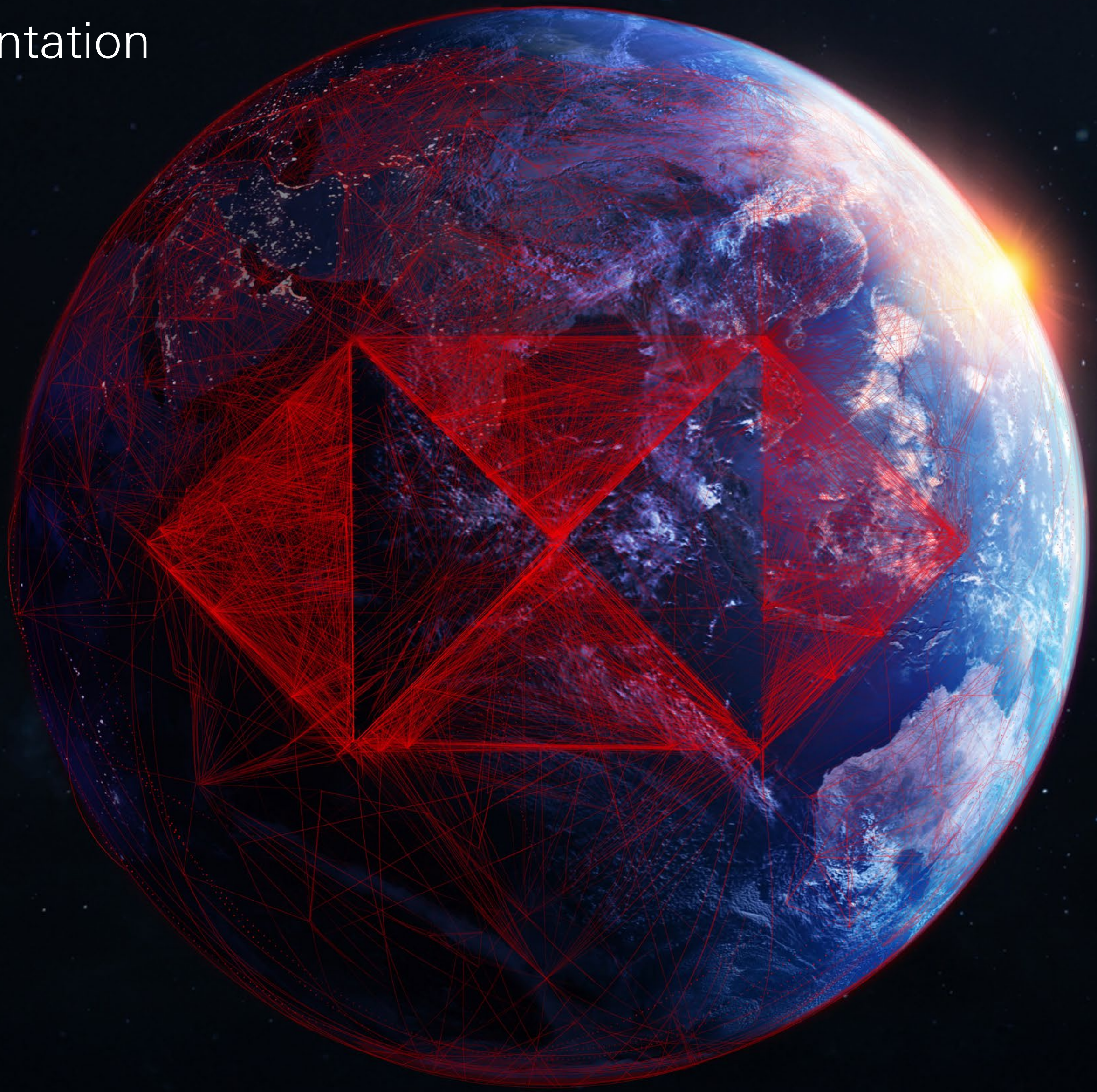
HSBC Holdings plc FY23 Results

Fixed Income Investor Presentation



HSBC

Results & strategy

Key messages

What we delivered in 2023

- Record reported PBT of **$30.3bn**
- Reported revenue of **$66.1bn**
- Reported RoTE of **14.6%**; **15.6%** excluding strategic transactions and the impairment of BoCom
- CET1 ratio of **14.8%**[1]
- Sale of retail banking operations in France completed; Canada sale approved; acquired SVB UK; launched HSBC Innovation Banking
- Returned **c.$19bn** to shareholders by way of dividends and buybacks in respect of 2023[2]
- Announced buyback of up to **$2.0bn** to be completed ahead of 1Q24 results announcement; committed to consider special dividend of **$0.21** per share in 1H24 following the sale of Canada

What we expect in 2024

Macro environment:

- **Interest rates** to trend downwards, as efforts to combat **inflation** broadly successful, though timing remains uncertain
- Continued reconfiguration of **supply chains and trade** — growth in select corridors

