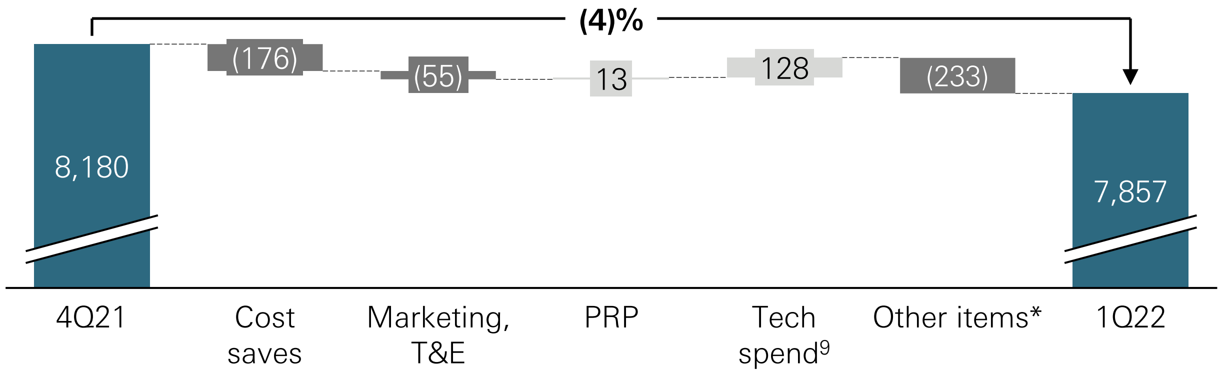
Adjusted costs

Operating expenses trend, $m

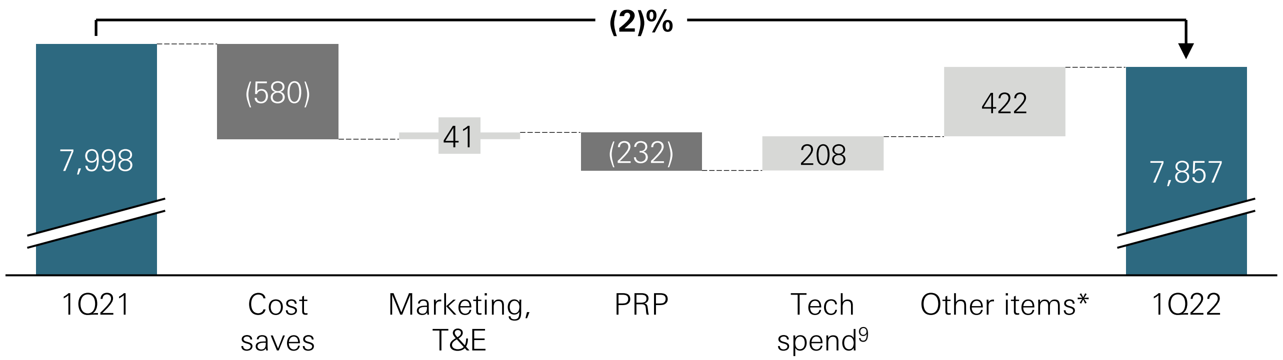


- **1Q22 costs of $7.9bn, down $0.1bn (2%) vs. 1Q21**, as cost saves and lower performance-related pay (PRP) was offset by higher technology spend, investment, volume growth and inflation
- **1Q22 cost saves** of $0.6bn had associated **CTA** of $0.4bn; **programme cost saves to date of $3.9bn** and associated CTA spend of $4.1bn
- Continue to expect FY22 adjusted costs **in line** with FY21

1Q22 vs. 4Q21 (excl. levy), $m



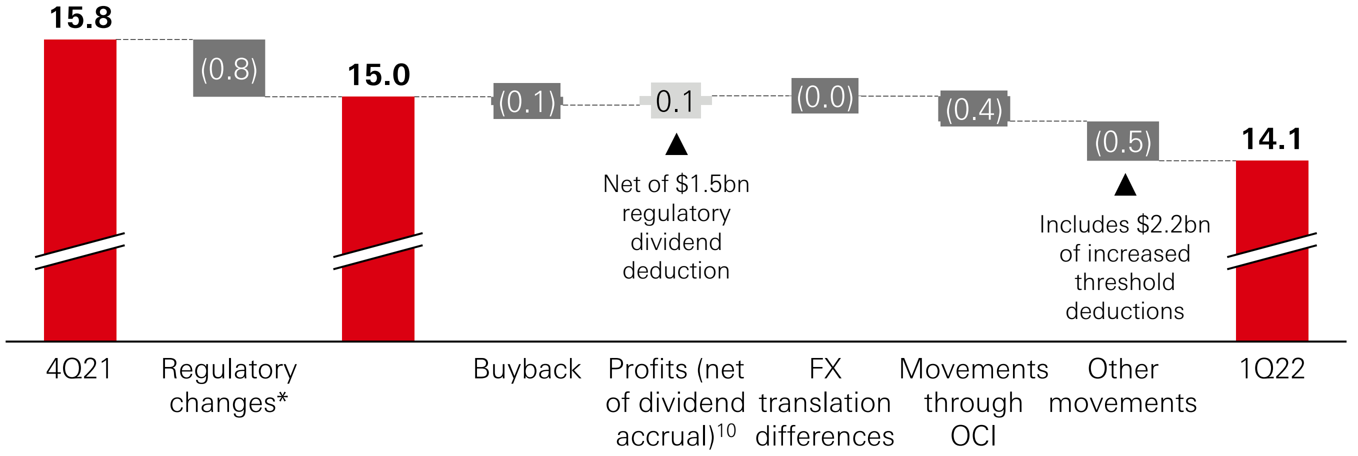
1Q22 vs. 1Q21, $m



* Other items includes: inflation, volume growth and investments

Capital adequacy

CET1 ratio, %



CET1, $bn	132.6	(3.2)	(1.0)	1.1	(1.3)	(3.1)	(3.7)	121.4
RWAs, $bn	838.3	27.1			(8.5)		5.4	862.3

Capital progression

	1Q21	4Q21	1Q22
Common equity tier 1 capital, $bn	134.5	132.6	121.4
Reported risk-weighted assets, $bn	846.8	838.3	862.3
CET1 ratio[1], %	15.9	15.8	14.1
Leverage ratio exposure, $bn	2,930.2	2,962.7	2,532.9
Leverage ratio[1], %	5.4	5.2	5.7

- **CET1 ratio of 14.1%**, down 1.7ppts vs. 4Q21. **CET1 capital** decreased by $11.2bn, mainly due to:
  - Negative after-tax OCI movements: **$3.1bn**
  - Software capitalisation benefit reversal: **$2.9bn**
  - Higher threshold deductions: **$2.2bn**, primarily due to lower absolute levels of CET1 capital and acquisitions
- **Reported RWAs of $862bn**, up $24bn (3%) vs. 4Q21, including a decrease of $9bn from FX moves:
  - **$27bn** increase from regulatory changes
  - RWA increases from **loan growth mitigated by** improved asset quality and model updates
- CET1 ratio for the remainder of FY22 will be impacted by:
  - France loss on disposal in 3Q22: **c.35bps**
  - Acquisitions closing in 2H22: **c.7bps**
- We aim to be within our **c.14—14.5%** target range at FY22, but **CET1 could dip below that in the interim** e.g. on the realisation of the French retail loss on sale
- $1bn buyback announced in February 2022 expected to start in May; **further buybacks unlikely in 2022** due to lower CET1 ratio. Buybacks remain within our capital management toolkit

* Regulatory changes include impacts from software capitalisation benefit reversal, IRB repair and the UK's implementation of the CRR II rules; includes $0.2bn of related threshold deductions not included in other movements

Conclusion

1 **Good set of results**, with negative insurance market impacts and weakness in Investment Distribution balanced by strong Personal Banking, CMB and GBM performance

2 **Costs well under control**; firmly on track to meet our FY22 cost target

3 **Broader loan growth** beginning to come through

4 **More confident of achieving our RoTE ambition** of >10% for FY23[11]; **strategy execution** remains on track

