# HSBC Holdings plc 2Q22 Results

## Presentation to Investors and Analysts

HSBC

# Introductory remarks

**Mark Tucker**
Group Chairman

HSBC

# Strategic progress

**Noel Quinn**
Group Chief Executive

HSBC

# Our purpose and strategy: International at the heart of our purpose and ambition

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

HSBC

# Summary

Strong 2Q22 results with reported revenue of **$12.8bn, up $0.2bn (2%)**, and adjusted revenue of **$13.1bn, up $1.4bn (12%)** vs. 2Q21; reported PBT of **$5.0bn**, down $0.1bn (1%), adjusted PBT of **$6.0bn**, up $0.7bn (13%) vs. 2Q21

Our strategy has started to **deliver results** as we accelerate towards the growth phase

We are increasing our returns target to a **RoTE**[1] **of 12%+** from FY23 onwards[2]

Payout ratio expected to be **c.50%** for FY23 and FY24; **reinstating quarterly dividends**[3] from 2023; dividend per share will reflect materially higher expected returns

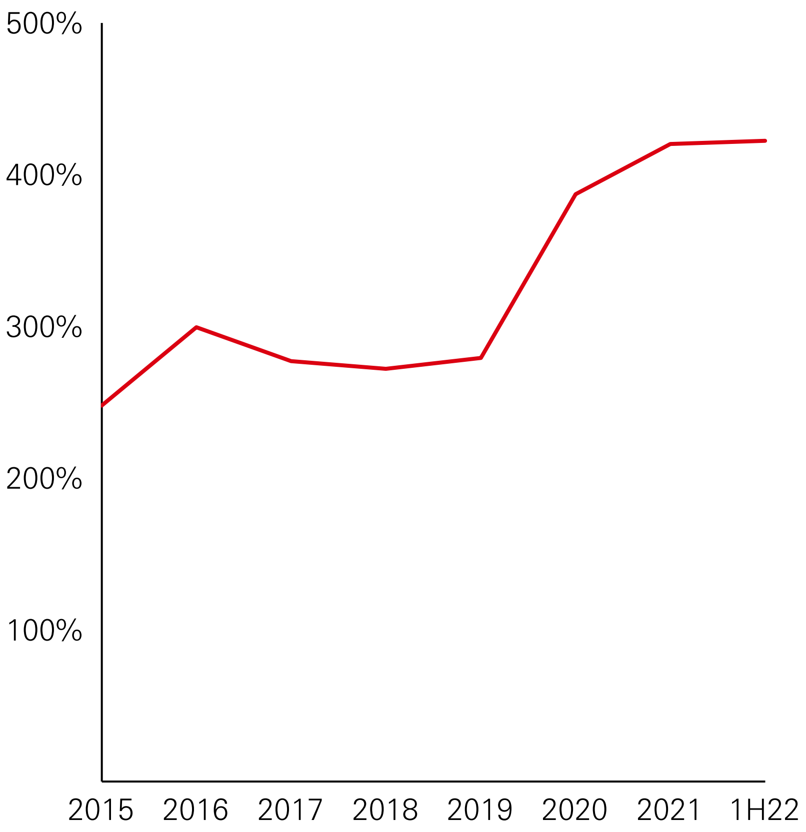
A reconciliation of reported results to adjusted results can be found on slide 34, the remainder of the presentation unless otherwise stated, is presented on an adjusted basis
Figures throughout this presentation may be subject to rounding adjustments and therefore may not sum precisely to totals given in charts, tables or commentary

# In the first half, we made strong progress in executing on our strategy

| | | 1H20 | 1H21 | **1H22** |
|---|---|---|---|---|
| **Revenue** | Adjusted revenue growth, YoY | (4.8)% | (6.5)% | **3.9%** |
| | Adjusted fee income + Insurance as a % of adjusted revenue | 26% | 34% | 29% |
| **Costs** | Adjusted costs[4] | $15.0bn | $15.5bn | **$15.4bn** |
| **Returns** | Reported RoTE (annualised)[1] | 3.8% | 9.4% | **9.9%** |
| **Capital** | Group CET1 ratio[5] | 15.0% | 15.6% | **13.6%** |
| | Cumulative RWA saves[6] | $31bn[7] | $85bn | **$114bn** |
| | Asia as a % of Group TE[8] | 43% | 42% | 44% |
| | WPB as a % of Group TE[9] | 24% | 27% | 29% |

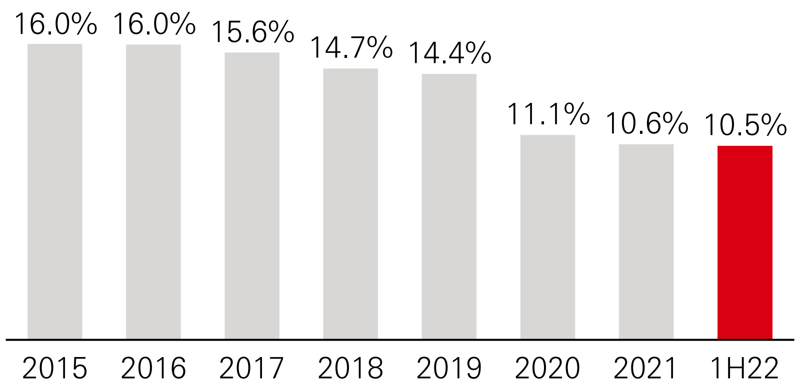
# We have a strong starting position going into the current rates cycle

## Surplus deposits / TNAV[10], %



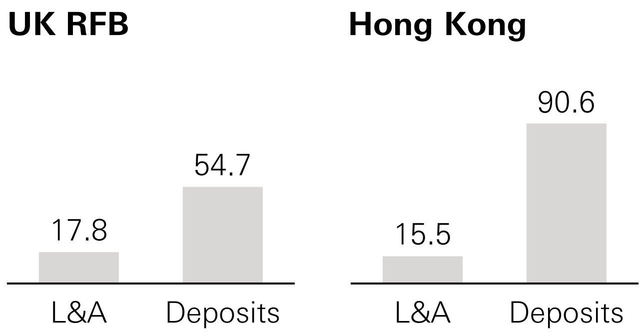

**NII sensitivity is $4.7bn per +100bps parallel shift**

## Unsecured as % of retail loan book




## Business Banking L&A and deposits

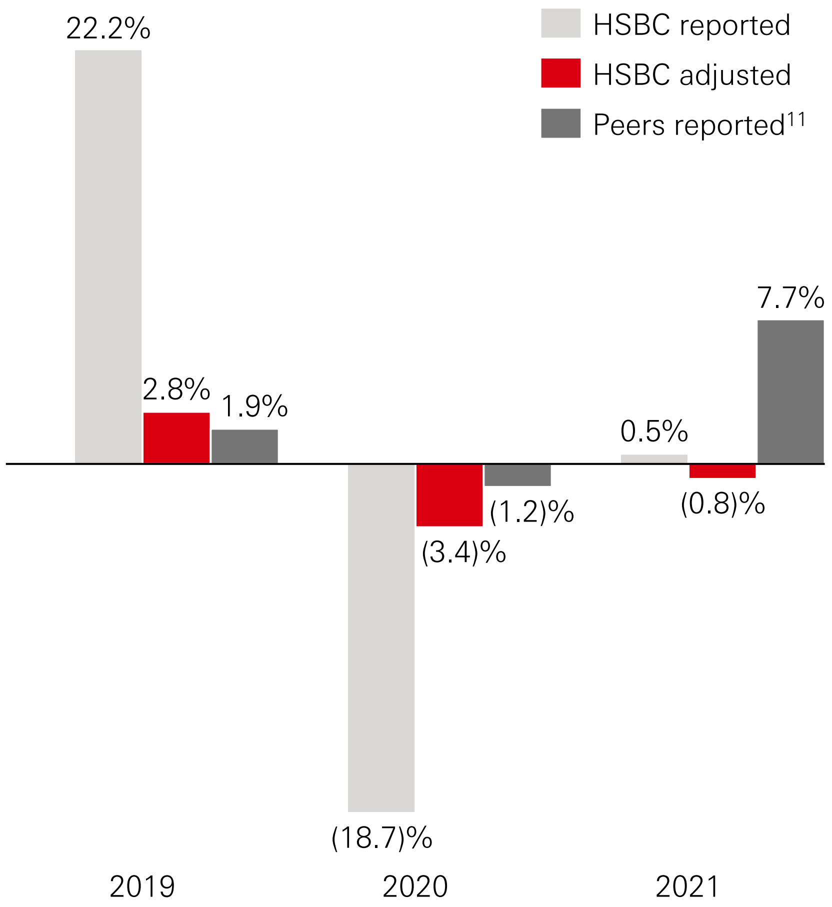
$bn




| L/D ratio | 32.5% | 17.1% |
|---|---|---|

## Total operating expenses

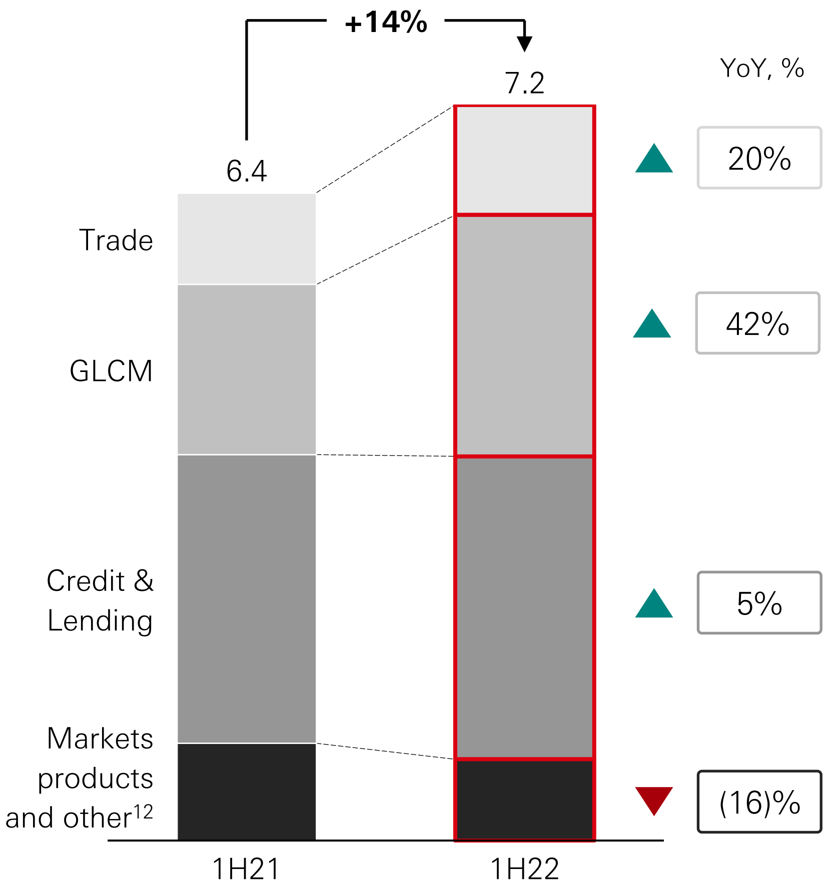
YoY growth, %



# Focus on CMB: Strong transaction banking and fee performance globally

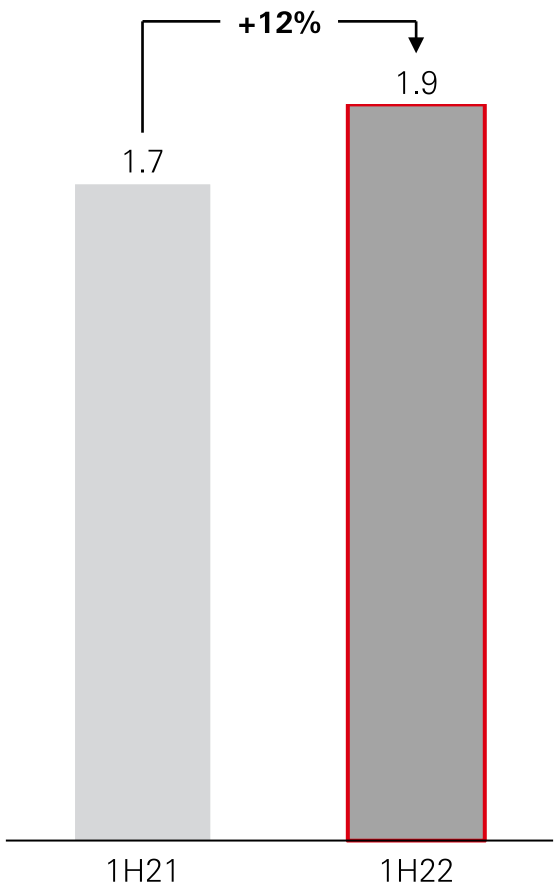
## CMB revenue

$bn



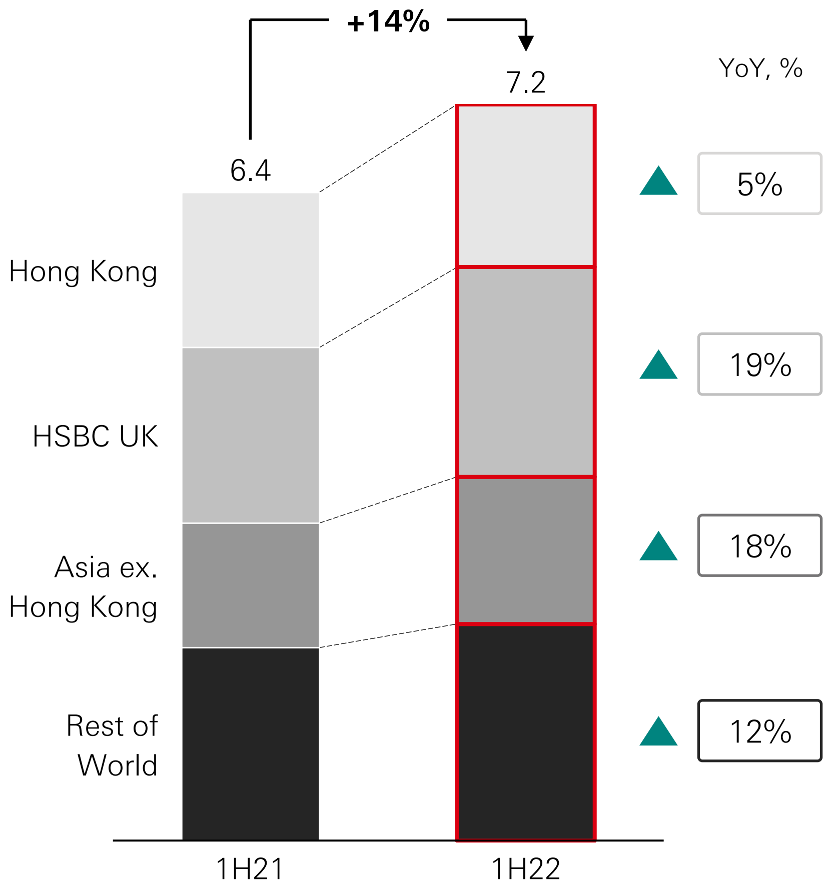

## CMB fee income

$bn



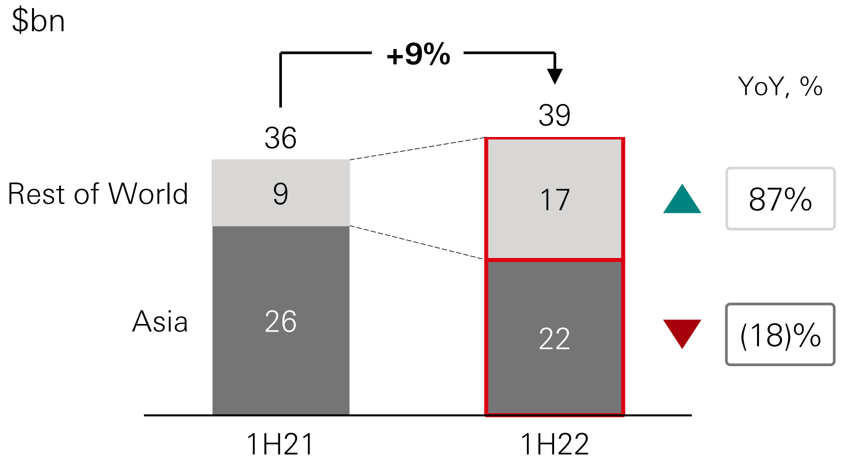

## CMB geographical revenue breakdown

$bn

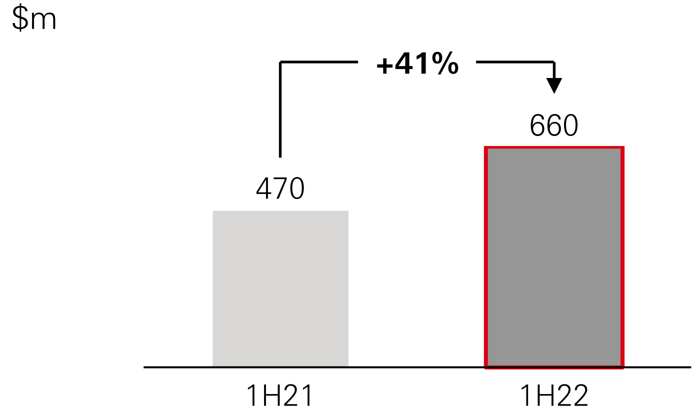


# Focus on WPB: Strong momentum driving growth

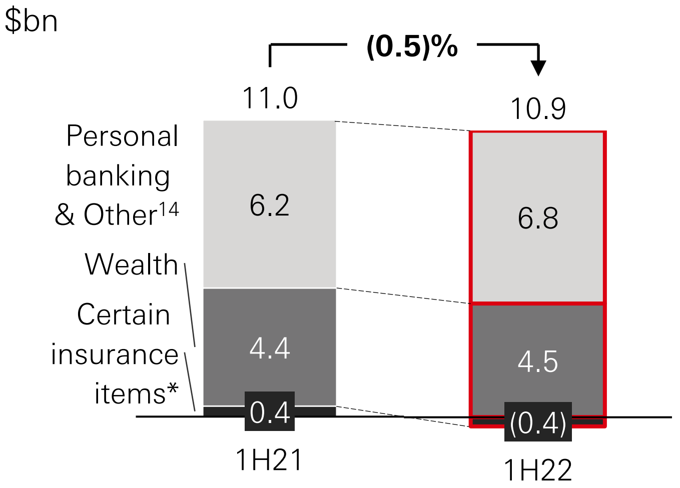
## Net new invested assets[13]



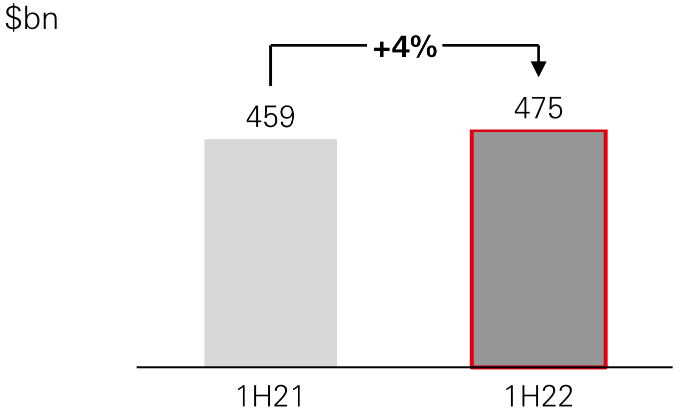

## Asia WPB insurance VNB



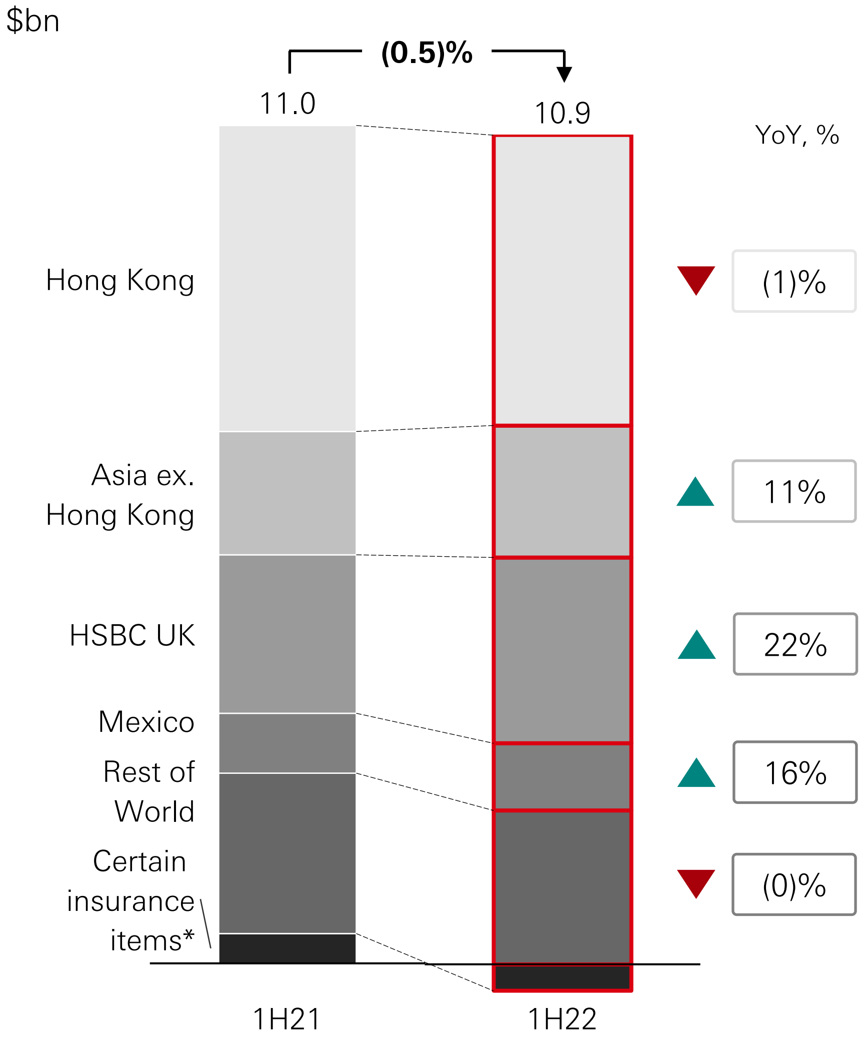

## WPB global revenue




## WPB lending balances




## WPB geographical revenue breakdown

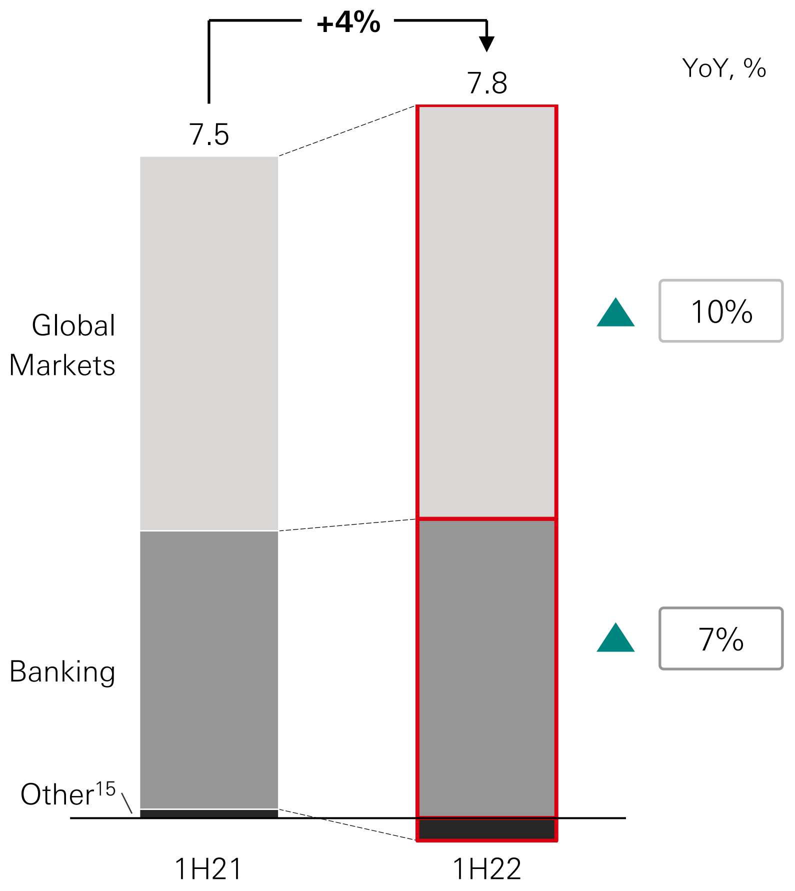



* Insurance market impacts and gain on policyholder funds on deposits; for further detail, please refer to the 'Certain items included in adjusted revenue' table on slide 35