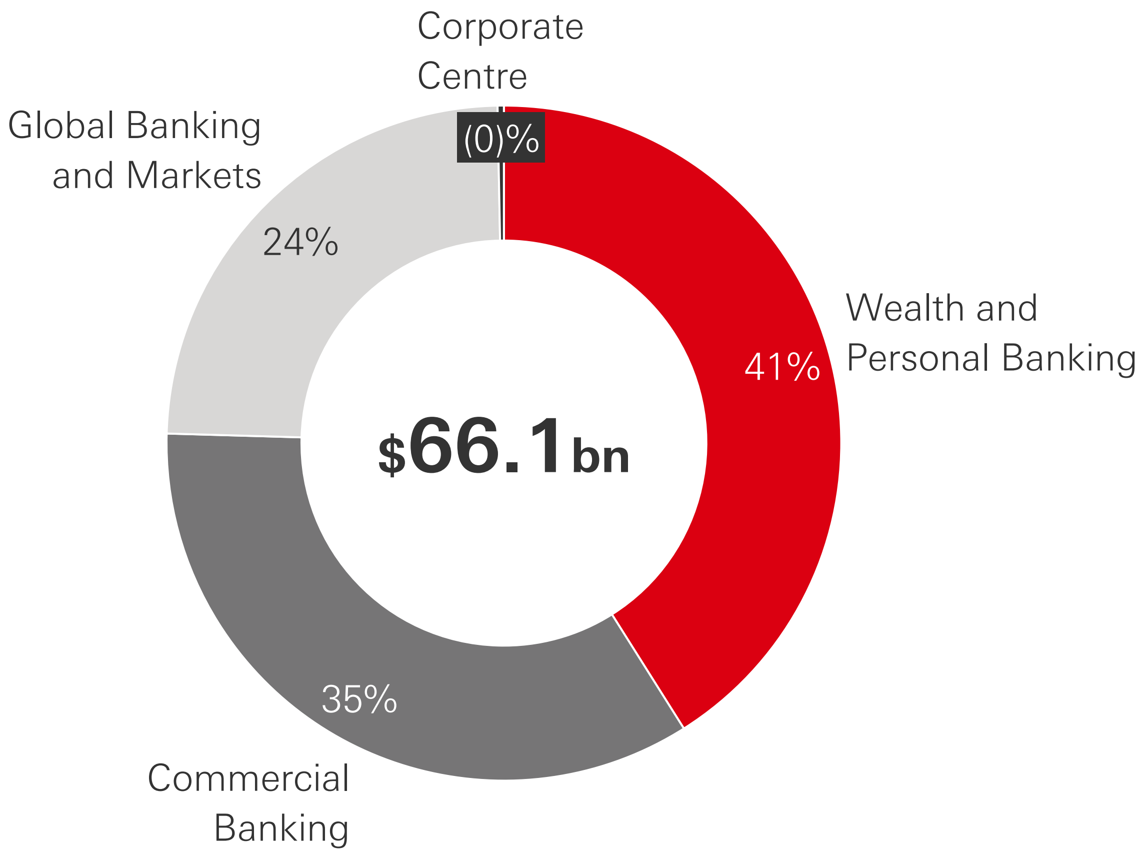
Our focus:

- We continue to **target a mid-teens RoTE** for 2024[3]
- Driving **non-NII revenue growth** (e.g. wealth, transaction banking)
- Maintaining **cost discipline** (approximately 5% growth in 2024 on a target basis) whilst absorbing inflation, driving operational efficiencies and investing for growth

Buy-backs remain subject to appropriate capital levels
The remainder of the presentation unless otherwise stated, is presented on a constant currency basis
Figures throughout this presentation may be subject to rounding adjustments and therefore may not sum precisely to totals given in charts, tables or commentary

A diversified and capital-generative business

FY23 revenue



Balance sheet strength

Strong FY23 capital	**14.8%** CET1 ratio[1]	**31.6%** MREL ratio[1]
Highly liquid; well funded	**$795bn** Average HQLA in entities	**58%** Loan / deposit ratio
Prudent approach to credit risk	**74%** Proportion of customer loans classified as 'Strong' or 'Good' credit quality	**89%** Proportion of personal loan book secured

Organic capital generation

14.6% RoTE
(**15.6%** excl. strategic transactions and impairment of BoCom)

c.$19bn
Dividends & buybacks announced in respect of FY23[2]

The remainder of the presentation unless otherwise stated, is presented on a constant currency basis
Figures throughout this presentation may be subject to rounding adjustments and therefore may not sum precisely to totals given in charts, tables or commentary

FY23 results summary

$m	FY23	FY22	Δ
NII	35,796	29,762 ▲	20%
Non-NII	30,262	20,109 ▲	50%
Revenue	**66,058**	**49,871** ▲	**32%**
ECL	(3,447)	(3,630) ▼	5%
Costs	(32,070)	(32,302) ▼	1%
Associates	(193)	2,602 ▼	>(100)%
Constant currency PBT	**30,348**	**16,541** ▲	**83%**
FX translation	—	517	n.m.
Reported PBT	**30,348**	**17,058** ▲	**78%**
Memo: PBT notable items	*(2,850)*	*(6,638)* ▲	*57%*
Tax	(5,789)	(809) ▼	>(100)%
Profit attributable to ordinary shareholders	**22,432**	**14,346** ▲	**56%**
Earnings per share, $	1.15	0.72 ▲	$0.43
Dividend per share, $	0.61	0.32 ▲	$0.29
RoTE, %	14.6%	10.0% ▲	4.6ppts

$bn	FY23	FY22	Δ
Customer loans	939	942 ▼	(0)%
Customer deposits	1,612	1,598 ▲	1%
Reported RWAs	854	840 ▲	2%
CET1 ratio[1], %	14.8%	14.2% ▲	0.6ppts
TNAV per share, $	8.19	7.44 ▲	$0.75