Appendix

Russia exposures

Russian entity balance sheet detail and Russia exposures

At 31 March 2022

- Our exposures booked in Russia were **$1.3bn** at 1Q22, **including $0.9bn** of local currency deposits with banks
- Wholesale exposures booked outside of Russia were **$0.4bn**, primarily Russian banks and corporates in HSBC Bank (NRFB)

Assets		**$m**
Third party assets	Loans and advances to banks*	898
	Loans and advances to customers	72
	Reverse repo	135
	Cash and balances at central bank	4
	Other third party assets	74
Intercompany assets		348
Total assets		**1,531**
Off-balance sheet unfunded commitments, $bn		0.2
Wholesale exposures booked outside of Russia, $bn		0.4

Liabilities and equity		**$m**
Third party liabilities	Customer accounts	1,180
	Other third party liabilities	59
Intercompany liabilities		141
Total liabilities		**1,380**
Equity		151
Total liabilities and equity		**1,531**

* Loans and advances to banks includes $0.8bn of cash balances held at the Central Bank of the Russian Federation

Key financial metrics

Reported results, $m	1Q22	4Q21	1Q21
NII	6,997	6,781	6,514
Other Income	5,467	5,208	6,472
Revenue	**12,464**	**11,989**	**12,986**
ECL	(642)	(450)	435
Costs	(8,312)	(9,544)	(8,527)
Associate income	656	669	885
Profit before tax	**4,166**	**2,664**	**5,779**
Tax	(723)	(635)	(1,211)
Profit after tax	**3,443**	**2,029**	**4,568**
Profit attributable to ordinary shareholders ('PAOS')	2,803	1,788	3,880
Basic earnings per share, $	0.14	0.09	0.19
Diluted earnings per share, $	0.14	0.09	0.19
Dividend per share (in respect of the period), $	—	0.18	—
Net interest margin (annualised), %	1.26	1.19	1.21

Reported balance sheet, $m	1Q22	4Q21	1Q21
Total assets	3,021,512	2,957,939	2,958,629
Net loans and advances to customers	1,055,307	1,045,814	1,040,207
Customer accounts	1,709,685	1,710,574	1,650,019
Quarterly average interest-earning assets	2,259,198	2,251,433	2,178,918
Reported loans and advances to customers as % of customer accounts	61.7	61.1	63.0
Total shareholders' equity	196,293	198,250	199,210
Tangible ordinary shareholders' equity	155,833	158,193	157,357
Net asset value per ordinary share at period end, $	8.71	8.76	8.64
Tangible net asset value per ordinary share at period end, $	7.80	7.88	7.78

Alternative performance measures, $m	1Q22	4Q21	1Q21
Adjusted NII	6,999	6,745	6,338
Adjusted other income	5,550	5,275	6,624
Adjusted revenue	**12,549**	**12,020**	**12,962**
Adjusted ECL	(642)	(451)	420
Adjusted costs	(7,857)	(8,296)	(7,998)
Adjusted associate income	656	672	896
Adjusted profit before tax	**4,706**	**3,945**	**6,280**
PAOS excl. goodwill and other intangible impairment and PVIF	2,624	2,373	3,940
Return on average tangible equity (annualised), %	6.8	6.0	10.2
Return on average equity (annualised), %	6.5	4.0	9.0
Adjusted net loans and advances to customers	1,055,307	1,033,901	1,016,695
Adjusted customer accounts	1,709,685	1,688,509	1,611,220
Adjusted cost efficiency ratio, %	62.6	69.0	61.7
ECL charge/(release) as a % of average gross loans and advances to customers (annualised)	0.25	0.17	(0.17)

Capital, leverage and liquidity	1Q22	4Q21	1Q21
Reported risk-weighted assets, $bn	862.3	838.3	846.8
CET1 ratio, %	14.1	15.8	15.9
Total capital ratio (transitional), %	19.2	21.2	21.6
Leverage ratio, %	5.7	5.2	5.4
High-quality liquid assets (liquidity value), $bn	695	717	695
Liquidity coverage ratio, %	134	138	143

Share count, m	1Q22	4Q21	1Q21
Basic number of ordinary shares outstanding	19,968	20,073	20,226
Basic number of ordinary shares outstanding and dilutive potential ordinary shares	20,134	20,189	20,335
Quarterly average basic number of ordinary shares outstanding	20,024	20,152	20,191

Reconciliation of reported and adjusted PBT

$m	1Q22	4Q21	1Q21
Reported PBT	**4,166**	**2,664**	**5,779**
Revenue			
Currency translation	—	(71)	(309)
Customer redress programmes	2	7	(18)
Fair value movements on financial instruments	162	(16)	239
Restructuring and other related costs*	(79)	112	66
Currency translation of significant items	—	(1)	(2)
	85	**31**	**(24)**
ECL			
Currency translation	—	(1)	(15)
Operating expenses			
Currency translation	—	47	213
Customer redress programmes	4	25	(10)
Impairment of goodwill and other intangibles	—	587	—
Restructuring and other related costs	451	591	334
o/w: costs to achieve	*435*	*574*	*319*
Currency translation of significant items	—	(2)	(8)
	455	**1,248**	**529**
Share of profit in associates and joint ventures			
Currency translation	—	3	11
	—	**3**	**11**
Total currency translation and significant items	**540**	**1,281**	**501**
Adjusted PBT	**4,706**	**3,945**	**6,280**
Memo: tax on significant items (at reported FX rates)	(65)	(101)	(74)

* Primarily comprises losses associated with RWA reduction commitments

Certain items included in adjusted revenue

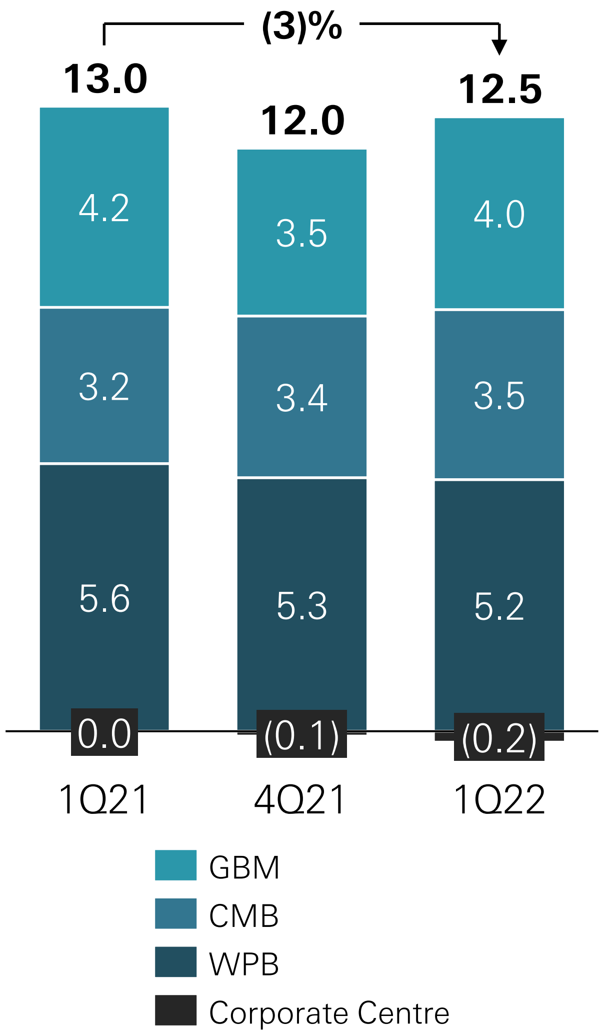
Certain items included in adjusted revenue highlighted in management commentary, $m	1Q22	4Q21	3Q21	2Q21	1Q21
Insurance manufacturing market impacts in WPB	(275)	129	(41)	331	67
of which: Asia WPB insurance manufacturing market impacts	*(367)*	*88*	*(52)*	*270*	*(81)*
Credit and funding valuation adjustments in GBM	(32)	43	(48)	3	32
Legacy Credit in Corporate Centre	(21)	(14)	(34)	6	9
Valuation differences on long-term debt and associated swaps in Corporate Centre	5	(10)	(35)	(27)	(28)
Total	**(323)**	**148**	**(158)**	**313**	**80**