# Focus on GBM: Strong markets and transaction services performance

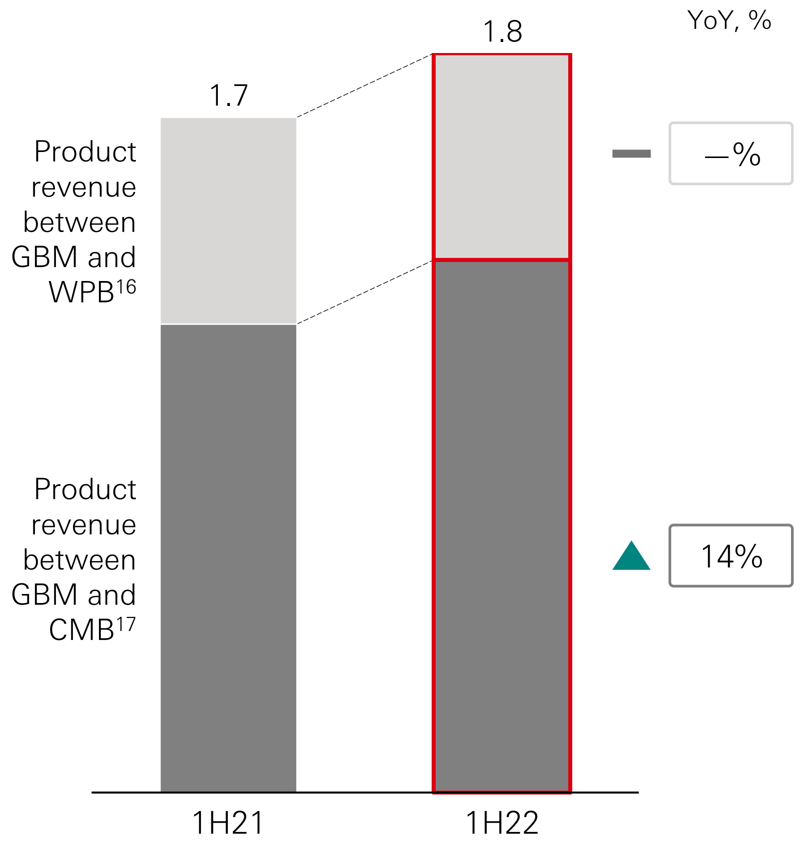
## GBM revenue

$bn



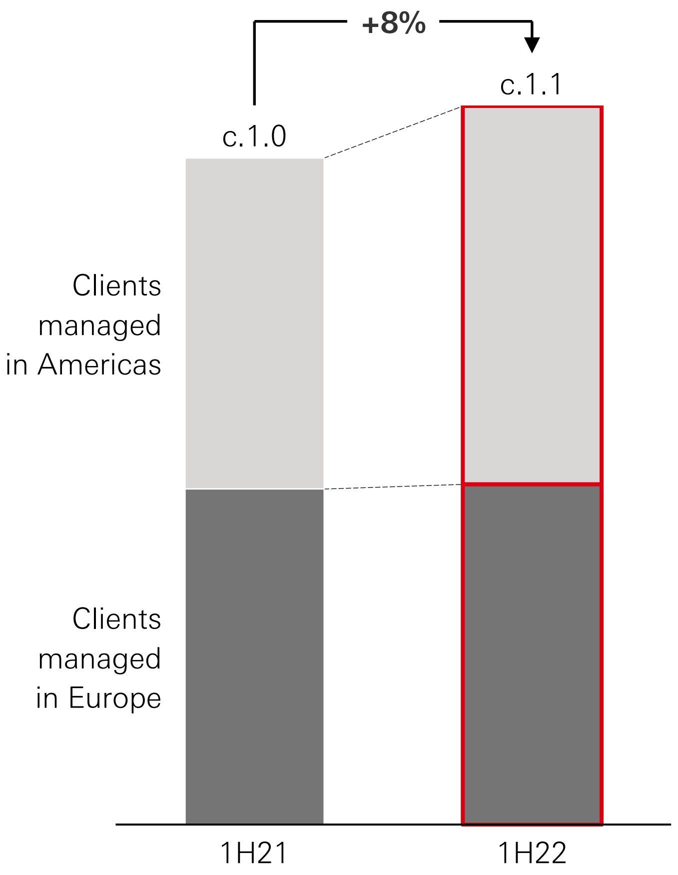

## GBM collaboration revenue

$bn




## GBM business booked in East

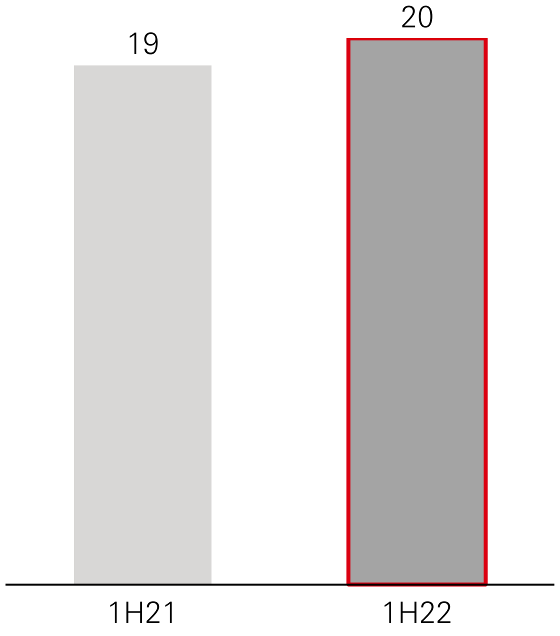
Client business[18] booked in East from clients managed in Americas and Europe, $bn



# Digitise: Our investments are starting to accelerate digital adoption

## Technology spend

% of total adjusted operating expenses

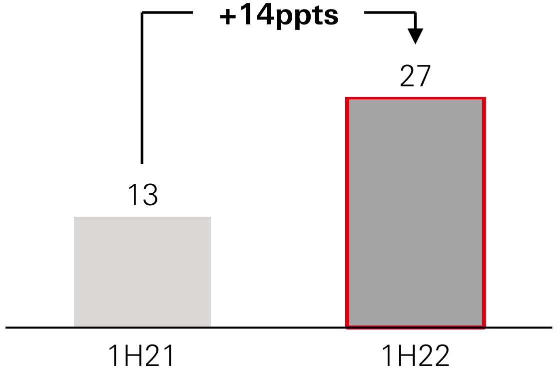



**Total tech spend**[19], $bn

| 1H21 | 1H22 |
| --- | --- |
| c.$2.9 | c.$3.1 |

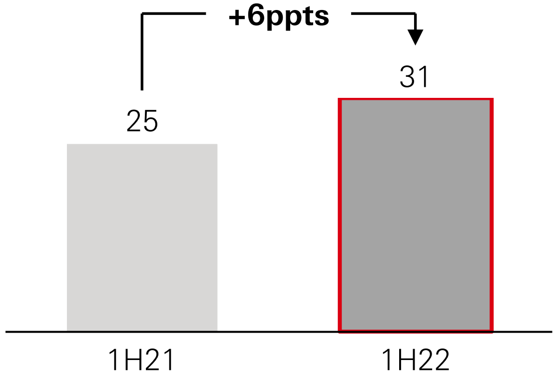
## Technology agile workforce[20]

%



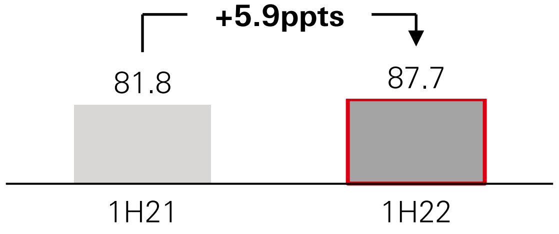

## Cloud adoption[21]

%



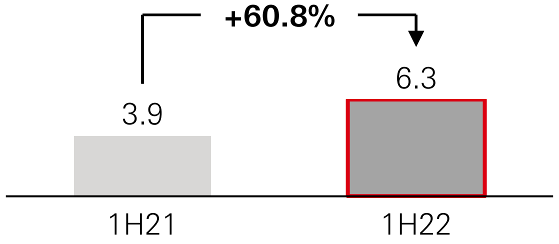

## HSBC Trade e-penetration[22]

%



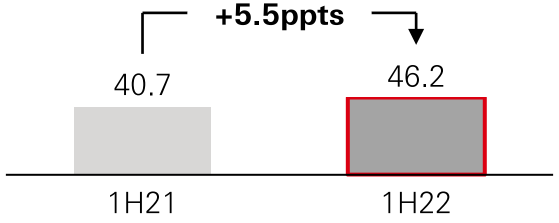

## HSBCnet[23] wholesale mobile app payments volume

#m




## Mobile active retail customers[24]

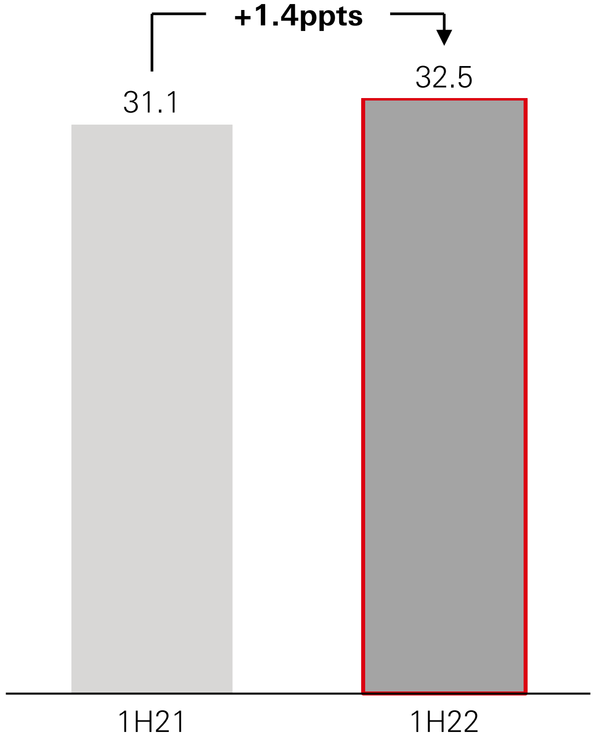
%



# Energise and Transition: On talent, we continue to build diversity; on Sustainability, strong progress to date

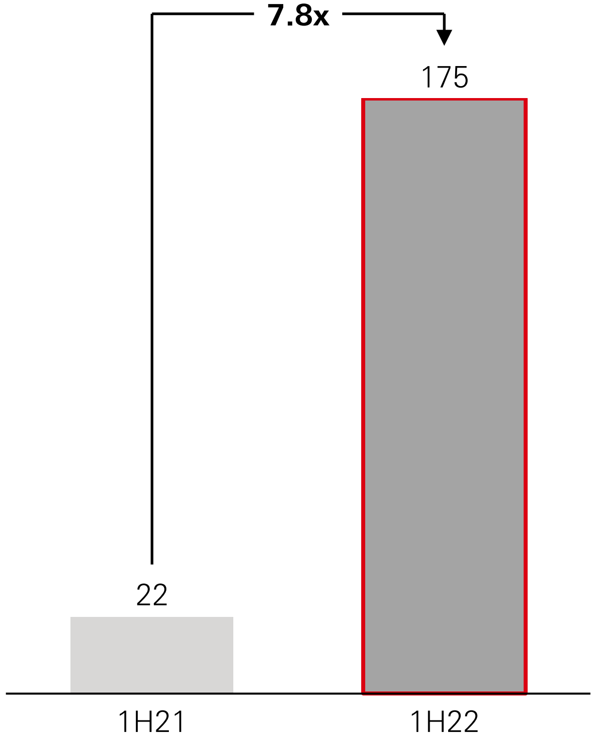
## Female leaders

In senior leadership[25] roles, %



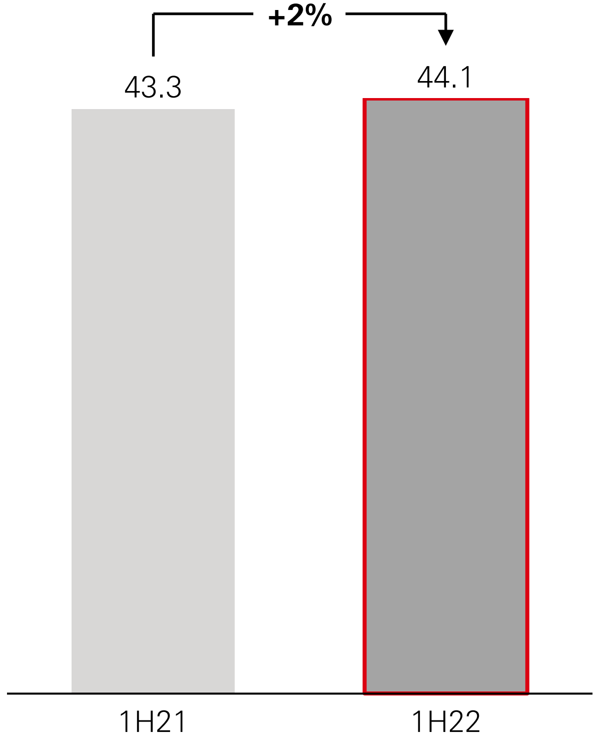

## Total learning hours – Future Skills[26]

Across Sustainability, Digital, and Data, '000s




## Sustainable finance and investments

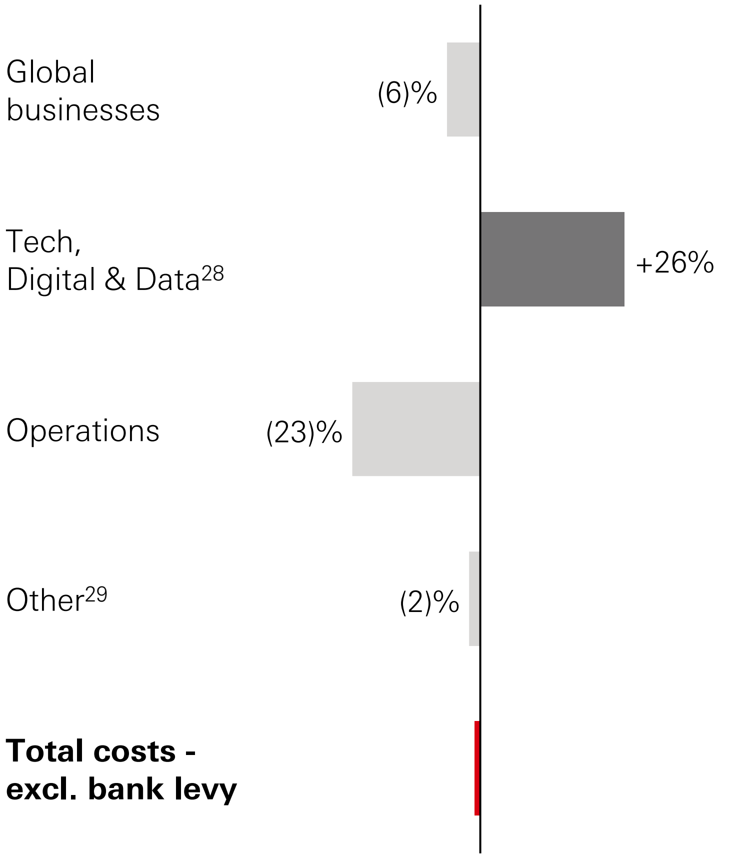
$bn



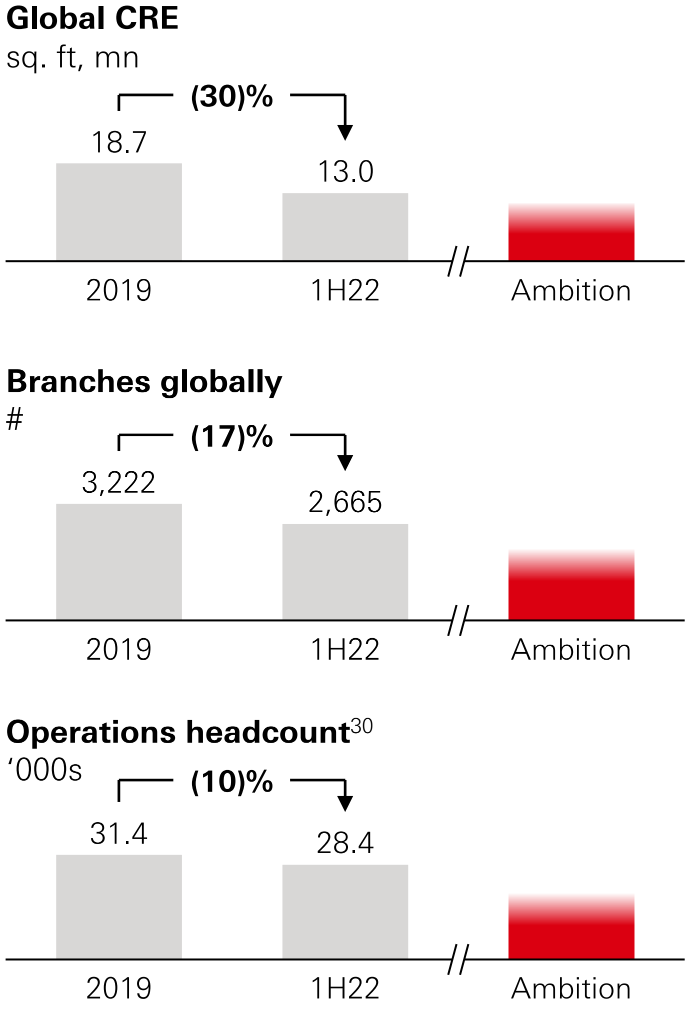

| | 1H21 | 1H22 |
|---|---|---|
| **Cumulative**[27] $bn | 87.4 | 170.8 |

# Costs: Multiple levers offsetting inflationary pressures

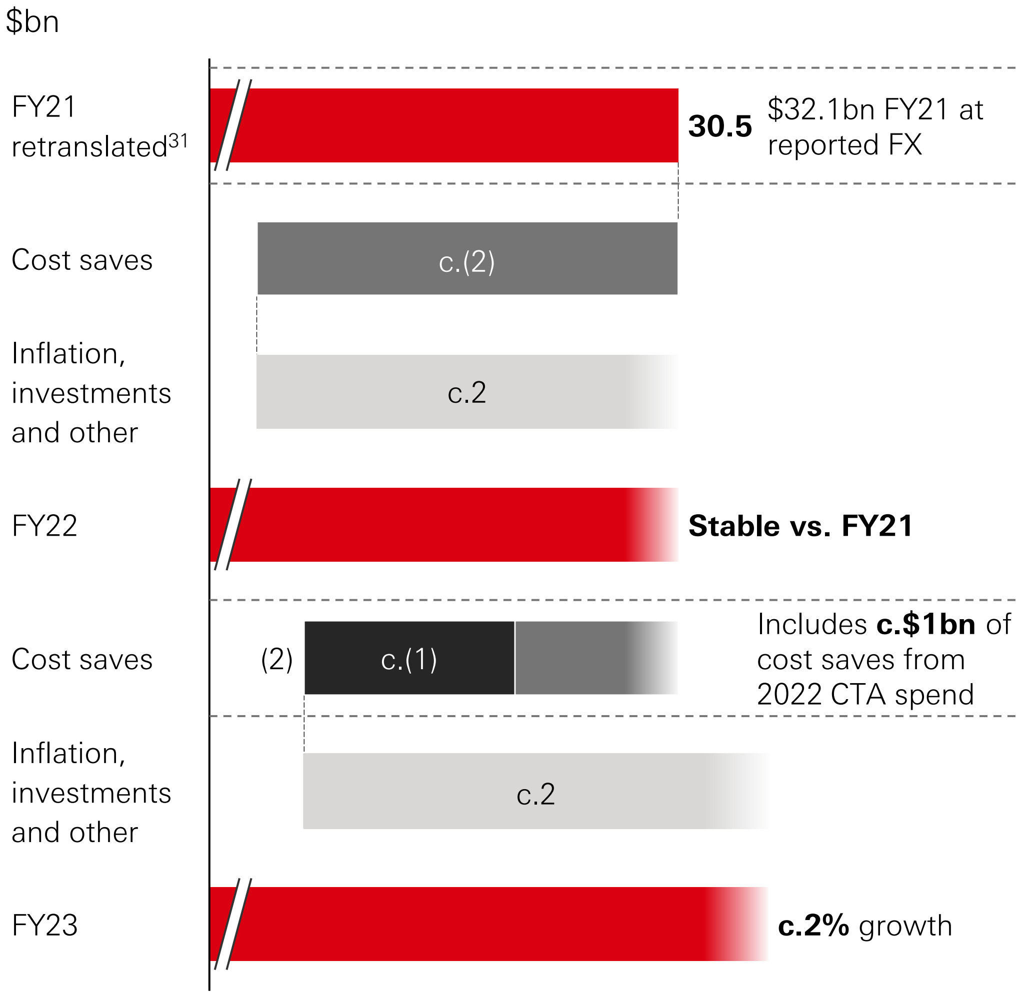
## 2019-22e adjusted cost movements




## Efficiency levers




## Group adjusted costs trend



# Guidance upgraded, driven by transformation and tailwinds from rates

| | | FY21 | Previous target / ambition | Updated target / ambition |
|---|---|---|---|---|
| **Revenue** | NII | $26.5bn | ◆ N/A | ◆ At least $31bn in FY22; at least $37bn in FY23[2,32] |
| **Returns** | Reported RoTE[1] | 8.3% | ◆ At least 10% by FY23 | ◆ Targeting 12%+ from FY23 onwards[2] |
| **Costs** | Adjusted costs | $32.1bn | ◆ FY22 adjusted costs in line with FY21<br>◆ 0-2% growth in FY23[32] | ◆ Stable in 2022, c.2% annual growth in FY23[32], tight cost discipline thereafter |
| **Capital allocation** | WPB as a % of Group TE[8] | 27% | ◆ c.35% medium to long term[33] | ◆ Unchanged |
| | Asia as a % of Group TE[9] | 42% | ◆ c.50% medium to long term[33] | ◆ Unchanged |
| **Capital and distributions** | Group CET1 ratio[5] | 15.8% | ◆ c.14-14.5% medium term[33] | ◆ Manage in target range in the medium term; aim to manage range down further longer term |
| | Dividends | 25¢ per share | ◆ Sustainable dividends; payout ratio of 40-55% | ◆ Dividend payout ratio expected to be c.50% for FY23 and FY24<br>◆ Reinstate quarterly dividends from 2023 onwards* |
| | Share buybacks | $3.0bn | ◆ Integral part of capital management toolkit | ◆ Unchanged and reaffirmed |

* We expect the interim dividends in respect of the first 3 quarters of the year to initially be reinstated at a lower level than the 10¢ per share paid historically (up to 3Q19) for each of the first 3 quarters of the year

# 2Q22 results update

**Ewen Stevenson**

Group Chief Financial Officer

HSBC

# 2Q22 results summary

| $m | 2Q22 | 2Q21 | | Δ |
|---|---|---|---|---|
| NII | 7,466 | 6,204 | ▲ | 20 % |
| Non-NII | 5,675 | 5,568 | ▲ | 2 % |
| **Revenue** | **13,141** | **11,772** | ▲ | **12 %** |
| ECL | (448) | 255 | ▲ | >(100)% |
| Costs | (7,519) | (7,521) | ▼ | 0 % |
| Associates | 793 | 754 | ▲ | 5 % |
| **Adjusted PBT** | **5,967** | **5,260** | ▲ | **13 %** |
| Significant items and FX translation | (957) | (200) | ▲ | >(100)% |
| **Reported PBT** | **5,010** | **5,060** | ▼ | **(1)%** |
| Tax | 762 | (1,206) | ▲ | >100 % |
| **Profit attributable to ordinary shareholders** | **5,486** | **3,396** | ▲ | **62 %** |
| Dividend per share[34], $ | 0.09 | 0.07 | ▲ | $0.02 |
| Reported earnings per share, $ | 0.28 | 0.17 | ▲ | $0.11 |
| Impact of sig items on reported EPS*, $ | 0.05 | (0.02) | ▲ | $0.07 |
| Reported RoTE[1] (YTD, annualised), % | 9.9 | 9.4 | ▲ | 0.5ppts |