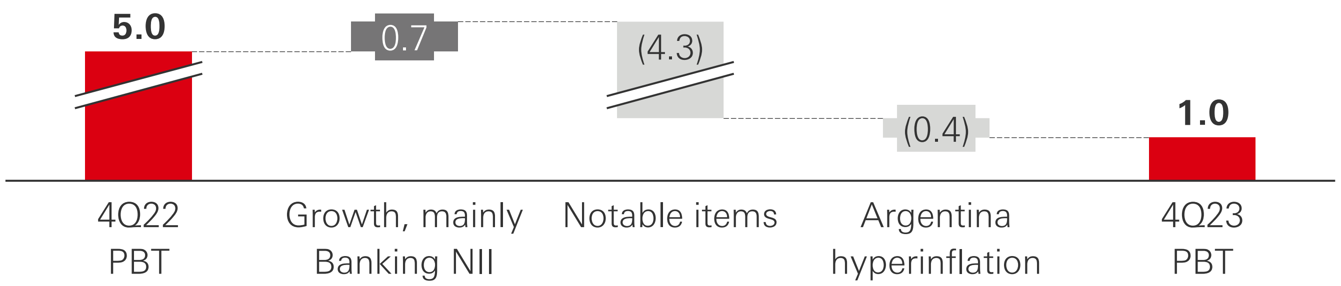
- **Revenue of $66.1bn, up $16.2bn (32%)** vs. FY22. FY23 **NII of $35.8bn, up $6.0bn (20%)**, driven by higher interest rates
- ECL charge of **$3.4bn**, including $1.0bn relating to our mainland China CRE portfolio
- **Costs of $32.1bn, down $0.2bn** vs. FY22; non-recurrence of restructuring costs broadly offset higher technology spending, inflationary pressures and a higher performance-related pay accrual
- **Target basis costs of $31.6bn** up $0.8bn (6%) vs. FY22, exceeding 3Q23 guidance by 1% due to higher-than-forecast levies[2]
- **Lending broadly stable** vs. FY22, including an $8bn increase from the acquisition of SVB UK
- **Deposits up $14bn** vs. FY22 including a $6bn increase from the acquisition of SVB UK
- **CET1 ratio of 14.8%** was up 0.6ppts vs. FY22 as capital generation was partly offset by ordinary dividends and buybacks announced in respect of FY23[3]
- **LCR of 136%**, average **high-quality liquid assets** in entities of **$795bn**

Good underlying performance in 4Q23; PBT included $(6.3)bn relating to notable items and Argentina hyperinflation

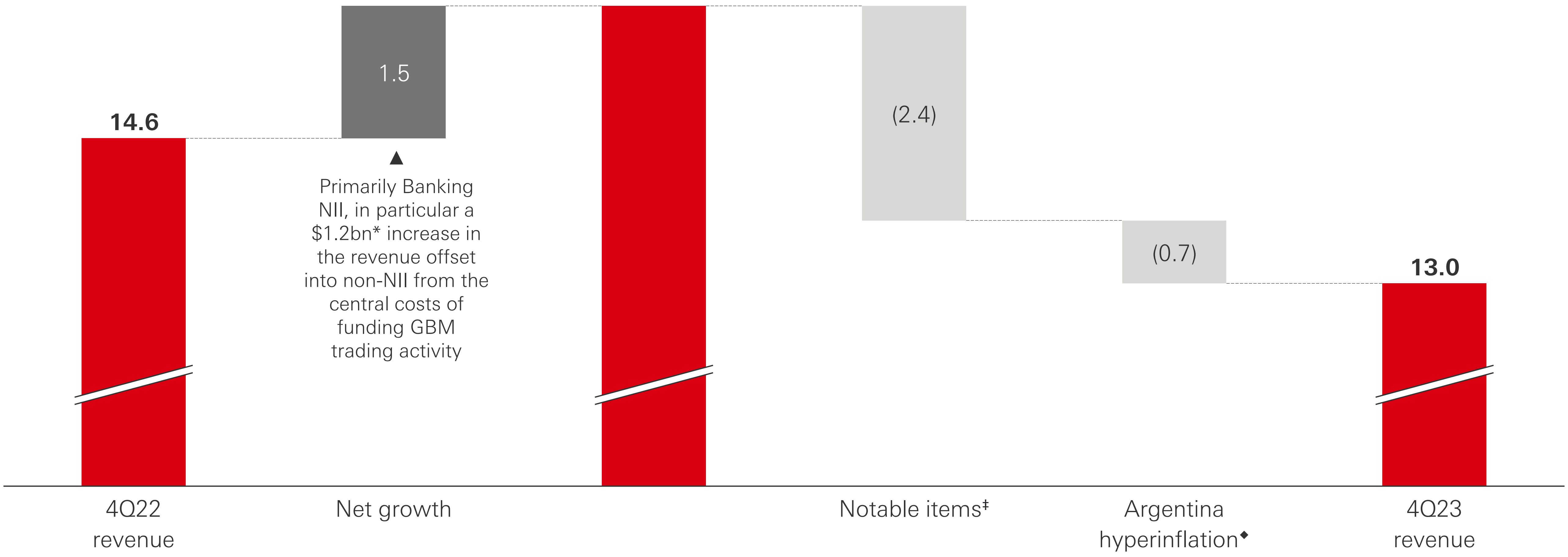
$bn	4Q22	4Q23	Δ
Revenue	**14.6**	**13.0**	**(1.6)**
o/w: notable items	(0.3)	(2.7)	(2.4)
o/w: Argentina hyperinflation	(0.1)	(0.8)	(0.7)
included in NII	*(0.0)*	*(0.5)*	*(0.5)*
included in non-NII	*(0.1)*	*(0.3)*	*(0.2)*
ECL	**(1.5)**	**(1.0)**	**0.4**
Costs	**(8.9)**	**(8.6)**	**0.2**
o/w: notable items	(1.2)	(0.1)	1.1
o/w: Argentina hyperinflation	0.0	0.2	0.2
Associates	**0.7**	**(2.4)**	**(3.1)**
o/w: notable item (BoCom impairment)	—	(3.0)	(3.0)
PBT	**5.0**	**1.0**	**(4.0)**
o/w: notable items	(1.5)	(5.8)	(4.3)
o/w: Argentina hyperinflation	(0.1)	(0.5)	(0.4)