1Q22 adjusted revenue performance

	1Q22 revenue				1Q22 vs. 1Q21	
WPB	**$5,231m** ▼	(6)%	Wealth	**$1,927m**	(443)	▶ o/w insurance market impacts: $(342)m
			Personal Banking	**$3,180m**	216	
			Other	**$124m**	(108)	
CMB	**$3,533m** ▲	9%	GTRF	**$542m**	97	
			Credit and Lending	**$1,493m**	61	
			GLCM	**$1,020m**	177	
			Other	**$478m**	(51)	
GBM	**$4,012m** ▼	(4)%	MSS	**$2,371m**	(59)	▶ o/w XVAs: $(64)m
			Banking	**$1,651m**	62	
			of which: GLCM	**$521m**	*89*	
			Principal Investments	**$60m**	(112)	
			Other	**$(70)m**	(55)	
Corp. Centre	**$(227)m**				(198)	▶ o/w valuation differences: $33m
Group	**$12,549m** ▼	(3)%			**(413)** (403)	

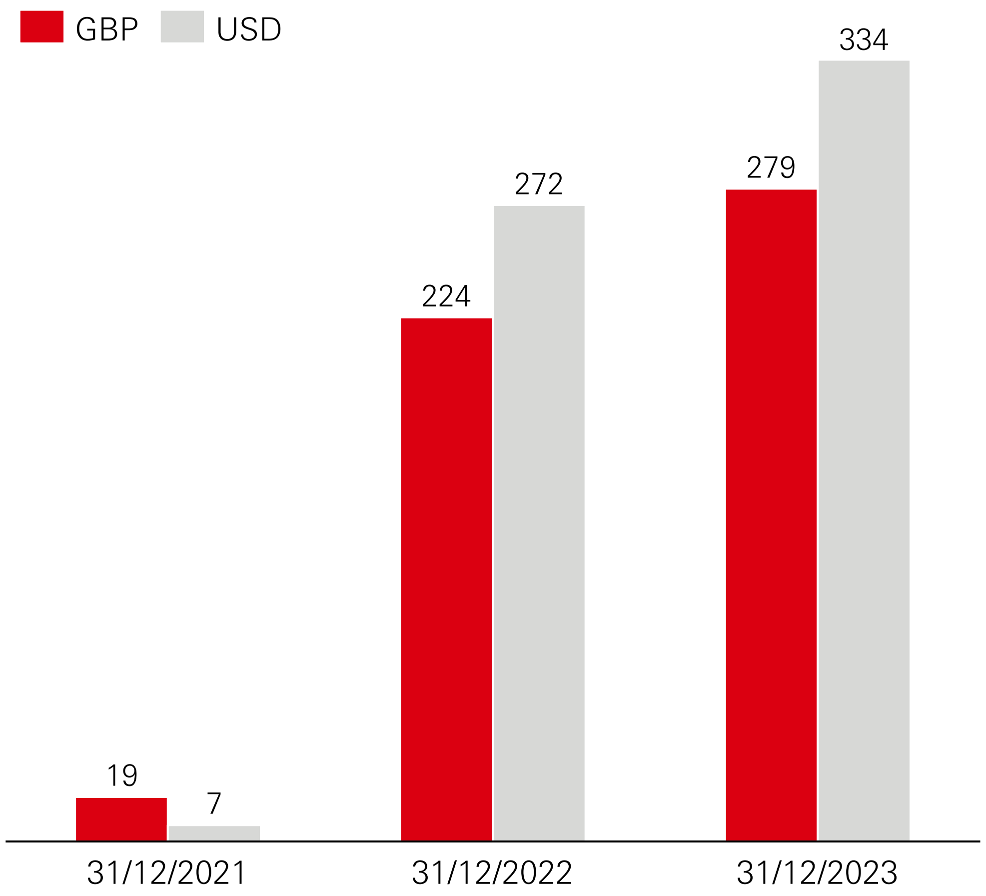
Impact of certain items

Revenue by global business, $bn



Net interest margin supporting information

Market-implied path of overnight interest rates[12], bps

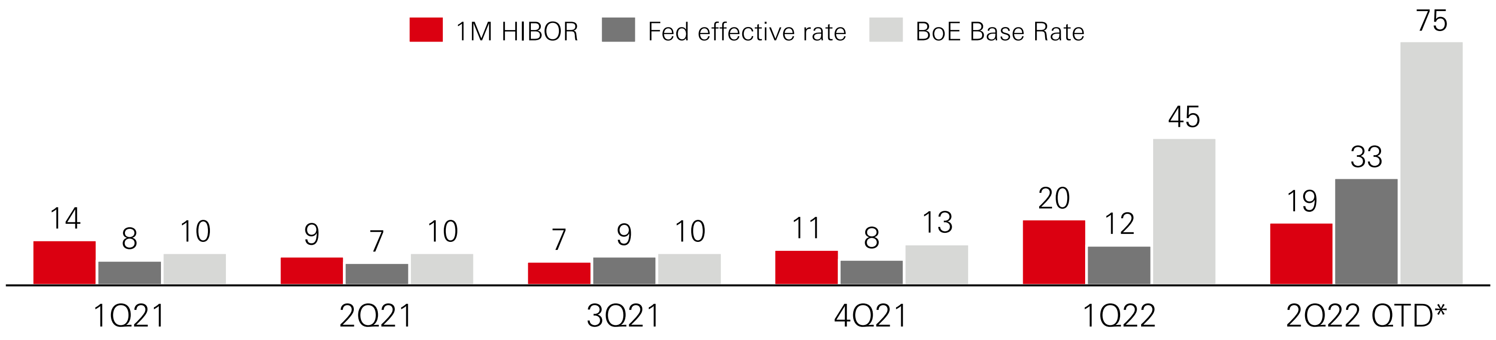


Source: Bloomberg

Quarterly NIM by key legal entity

	1Q21	2Q21	3Q21	4Q21	1Q22	% of 1Q22 Group NII	% of 1Q22 Group AIEA
The Hongkong and Shanghai Banking Corporation (HBAP)	1.40%	1.37%	1.35%	1.35%	1.39%	47%	43%
HSBC Bank plc (NRFB)	0.51%	0.48%	0.47%	0.52%	0.55%	9%	21%
HSBC UK Bank plc (UK RFB)	1.59%	1.56%	1.51%	1.48%	1.63%	25%	19%
HSBC North America Holdings, Inc	0.96%	0.97%	0.90%	0.87%	0.90%	6%	8%