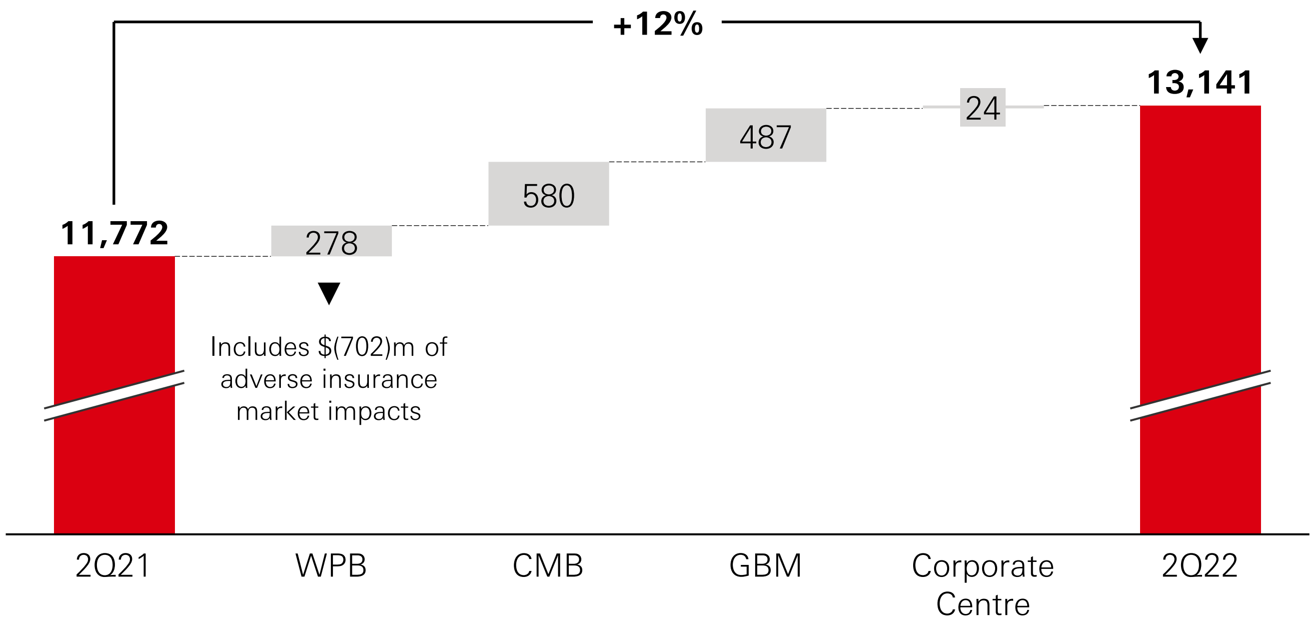
| $bn | 2Q22 | 1Q22 | | Δ |
|---|---|---|---|---|
| Customer loans | 1,028 | 1,015 | ▲ | 1 % |
| Customer deposits | 1,651 | 1,647 | ▲ | 0 % |
| Reported RWAs | 852 | 862 | ▼ | 1 % |
| CET1 ratio[5], % | 13.6 | 14.1 | ▼ | (0.5)ppts |
| TNAV per share, $ | 7.48 | 7.80 | ▼ | $(0.32) |

- **Strong set of 2Q22 results,** reported PBT of $5.0bn, profit after tax of $5.8bn driven by tax credit of $0.8bn; **adjusted PBT of $6.0bn**
- **NII of $7.5bn**, up $1.3bn (20%) vs. 2Q21 reflecting interest rate rises and lending growth
- **Non-NII of $5.7bn**, up $0.1bn (2%) vs. 2Q21; volatility benefitting markets and a gain in Insurance were broadly offset by adverse Insurance market impacts and lower fee income in GBM and WPB
- **ECL charge of $0.4bn**, compared to a net release of $0.3bn in 2Q21
- **Costs of $7.5bn**, stable vs. 2Q21; cost saves and continued discipline offset increased technology spending and investment
- **Customer lending up $14bn (1%)** vs. 1Q22, with growth in all regions; quarterly **annualised lending growth of 5%**
- **CET1 ratio 13.6%** down 0.5ppts vs. 1Q22, including 0.2ppts of adverse movements through OCI
- **TNAV** per share **$0.32 lower** vs. 1Q22, primarily **FX impacts of $0.31** and payment of the 2nd interim dividend for FY21 of $0.18, partly offset by attributable profit of $0.27
- Dividend per share of **$0.09, up $0.02** vs. 1H21
- **Net tax credit of $39m** in 1H22, driven by a **$1.8bn deferred tax asset gain** on recognition of brought-forward tax losses; **expected FY22 effective tax rate of c.10%**, and a more normal FY23 **effective tax rate of c.20%**

* Includes impact of $1.8bn DTA gain

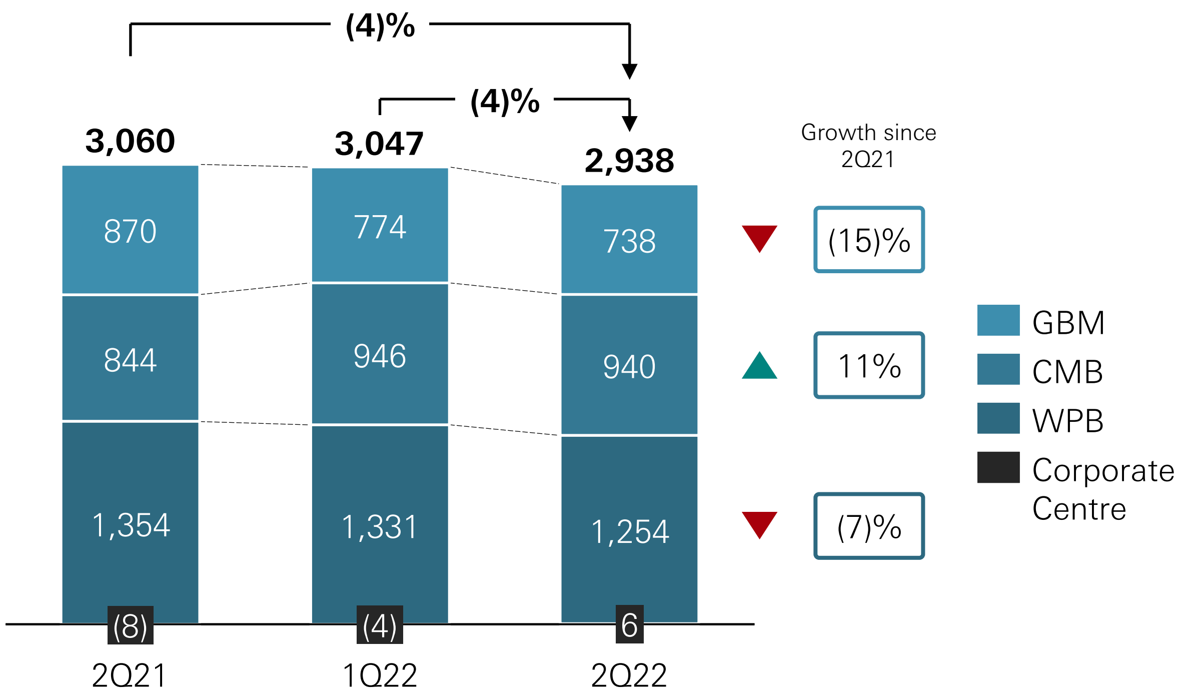
# Adjusted revenue performance

## Revenue by global business, $m




- **WPB up $0.3bn (5%)**, and **up $1.0bn (19%)** excl. adverse insurance market impacts of **$0.7bn**. Personal Banking **up $569m (20%)** from the impacts of global interest rate rises and balance sheet growth. Wealth **down $209m (9%)**, a $294m gain and strong sales in Insurance were more than offset by lower client activity and adverse insurance market impacts
- **CMB up $0.6bn (19%)** across core CMB products, driven by interest rate rises, balance sheet growth and higher fees
- **GBM up $0.5bn (15%)**; primarily MSS (**up $502m, 27%**) benefitting from market volatility, and GLCM (**up $220m, 52%**); offset by lower Capital Markets & Advisory fees and lower Principal Investments revaluation gains

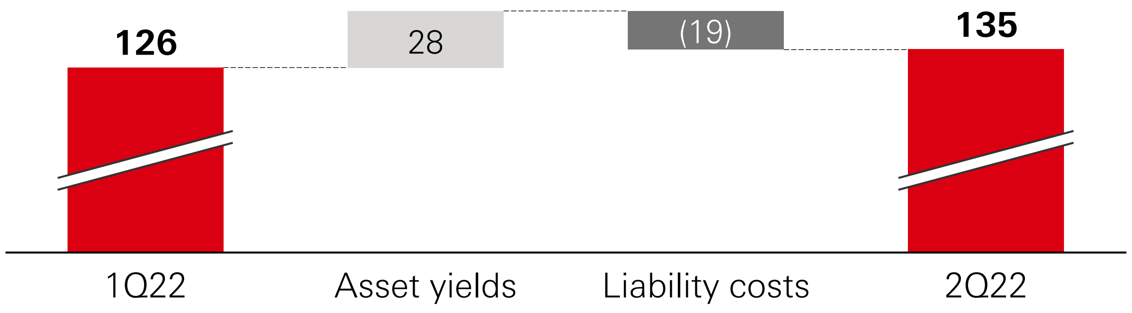
## Net fee income by global business, $m



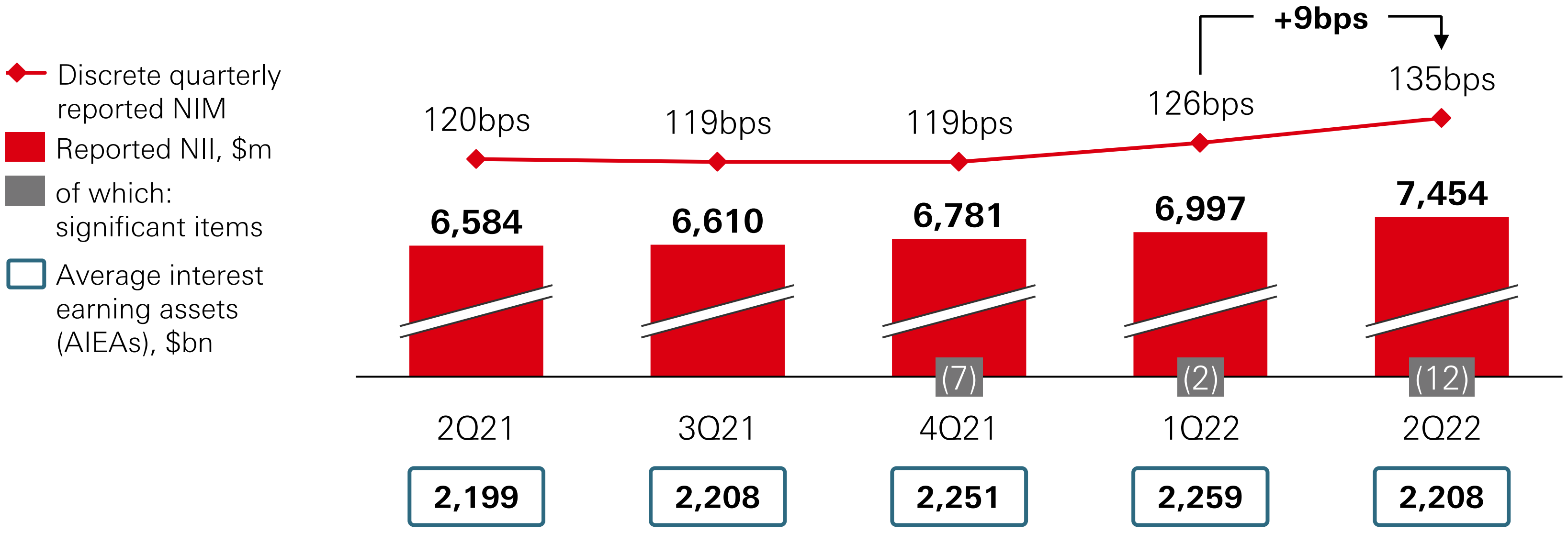

- Group net fee income **down 4%** from **lower activity** in Wealth and capital markets, partly offset by **$0.1bn growth in GLCM and Trade**
- WPB fees **down 7%** vs. 2Q21, mainly lower Mutual Funds and Equities brokerage from muted customer sentiment
- CMB fees **up 11%** across all products vs. 2Q21, **primarily GLCM (up $71m)**
- GBM fees **down 15%** vs. 2Q21, impacted by lower capital markets activity, partly offset by GLCM and Trade

# Net interest income and margin

## Reported NIM progression, bps



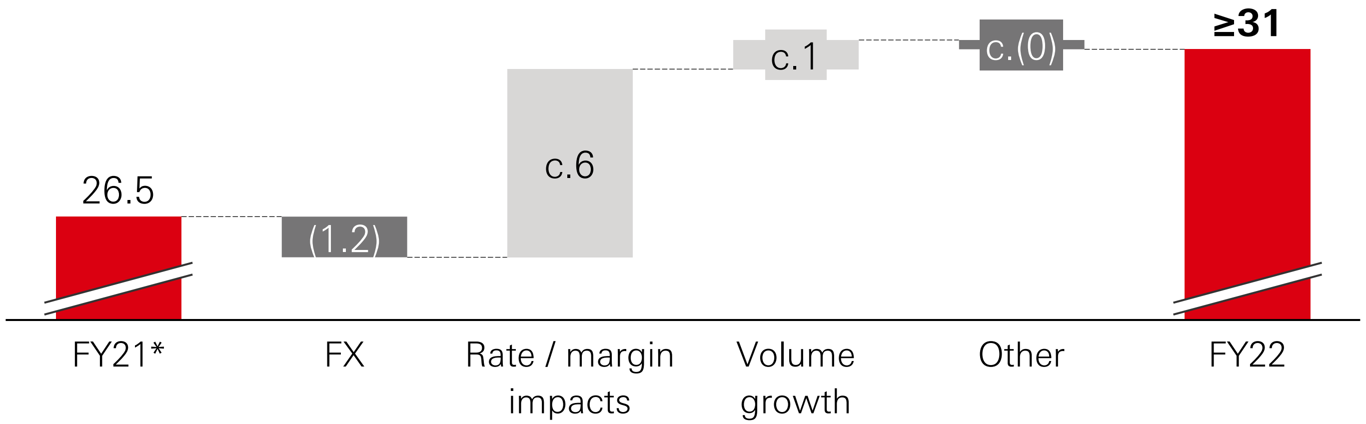

## Reported NIM trend




- **2Q22 reported NII of $7.5bn was up $0.9bn (13%)** vs. 2Q21, primarily due to rate rises and balance sheet growth; 2Q22 reported NII **up $0.5bn** vs. 1Q22
- 2Q22 adjusted NII **up $1.3bn (20%)** vs. 2Q21, and **up $0.7bn (10%)** vs. 1Q22
- **2Q22 reported NIM of 1.35%**, up 9bps vs. 1Q22 as asset yield growth more than offset increased liability costs
- AIEAs **decreased $51bn (2%)** vs. 1Q22 primarily due to the impacts of FX moves, on a constant currency basis, AIEAs were down $17bn (1%); constant currency lending was **up $14bn (1%)** vs. 1Q22
- **Expect NII of at least $31bn for FY22 and at least $37bn for FY23[32], should policy rates follow market expectations**

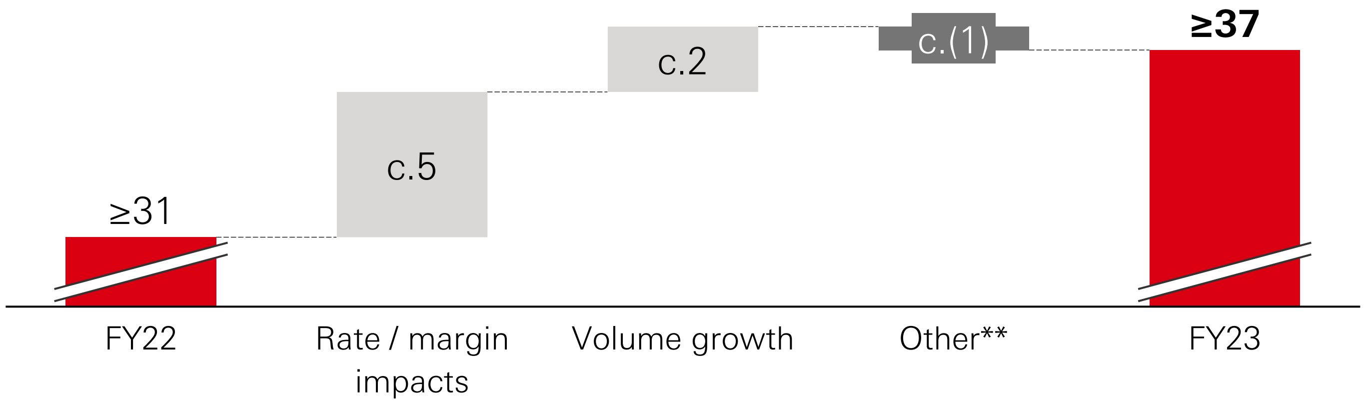
# Forward-looking NII build

## FY22 NII build, $bn




## FY23 NII build, $bn

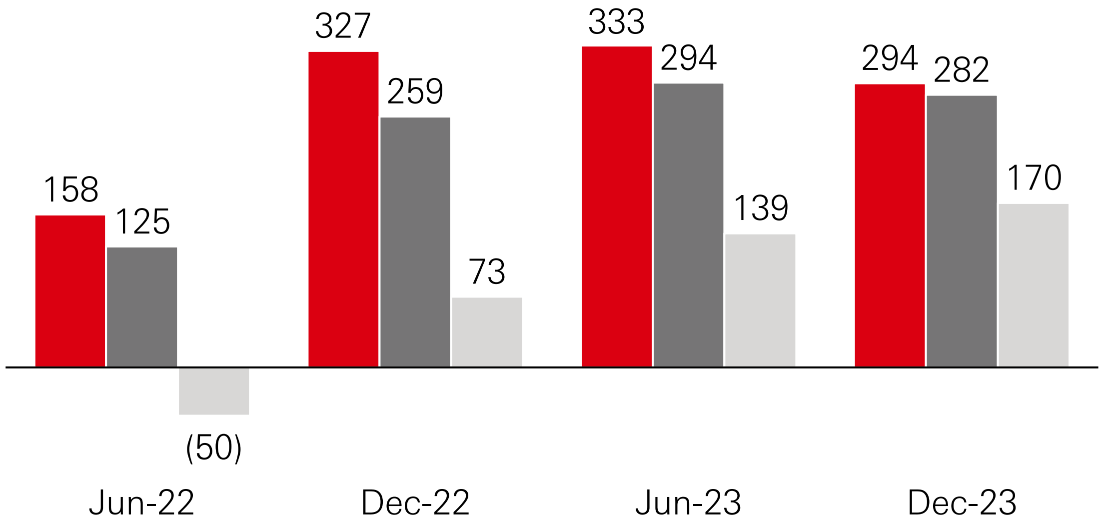
Prepared on an IFRS 4 basis using June 2022 average FX rates




* Adjusted as reported

** Primarily increased funding costs of the trading book as rates rise

## Market-implied path of interest rates at 30 June 2022[35], bps

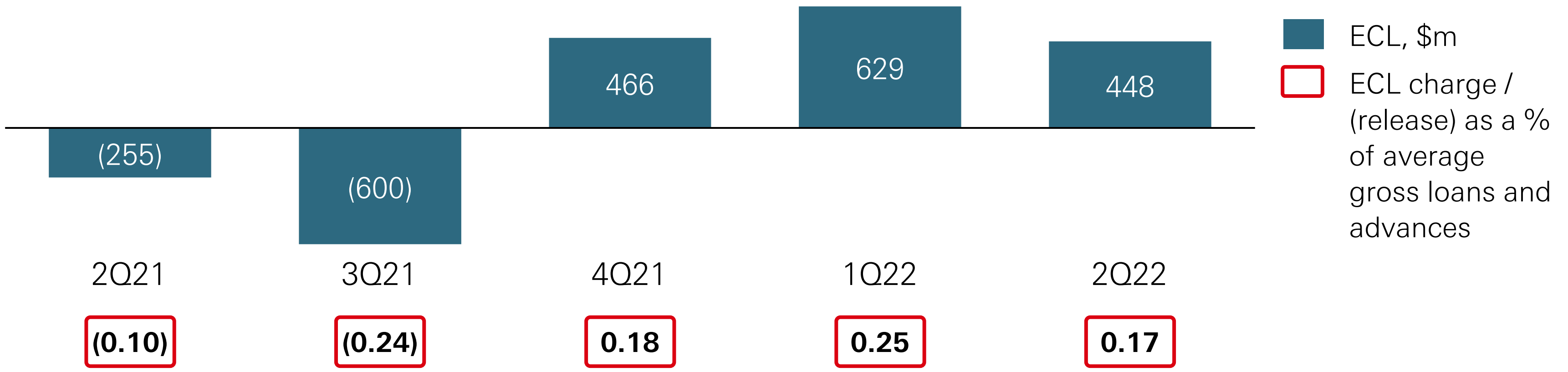



Source: Bloomberg

- **Pass-through rates** on key deposit products to date **is low**, assume increased pass-through over time in 2H22 and FY23
- **Group NII sensitivity to a +100bps parallel shift in yields at 30 June 2022 is $4.7bn, using a simplified pass-through assumption of 50%**; see interest rate sensitivity table on slide 37
- Expect **mid-single digit percentage** loan growth in 2023

# Credit performance

## Adjusted ECL charge / (release) trend




## ECL charge / (release) by geography, $m

| | 2Q22 | 1Q22 |
|---|---|---|
| Hong Kong | 214 | 204 |
| Mainland China | 66 | 71 |
| Other Asia | (62) | 31 |
| UK RFB | 132 | (79) |
| HSBC Bank plc | (10) | 247 |
| Mexico | 142 | 104 |
| Other | (34) | 51 |
| **Total** | **448** | **629** |

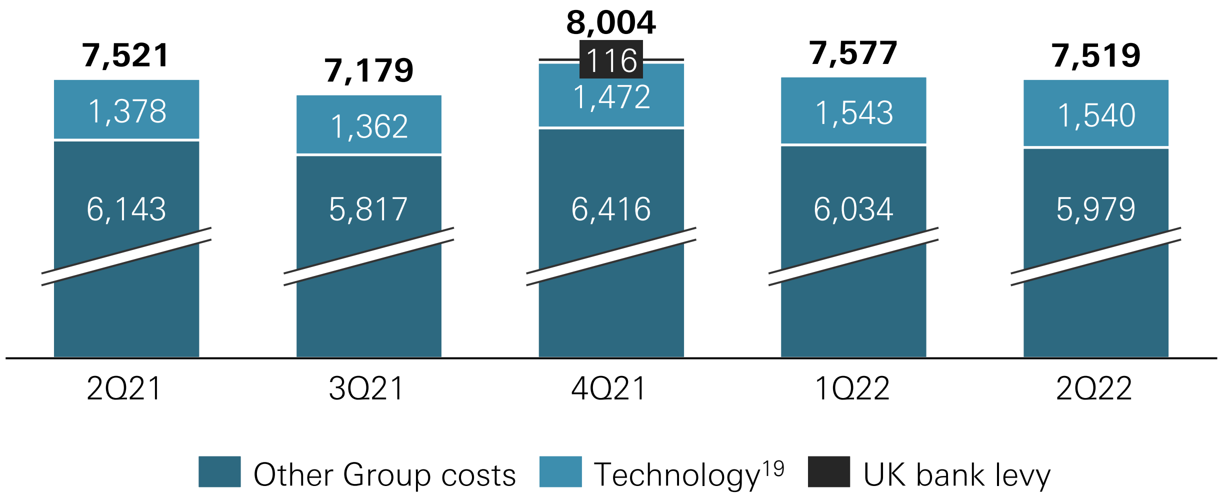
## 2Q22 ECL charge / (release) by stage, $bn

| | Stage 1-2 | Stage 3 | Total |
|---|---|---|---|
| Wholesale | 0.0 | 0.2 | **0.2** |
| Personal | 0.1 | 0.2 | **0.2** |
| **Total** | **0.1** | **0.4** | **0.4** |