- **Revenue growth**, primarily Banking NII, was offset by **$(2.7)bn notable items** booked in 4Q23, primarily two items guided to at 3Q23:
  - $(2.0)bn **France** retail loss on sale (slide 39)
  - $(0.4)bn **treasury disposal losses**
- **Target basis costs up (1)% vs. 3Q23 guidance** due to higher-than-forecast levies[1]
- Associates included a **$(3.0)bn impairment of BoCom** — no material impact on CET1 capital / ratio; no impact on dividend or share buyback (slide 36)
- **Argentina hyperinflation** (primarily due to the devaluation of the Argentine peso in December, see slide 38) **impacted 4Q23 PBT by $(0.5)bn**

4Q22 to 4Q23 PBT walk



4Q23 revenue growth primarily driven by Banking NII



* Reported FX basis
‡ 4Q23 $(2.7)bn, primarily $(2.0)bn France retail loss on sale and $(0.4)bn treasury disposal losses; 4Q22 $(0.3)bn
◆ 4Q23 $(0.8)bn, 4Q22 $(0.1)bn

Interest rate stabilisation and structural hedge

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

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

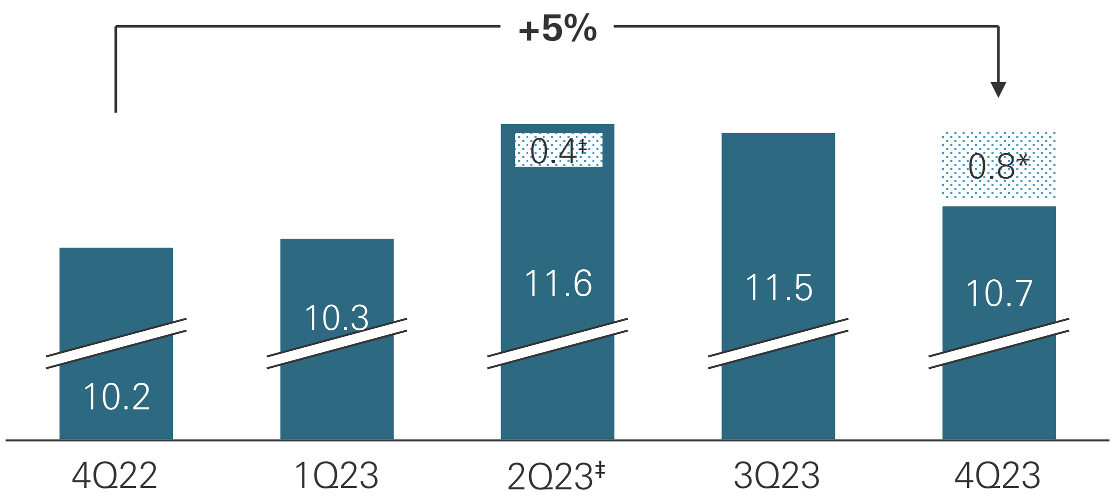
	Year 1	Year 2	Year 3
USD	(0.5)	(1.0)	(1.3)
HKD	(0.5)	(0.7)	(0.8)
GBP	(0.6)	(0.9)	(1.4)
EUR	(0.3)	(0.3)	(0.4)
Other	(1.5)	(1.8)	(1.9)
Total	**(3.4)**	**(4.8)**	**(5.8)**

- Banking NII sensitivity to a (100)bps down-shock of **$(3.4)bn**, down **c.50%** vs. 30 June 2022
  - We estimate that **over one third of the reduction is due to increased structural interest rate hedging**, with the remainder driven by changes in the balance sheet, changes in interest rates and methodology enhancements
- At FY23, the notional amount of the structural hedge‡ was **$478bn**, weighted average life **2.8 years**
- Subject to market conditions, we expect to increase both the notional and the duration of the structural hedge in 2024
- Our ability to hedge HKD is limited by the availability of liquid, fixed-rate instruments with a maturity of >1 year