Key rates (quarter averages), bps



Source: Bloomberg

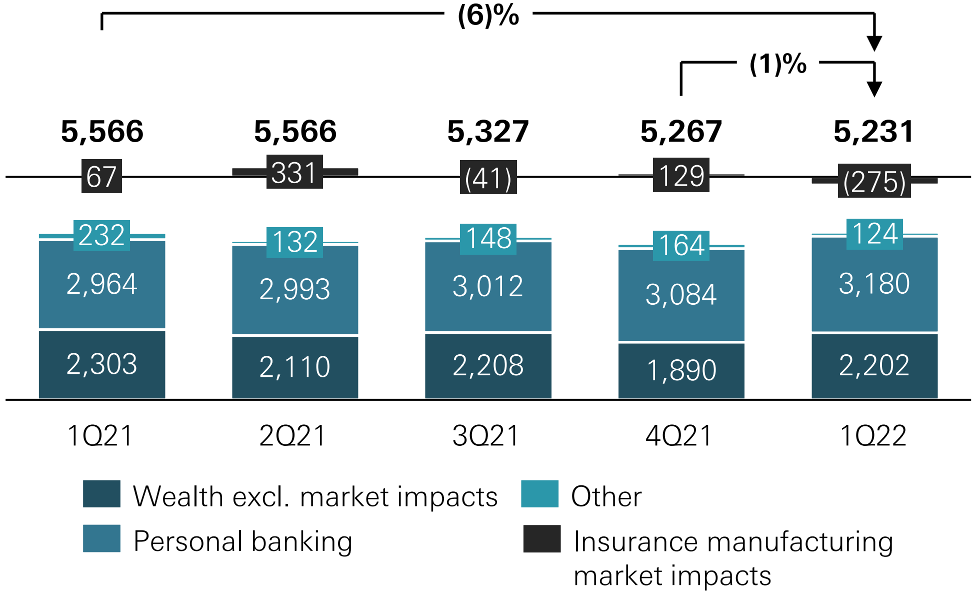
* At 22 April 2022

Wealth and Personal Banking

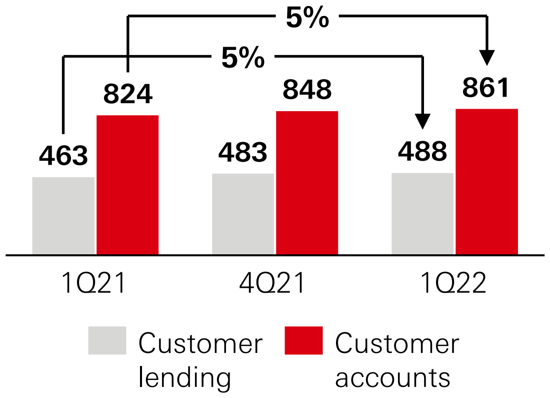
1Q22 financial highlights

Revenue	**$5.2bn**	▼	(6)% (1Q21: $5.6bn)
ECL	**$(0.3)bn**	▲	>(100)% (1Q21: $0.0bn)
Costs	**$(3.8)bn**	▲	(2)% (1Q21: $(3.7)bn)
PBT	**$1.1bn**	▼	(40)% (1Q21: $1.9bn)
RoTE[13]	**6.9%**	▼	(11.9)ppts (1Q21: 18.8%)

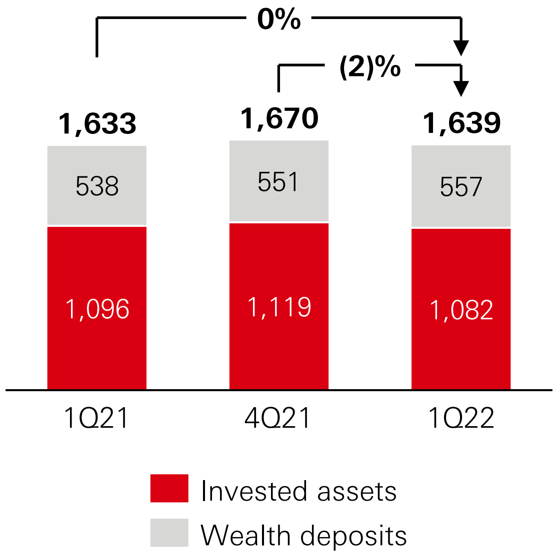
Revenue performance, $m



Balance sheet, $bn



Reported Wealth Balances[14], $bn



1Q22 vs. 1Q21

- **Revenue** down $335m (6%). Personal banking up $216m (7%) from interest rate rises and balance sheet growth. Wealth down $443m, primarily due to adverse insurance market impacts of $342m, lower customer activity in equity markets and the impact of restrictions in Hong Kong, partly offset by higher Insurance (incl. gain on AXA acquisition of $68m)
- **Customer lending** up $25bn (5%), mainly mortgages ($24bn, net of $3bn US balances sold) and unsecured ($1bn)
- **Customer accounts** up $38bn (5%) across most markets, particularly in the UK ($20bn) and HK ($14bn), partly offset by $10bn of reductions related to US sale
- **Wealth balances** stable, wealth deposits up $19bn (5%) and NNIA of $41bn over prior 4 quarters offsetting negative equity market movements on invested assets

1Q22 vs. 4Q21

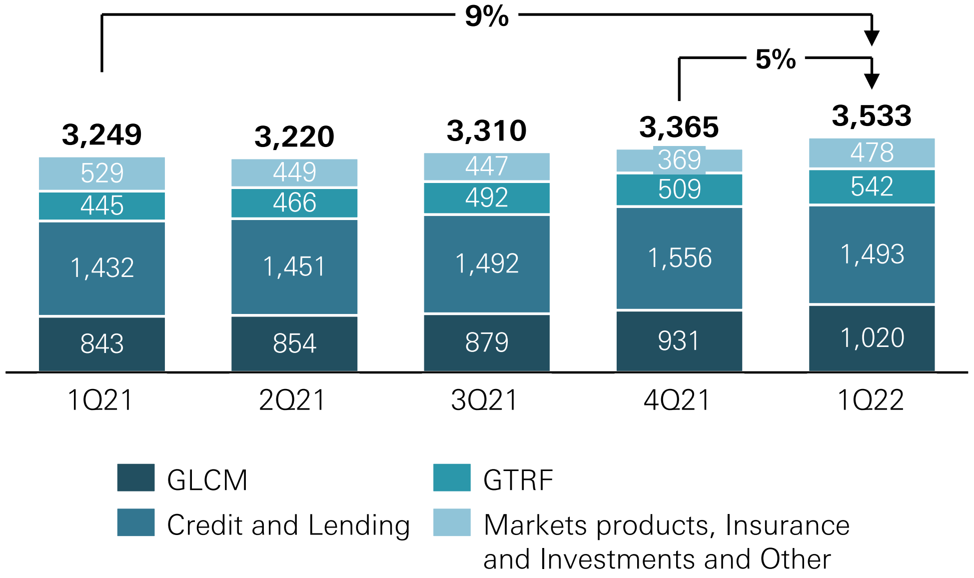
- **Revenue** down $36m (1%). Personal banking up $96m (3%) from higher global interest rates and balance sheet growth. Wealth down $92m (5%) including adverse insurance market impacts of $404m, partly offset by private banking and seasonality
- **Customer lending** up $5bn (1%), mainly mortgages ($6bn) across most markets, particularly in the UK ($3bn)
- **Customer accounts** up $13bn (2%), driven by growth across most markets, particularly in Hong Kong ($6bn) and the UK ($4bn)
- **Wealth balances** down $31bn (2%) primarily due to lower market levels of ($31bn). NNIA of $9bn, mainly in Asia ($8bn)

Commercial Banking

1Q22 financial highlights

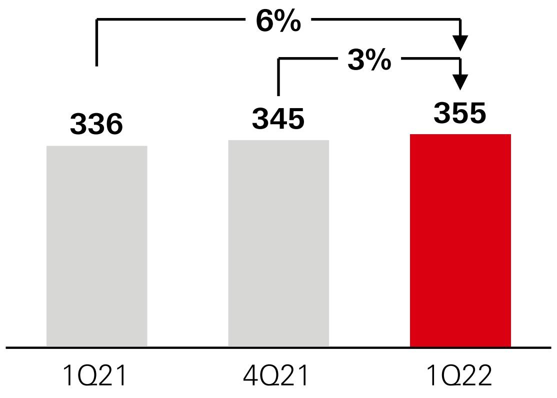
Revenue	**$3.5bn**	▲	9% (1Q21: $3.2bn)
ECL	**$0.0bn**	▲	(95)% (1Q21: $0.2bn)
Costs	**$(1.7)bn**	▲	(1)% (1Q21: $(1.7)bn)
PBT	**$1.8bn**	▲	3% (1Q21: $1.8bn)
RoTE[13]	**12.1%**	▲	0.6ppts (1Q21: 11.5%)

Revenue performance, $m

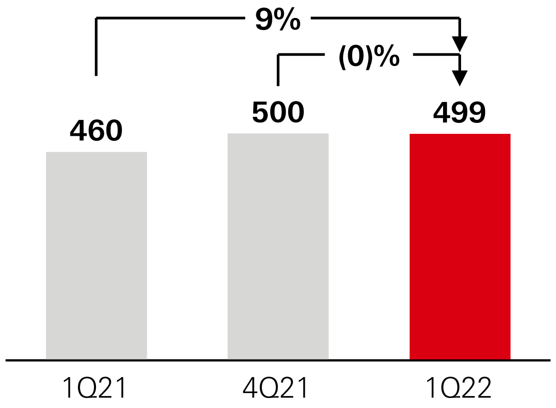


Balance sheet, $bn

Customer lending



Customer accounts



1Q22 vs. 1Q21

- **Revenue** up $284m (9%) across all regions and core CMB products, notably in GLCM and GTRF (up over 20% each) reflecting higher volumes at improved margins with double digit growth in fees and GBM collaboration income
- **Customer lending** up $19bn (6%), balances above pre-pandemic levels with growth notably in Asia, across Trade (up $12bn, 25%) and C&L (up $5bn)
- **Customer accounts** up $40bn (9%) with balance growth across all regions, notably in Asia and the UK