- 2Q22 ECL **net charge of $448m**; including a $142m charge reflecting further developments in mainland China's CRE market
  - 2Q22 CRE charge primarily relates to single names in Hong Kong
  - 1H22 charges relating to China CRE of c.$0.3bn
- Signs of portfolio stress are **not yet visible** in early warning indicators
- Stage 3 loans **at 1.8%** of total loans, stable vs. 1Q22
- Continue to expect ECL charge to **normalise towards 30bps** in FY22
- **Higher economic uncertainty** reflected in FY22 ECL guidance

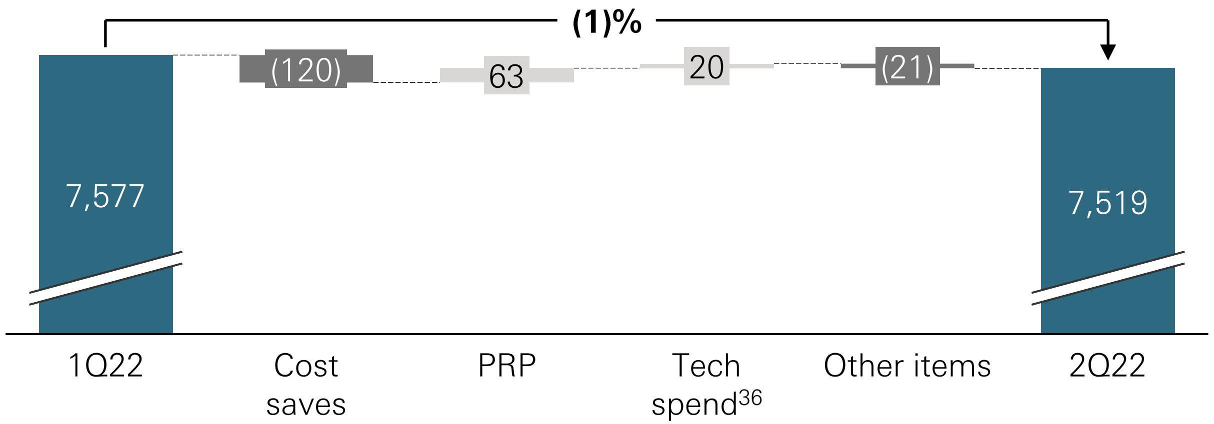
# Adjusted costs

## Operating expenses trend, $m

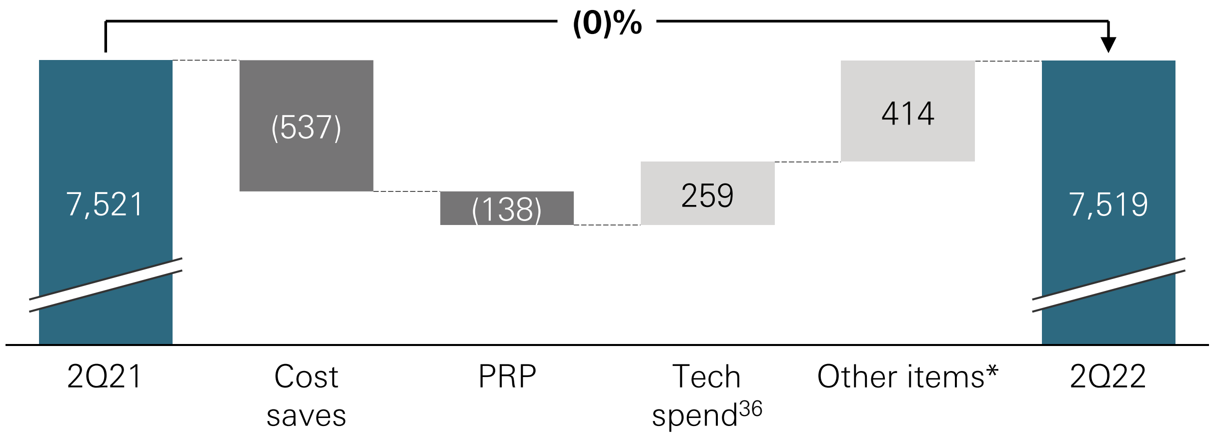



- **2Q22 costs of $7.5bn, stable vs. 2Q21**, cost savings and changes in phasing of accrual for performance-related pay ('PRP') broadly offset increases in technology spending, volume growth and investments
- 2Q22 **cost saves of $0.5bn** had associated **CTA of $0.6bn**; programme cost **saves to date of $4.4bn** and associated **CTA spend of $4.6bn**
- Continue to expect **stable costs** in FY22; on track to **achieve high end** of $5-5.5bn cost saves target and **spend remaining CTA of $2.4bn** in 2H22
- A further **c.$1bn of cost saves** from FY22 CTA spend to flow through in FY23, aiming for **c.2% adjusted cost growth** in FY23

## 2Q22 vs. 1Q22, $m



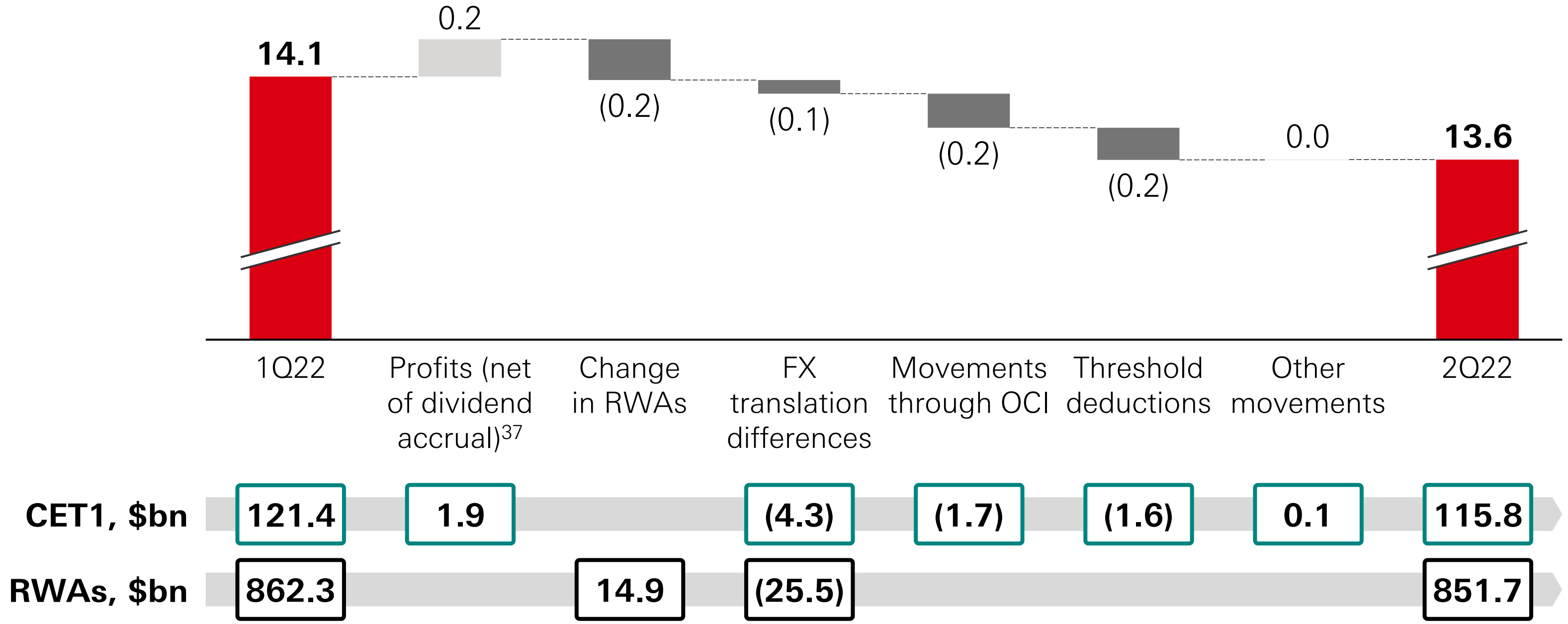

## 2Q22 vs. 2Q21, $m




* Other items includes business and volume growth of $0.1bn, inflation of c.$0.1bn, and litigation and other one-off items of $0.2bn

# Capital adequacy

## CET1 ratio, %




## Capital progression

| | 2Q22 | 1Q22 | 2Q21 |
|---|---|---|---|
| Common equity tier 1 capital, $bn | 115.8 | 121.4 | 134.6 |
| Reported risk-weighted assets, $bn | 851.7 | 862.3 | 862.3 |
| CET1 ratio, % | 13.6 | 14.1 | 15.6 |
| Leverage ratio exposure, $bn | 2,484.2 | 2,532.9 | 2,968.5 |
| Leverage ratio[5], % | 5.5 | 5.7 | 5.3 |

- **CET1 ratio of 13.6%**, down 0.5ppts vs. 1Q22 due to:
  - Higher RWAs: **(0.2)ppts**
  - Negative after-tax OCI movements: **(0.2)ppts**
  - Threshold deductions: **(0.2)ppts**
  - Partly offset by profits net of dividend accrual: **+0.2ppts**
- **Reported RWAs of $852bn**, down $11bn (1%) vs. 1Q22; on a constant currency basis, RWAs **increased by $15bn**, mainly from lending growth and changes in internal methodology and data
- CET1 ratio for the remainder of FY22 will be impacted by:
  - Loss on disposal of France in 3Q22: **c.30bps**
  - Acquisitions and disposals closing in 2H22: **c.5bps**
  - CET1 ratio is expected to be lower in 3Q22 given these disposal losses and acquisitions, together with actual and accrued distributions (net of profits generated)
- Taking actions to **improve CET1 ratio** towards 14% in 2H22; aim to be **within** the target CET1 ratio range during 1H23
- CET1 ratio target range **remains at 14%–14.5%** in the medium term, with the intention of managing this range down further longer term

# Summary

1 **Strong business performance** and **strong NII growth** as global interest rates rise

2 **Cost control continues to be strong**; on track to reach **high end of $5-5.5bn** cost saves target and deliver **stable adjusted costs** in FY22

3 **Benign credit experience** to date; watchful of economic uncertainty in 2H22

4 Higher targeted returns of **12%+ RoTE** from FY23 onwards; enabled by our **transformation progress**, further supported by **higher NII** expectations of at least **$37bn** for FY23[2,32]

5 **Increased confidence in achieving higher returns**; reinstating **quarterly dividends**[3] from 2023 and expect **c.50% payout ratio** for FY23 and FY24

# Summary

**Noel Quinn**
Group Chief Executive

HSBC

# HSBC's 157 year heritage is in bridging capital and trade flows between global hubs

## Leading position in Trade...

| | |
|---|---|
| **Global rank** | **1st** |
| **Market share**[38] | **27%** Of top 9 banks[38] |
| **Revenue gap** | **x1.8** Of Bank #2 |

## ...with significant share of wallet for diversified set of clients into Asia

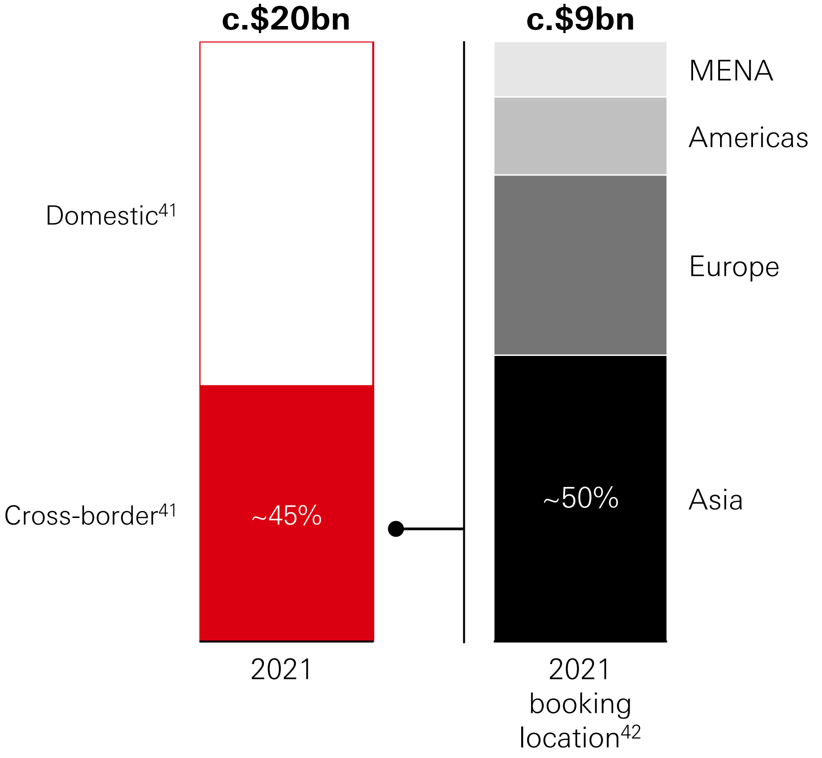
Corporate client share of wallet in trade-related products: GLCM, GTRF, FX[39]

| Managed Region[40] | Booking Region: APAC excl. Japan |
|---|---|
| North America | 20% |
| Latin America | 13% |
| APAC excl. Japan | 11% |
| Western Europe | 21% |
| Middle East (incl. Central & Eastern Europe) | 20% |

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

## ~45% of wholesale client business[18] is cross-border[41]

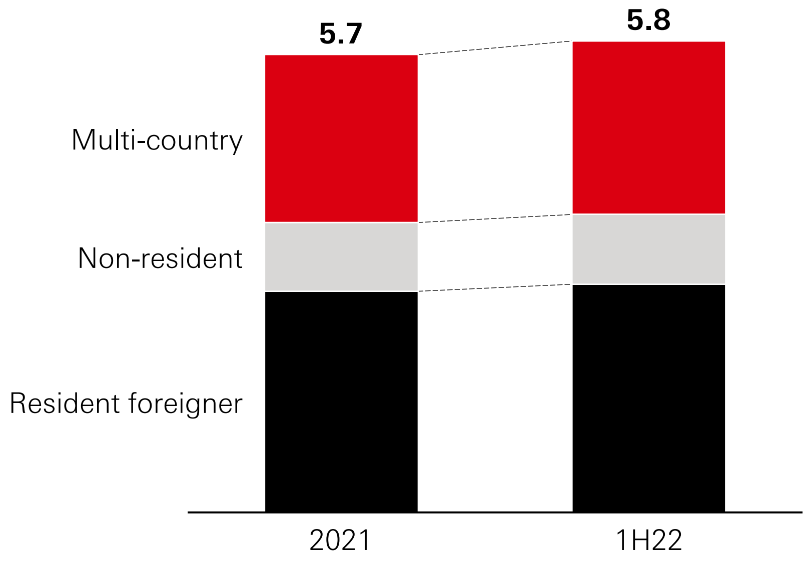
2021




- Business booked domestically includes the home market of international clients and is at risk under alternative structures

## Even in WPB, International is the most attractive client segment

International WPB customers[43], #m



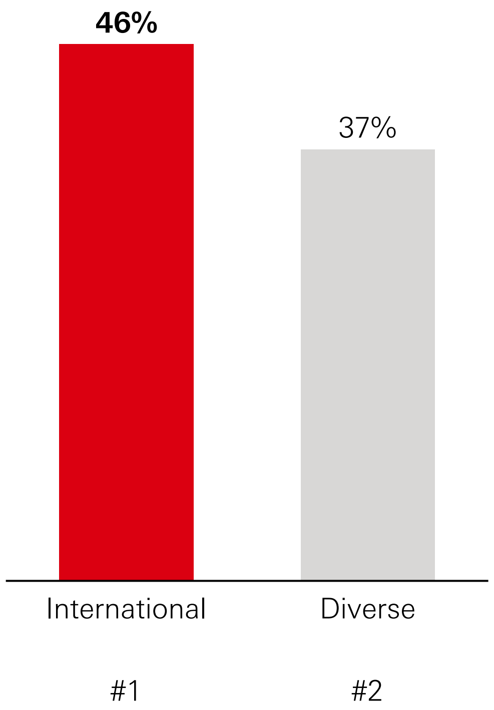

**c.2x** | **International customer revenue** vs. domestic customers[44]

**+17 points** | **Higher NPS** vs. domestic customers

## Our employees identify most strongly with HSBC as being "International"

Employee survey responses[45]

*What word best describes HSBC today?*



# Structural change risks diluting the economics of our international business model: in addition to cost and capital factors, will drive material valuation loss

**Analysis considers a range of structuring options*; impacts vary between options but considered to drive material valuation loss**

## Significant one-off execution costs

Build new, **full-service IT system** in standalone options

Build **c.$40bn MREL stack**; based on stand-alone application of rules to HSBC Asia. Refinance costs in single-digit billions

Other one-off **execution** costs (e.g. programme costs, external advisers)

One-off **tax impacts** (e.g. tax costs on restructuring)

## Higher ongoing running costs

**Duplication** of corporate functions and IT running costs. Loss of Group purchasing power

Costs to capitalise HSBC Asia in line with HK peers *(15.5-17% CET1 ratio)*

**Additional funding costs****, assumed one notch downgrade for rating impacts
*~ Illustrative one notch downgrade **c.25-50bps***
Potential loss of deposit funding across Asia network countries (branches)

**Potentially higher tax charges**

## Material complexity and execution risks

Potential loss of direct access to **US Dollar clearing** and difficulty in securing a new license

Future trading arrangements between HSBC Asia and Group unlikely to mitigate revenue loss

**3-5 years** to execute and will impact other **change and investment programmes** during this period

Regulatory approvals required in **c.25 jurisdictions**

**75%** shareholder approval threshold likely

**~25%** of shareholders unlikely to hold HSBC Asia if not in FTSE UK index

* We have considered various options relating to our Asian business including demerger from the Group, or a listing or partial listing of all of some parts of our Asian business; impacts above relate to one or more of these options
** MREL, Tier 2 and AT1. Primarily in the West

# In summary, we remain focused in delivering our strategy with material upside in performance, returns and distribution potential expected

- Transforming our portfolio to **focus on our strengths** in areas where we have a competitive advantage – international connectivity
- Continuing to **invest in** and **support** our home markets of **Hong Kong and the UK**
- Accelerating growth by **shifting capital** into areas with the highest returns
- **Simplifying** processes and structure to improve efficiency and autonomy
- **Managing costs** despite inflationary pressure
- Leveraging the latest technology to **digitise** our operating model and enhance customer experience
- Maintaining our **reputation** of resilience with a strong balance sheet and liquidity profile

**12%+ RoTE** guidance from FY23 onwards[2] – the highest in a decade

Upgraded dividend guidance; expecting **c.50% payout ratio** for FY23 and FY24; returning to quarterly dividends in 2023[3]

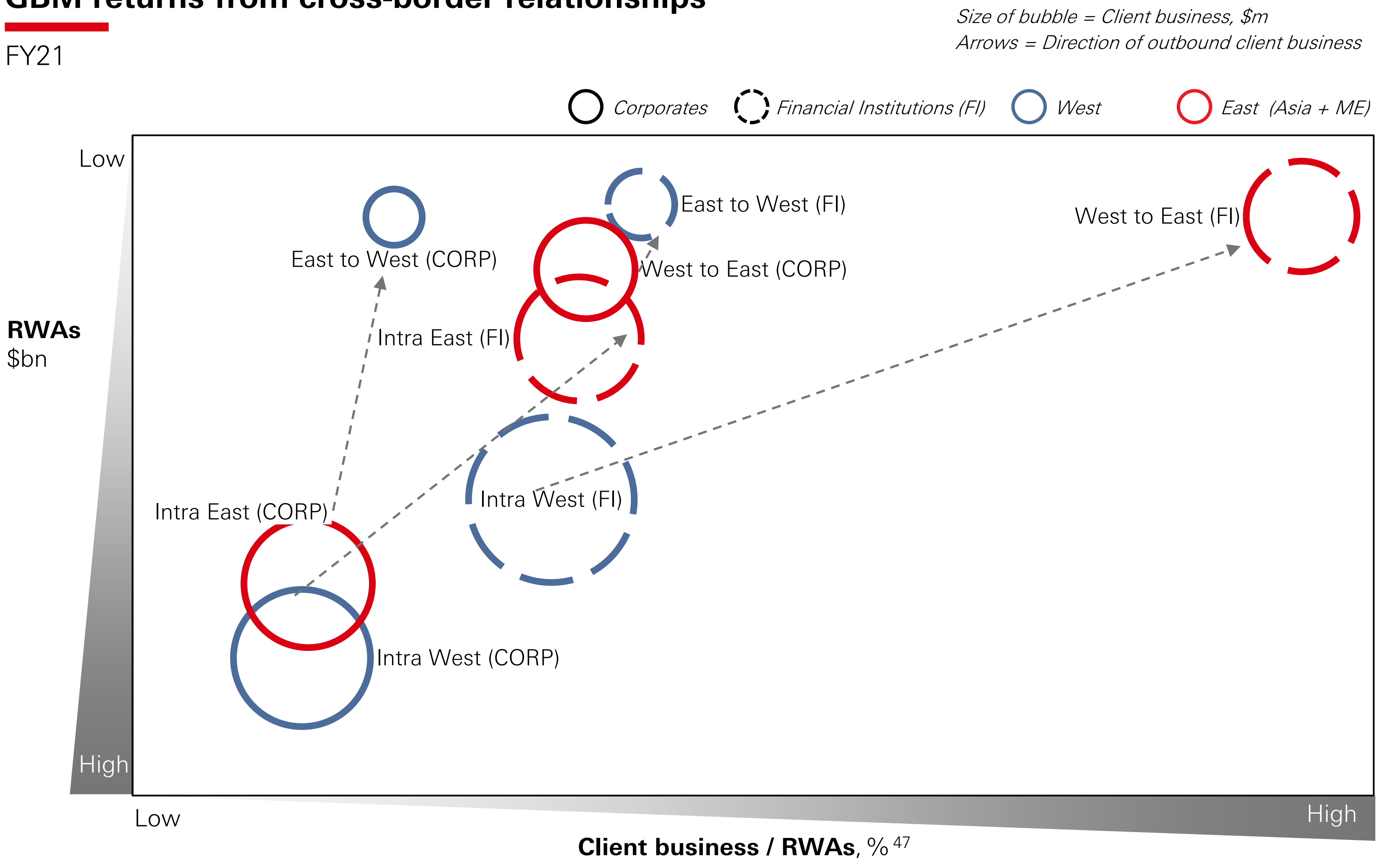
# Appendix

HSBC

# In Wholesale, we provide relationship lending to clients in the West as part of supporting their business with our differentiated products in the East

## GBM returns from cross-border relationships[46]

FY21




## Case study: Top 20 Securities Services clients in Asia by revenue

FY21

| Client rank | Client domicile | % of total Asia Securities Services revenue |
|---|---|---|
| 1 | North America | 7.2% |
| 2 | North America | 6.5% |
| 3 | North America | 4.8% |
| 4 | North America | 3.9% |
| 5 | Europe | 3.3% |
| 6 | North America | 3.3% |
| 7 | North America | 3.2% |
| 8 | North America | 3.0% |
| 9 | North America | 2.3% |
| 10 | Europe | 2.3% |
| 11 | North America | 1.9% |
| 12 | Asia | 1.8% |
| 13 | North America | 1.5% |
| 14 | Europe | 1.4% |
| 15 | Europe | 1.4% |
| 16 | Europe | 1.1% |
| 17 | Europe | 0.9% |
| 18 | Europe | 0.9% |
| 19 | North America | 0.9% |
| 20 | Asia | 0.8% |
| Total % of top 20 clients | | 52.3% |