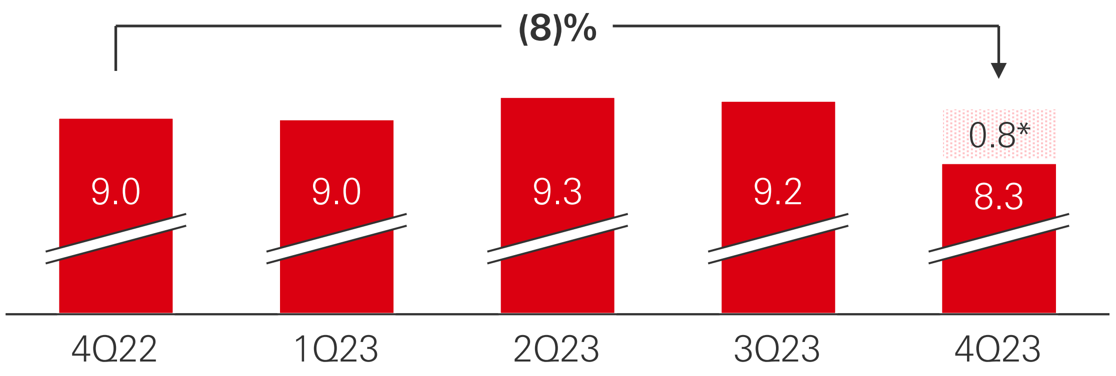
* Assumptions include a static balance sheet, no management actions from Global Treasury and a 50% pass-through – see page 214 of the Annual Report and Accounts for further detail
‡ Excludes instruments with an original term to maturity of one year or less

Continued good Banking NII performance

Banking NII, $bn◆

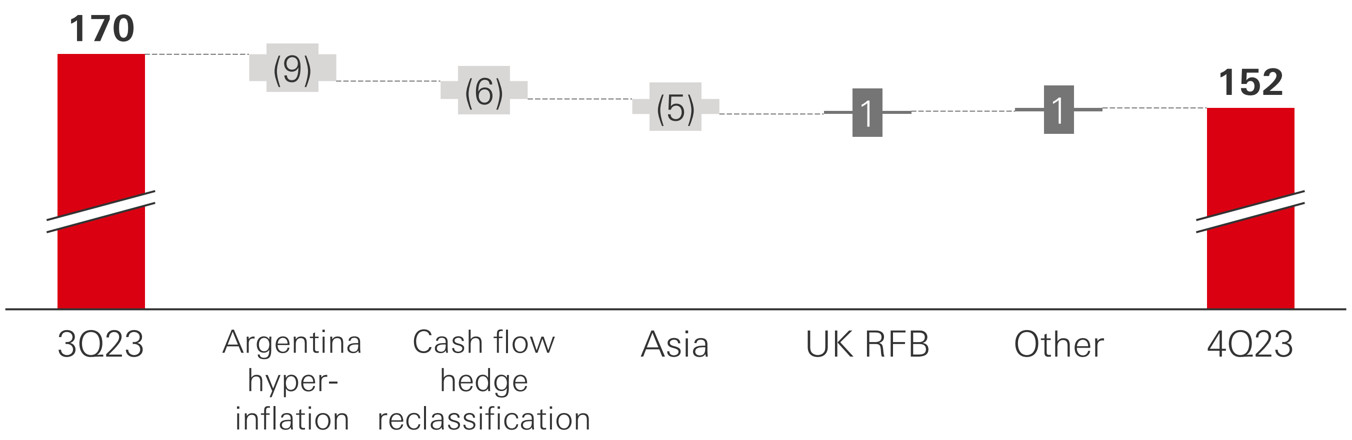


NII, $bn◆



- * 4Q23 NII and Banking NII included $(0.8)bn from:
  - $(0.5)bn Argentina hyperinflation[1]
  - $(0.3)bn reclassification of cash flow hedge revenue between NII and non-NII, of which $(0.2)bn related to 9M23
- **NIM** down (18)bps vs. 3Q23, principally:
  - (9)bps Argentina hyperinflation
  - (6)bps reclassification of cash flow hedge revenue referred to above
  - (5)bps Asia, primarily due to higher time deposit costs and time deposit migration in Hong Kong