1Q22 vs. 4Q21

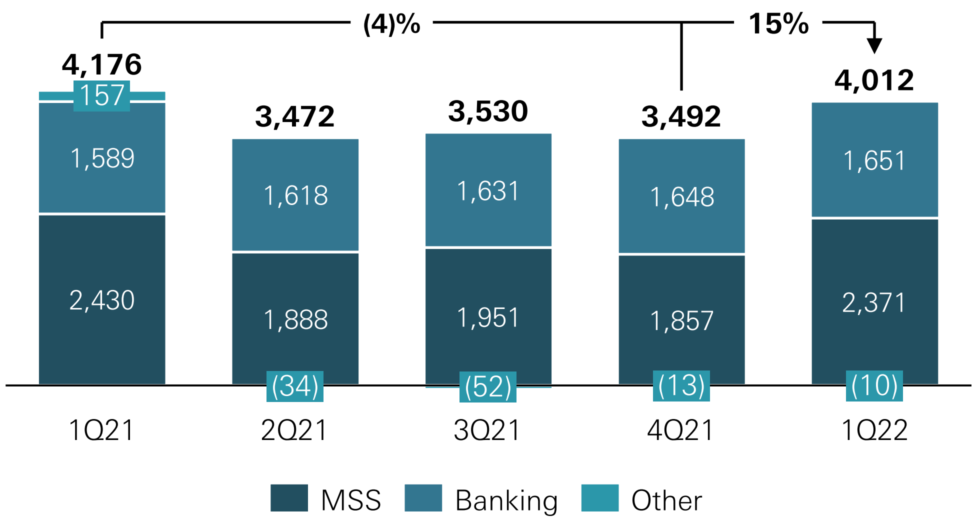
- **Revenue** up $168m (5%) reflecting higher GLCM margins in part from interest rate rises, continued fee growth notably in Trade and higher Insurance in Asia reflecting seasonality, GBM collaboration income (up 16%), partially offset by 4Q C&L one-off gains
- **Customer lending** up $9bn (3%) with growth across all regions, notably C&L (up $6bn) in Asia and North America with continued momentum in Trade (up $3bn)
- **Customer accounts** remain stable despite 1Q seasonal outflows

Global Banking and Markets

1Q22 financial highlights

Revenue	**$4.0bn**	▼	(4)% (1Q21: $4.2bn)
ECL	**$(0.3)bn**	▲	>(100)% (1Q21: $0.2bn)
Costs	**$(2.5)bn**	▲	(0)% (1Q21: $(2.5)bn)
PBT	**$1.2bn**	▼	(35)% (1Q21: $1.9bn)
RoTE[13]	**8.2%**	▼	(3.9)ppts (1Q21: 12.1%)

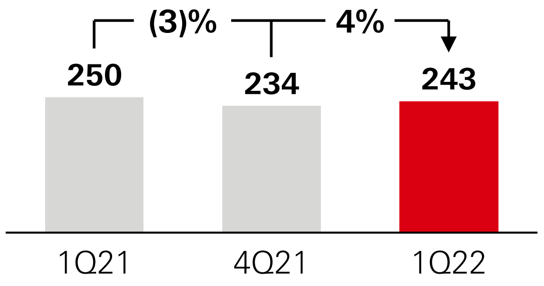
Revenue performance, $m



View of adjusted revenue

$m	1Q22	Δ1Q21
MSS	**2,371**	**(2)%**
Securities Services	489	11 %
Global Debt Markets	208	(46)%
Global FX	1,070	15 %
Equities	417	2 %
Securities Financing	219	(6)%
XVAs	(32)	>(100)%
Banking	**1,651**	**4 %**
GTRF	185	6 %
GLCM	521	21 %
Credit & Lending	607	(5)%
Capital Markets & Advisory	290	2 %
Other	48	(23)%
GBM Other	**(10)**	**>(100)%**
Principal Investments	60	(65)%
Other	(70)	>(100)%
Net operating income	**4,012**	**(4)%**

Adjusted RWAs[15], $bn



1Q22 vs. 1Q21

- **Revenue** down 4% vs. 1Q21:
  - Global FX and Equities benefitted from strong trading performance driven by market volatility
  - Securities Services growth driven by global rate increases, supported by resilient fee generation
  - Global Debt Markets adversely impacted by market conditions, lack of primary activity and subdued client activity
  - GLCM up reflecting higher global interest rates coupled with increase in average deposits and fee growth across all regions
  - Capital Markets and Advisory revenue stable year on year with the slowdown in Equity Capital Markets and Debt Capital Markets, offset by continued growth in US Leveraged and Acquisition Finance
  - Credit & Lending impacted by strategic actions taken to reduce RWAs
  - Principal Investments impacted by lower revaluation gains
- Cumulative **RWA** savings[16] of $83bn achieved since the start of our transformation programme

1Q22 vs. 4Q21

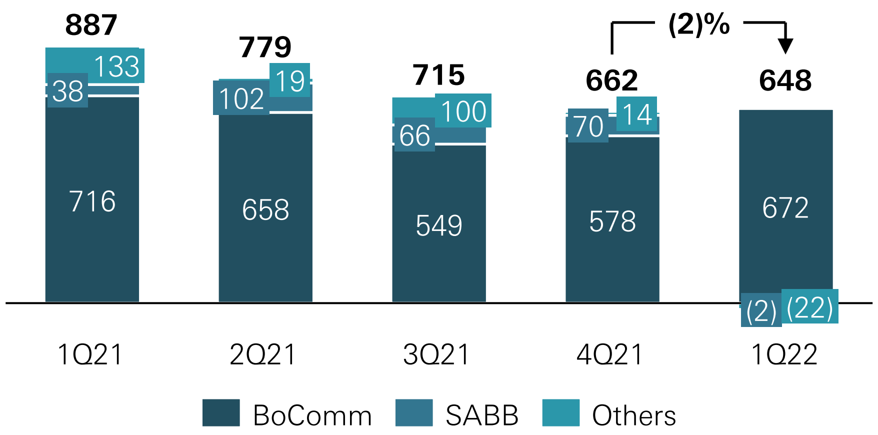
- **Revenue** up $520m (15%):
  - MSS up $514m (28%), reflecting increased activity vs. 4Q21
  - Banking revenue stable, increases in GLCM were offset by lower Credit & Lending

Corporate Centre

1Q22 financial highlights

Revenue	**$(227)m**	▼	>(100)% (1Q21: $(29)m)
ECL	**$(2)m**	—	—% (1Q21: $(2)m)
Costs	**$110m**	▼	>100% (1Q21: $(114)m)
Associates	**$648m**	▼	(27)% (1Q21: $887m)
PBT	**$529m**	▼	(29)% (1Q21: $742m)
RoTE[13]	**6.2%**	▼	(1.2)ppts (1Q21: 7.4%)