# 2Q22 global business highlights

| | WPB | CMB | GBM |
|---|---|---|---|
| **Financial** | ◆ 2Q22 revenue **up 5%** vs. 2Q21, benefitting from global interest rate rises and balance sheet growth<br>◆ 1H22 VNB of $739m, **up 39%** vs. 1H21<br>◆ 2Q22 NNIA of **$30bn**<br>◆ Loans up **$17bn (4%)** vs. 2Q21, **5% loan growth** incl. 2Q21 IPO loans of $9bn; deposits up **$43bn (5%)**<br>◆ Unsecured balances up **$2bn (6%)** vs. 2Q21 | ◆ **Revenue up 19%** vs. 2Q21, including double-digit growth in GLCM and Trade<br>◆ **Strong fee growth of 11%** across all products, notably in GLCM<br>◆ GBM collaboration revenue **up 17%**, benefitting from strong FX performance<br>◆ Loans **up $18bn (6%)** vs. 2Q21; incl. Trade balances up **$9bn** and C&L balances up **$8bn** | ◆ Revenue up **15%** vs. 2Q21, primarily in MSS, benefitting from market volatility<br>◆ Strong Global FX performance; **$1.1bn of revenue, up 66%** vs. 2Q21<br>◆ Securities Financing revenue **up 34%**<br>◆ GLCM **up 52%**, including **fee growth of 11%** and average balances up 6% vs. 2Q21 |
| **Non-financial** | ◆ Over **1,000** Personal Wealth Planner hires made for our Pinnacle proposition and expanded to an **additional GBA city**<br>◆ **Digital international account openings** launched for our Expat proposition, and in the US, Canada and Hong Kong | ◆ Winner of the **World's Best Bank for Trade Finance**[48]; winner of the **Best Bank for Sustainable Finance** for consecutive years in Asia and the Middle East[48]<br>◆ Cloud-based Supply Chain Finance solution now in **19 markets**, supporting overall **49% Supply Chain Finance revenue growth** across CMB<br>◆ HSBCnet **volumes up 61%** vs. 2Q21<br>◆ HSBC Kinetic awarded 'Best Digital CX - Account Opening and Customer Onboarding'[49] | ◆ **#1 rank** in EMEA IPOs[50]<br>◆ **#5 rank** in global GSSS bond issuance with a market share of **4.7%**[51]<br>◆ HSBC is **top 3 in FX** (excluding Commodities)[52]<br>◆ Building a platform to issue digital bonds as our first **tokenised solution** in the market |

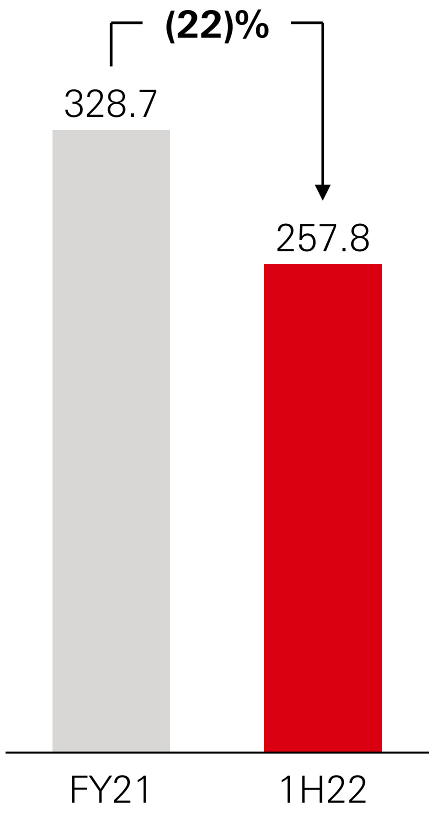
# 2Q22 geographic highlights

| | Asia | Europe | MENA | Americas |
|---|---|---|---|---|
| **Financial** | ◆ 2Q22 Hong Kong NII **up 10%** vs. 1Q22, and **up 16%** vs. 2Q21<br>◆ 2Q22 Asia ex. Hong Kong revenue **up 14%** vs. 2Q21<br>◆ 2Q22 Asia deposit surplus of **$287bn**<br>◆ Lending ex. Hong Kong and mainland China **up $14bn (12%)** vs. 2Q21 | ◆ Europe revenue **up 9%** vs. 2Q21<br>◆ HSBC UK 2Q22 PBT **up 17%** vs. 2Q21; 1H22 revenue **up 20%** vs. 1H21 and up **9%** vs. 1H19<br>◆ Europe lending **up 4%**, deposits up **7%** vs. 2Q21<br>◆ 2Q22 HSBC UK deposit surplus of **$103bn** | ◆ Revenue **up 7**% vs. 2Q21, including 20ppts adverse impact from hyperinflation adjustments<br>◆ Strong MENA GBM performance, 2Q22 **non-NII up 15%** vs. 2Q21, supported by good deal flow in Saudi Arabia | ◆ North America loan growth of **11%** vs. 2Q21; CMB loans up **17%**<br>◆ Latin America 2Q22 revenue up **28%** vs. 2Q21; PBT up **8%**<br>◆ Latin America loan growth of **13%** vs. 2Q21; deposits **up 14%** |
| **Non-financial** | ◆ **WPB green mortgages** launched in Hong Kong and mainland China<br>◆ **First foreign bank** in mainland China where clients can manage wealth and investments **via mobile** | ◆ UK mortgage market share[53] of balances of **7.6%**, June YTD gross new lending share[53] of **8.9%**<br>◆ HSBC Kinetic now has **40,000 customers** in the UK<br>◆ France sale progress on track, expect $2.6bn pre-tax loss on disposal in 3Q22<br>◆ Agreed to sell businesses in Russia and Greece, subject to regulatory approvals | ◆ **WPB green loans** launched in Egypt<br>◆ Launched **Savings for Good** partnership, equipping economically vulnerable workers with financial literacy skills<br>◆ First HSBC market to partner with MasterCard, with customers donating reward points to **planting and maintaining mangroves** | ◆ Completed disposals of US mass-market retail portfolios<br>◆ Growth in **WPB Premier** customers in the US as we refocus our business towards a targeted Wealth offering |

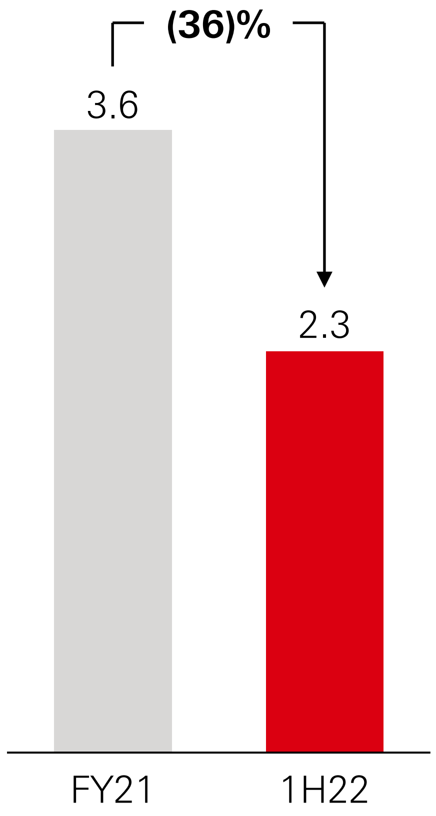
# Impacts of financial investments

## Hold-to-collect-and-sell ('HTC&S') portfolio evolution

### Portfolio size, $bn




### Portfolio stressed VaR, $bn




- In 2Q22, key rates (10 year US Treasuries, 10 year UK Gilts and 10 year German Bunds) **increased by an average of 72bps**, driving **$2.4bn** of additional pre-tax losses through OCI; cumulative 1H22 pre-tax losses through OCI were **$6.3bn** (0.6ppts of CET1)
- During 1H22 we have taken actions to **reduce the duration risk of this portfolio** and the overall capital volatility of our hedging instruments
- In 1H22 we decreased the amount of securities held under HTC&S (measured at FVOCI) and prospectively increased those held under to hold-to-collect ('HTC') (measured at amortised cost)
- The size of the HTC&S portfolio had **reduced** from **$329bn to $258bn** in 1H22 and the **stressed VaR** of the HTC&S portfolio **has reduced to $2.3bn** at 2Q22 (vs. $3.6bn at 4Q21)
- The Group continues to be **positively exposed** to global interest rate movements (incremental NII of **$4.7bn** over 12 months for a parallel shift of +100bps)
- If policy rates were to follow market expectations, higher NII is expected to **offset FVOCI losses** through increased profitability in **c.4 quarters*** from 2Q22

* Based on a static portfolio composition

# Key financial metrics

| **Reported results, $m** | **2Q22** | **1Q22** | **2Q21** |
|---|---|---|---|
| NII | 7,454 | 6,997 | 6,584 |
| Other Income | 5,318 | 5,467 | 5,981 |
| **Revenue** | **12,772** | **12,464** | **12,565** |
| ECL | (448) | (642) | 284 |
| Costs | (8,107) | (8,312) | (8,560) |
| Associate income | 793 | 656 | 771 |
| **Profit before tax** | **5,010** | **4,166** | **5,060** |
| Tax | 762 | (723) | (1,206) |
| **Profit after tax** | **5,772** | **3,443** | **3,854** |
| Profit attributable to ordinary shareholders ('PAOS') | 5,486 | 2,803 | 3,396 |
| Basic earnings per share, $ | 0.28 | 0.14 | 0.17 |
| Diluted earnings per share, $ | 0.27 | 0.14 | 0.17 |
| Dividend per share (declared in respect of the period), $ | 0.09 | — | 0.07 |
| Net interest margin (annualised), % | 1.35 | 1.26 | 1.20 |

| **Reported balance sheet, $m** | **2Q22** | **1Q22** | **2Q21** |
|---|---|---|---|
| Total assets | 2,985,420 | 3,021,512 | 2,976,005 |
| Net loans and advances to customers | 1,028,356 | 1,055,307 | 1,059,511 |
| Customer accounts | 1,651,301 | 1,709,685 | 1,669,091 |
| Quarterly average interest-earning assets | 2,207,731 | 2,259,198 | 2,198,953 |
| Reported loans and advances to customers as % of customer accounts | 62.3 | 61.7 | 63.5 |
| Total shareholders' equity | 188,382 | 196,293 | 198,218 |
| Tangible ordinary shareholders' equity | 148,308 | 155,833 | 157,985 |
| Net asset value per ordinary share at period end, $ | 8.41 | 8.71 | 8.69 |
| Tangible net asset value per ordinary share at period end, $ | 7.48 | 7.80 | 7.81 |

| **Alternative performance measures, $m** | **2Q22** | **1Q22** | **2Q21** |
|---|---|---|---|
| Adjusted NII | 7,466 | 6,773 | 6,204 |
| Adjusted other income | 5,675 | 5,334 | 5,568 |
| **Adjusted revenue** | **13,141** | **12,107** | **11,772** |
| Adjusted ECL | (448) | (629) | 255 |
| Adjusted costs | (7,519) | (7,577) | (7,521) |
| Adjusted associate income | 793 | 630 | 754 |
| **Adjusted profit before tax** | **5,967** | **4,531** | **5,260** |
| PAOS excl. goodwill and other intangible impairment and PVIF | 5,012 | 2,624 | 3,352 |
| Return on average tangible equity (annualised)[1], % | 13.3 | 6.8 | 8.6 |
| Return on average equity (annualised), % | 13.0 | 6.5 | 7.8 |
| Adjusted net loans and advances to customers | 1,028,356 | 1,014,723 | 994,555 |
| Adjusted customer accounts | 1,651,301 | 1,647,376 | 1,565,942 |
| Adjusted cost efficiency ratio, % | 57.2 | 62.6 | 63.9 |
| ECL charge/(release) as a % of average gross loans and advances to customers (annualised) | 0.17 | 0.25 | (0.10) |

| **Capital, leverage and liquidity** | **2Q22** | **1Q22** | **2Q21** |
|---|---|---|---|
| Reported risk-weighted assets, $bn | 851.7 | 862.3 | 862.3 |
| CET1 ratio[5], % | 13.6 | 14.1 | 15.6 |
| Total capital ratio (transitional), % | 18.6 | 19.2 | 21.0 |
| Leverage ratio, % | 5.5 | 5.7 | 5.3 |
| High-quality liquid assets (liquidity value), $bn | 657 | 695 | 659 |
| Liquidity coverage ratio, % | 134 | 134 | 134 |

| **Share count, m** | **2Q22** | **1Q22** | **2Q21** |
|---|---|---|---|
| Basic number of ordinary shares outstanding | 19,819 | 19,968 | 20,223 |
| Basic number of ordinary shares outstanding and dilutive potential ordinary shares | 19,949 | 20,134 | 20,315 |
| Quarterly average basic number of ordinary shares outstanding | 19,884 | 20,024 | 20,227 |

# Reconciliation of reported PBT and adjusted profit after tax

| $m | | 2Q22 | 1Q22 | 2Q21 | 1H22 | 1H21 |
|---|---|---|---|---|---|---|
| | **Reported PBT** | **5,010** | **4,166** | **5,060** | **9,176** | **10,839** |
| **Revenue** | Currency translation | — | (448) | (760) | — | (1,069) |
| | Customer redress programmes | 12 | 2 | — | 14 | (18) |
| | Disposal, acquisitions and investment in new businesses | 288 | — | — | 288 | — |
| | Fair value movements on financial instruments | 58 | 162 | (45) | 220 | 194 |
| | Restructuring and other related costs* | 11 | (79) | 4 | (68) | 70 |
| | Currency translation of significant items | — | 6 | 8 | — | 6 |
| **ECL** | Currency translation | — | 13 | (29) | — | (44) |
| **Operating expenses** | Currency translation | — | 302 | 537 | — | 749 |
| | Customer redress programmes | (10) | 4 | 27 | (6) | 17 |
| | Impairment of goodwill and other intangibles | 9 | — | — | 9 | — |
| | Restructuring and other related costs | 589 | 451 | 514 | 1,040 | 848 |
| | *o/w: costs to achieve* | *583* | *435* | *499* | *1,018* | *818* |
| | Currency translation of significant items | — | (22) | (39) | — | (47) |
| **Share of profit in associates and JVs** | Currency translation | — | (26) | (17) | — | (7) |
| | **Adjusted PBT** | **5,967** | **4,531** | **5,260** | **10,673** | **11,538** |
| **Tax** | Currency translation | — | 26 | 75 | — | 109 |
| | Reported tax (charge) / credit | 762 | (723) | (1,206) | 39 | (2,417) |
| | Tax significant items | (1,935) | (65) | (78) | (2,001) | (153) |
| | Currency translation on significant items | — | 3 | 1 | — | 6 |
| | **Adjusted profit after tax** | **4,794** | **3,772** | **4,052** | **8,711** | **9,083** |
| | **Total tax, currency translation and significant items** | **(216)** | **(394)** | **(1,008)** | **(465)** | **(1,756)** |

* Primarily comprises losses associated with RWA reduction commitments

# Certain items included in adjusted revenue

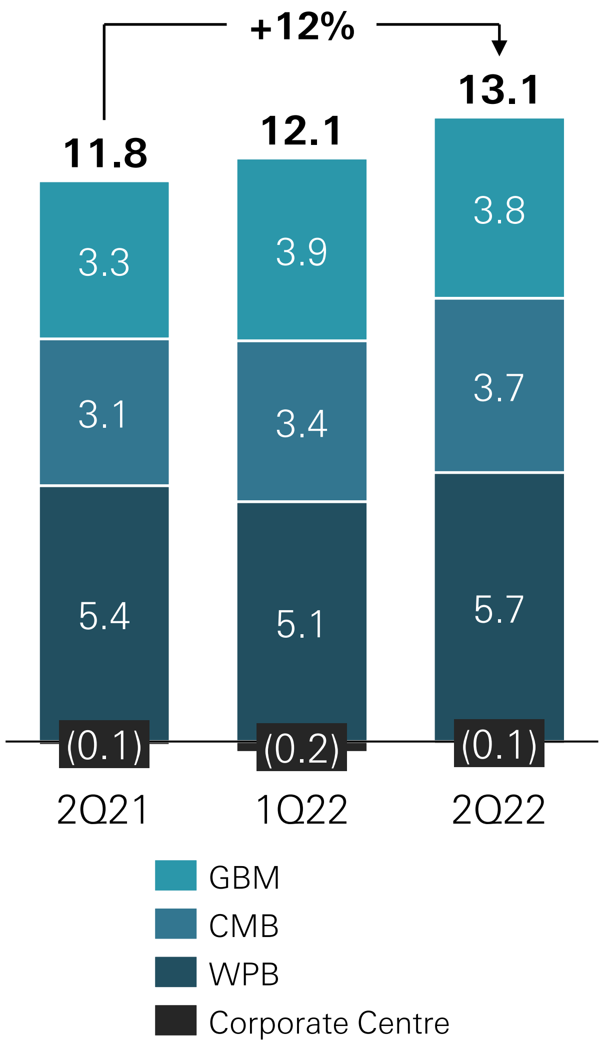
| Certain items included in adjusted revenue highlighted in management commentary, $m | 2Q22 | 1Q22 | 4Q21 | 3Q21 | 2Q21 | 1H22 | 1H21 |
|---|---|---|---|---|---|---|---|
| Insurance manufacturing market impacts in WPB | (378) | (276) | 127 | (42) | 324 | (654) | 392 |
| *of which: Asia WPB insurance manufacturing market impacts* | *(401)* | *(363)* | *88* | *(52)* | *268* | *(768)* | *187* |
| Gain on Insurance policyholder funds on deposit in WPB | 294 | — | — | — | — | 294 | — |
| Credit and funding valuation adjustments in GBM | 25 | (30) | 41 | (44) | 3 | (7) | 35 |
| Legacy Credit in Corporate Centre | 25 | (20) | (13) | (34) | 6 | 4 | 15 |
| Valuation differences on long-term debt and associated swaps in Corporate Centre | (32) | 5 | (10) | (35) | (27) | (28) | (54) |
| Turkey hyperinflation[54] | (113) | — | — | — | — | (113) | — |
| **Total** | **(179)** | **(321)** | **145** | **(155)** | **306** | **(504)** | **388** |

# 2Q22 adjusted revenue performance

| | 2Q22 revenue | | | | 2Q22 vs. 2Q21 | |
|---|---|---|---|---|---|---|
| **WPB** | $5,691m ▲ 5% | Wealth | $2,183m | (209) | o/w insurance market impacts: $(702)m |
| | | Personal Banking | $3,476m | 569 | |
| | | Other | $32m | (82) | |
| **CMB** | $3,684m ▲ 19% | GTRF | $536m | 85 | |
| | | Credit and Lending | $1,478m | 76 | |
| | | GLCM | $1,349m | 523 | |
| | | Other | $321m | (104) | |
| **GBM** | $3,829m ▲ 15% | MSS | $2,329m | 502 | o/w XVAs: $22m |
| | | Banking | $1,748m | 175 | |
| | | *of which: GLCM* | *$643m* | 220 | |
| | | Principal Investments | $21m | (42) | |
| | | Other | $(269)m | (148) | |
| **Corp. Centre** | $(63)m | | | 24 | o/w valuation differences: $(5)m |
| **Group** | $13,141m ▲ 12% | | | (485) / 1,369 | |

Impact of certain items

**Revenue by global business, $bn**



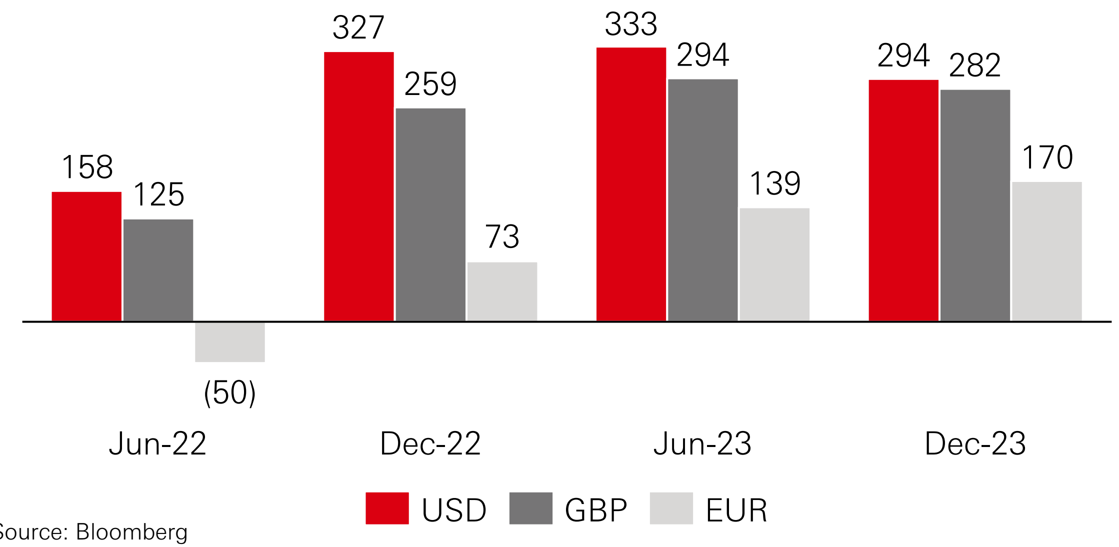
# Net interest margin supporting information

## Group NII sensitivity to instantaneous change in yield curves

At 30 June 2022, using a simplified pass-through assumption of 50%

| Parallel change from July 2022 to Jun 2023 | Currency | | | | | |
|---|---|---|---|---|---|---|
| | **USD** | **HKD** | **GBP** | **EUR** | **Other** | **Total** |
| | $m | $m | $m | $m | $m | $m |
| +25bps | 109 | 183 | 356 | 111 | 399 | 1,158 |
| -25bps | (120) | (188) | (393) | (104) | (409) | (1,214) |
| +100bps | 433 | 720 | 1,513 | 460 | 1,571 | 4,697 |
| -100bps | (881) | (1,254) | (1,677) | (419) | (1,723) | (5,954) |

## Market-implied path of interest rates at 30 June 2022[35], bps

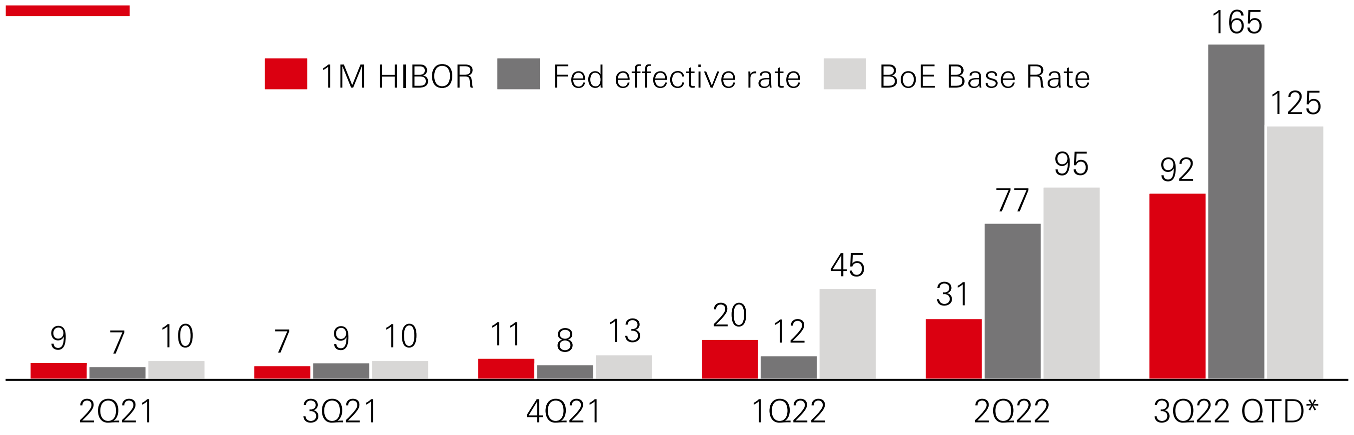



Source: Bloomberg

## Quarterly NIM by key legal entity

| | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 | % of 2Q22 Group NII | % of 2Q22 Group AIEA |
|---|---|---|---|---|---|---|---|
| The Hongkong and Shanghai Banking Corporation (HBAP) | 1.37% | 1.35% | 1.35% | 1.39% | 1.46% | 47% | 44% |
| HSBC Bank plc (NRFB) | 0.48% | 0.47% | 0.52% | 0.55% | 0.57% | 9% | 21% |
| HSBC UK Bank plc (UK RFB) | 1.56% | 1.51% | 1.48% | 1.63% | 1.77% | 24% | 19% |
| HSBC North America Holdings, Inc | 0.97% | 0.90% | 0.87% | 0.90% | 1.05% | 6% | 8% |