NIM, bps◆

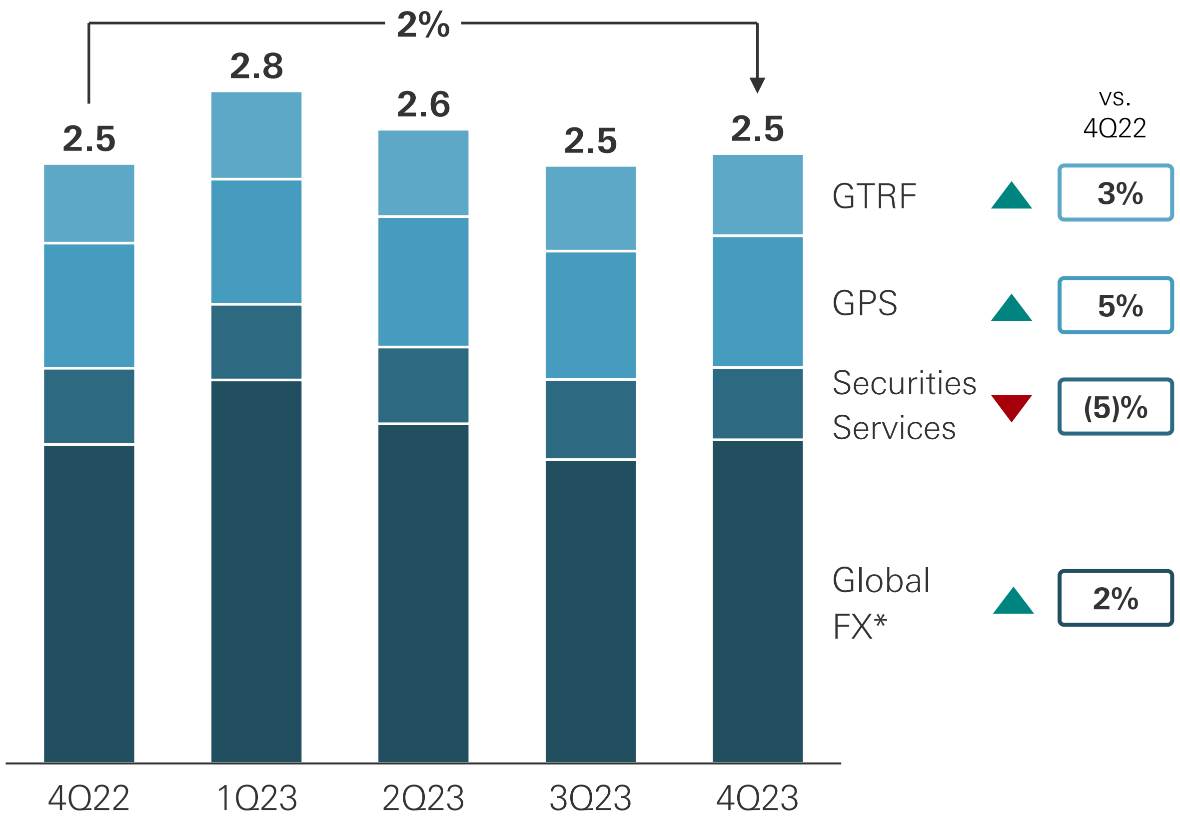


Further Banking NII / NII information on slides 7 and 31
‡ 2Q23 Banking NII of $11.6bn included $0.4bn due to methodology changes which related broadly equally to 1Q23 and 2Q23
◆ Reported FX basis

Non-NII: Wholesale Transaction Banking and Wealth

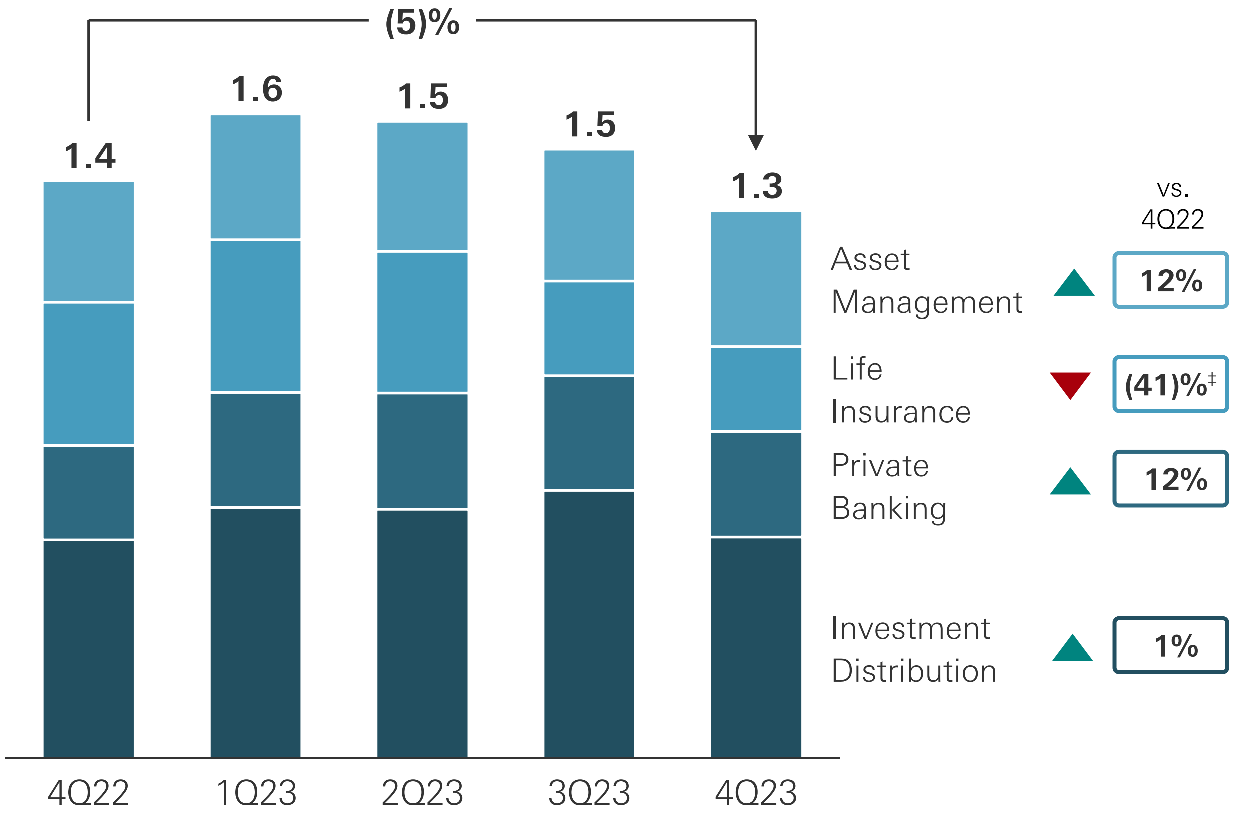
Wholesale Transaction Banking non-NII: stable vs. 4Q22