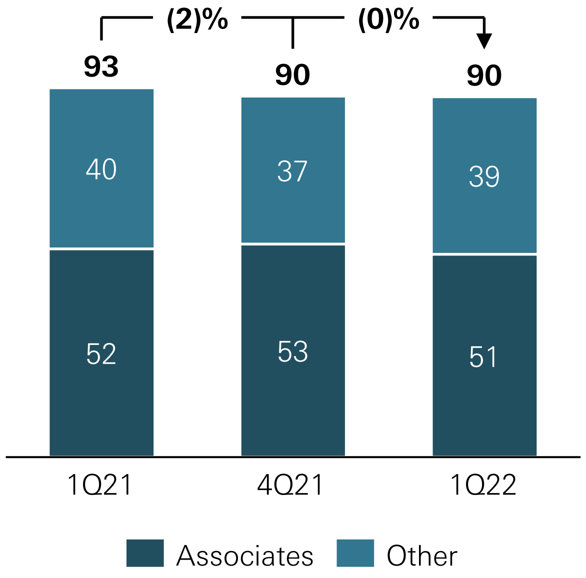
Associate income detail, $m



Revenue performance, $m

	1Q21	2Q21	3Q21	4Q21	1Q22
Central Treasury	(28)	(27)	(35)	(10)	5
Legacy Credit	9	6	(34)	(14)	(21)
Other	(10)	(57)	(115)	(80)	(211)
Total	**(29)**	**(78)**	**(184)**	**(104)**	**(227)**
Not included in Corporate Centre revenue: Markets Treasury revenue allocated to global businesses	*783*	*500*	*514*	*490*	*503*

Adjusted RWAs[15], $bn



1Q22 vs. 1Q21

- **Revenue** down $198m, largely due to intersegment eliminations with GBM and FX losses on hedges
- **Associates** down $239m (27%), primarily due to the non-recurrence of 1Q21 revaluation gains in BGF

1Q22 vs. 4Q21

- **Revenue** down $123m due to FX losses on hedges
- **Associates** down $14m (2%), primarily due to a lower share of profit from associates in the MENA and the UK, partly offset by Asia

1Q22 vs. 4Q21 equity drivers

	Shareholders' Equity, $bn	Tangible Equity, $bn	TNAV per share, $	Basic number of ordinary shares, million
As at 31 December 2021	**198.3**	**158.2**	**7.88**	**20,073**
Profit attributable to:	3.3	2.9	0.15	—
Ordinary shareholders[17]	*2.8*	*2.9*	*0.15*	—
Other equity holders	*0.5*	—	—	—
Dividends	(0.5)	—	—	—
On ordinary shares	—	—	—	—
On other equity instruments	*(0.5)*	—	—	—
Cancellation of shares	—	—	—	(117)
FX[17]	(1.8)	(1.6)	(0.08)	—
Actuarial gains/(losses) on defined benefit plans	0.7	0.7	0.03	—
Fair value movements through 'Other Comprehensive Income'	(2.2)	(2.2)	(0.11)	—
Of which: changes in fair value arising from changes in own credit risk	*0.9*	*0.9*	*0.04*	—
Of which: Debt and Equity instruments at fair value through OCI	*(3.0)*	*(3.0)*	*(0.15)*	—
Other[17]	(1.5)	(2.2)	(0.07)	12
As at 31 March 2022	**196.3**	**155.8**	**7.80**	**19,968**

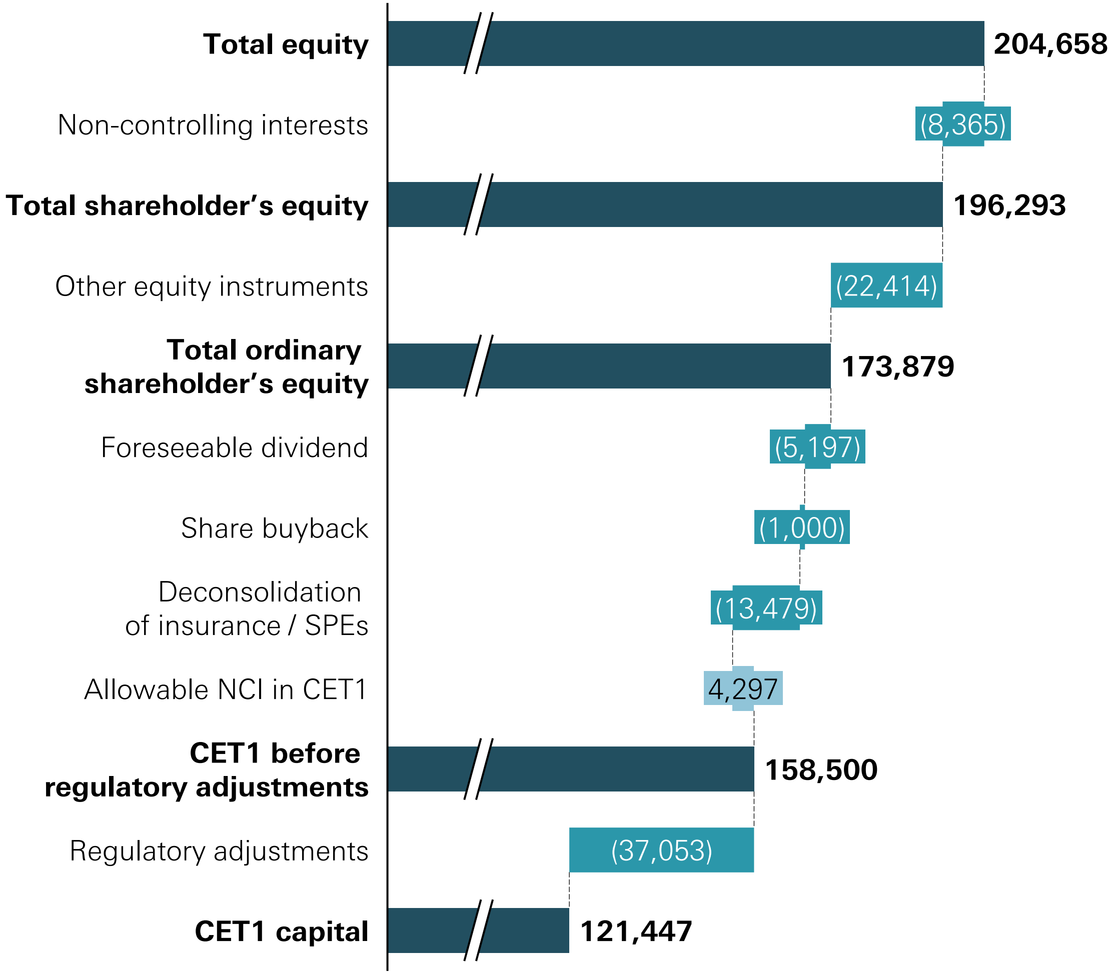
$7.74 on a fully diluted basis

20,134 million on a fully diluted basis

- Average basic number of shares outstanding during 1Q22: 20,024m
- **1Q22 TNAV per share decreased by $0.08** to $7.80 per share mainly due to FX and fair value movements through OCI, partly offset by profits
- 1Q22 TNAV **excludes** the impact of the 2nd interim dividend in respect of FY21 of **$0.18 per share**, to be paid at the end of April

Total shareholders' equity to CET1 capital

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



Total equity to CET1 capital walk, $m

	1Q22	4Q21
Total equity (per balance sheet)	**204,658**	**206,777**
Non-controlling interests	(8,365)	(8,527)
Total shareholders' equity	**196,293**	**198,250**
Additional Tier 1	(22,414)	(22,414)
Total ordinary shareholders' equity	**173,879**	**175,836**
Foreseeable dividend	(5,197)	(3,655)
Share buyback	(1,000)	—
Deconsolidation of insurance/SPE's	(13,479)	(13,449)
Allowable NCI in CET1	4,297	4,186
CET1 before regulatory adjustments	**158,500**	**162,918**
Prudential valuation adjustment	(1,419)	(1,217)
Intangible assets	(11,899)	(9,123)
Deferred tax asset deduction	(1,579)	(1,520)
Cash flow hedge adjustment	1,297	170
Excess of expected loss	(2,304)	(2,020)
Own credit spread and debit valuation adjustment	671	1,571
Defined benefit pension fund assets	(7,797)	(7,146)
Direct and indirect holdings of CET1 instruments	(40)	(40)
Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	223	766
Threshold deductions	(14,206)	(11,794)
Regulatory adjustments	**(37,053)**	**(30,353)**
CET1 capital	**121,447**	**132,565**