## Key rates (quarter averages), bps




Source: Bloomberg

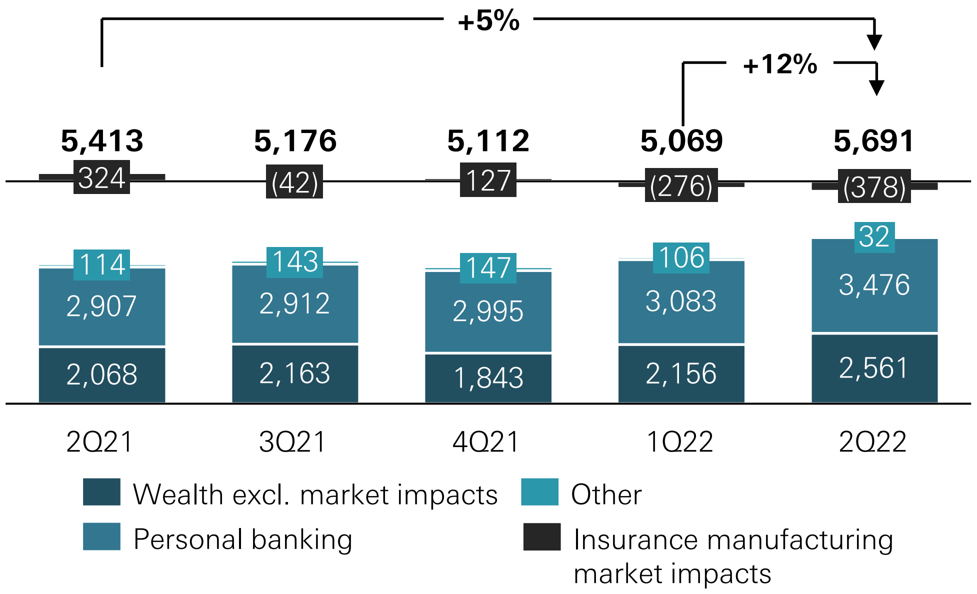
* At 29 July 2022

# Wealth and Personal Banking

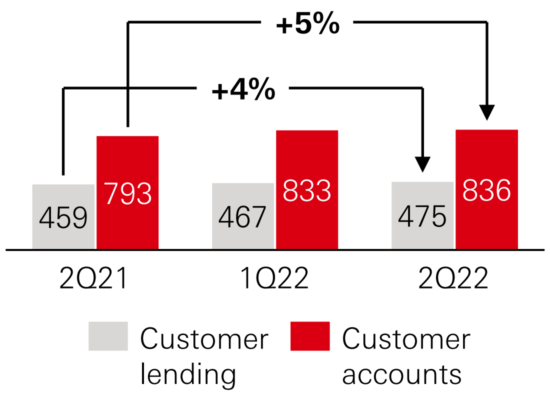
## 2Q22 financial highlights

| | | | |
|---|---|---|---|
| Revenue | **$5.7bn** | ▲ | 5% (2Q21: $5.4bn) |
| ECL | **$(0.2)bn** | ▲ | >(100)% (2Q21: $0.0bn) |
| Costs | **$(3.6)bn** | ▲ | (2)% (2Q21: $(3.6)bn) |
| PBT | **$1.8bn** | ▼ | (3)% (2Q21: $1.9bn) |
| RoTE[55] | **8.4%** | ▼ | (9.5)ppts (1H21: 17.9%) |

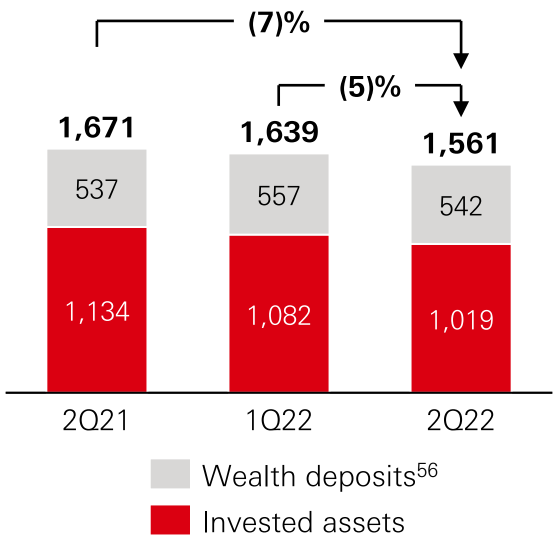
## Revenue performance, $m




## Balance sheet, $bn




## Reported Wealth Balances, $bn




## 2Q22 vs. 2Q21

- **Revenue** up $278m (5%). Personal banking up $569m (20%) from interest rate rises and balance sheet growth. Wealth down $209m, including adverse insurance market impacts of $702m, partly offset by higher Insurance (VNB up $139m and a gain of $294m on policyholder funds on deposit) and Private Banking up $56m (13%)
- **Customer lending** up $17bn (4%), mainly mortgages ($22bn), and unsecured ($2bn), partly offset by $9bn of short term IPO loans in Hong Kong in 2Q21
- **Customer accounts** up $43bn (5%) across most markets (including the UK ($17bn) and Hong Kong ($13bn))
- **Wealth balances** down $110bn (7%) mainly invested assets due to lower market levels (down $95bn), adverse FX (down $87bn), compensated by NNIA of $67bn, of which $31bn in Asia

## 2Q22 vs. 1Q22

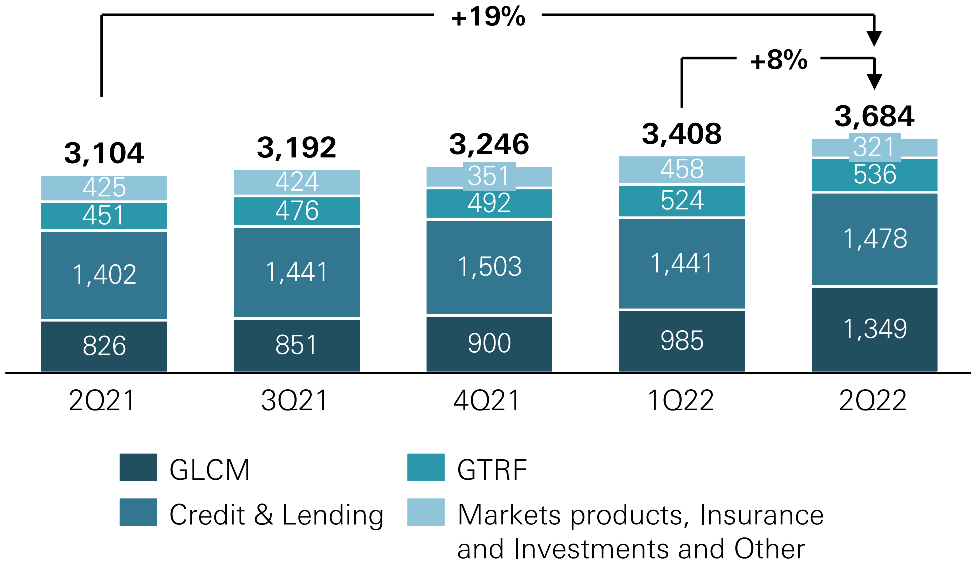
- **Revenue** up $622m (12%). Wealth up $303m (16%) mainly Insurance (VNB up $55m and a gain of $294m on policyholder funds on deposit). Personal banking up $393m (13%) due to interest rate rises and balance sheet growth
- **Customer lending** up $8bn (2%), mainly mortgages ($5bn) across most markets particularly in the UK ($3bn) and unsecured ($1bn)
- **Wealth balances** down $78bn (5%) mainly invested assets due to lower market levels (down $54bn), adverse FX (down $39bn), compensated by NNIA of $30bn, primarily Asia ($14bn)

# Commercial Banking

## 2Q22 financial highlights

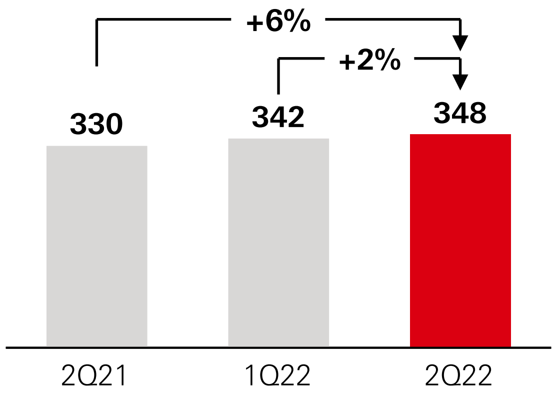
| | | | |
|---|---|---|---|
| Revenue | **$3.7bn** | ▲ | 19% (2Q21: $3.1bn) |
| ECL | **$(0.3)bn** | ▲ | >(100)% (2Q21: $0.0bn) |
| Costs | **$(1.6)bn** | ▼ | 2% (2Q21: $(1.7)bn) |
| PBT | **$1.8bn** | ▲ | 21% (2Q21: $1.5bn) |
| RoTE[55] | **12.6%** | ▲ | 1.5ppts (1H21: 11.1%) |

## Revenue performance, $m

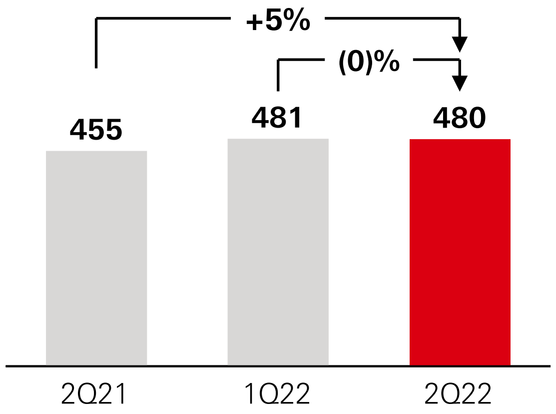



## Balance sheet, $bn

### Customer lending




### Customer accounts




## 2Q22 vs. 2Q21

- **Revenue** up $580m (19%) across all core CMB products, GLCM (up 63%), GTRF (up 19%) and C&L (up 5%) reflecting higher volumes at improved margins with double-digit growth in fees and GBM collaboration income. Strong growth seen across all regions notably in the UK and Asia offset by the adverse impact of hyperinflation accounting adjustment ($64m) in MENA
- **Customer lending** up $18bn (6%) with growth across all regions notably in Asia and Canada, with Trade (up $9bn, 18%) and Credit & Lending (up $8bn, 3%)
- **Customer accounts** up $25bn (5%) with growth notably in Asia ($18bn) and the UK ($8bn)

## 2Q22 vs. 1Q22

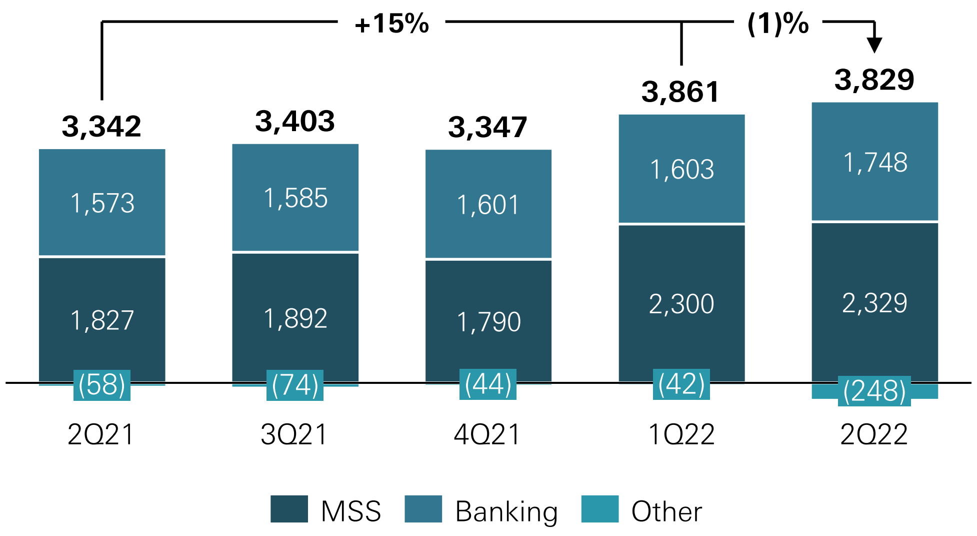
- **Revenue** up $276m (8%) across all core CMB products notably GLCM (up 37%) reflecting higher margins and fees (up 12%), notably in Asia and the UK, continued asset growth partly offset by hyperinflation accounting impact, seasonality in Trade and GBM collaboration fees
- **Customer lending** up $7bn (2%) with continued growth across all regions, notably C&L (up $5bn) in North America and Asia
- **Customer accounts** remain broadly stable

# Global Banking and Markets

## 2Q22 financial highlights

| | | | |
|---|---|---|---|
| Revenue | **$3.8bn** | ▲ | 15% (2Q21: $3.3bn) |
| ECL | **$0.1bn** | ▲ | (62)% (2Q21: $0.2bn) |
| Costs | **$(2.3)bn** | ▲ | (0)% (2Q21: $(2.3)bn) |
| PBT | **$1.6bn** | ▲ | 26% (2Q21: $1.3bn) |
| RoTE[55] | **10.9%** | ▲ | 0.2ppts (1H21: 10.7%) |

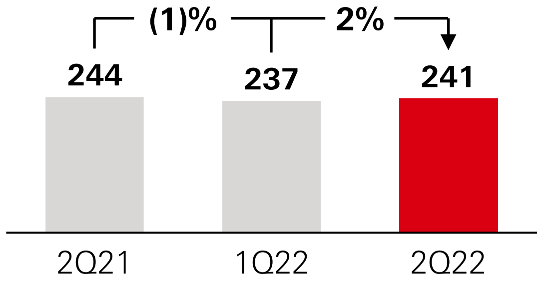
## Revenue performance, $m




## View of adjusted revenue

| $m | 2Q22 | Δ2Q21 |
|---|---|---|
| **MSS** | **2,329** | **27%** |
| Securities Services | 484 | 9% |
| Global Debt Markets | 228 | (23)% |
| Global FX | 1,144 | 66% |
| Equities | 199 | (4)% |
| Securities Financing | 249 | 34% |
| XVAs | 25 | >100% |
| **Banking** | **1,748** | **11%** |
| GTRF | 188 | 10% |
| GLCM | 643 | 52% |
| Credit & Lending | 645 | 4% |
| Capital Markets & Advisory | 153 | (50)% |
| Other | 119 | >100% |
| **GBM Other** | **(248)** | **>(100)%** |
| Principal Investments | 21 | (67)% |
| Other | (269) | >(100)% |
| **Net operating income** | **3,829** | **15%** |

## Adjusted RWAs[57], $bn




## 2Q22 vs. 2Q21

- **Revenue** of $3.8bn up $0.5bn (15%) vs. 2Q21
- MSS revenue of $2.3bn up $502m (27%) vs. prior year:
  - Global FX and Securities Financing performance driven by continued strong client flow and robust risk management from higher market volatility
  - Global Debt Markets down 23% due to reduced client activity and challenging market conditions
  - Securities Services growth driven by global interest rate increases, partly offset by lower fees from reduced market levels
- Banking revenue of $1.8bn up $175m (11%):
  - GLCM growth of 52% due to higher interest rates and growth in average deposits of 6%. Fees up 11% driven by higher volumes and delivery of strategic initiatives
  - Capital Markets & Advisory remain challenged due to a market wide slowdown in debt and equity capital markets

## 2Q22 vs. 1Q22

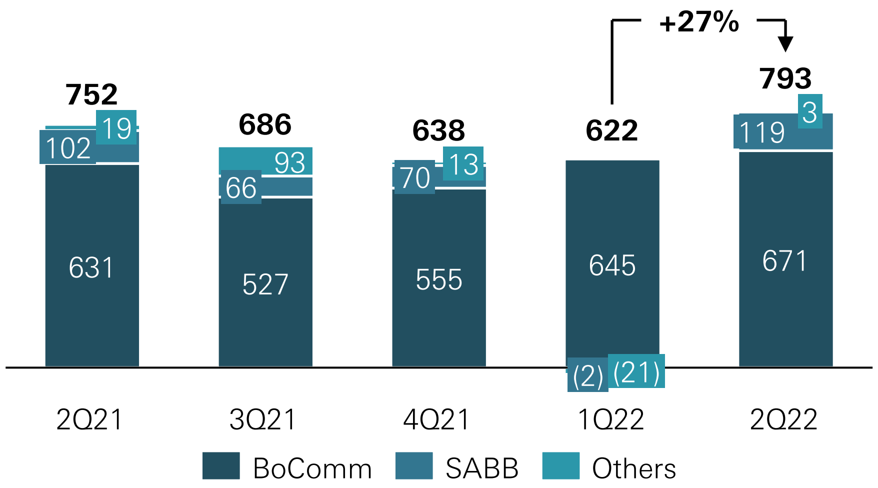
- **Revenue** stable
  - MSS up $29m (1%), across asset classes from continued client activity with the exception of Equities
  - Banking up $145m (9%), as GLCM continued to benefit from rising interest rates, partly offset by lower Capital Markets & Advisory activity

# Corporate Centre

## 2Q22 financial highlights

| | | | |
|---|---|---|---|
| Revenue | **$(63)m** | ▲ | 28% (2Q21: $(87)m) |
| ECL | **$0m** | ▲ | >(100)% (2Q21: $5m) |
| Costs | **$11m** | ▼ | >100% (2Q21: $(34)m) |
| Associates | **$793m** | ▲ | 5% (2Q21: $752m) |
| PBT | **$741m** | ▲ | 17% (2Q21: $636m) |
| RoTE[55] | **5.3%** | ▲ | 0.2ppts (1H21: 5.1%) |

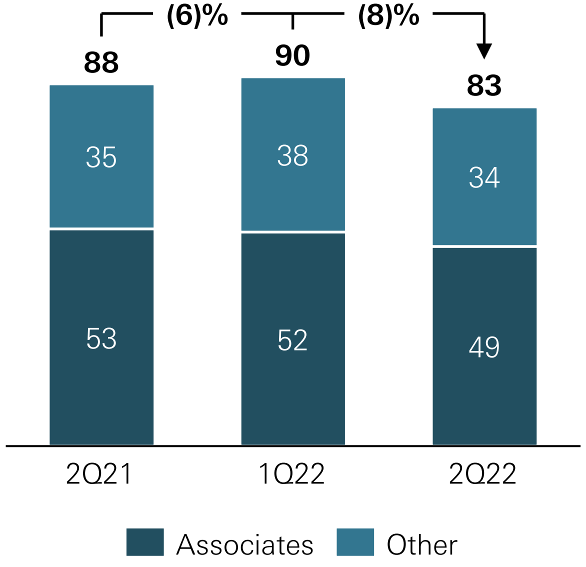
## Associate income detail, $m




## Revenue performance, $m

| | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 |
|---|---|---|---|---|---|
| Central Treasury | (27) | (35) | (10) | 5 | (32) |
| Legacy Credit | 6 | (34) | (13) | (20) | 25 |
| Other | (66) | (127) | (88) | (216) | (56) |
| **Total** | **(87)** | **(196)** | **(111)** | **(231)** | **(63)** |
| *Not included in Corporate Centre revenue: Markets Treasury revenue allocated to global businesses* | *486* | *499* | *473* | *487* | *374* |

## Adjusted RWAs[57], $bn




## 2Q22 vs. 2Q21

- **Revenue** up $24m, primarily due to valuation gains in Legacy Credit
- **Associates** up $41m (5%), primarily BoComm

## 2Q22 vs. 1Q22

- **Revenue** up $168m, largely due to FX gains on revaluation and valuation gains in Legacy Credit
- **Associates** up $171m (27%), primarily SABB

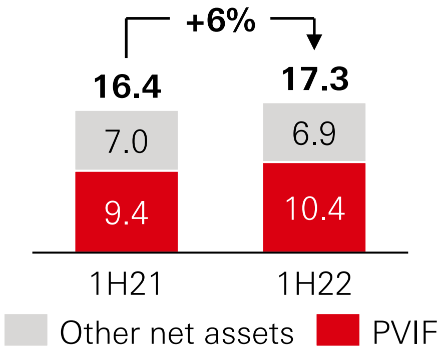
# Insurance

## Key financial metrics*

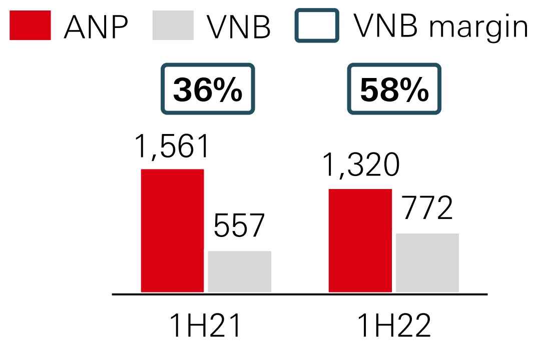
| Adjusted income statement, $m | 1H22 | 1H21 | 2H21 |
|---|---|---|---|
| **Revenue** | **1,060** | **1,509** | **1,190** |
| *Of which: NII* | 1,254 | 1,205 | 1,244 |
| *Market impacts* | (680) | 391 | 97 |
| *Funds on deposit* | 294 | — | — |
| ECL | (8) | (19) | (1) |
| Operating expenses | (416) | (271) | (332) |
| Associates | 4 | 7 | 10 |
| **Profit before tax** | **640** | **1,226** | **867** |
| Memo: distribution income** | 470 | 430 | 378 |

- Revenue includes VNB of **$0.8bn, up $0.2bn (39%)** vs. 1H21 with strong sales in our Whole of Life product proposition in Hong Kong
- 1H22 included adverse market impacts of **$0.7bn**, vs. $0.4bn favourable in 1H21
- 1H22 adjusted revenue included **a $0.3bn gain** from a policyholder funds on deposit pricing update, to reflect the cost of provision of these services
- Costs of **$0.4bn, up $0.1bn (54%)** vs. 1H21 from the inclusion of Axa Singapore and investment in Pinnacle

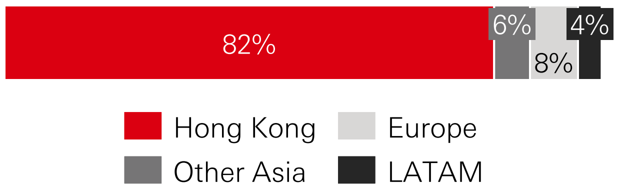
## Reported Embedded Value, $bn




## 1H22 VNB & ANP, $m




## 1H22 VNB by region



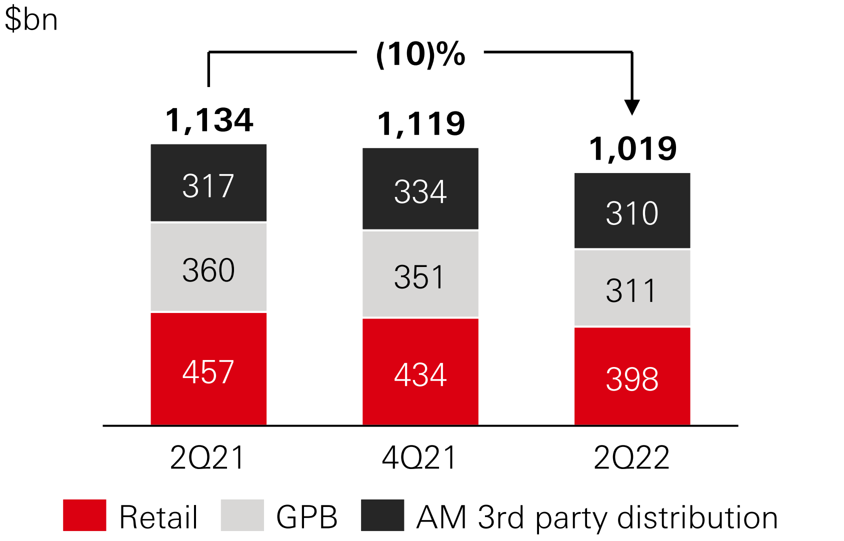

## Strategic highlights

- **#1 ranked** with a market share of **23.0%** in **Hong Kong** for 1Q22[58], **up 3.0ppts** vs. 1Q21
- **c.4%** market share[59] in Singapore through **the acquisition of Axa Singapore**, up 2ppts vs. 1Q21
- Completed **remaining 50% buyout** of HSBC Life China
- Further **expansion of Pinnacle**: currently present in **6 major cities** in mainland China with over **1,000** wealth planners and **c.360k** registered users of the HSBC River app
- Over c.115k member registrations on our **digital health and wellness platforms** in Hong Kong
- Renewed our **exclusive distribution agreement** with **Allianz** for life insurance in six key Asian markets for 15 years