$bn



Wealth non-NII: a strong 4Q23 performance in Asset Management and Private Banking was offset by corrections to historical valuation estimates in our Insurance business

$bn

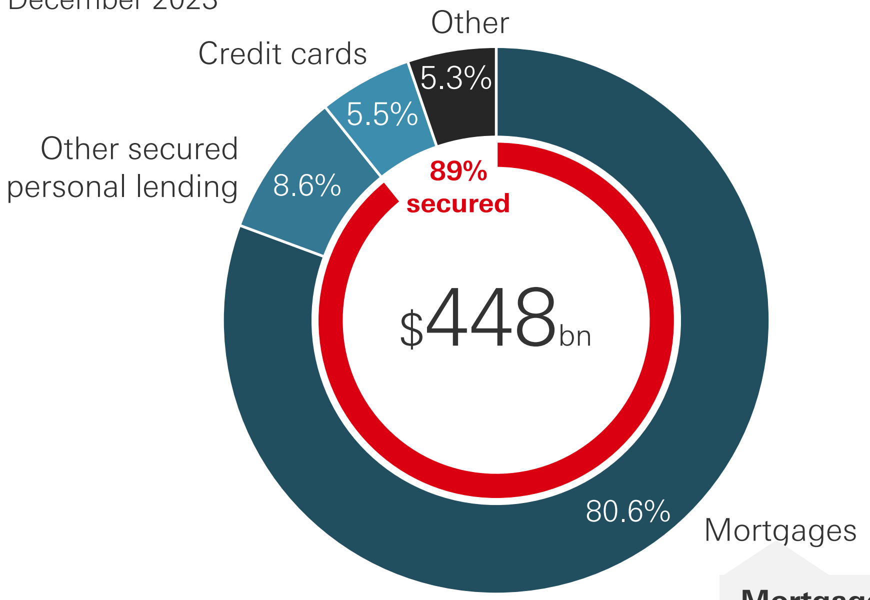


* Includes (i) GFX in GBM management view of income and (ii) GFX from cross sale of FX to CMB clients, included within 'CMB Markets products, Insurance and Investments and Other'
‡ Includes a $(0.2)bn correction to historical valuation estimates in 4Q23

Gross customer lending

Personal loan book, $bn

At 31 December 2023



Mortgages: $361bn

Of which: Interest-only[1]: $25bn

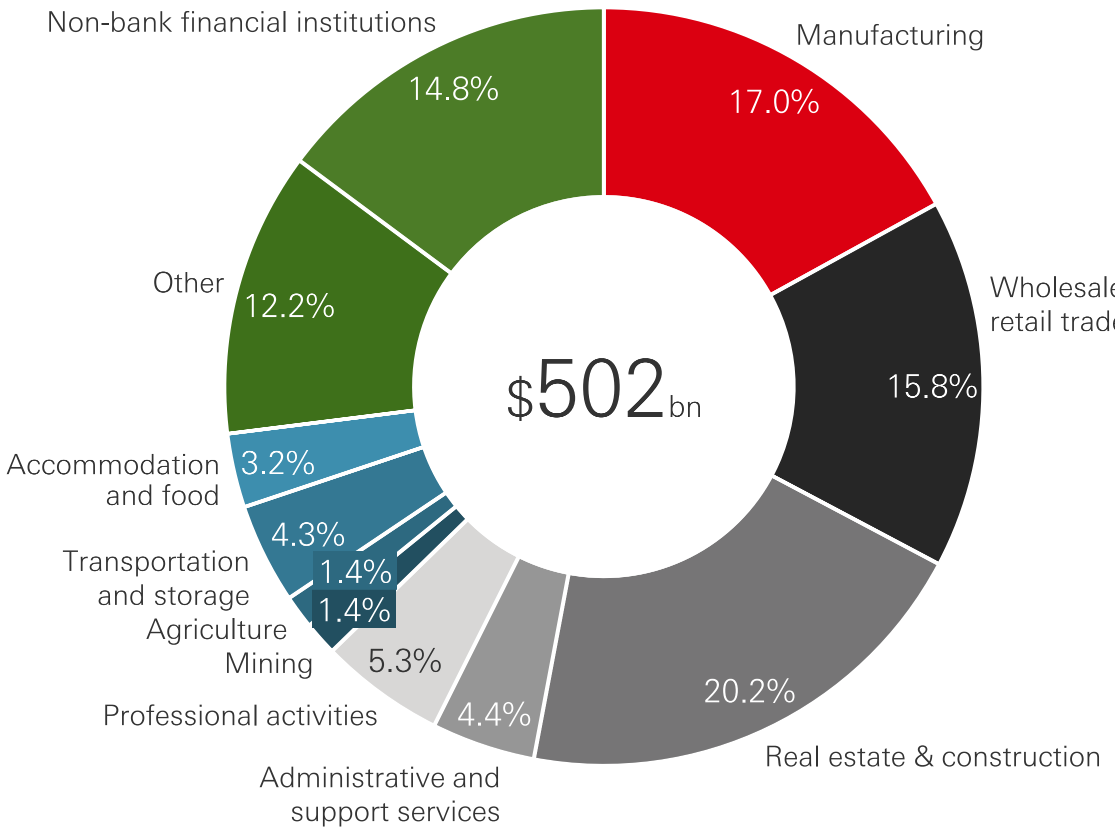
Retail mortgage average LTVs (portfolio, indexed)