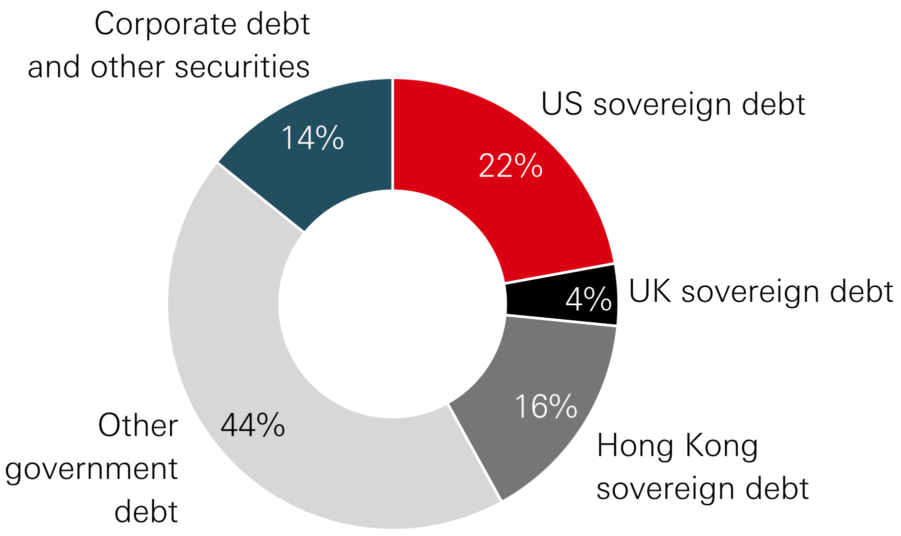
Impacts of financial investments

Financial investments measured at fair value through OCI

- As part of our interest rate hedging strategy, we hold a portfolio of financial investments measured at **fair value through other comprehensive income ('FVOCI')**, which are classified as hold-to-collect-and-sell ('HTC&S')[18]; **the change in value of these instruments is recognised in equity**
- These instruments are a component of a **partial economic hedge of our interest rate risk** position and included in the Group's disclosed interest rate sensitivity table calculations; the disclosed interest rate sensitivity shown in the tables is **net of these hedging positions**
- The Group remains **positively exposed** to global interest rate movements (incremental NII of **$5.4bn** over 12 months for a parallel shift of +100bps[20])
- At FY21 we held **$349bn** of financial investments FVOCI, of which: **$247bn** debt securities; **$97bn** US Treasury bills and similar securities
- The increase in term market yield curves in 1Q22 drove a **pre-tax FVOCI loss of $3.9bn** on HTC&S positions, with a **post-tax FVOCI loss of $3.1bn**
- Between 31 March 2022 and 19 April 2022, there has been an **additional pre-tax FVOCI loss of c.$1bn** due to the continued steepening of yield curves
- The increases in yield curves and short rates will **benefit Group NII. If policy rates were to follow market expectations**, higher NII is expected to offset FVOCI losses through increased profitability **in 4-6 quarters*** (from 31 March 2022)

Debt instruments at FVOCI by product[19]

At 31 December 2021

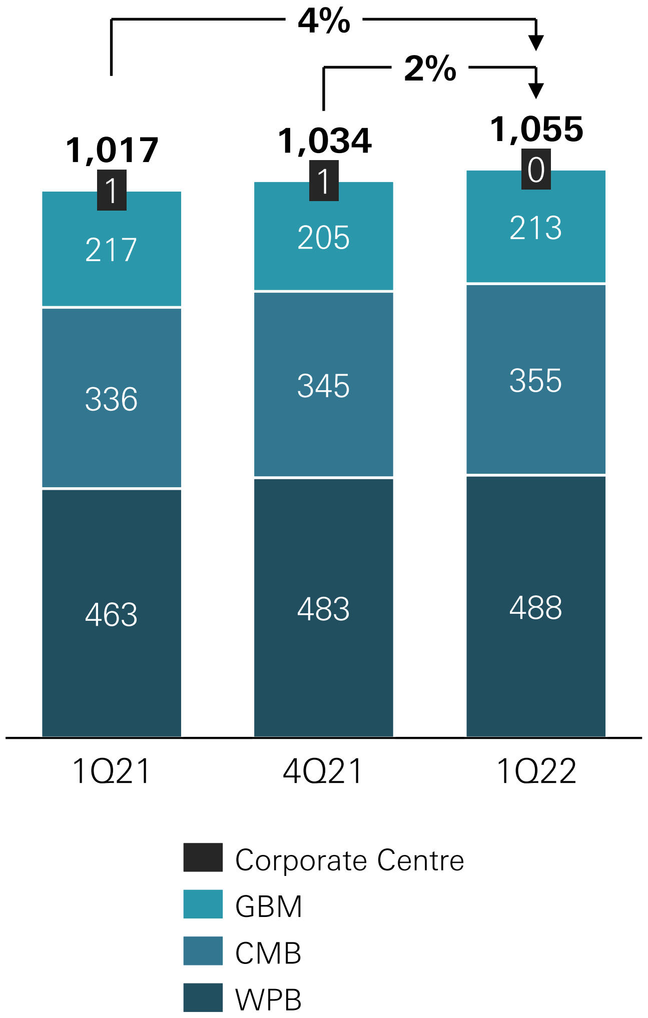


- Portfolio durations of debt securities measured at FVOCI typically between 6 months to 10 years; **average duration of 4 years**
- USD securities (incl. US Government agencies and sponsored entities) are **longer duration**, and HKD securities are **shorter duration**

* Based on a static portfolio composition

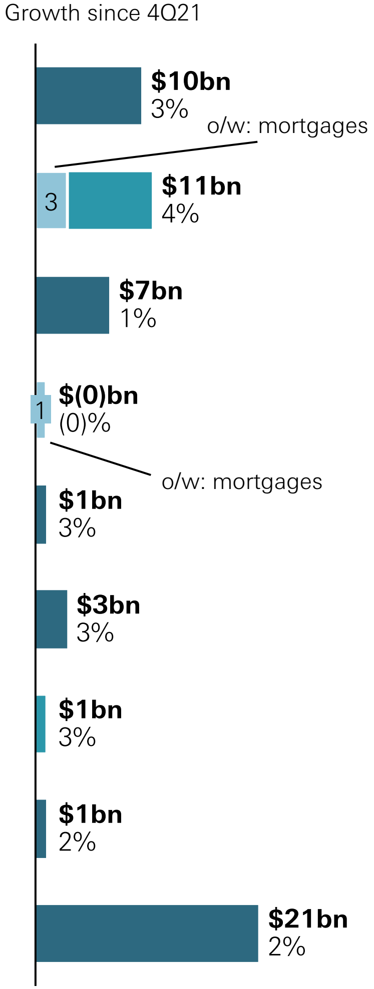
Balance sheet – customer lending

Balances by global business, $bn



Balances by region, $bn

		Growth since 4Q21
Europe	$396bn	$10bn 3%
o/w: UK	$308bn	$11bn 4%
Asia	$498bn	$7bn 1%
o/w: Hong Kong	$310bn	$(0)bn (0)%
MENA	$27bn	$1bn 3%
North America	$113bn	$3bn 3%
o/w: US	$54bn	$1bn 3%
Latin America	$22bn	$1bn 2%
Total	$1,055bn	$21bn 2%