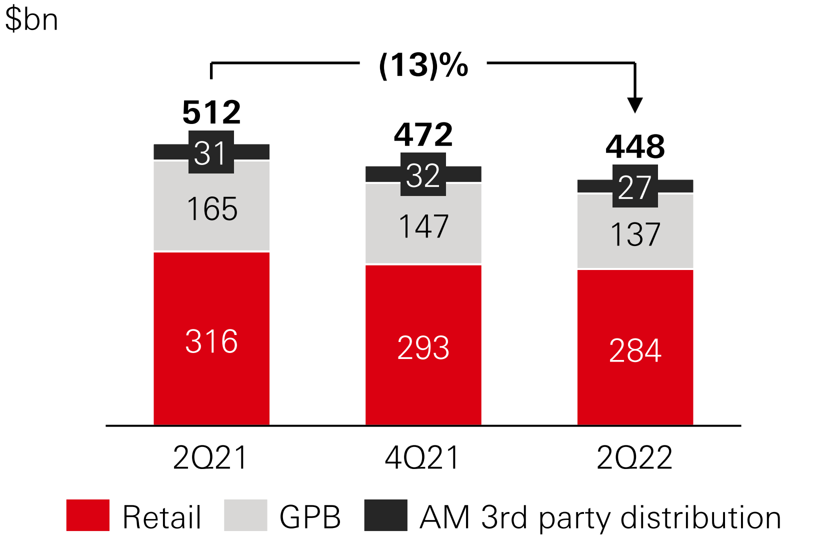
* Financial results for the Insurance business are prepared on the current IFRS 4 basis and, as such, do not reflect any potential impacts of IFRS 17 'Insurance Contracts', which is effective from 1 January 2023
** Distribution income (HSBC Life and partnerships) through HSBC bank channels

# Wealth and Personal Banking: Global invested assets

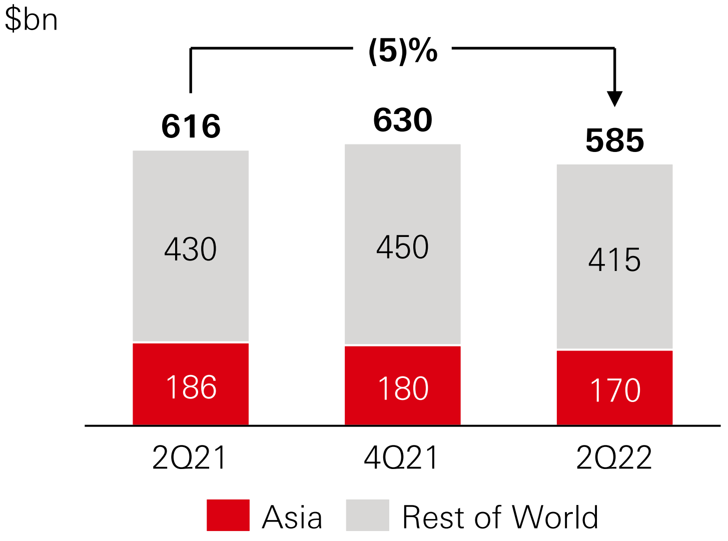
## Global reported invested assets



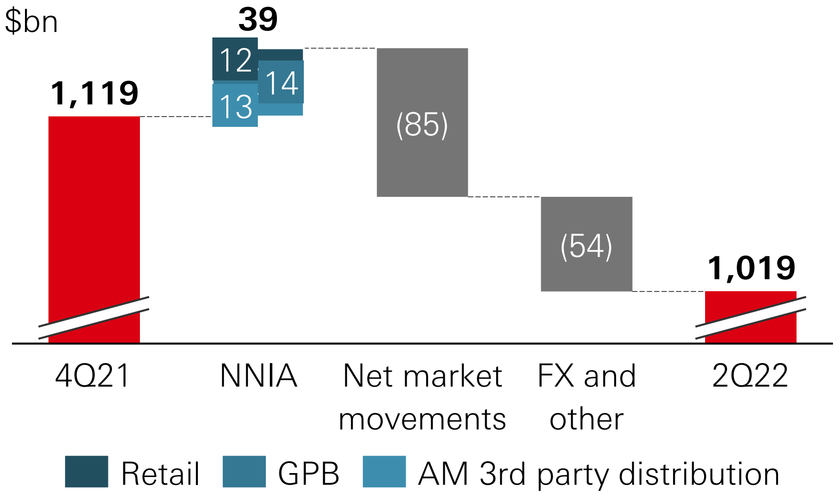

## Asia reported invested assets



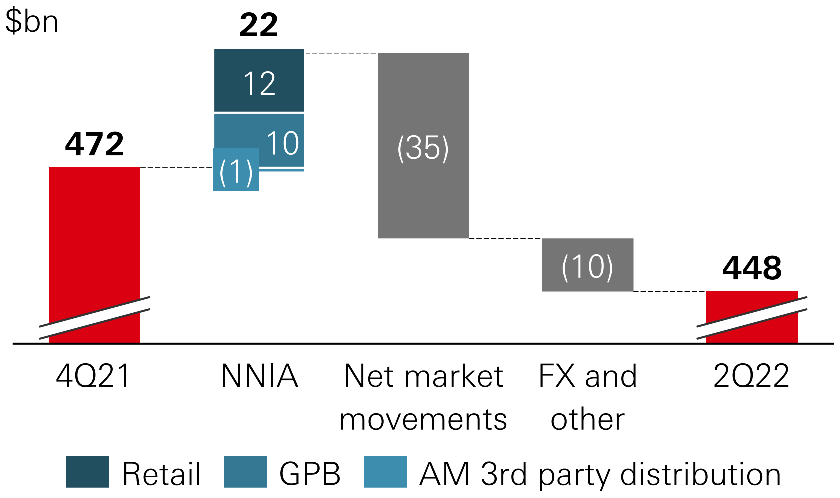

## Reported invested assets managed by AM



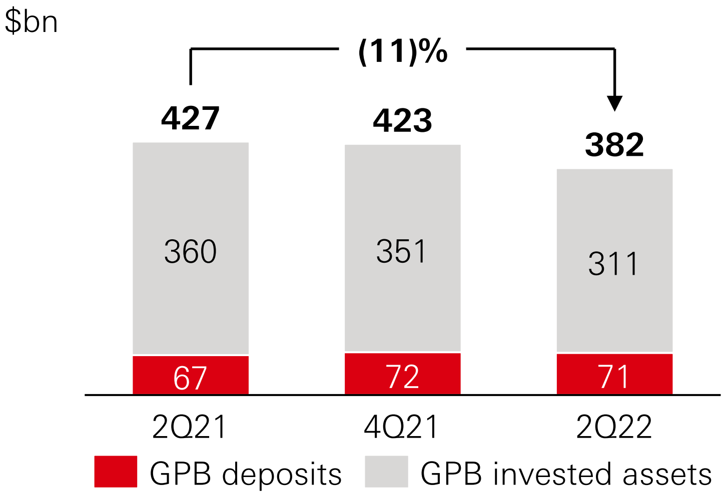

## Global reported invested assets evolution




## Asia reported invested assets evolution




## GPB reported client assets



# 2Q22 vs. 1Q22 equity drivers

| | Shareholders' Equity, $bn | Tangible Equity, $bn | TNAV per share, $ | Basic number of ordinary shares, millions |
|---|---|---|---|---|
| **As at 31 March 2022** | **196.3** | **155.8** | **7.80** | **19,968** |
| **Profit attributable to:** | 5.6 | 5.4 | 0.27 | — |
| *Ordinary shareholders[60]* | *5.5* | *5.4* | *0.27* | — |
| *Other equity holders* | *0.1* | — | — | — |
| Dividends | (3.7) | (3.6) | (0.18) | — |
| *On ordinary shares* | *(3.6)* | *(3.6)* | *(0.18)* | — |
| *On other equity instruments* | *(0.1)* | — | — | — |
| Cancellation of shares | (1.0) | (1.0) | 0.01 | (148) |
| FX[60] | (6.6) | (6.2) | (0.31) | — |
| Actuarial gains / (losses) on defined benefit plans | (0.6) | (0.6) | (0.03) | — |
| Cashflow hedge reserves | (0.8) | (0.8) | (0.04) | |
| Fair value movements through 'Other Comprehensive Income' | (0.3) | (0.3) | (0.01) | — |
| *Of which: changes in fair value arising from changes in own credit risk* | *1.4* | *1.4* | *0.07* | — |
| *Of which: Debt and Equity instruments at fair value through OCI* | *(1.7)* | *(1.7)* | *(0.08)* | — |
| Other[60] | (0.5) | (0.4) | (0.03) | (1) |
| **As at 30 June 2022** | **188.4** | **148.3** | **7.48** | **19,819** |

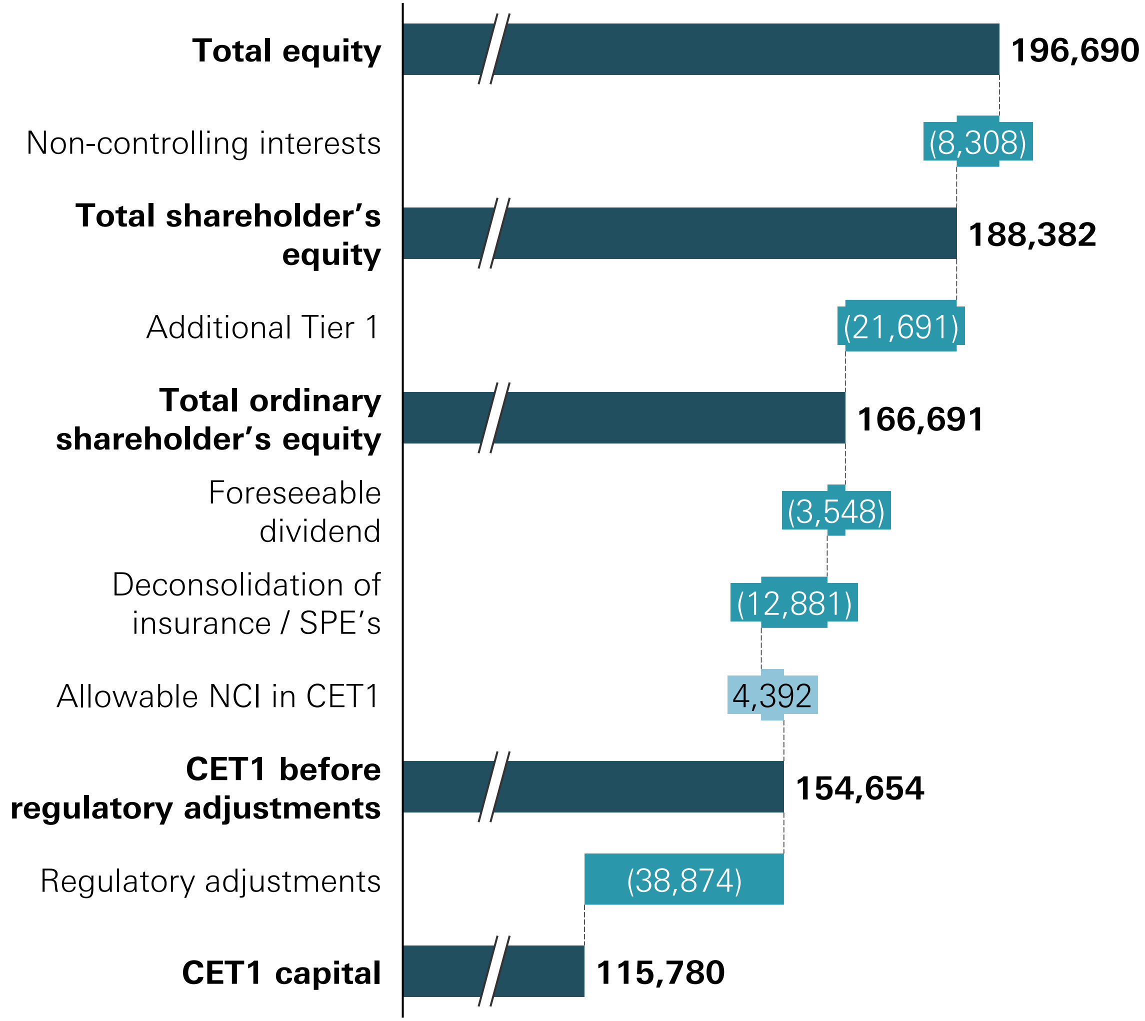
- Average basic number of shares outstanding during 2Q22: 19,884m
- **2Q22 TNAV per share decreased by $0.32** to $7.48 per share mainly due to adverse FX moves of **$0.31** and the impact of the 2nd interim dividend in respect of FY21 of **$0.18**, partly offset by profits

$7.43 on a fully diluted basis

19,949 million on a fully diluted basis

# Total shareholders’ equity to CET1 capital

## Total equity to CET1 capital, at 30 June 2022, $m

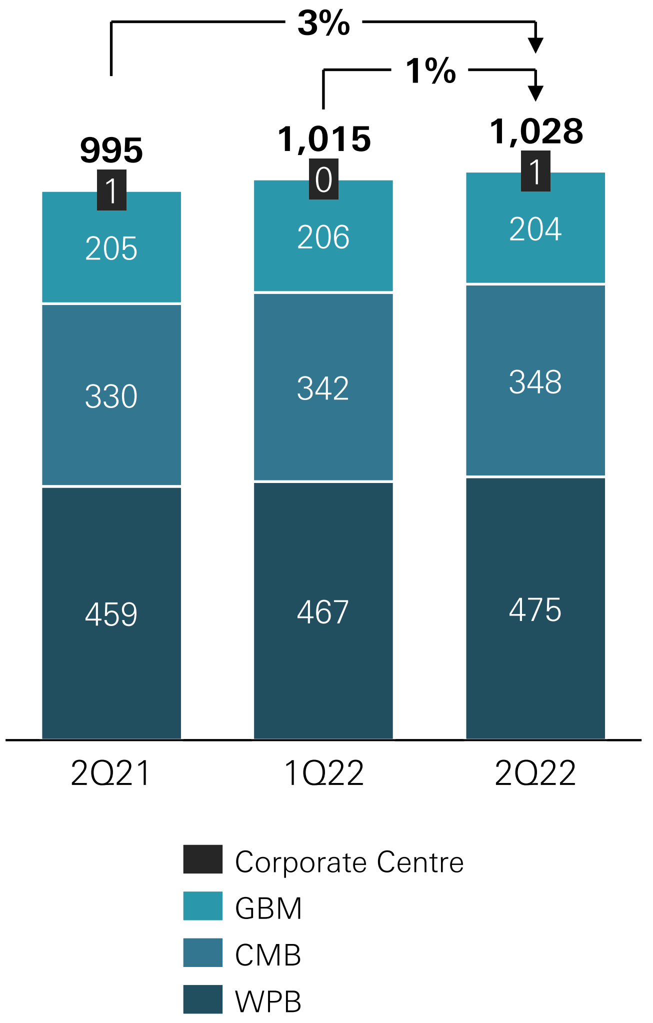



## Total equity to CET1 capital walk, $m

| | 2Q22 | 1Q22 | 4Q21 |
|---|---|---|---|
| **Total equity (per balance sheet)** | **196,690** | **204,658** | **206,777** |
| Non-controlling interests | (8,308) | (8,365) | (8,527) |
| **Total shareholders’ equity** | **188,382** | **196,293** | **198,250** |
| Additional Tier 1 | (21,691) | (22,414) | (22,414) |
| **Total ordinary shareholders' equity** | **166,691** | **173,879** | **175,836** |
| Foreseeable dividend | (3,548) | (5,197) | (3,655) |
| Share buyback | — | (1,000) | — |
| Deconsolidation of insurance / SPE's | (12,881) | (13,479) | (13,449) |
| Allowable NCI in CET1 | 4,392 | 4,297 | 4,186 |
| **CET1 before regulatory adjustments** | **154,654** | **158,500** | **162,918** |
| Prudential valuation adjustment | (1,299) | (1,419) | (1,217) |
| Intangible assets | (11,746) | (11,899) | (9,123) |
| Deferred tax asset deduction | (3,274) | (1,579) | (1,520) |
| Cash flow hedge adjustment | 2,124 | 1,297 | 170 |
| Excess of expected loss | (2,373) | (2,304) | (2,020) |
| Own credit spread and debit valuation adjustment | (778) | 671 | 1,571 |
| Defined benefit pension fund assets | (6,638) | (7,797) | (7,146) |
| Direct and indirect holdings of CET1 instruments | (40) | (40) | (40) |
| Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant) | (235) | 223 | 766 |
| Threshold deductions | (14,615) | (14,206) | (11,794) |
| **Regulatory adjustments** | **(38,874)** | **(37,053)** | **(30,353)** |
| **CET1 capital** | **115,780** | **121,447** | **132,565** |

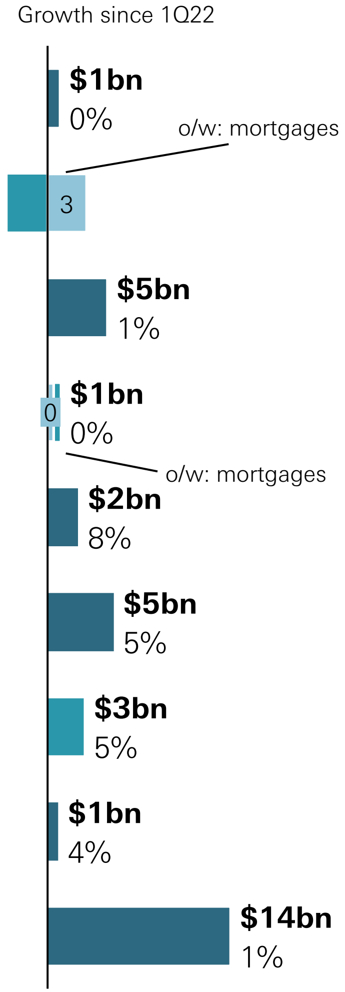
# Balance sheet – customer lending

## Balances by global business, $bn




## Balances by region, $bn

| | Balance | Growth since 1Q22 |
|---|---|---|
| Europe | **$369bn** | **$1bn** 0% |
| *o/w: UK* | **$285bn** | **$(0)bn** (0)% |
| Asia | **$493bn** | **$5bn** 1% |
| *o/w: Hong Kong* | **$311bn** | **$1bn** 0% |
| MENA | **$28bn** | **$2bn** 8% |
| North America | **$116bn** | **$5bn** 5% |
| *o/w: US* | **$57bn** | **$3bn** 5% |
| Latin America | **$22bn** | **$1bn** 4% |
| Total | **$1,028bn** | **$14bn** 1% |

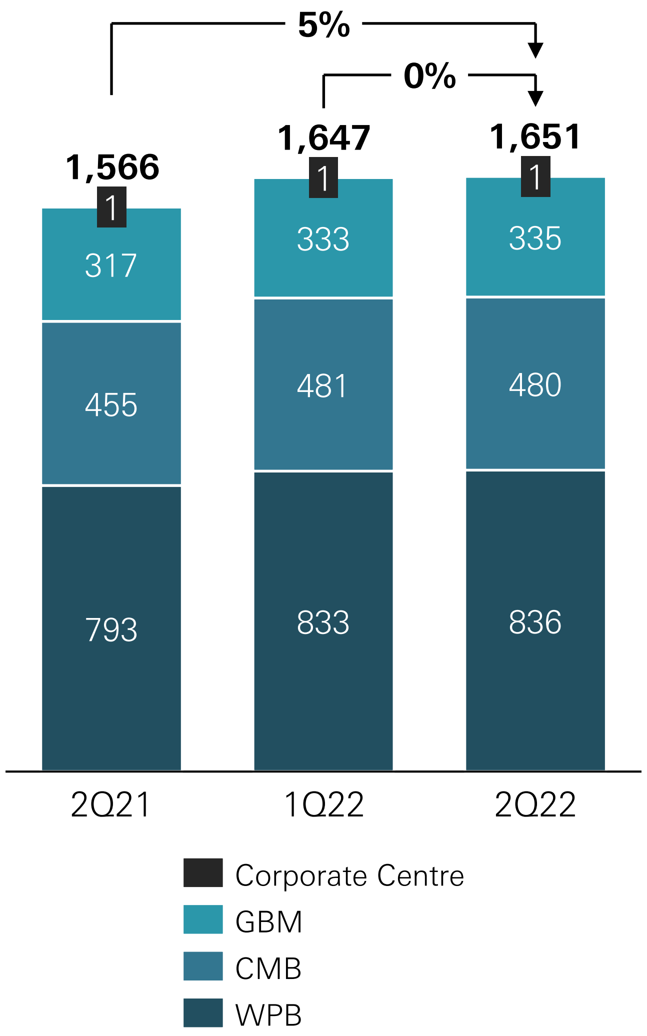



**Adjusted customer lending of $1,028bn, up $14bn (1%) vs. 1Q22**

- **WPB lending increased by $8bn (2%)**; mainly mortgages (up $5bn), particularly in the UK (up $3bn), and unsecured (up $1bn)
- **CMB lending increased by $7bn (2%)** across all regions, notably Credit & Lending (up $5bn) in North America and Asia; and continued growth in Trade (up $2bn)
- **GBM lending down $2bn (1%)**, impacts of management actions were partly offset by increased Trade balances
- Global **Trade balances up $3bn (3%)** vs. 1Q22 to **$85bn**; **up $12bn (17%)** vs. 2Q21

# Balance sheet – customer accounts

## Balances by global business, $bn




## Balances by region, $bn

| | Balance | Growth since 1Q22 |
|---|---|---|
| Europe | **$629bn** | **$10bn** 2% |
| *o/w: UK* | **$505bn** | **$9bn** 2% |
| Asia | **$779bn** | **$(3)bn** (0)% |
| *o/w: Hong Kong* | **$543bn** | **$(11)bn** (2)% |
| MENA | **$44bn** | **$1bn** 2% |
| North America | **$169bn** | **$(4)bn** (2)% |
| *o/w: US* | **$101bn** | **$(7)bn** (6)% |
| Latin America | **$30bn** | **$0bn** 1% |
| Total | **$1,651bn** | **$4bn** 0% |

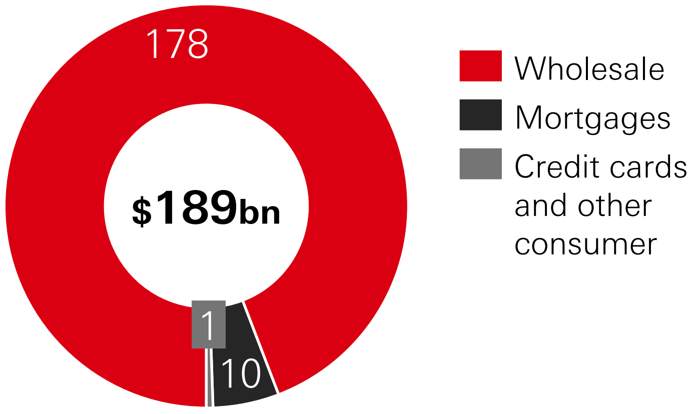
**Adjusted customer accounts of $1,651bn, up $4bn (0%) vs. 1Q22**

- **WPB customer accounts up $3bn (0%)**, driven by growth across most markets
- **CMB customer accounts broadly stable**
- **GBM customer accounts up $2bn (1%)**, as customers raise and retain liquidity
- Average GLCM balances **up $4bn (1%)** vs. 1Q22 to **$782bn**; **up $49bn (7%)** vs. 2Q21

# Mainland China drawn risk exposure

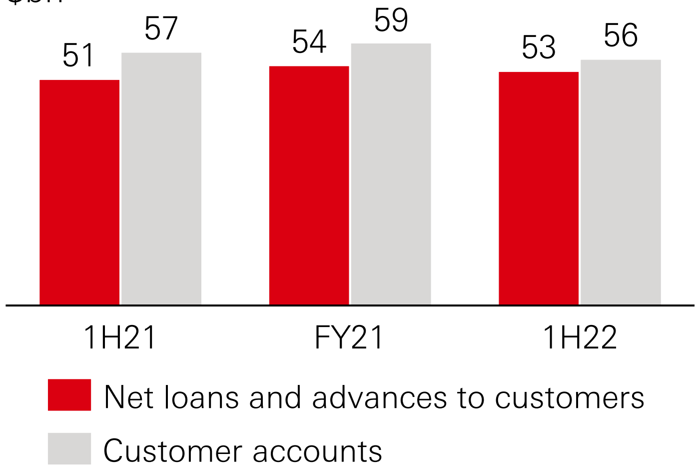
## Mainland China drawn risk exposure

$bn



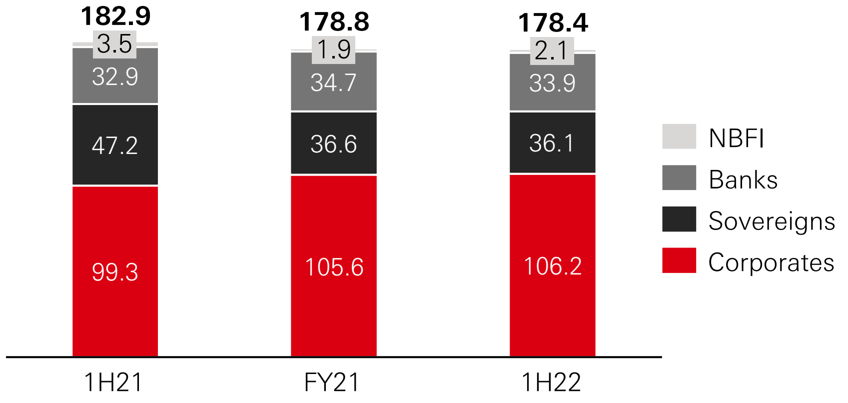

## Reported balance sheet

$bn




- Mainland China drawn risk exposure is defined as lending booked in mainland China and wholesale lending booked offshore where the ultimate parent and beneficial owner is in mainland China
- Mainland China drawn risk exposure (including Sovereigns, Banks and NBFI and Corporates) of $189bn comprising: Wholesale $178bn* (of which 52% is onshore); Retail: $11bn. These amounts exclude MSS financing; **mainland China CRE exposure of $19.8bn decreased $1.5bn (7%) vs. 4Q21**
- Reported gross loans and advances to customers of $53bn booked in mainland China (Wholesale: $42bn; Retail $11bn); lending **up $1.4bn (3%)** vs. 4Q21 on a constant currency basis

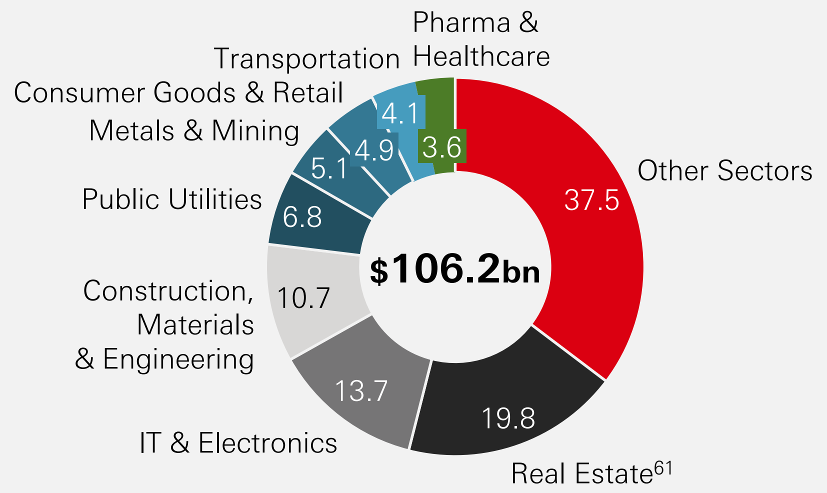
## Wholesale lending analysis, $bn




**Wholesale lending by counterparty type and credit risk rating:**

| Customer risk rating | 1-3 | 4-6 | 7-8 | 9+ | Total |
|---|---|---|---|---|---|
| Sovereigns | 36.1 | — | — | — | 36.1 |
| Banks | 33.9 | 0.1 | — | — | 33.9 |
| NBFI | 1.8 | 0.3 | — | — | 2.1 |
| Corporates | 67.5 | 33.2 | 2.4 | 3.2 | 106.2 |
| **Total** | **139.3** | **33.5** | **2.4** | **3.2** | **178.4** |

### Corporate lending by sector




- c.16% of corporate lending is to Foreign-owned Enterprises
- c.37% of lending is to mainland China State Owned Enterprises
- c.47% to mainland China Private sector owned Enterprises

* Wholesale drawn risk exposure of $178bn includes on balance sheet lending as well as issued off balance sheet exposures

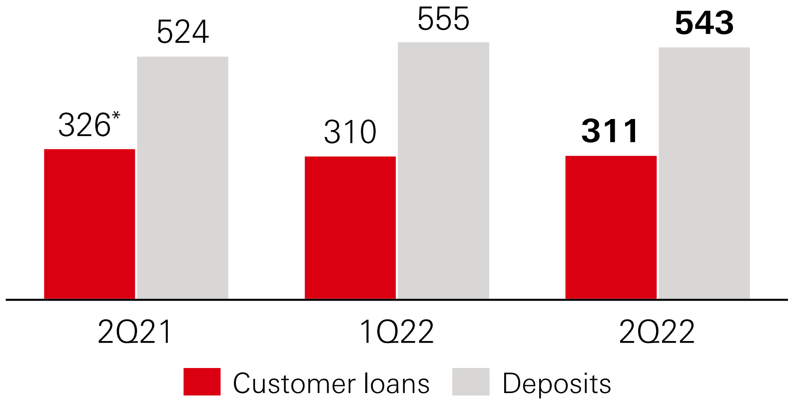
# Hong Kong

## Financial performance

| $m | 2Q22 | 2021 | | Δ |
|---|---|---|---|---|
| NII | 2,067 | 1,775 | ▲ | 16% |
| Non-NII | 1,653 | 1,874 | ▼ | (12)% |
| **Revenue** | **3,720** | **3,649** | ▲ | **2%** |
| *o/w: Certain insurance items** | *(89)* | *261* | | *n.m.* |
| ECL | (214) | (6) | ▲ | >(100)% |
| Costs | (1,971) | (1,839) | ▲ | (7)% |
| Associates | (2) | 2 | ▼ | >(100)% |
| **PBT** | **1,533** | **1,806** | ▼ | **(15)%** |

## Balance sheet

$bn




## Regional highlights

**Financials**

- Resilient financial performance in spite of challenges; advanced digitalisation maintained business momentum through Covid-related disruption
- **NII up $0.3bn** (16%) vs. 2Q21
- Deposits of **$543bn**, a 4% increase vs. 2Q21
- Strong insurance sales helped to offset headwinds from capital market volatility
- PBT down $0.3bn (15%), including negative 20ppts of certain Insurance items*

**19pt increase** in WPB Hong Kong's NPS[62] vs. 2020, **now #1 amongst major banks**

Hong Kong trade assets market share of **22.3%, up 4.2ppts** vs. prior year[63]

Insurance market share[58] of **23.0%** at 1Q22, **up 3.0ppts** vs. 1Q21

Insurance VNB **up 57%** vs. 2Q21

**PayMe** peer-to-peer market share[64] **of 74%**; selected as a provider for **HKSAR Consumption Voucher Scheme**

Cards spend market share[65] of **51.3%** at 1Q22

**$5bn GBA Sustainability Fund** launched

**#1 international bank**[66] by funds invested in Wealth Management Connect, #4 overall

* Insurance market impacts and gain on policyholder funds on deposits; for further detail, please refer to the 'Certain items included in adjusted revenue' table on slide 35
** Includes $13bn of IPO loans

# UK ring-fenced bank

## Business performance

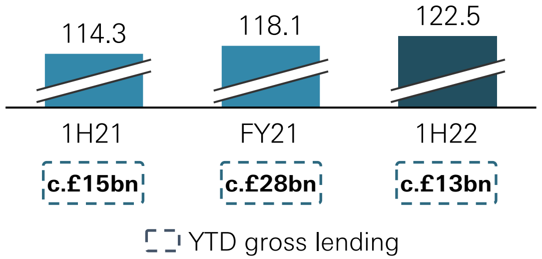
### 1H22 financial highlights

| | | | |
|---|---|---|---|
| **Revenue** | **£3.6bn** | ▲ | 20% (1H21: £3.0bn) |
| o/w: WPB | **£2.0bn** | ▲ | 20% (1H21: £1.6bn) |
| o/w: CMB | **£1.6bn** | ▲ | 20% (1H21: £1.3bn) |
| ECL | **£(0.0)bn** | ▲ | >(100)% (1H21: £0.4bn) |
| Costs | **£(1.6)bn** | ▼ | 6% (1H21: £(1.8)bn) |
| **PBT** | **£1.9bn** | ▲ | 15% (1H21: £1.7bn) |
| o/w: WPB | **£0.7bn** | ▲ | 7% (1H21: £0.6bn) |
| o/w: CMB | **£1.2bn** | ▲ | 18% (1H21: £1.0bn) |
| Customer loans | **£201.6bn** | ▲ | 3% (FY21: £195.5bn) |
| Reported RWAs | **£90.2bn** | ▲ | (8)% (FY21: £83.7bn) |

- **Revenue up 20%** vs. 1H21, reflecting rising interest rates
  - **WPB** revenue **up 20%** primarily due to higher deposit balances
  - **CMB** revenue **up 20%** from growth in fee income, higher lending balances and margins
- **Costs down 6%** from lower headcount and back-office operations costs, partly offset by higher investment
- **RWAs up** primarily due to regulatory changes

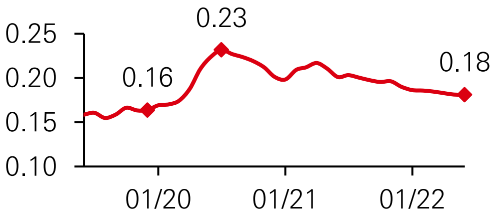
## WPB

### Personal gross mortgage balances, £bn



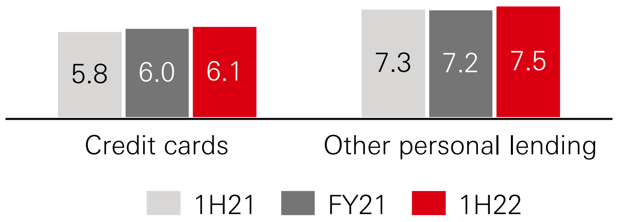

- Continued strength in mortgage lending: **7.6%** mortgage stock market share[53]; June YTD gross new lending share[53] of **8.9%**
- Buy-to-let mortgages of £3.3bn
- Mortgages on a standard variable rate of £2.5bn
- Interest-only mortgages of £18.8bn[68]
- New originations average LTV of 67%; average portfolio LTV of 49%, down 5ppts vs. 1H21

**Mortgages:**
90+ day delinquency trend[67], %



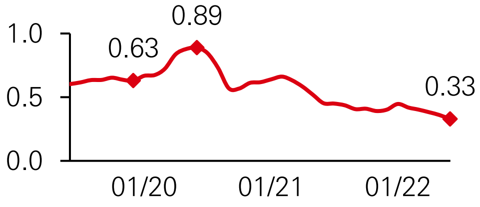

- Mortgage delinquencies remain slightly elevated vs. pre-pandemic as a result of a market-wide pause in litigation activities, now restarted

### Personal unsecured lending balances, £bn




- Balances in unsecured personal lending beginning to rebuild
- **2Q22 card spend up** vs. both 1Q22 and 2Q21

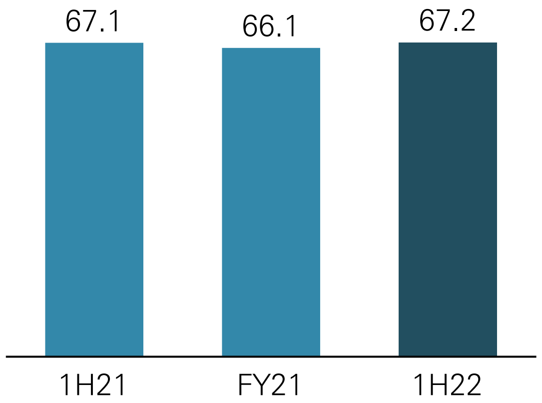
**Credit cards:**
90-179 day delinquency trend[67], %




- Credit card delinquencies continue to remain below pre-pandemic levels, reflecting lower utilisation and customers de-leveraging through the pandemic

## CMB

### Wholesale gross customer loans, £bn




- Net lending to customers **up 3%** vs. FY21, despite roll-off of c.£0.9bn of government loan scheme balances
- Trade assets **up 57%** vs. 1H21
- Launched **£15bn SME fund** to provide support for British businesses to grow

# Glossary

| | |
|---|---|
| AIEA | Average interest earning assets |
| AM | Asset Management |
| ANP | Annualised new business premiums |
| APAC | Asia-Pacific |
| AT1 | Additional Tier 1 |
| BoCom | Bank of Communications Co. Limited, an associate of HSBC |
| Bps | Basis points. One basis point is equal to one-hundredth of a percentage point |
| CET1 | Common Equity Tier 1 |
| Corporate Centre | 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 & 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 |
| EMEA | Europe, Middle East, and Africa |
| GBA | Guangdong-Hong Kong-Macau Greater Bay Area |
| 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 |
| GSSS | Green, Social, Sustainability and Sustainability-linked |
| GTRF | Global Trade and Receivables Finance |
| HIBOR | Hong Kong Interbank Offered Rate |
| IFRS | International Financial Reporting Standard |
| IPO | Initial Public Offering |
| Legacy credit | A portfolio of assets including securities investment conduits, asset-backed securities, trading portfolios, credit correlation portfolios and derivative transactions entered into directly with monoline insurers |
| LTV | Loan to value ratio |
| MCU | Market conditions update. Insurance market impacts recognised in revenue |
| MENA | Middle East and North Africa |
| MREL | Minimum requirement for own funds and eligible liabilities |
| MSS | Markets and Securities Services |
| NBFI | Non-bank financial institution |
| NCI | Non-controlling interests |
| NII | Net interest income |
| NIM | Net interest margin |
| NNIA | Net new invested assets |
| NPS | Net promoter score |
| NRFB | Non ring-fenced bank in Europe and the UK |
| OCI | Other Comprehensive Income |
| 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 |
| SME | Small and medium sized enterprise |
| TNAV | Tangible net asset value |
| VNB | Value of new business written |
| WPB | Wealth and Personal Banking, a global business |
| XVAs | Credit and Funding Valuation Adjustments |

# Footnotes

1. 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
2. Subject to the current market-implied path for global policy rates
3. We expect the interim dividends in respect of the first 3 quarters of the year to initially be reinstated at a lower level than the 10¢ per share paid historically (up to 3Q19) for each of the first 3 quarters of the year
4. Adjusted costs for 1H20 and 1H21 have been retranslated at average 1H22 FX rates
5. 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
6. Cumulative RWA saves under our transformation programs as measured from 1 January 2020, including $9.6bn of accelerated saves made over 4Q19
7. Only captures GBM RWA saves and includes $9.6bn of accelerated saves from 4Q19
8. Based on tangible equity ('TE') of the Group's major legal entities excluding associates, holding companies and consolidation adjustments
9. WPB TE as a share of TE allocated to the global businesses (excluding Corporate Centre). Excludes holding companies, and consolidation adjustments
10. Customer deposits minus net loans and advances over Tangible Ordinary Shareholder's Equity; on a reported basis
11. Same peer set used as in HSBC Holdings plc's Annual Report and Accounts 2021; these comprise Barclays, Bank of America, UBS, Standard Chartered, Morgan Stanley, Lloyds Banking Group, BNP Paribas, Citi, Credit Suisse, DBS, Deutsche Bank, J.P. Morgan Chase. Source: CapIQ
12. Includes CMB's share of revenue from the sale of Markets and Securities Services and Banking products to CMB customers. GBM's share of revenue from the sale of these products to CMB customers is included within the corresponding lines of the GBM management view of adjusted revenue. Also includes allocated revenue from Markets Treasury, HSBC Holdings interest expense and hyperinflation
13. Net New Invested Assets ('NNIA'). Includes Retail Wealth (excl. deposits), GPB (excl. deposits), and AM 3rd party. Asia Retail Wealth NNIA includes only mainland China, Hong Kong, Singapore and Malaysia – representing 97% of invested assets in Asia
14. 'Other' includes Markets Treasury, HSBC Holdings interest expense and hyperinflation. It also includes the distribution and manufacturing (where applicable) of retail and credit protection insurance, disposal gains and other non-product specific income
15. Includes Principal Investments, notional tax credits and Markets Treasury, HSBC Holdings interest expense and hyperinflation
16. Between GBM and WPB: Includes GBM products to WPB customers
17. Between GBM and CMB: Includes GBM products to CMB customers
18. Client business differs from reported revenue as it relates to certain client specific income, and excludes certain products (including Principal Investments, GBM "other" and asset management), group allocations, recoveries and other non-client related and portfolio level revenue. It also excludes Hang Seng. GBM client business includes an estimation of client-specific day one trade specific revenue from MSS products, which excludes ongoing mark-to-market revenue and portfolio level revenue such as hedging. Cross-border client business represents the income earned from a client's entity domiciled in a different geography than where the client group's global relationship is managed. 'Booking location' represents the geography of the client's entity or transaction booking location where this is different from where the client group's global relationship is managed. Analysis is based on June FX
19. Technology costs in operating expenses trends include transformation saves and are presented on a net basis
20. % of total Technology workforce in the global businesses and functions that are aligned to at least one agile team per agile blueprint
21. % of the Group's technology services that are on the private or public cloud
22. % of transactions initiated digitally by our customers on our HSBC digital channels
23. HSBCnet is HSBC's global internet banking platform for wholesale clients
24. % of WPB customers who have logged into an HSBC Mobile App at least once in the last 30 days. Percentages are for the month of December in their respective years
25. Senior leadership is classified as those at Band 3 and above in our global career band structure. Employees with an 'Undeclared' or 'Unknown' gender have been incorporated into the 'Male' category
26. Total learning hours as recorded in Degreed (Learning Experience Platform) in terms of individual learning content consumption across content items that are tagged with Sustainability, Digital or Data skills in 1H21 and 1H22
27. Contribution towards the Group's $750bn to $1tn sustainable finance and investment ambition. The volume amounts stated include capital markets/advisory activities, balance sheet related transactions that capture the limit of the facility at the time it was provided and the net new flows of sustainable investments (assets under management)
28. Includes data costs in Digital Business Services ('DBS') function only
29. Includes Global Functions, centrally managed costs and other DBS
30. Operations personnel within DBS
31. 1H21 retranslated at 1H22 average rates and 2H21 retranslated at June average FX
32. On an IFRS 4 basis
33. Medium term is defined as 3-4 years from 1 January 2020; long term is defined as 5-6 years from 1 January 2020
34. 2Q22 dividend declared in respect of 1H22; 2Q21 dividend declared in respect of 1H21
35. Source: Bloomberg. GBP: Sterling Overnight Index Average (SONIA); USD: Fed funds; EUR: Euro Overnight Index Average (EONIA). Implied rates for 31 December 2022, 30 June 2023 and 31 December 2023 based on the following as of 30 June 2022: 30 day Fed Funds futures, one month SONIA index future, one month EONIA index futures
36. Technology cost increases in quarterly walks are presented on a gross basis (excl. saves)

# Footnotes

37. Regulatory profits, net of regulatory dividend accrual for the purposes of capital calculations. Over 2Q22 we accrued 15.4¢, equal to 55% of reported EPS of 28¢. 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 and the benefit of the deferred tax asset created in 2Q22, which together are expected to have an adverse impact of approximately $0.03 on FY22 EPS
38. Coalition Greenwich Competitor Analytics. FY21 Results based on HSBC's internal business structure and internal numbers, and the following peer group: Bank of America, Barclays, BNP Paribas, Citi, Deutsche Bank, HSBC, J.P. Morgan Chase, Standard Chartered, Société Générale
39. HSBC internal analysis leveraging Coalition Greenwich data, FY21 covering c.5,400 corporates clients globally
40. 'Managed region' represents the geography of where the client group's global relationship is managed
41. Cross-border client business represents the income earned from a client's entity domiciled in a different geography than where the client group's global relationship is managed; domestic client business shown above includes international client business booked in their home market
42. 'Booking location' represents the geography of the client's entity or transaction booking location where this is different from where the client group's global relationship is managed
43. Multi-country are those customers who bank in more than one market; Non-Resident customers are those whose address is different from market; Resident Foreigners are customers whose nationality is different to market. Note, customers may be counted more than once when banked in multiple countries. International customers at 31 December 2021 excludes international personal banking customers who formed part of our exit from mass-market retail banking in the US
44. Internal analysis based on the multiple of average revenue per international customer, compared with the average revenue per domestic customer. Analysis based on FY21 revenue in HSBC UK, Hong Kong (ex. Hang Seng Bank), mainland China and UAE. These markets cover approximately 70% of the international customer base. Note, there are differences in the average revenue multiple across markets
45. Purpose and Values survey conducted in July 2020 with 112,000 HSBC staff. Respondents were asked to select 10 words from a list of 72 that describe HSBC today
46. 'Booked' vs 'managed' clients. West is all regions, excluding Asia; Intra West / Intra Asia: client business managed and booked within the West / Asia respectively; West to East: client business booked in East, where the client group's global relationship is managed in the West; Asia to West: client business booked in the West, where the client group's global relationship is managed in Asia
47. Client business / credit and operational risk RWAs. Operational risk RWAs are allocated to clients based on client business. Portfolio level and other RWA adjustments are not included in this calculation. Market risk RWAs are excluded. Credit risk RWAs also exclude certain RWAs that are unmapped to clients due to timing and other differences
48. Euromoney Awards for Excellence 2022
49. Digital CX Awards 2022 - Best Digital CX - Account Opening and Customer Onboarding (SME)
50. Source: Bloomberg Manager Rankings at 1 July 2022
51. Source: Dealogic 1 January 2022 – 30 June 2022. Ranking based on apportioned deal amount by bookrunner
52. Source: Coalition 1Q22
53. At 30 June 2022. Source: BoE
54. From 1 June 2022, Turkey was deemed a hyperinflationary economy for accounting purposes
55. 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
56. 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
57. Data to reconcile components of reported RWAs to adjusted RWAs can be found in the 'HSBC Holdings plc 2Q 2022 Datapack'
58. Source: Hong Kong Insurance Authority; market shares and ranking based on overall ANP for 1Q22
59. Source: Life Insurance Association, Singapore; Market share based on Weighted Premium for Individual Policies
60. 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
61. Mainland China reported Real Estate exposures comprises exposures booked in mainland China and offshore where the ultimate parent is based in mainland China, and all exposures booked on mainland China balance sheets; Commercial Real Estate refers to lending that focuses on commercial development and investment in real estate and covers commercial, residential and industrial assets; Real Estate for Self Use refers to lending to a corporate or financial entity for the purchase or financing of a property which supports overall operations of a business i.e. a warehouse for an e-commerce firm
62. June 2022, excludes Hang Seng. Source: InMoment
63. May 2022 vs. May 2021 - increases across HSBC Hong Kong (+2.6ppts) and Hang Seng (+1.6ppts). Source: Hong Kong Monetary Authority ('HKMA') Published Asset Balances
64. 1Q22 market share. Source: HKMA
65. Source: HKMA. Statistics of Payment Cards issued in Hong Kong
66. Source: People's Bank of China Shenzhen data release. 3 July 2022
67. Excludes Private Bank
68. Includes offset mortgages in first direct, endowment mortgages and other products

# Disclaimer

## Important notice

The information, statements and opinions set out in this presentation and accompanying discussion (“this Presentation”) are for informational and reference purposes only and do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

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## Forward-looking statements

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

Additional detailed information concerning important factors that could cause actual results to differ materially from this Presentation is available in our Annual Report and Accounts for the fiscal year ended 31 December 2021 filed with the Securities and Exchange Commission (the “SEC”) on Form 20-F on 23 February 2022 (the “2021 Form 20-F”), our 1Q 2022 Earning Release furnished to the SEC on Form 6-K on 26 April 2022 (the “Q1 2022 Earnings Release”) and our Interim Financial Report for the six months ended 30 June 2022, which we expect to furnish to the SEC on Form 6-K on 1 August 2022 (the “2022 Interim Report”).

## Alternative Performance Measures

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

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

Information in this Presentation was prepared as at 1 August 2022.