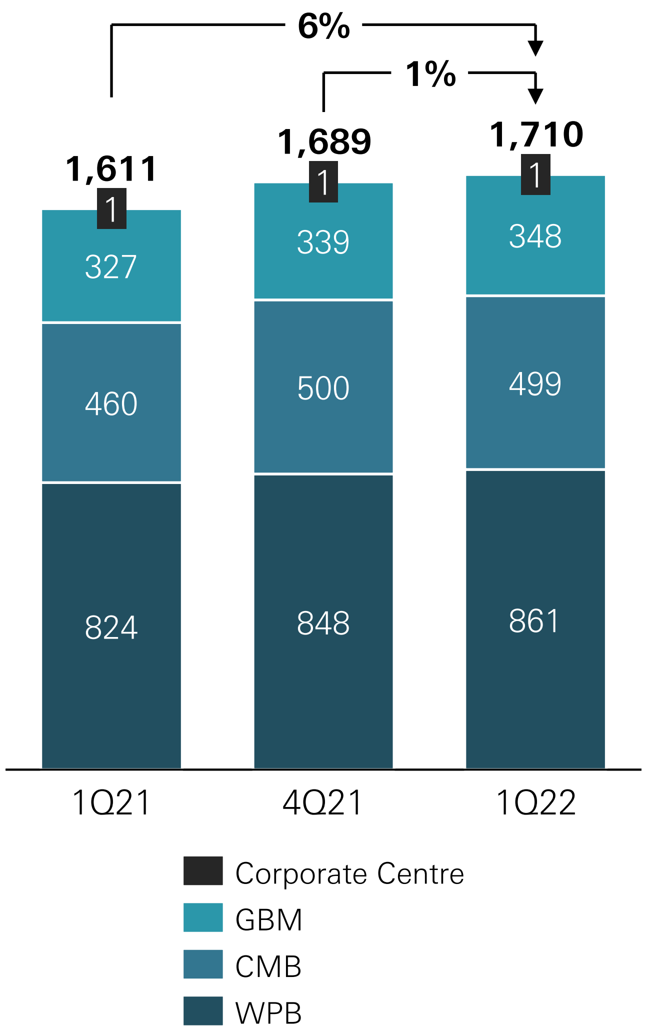


Adjusted customer lending of $1,055bn, up $21bn (2%) vs. 4Q21

- **WPB lending increased by $5bn (1%)**, mainly mortgages (up $6bn), particularly in the UK
- **CMB lending increased by $9bn (3%)**, mainly C&L across all regions and continued growth in trade
- **GBM lending up $7bn (4%)**, primarily seasonality in GLCM

Balance sheet – customer accounts

Balances by global business, $bn



Balances by region, $bn

		Growth since 4Q21
Europe	**$666bn**	**$16bn** 3%
o/w: UK	**$535bn**	**$15bn** 3%
Asia	**$795bn**	**$6bn** 1%
o/w: Hong Kong	**$556bn**	**$9bn** 2%
MENA	**$44bn**	**$3bn** 6%
North America	**$174bn**	**$(5)bn** (3)%
o/w: US	**$108bn**	**$(4)bn** (4)%
Latin America	**$31bn**	**$1bn** 4%
Total	**$1,710bn**	**$21bn** 1%

Adjusted customer accounts of $1,710bn, up $21bn (1%) vs. 4Q21

- **WPB customer accounts up $13bn (2%)**, driven by growth across most markets, particularly in Hong Kong ($6bn) and the UK ($4bn)
- **CMB customer accounts stable despite seasonal outflows**
- **GBM customer accounts up $9bn (3%)**, due to GLCM seasonality

Glossary

AIEA	Average interest earning assets
AT1	Additional Tier 1
BGF	Business Growth Fund, an associate of HSBC
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	Corporate Centre comprises Central Treasury, our legacy businesses, interests in our associates and joint ventures and central stewardship costs
CMB	Commercial Banking, a global business
CRE	Commercial Real Estate
CTA	Costs to achieve
C&L	Credit and Lending
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
GLCM	Global Liquidity and Cash Management
GPB	Global Private Banking
Group	HSBC Holdings plc and its subsidiary undertakings
GSS	Green, Social and Sustainability
GTRF	Global Trade and Receivables Finance
HIBOR	Hong Kong Interbank Offered Rate
IFRS	International Financial Reporting Standard
IPO	Initial Public Offering

LCR	Liquidity coverage ratio
Legacy credit	A portfolio of assets including securities investment conduits, asset-backed securities, trading portfolios, credit correlation portfolios and derivative transactions entered into directly with monoline insurers
MENA	Middle East and North Africa
MSS	Markets and Securities Services
NCI	Non-controlling interests
NII	Net interest income
NIM	Net interest margin
NNIA	Net new invested assets
NRFB	Non ring-fenced bank in Europe and the UK
OCI	Other Comprehensive Income
PBT	Profit before tax
Ppt	Percentage points
PVIF	Present value of in-force insurance contracts
SABB	The Saudi British Bank, an associate of HSBC
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
T&E	Travel and entertainment
VNB	Value of new business written
WPB	Wealth and Personal Banking, a global business
XVAs	Credit and Funding Valuation Adjustments

Footnotes

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. Comparatives for 2021 are reported based on the disclosure rules in force at that time, and include claims on central banks. References to EU regulations and directives (including technical standards) should, as applicable, be read as references to the UK's version of such regulation and/or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018, and subsequently amended under UK law
2. Source: Dealogic from 1 January 2022 - 21 April 2022. Ranking based on apportioned deal amount by bookrunner
3. For further information please see our press release titled: "HSBC announces net zero steps" on hsbc.com
4. Source: Dealogic at 31 March 2022, data as at 22 April 2022. Global GSS bonds
5. Percentage is calculated excluding self-service machine transactions (excludes HASE and GPB)
6. Reported RoTE is computed by adjusting annualised reported results for PVIF and for impairment of goodwill and other intangible assets (net of tax), divided by average reported equity adjusted for goodwill, intangibles and PVIF for the period
7. Based on current consensus economic forecasts and default experience
8. Technology costs in operating expenses trends include transformation saves and are presented on a net basis
9. Technology cost increases in quarterly walks are presented on a gross basis (excl. saves)
10. Regulatory dividend accrual for the purposes of capital calculations. Over 1Q22 we accrued 7.6¢, equal to 55% of reported EPS of 14¢. In line with our dividend policy, we will retain the flexibility to adjust EPS for non-cash significant items. Additionally, in 2022, we expect to exclude from EPS the forecast loss on the sale of our retail banking operations in France
11. If policy rates were to follow the current implied market consensus
12. Source: Bloomberg. GBP: Sterling Overnight Index Average (SONIA); USD: Fed funds. Implied rates for 31 December 2022 and 2023 based on the following as of 22 April 2022: 30 day Fed Funds futures and one month SONIA index future
13. YTD, annualised. RoTE by Global Business excludes significant items. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric. RoTE by Global Business considers AT1 Coupons on an accruals basis, vs. Reported RoTE where it is treated on a cash basis
14. 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
15. Data to reconcile components of reported RWAs to adjusted RWAs can be found in the 'HSBC Holdings plc 1Q 2022 Datapack'
16. Cumulative RWA saves under our transformation programs as measured from 1 January 2020, including $9.6bn of accelerated saves made over 4Q19
17. Differences between shareholders' equity and tangible equity drivers primarily reflect AT1 capital, goodwill and other intangibles and PVIF. 'Profit Attributable to Ordinary shareholders' differences primarily include goodwill and other intangibles impairment, PVIF movements and amortisation expense. 'FX' differences primarily include FX on goodwill and intangibles. 'Other' differences primarily include intangible additions and redemption of securities
18. HTC&S portfolio stressed value at risk (VaR) of $3.6bn at FY21. HTC&S portfolio stressed VaR assumes a holding period of 60 days; details on sensitivity of capital and reserves can be found on p.201 of the 2021 HSBC Holdings plc Annual Report and Accounts; additional quantitative information on interest rate risk in the banking book, including changes in the economic value of equity in relation to changes in yield curves can be found on p.75 of the HSBC Holdings plc Pillar 3 Disclosures at 31 December 2021
19. Product allocations are made on an amortised cost basis
20. Interest rate sensitivity disclosures can be found on p.200 of the HSBC Holdings plc Annual report and Accounts 2021

Disclaimer

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Additional detailed information concerning important factors that could cause actual results to differ materially from this Presentation is available in our Annual Report and Accounts for the fiscal year ended 31 December 2021 filed with the Securities and Exchange Commission (the “SEC”) on Form 20-F on 23 February 2022 (the “2021 Form 20-F”) and our 1Q 2022 Earning Release which we expect to furnish with the SEC on Form 6-K on 26 April 2022 (the “Q1 2022 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 an “adjusted performance” basis which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons. Significant items are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business.

Reconciliations between Alternative Performance Measures and the most directly comparable measures under IFRS are provided in our 2021 Form 20-F and our Q1 2022 Earnings Release, when filed, each of which are available at www.hsbc.com.

Information in this Presentation was prepared as at 26 April 2022.