UK: 53%
New lending: 65%

HK: 60%
New lending: 64%

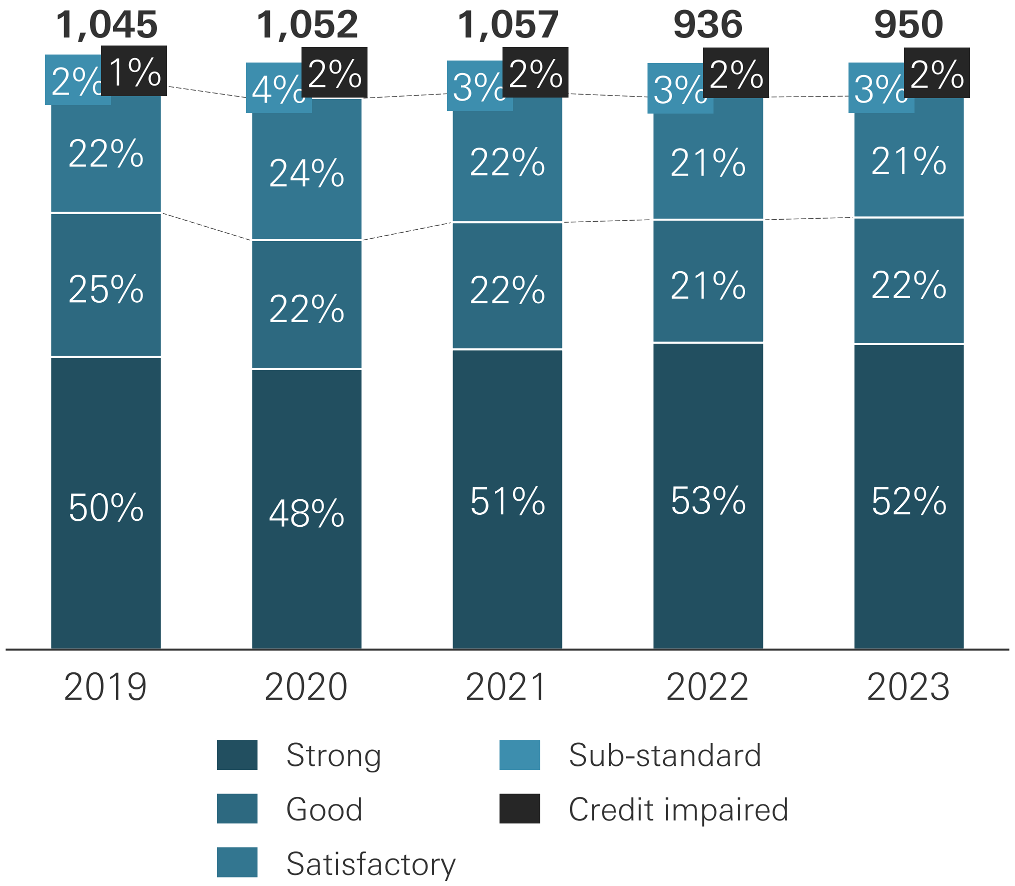
Wholesale loan book, $bn

At 31 December 2023



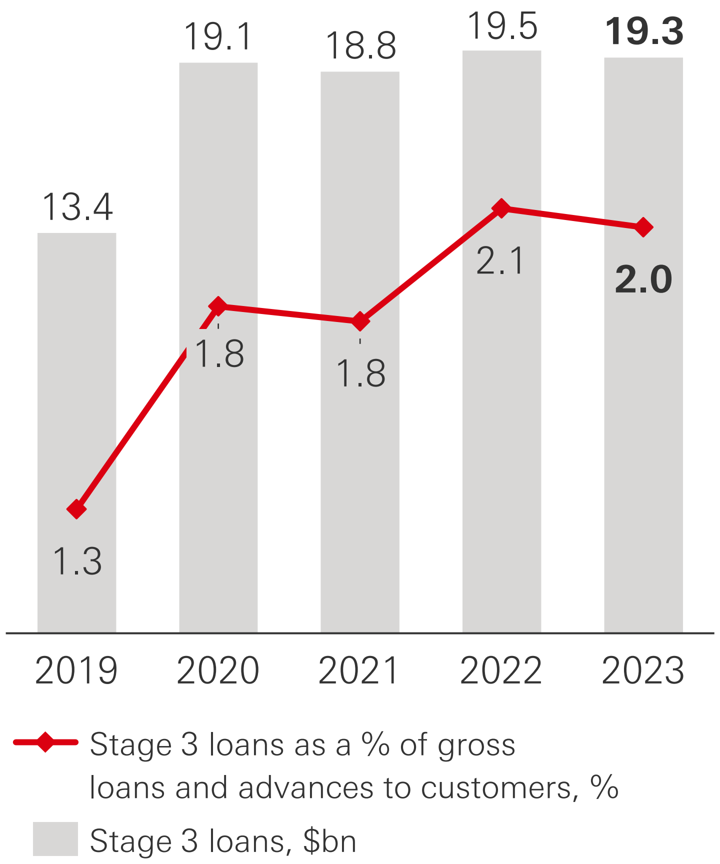
Asset quality

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



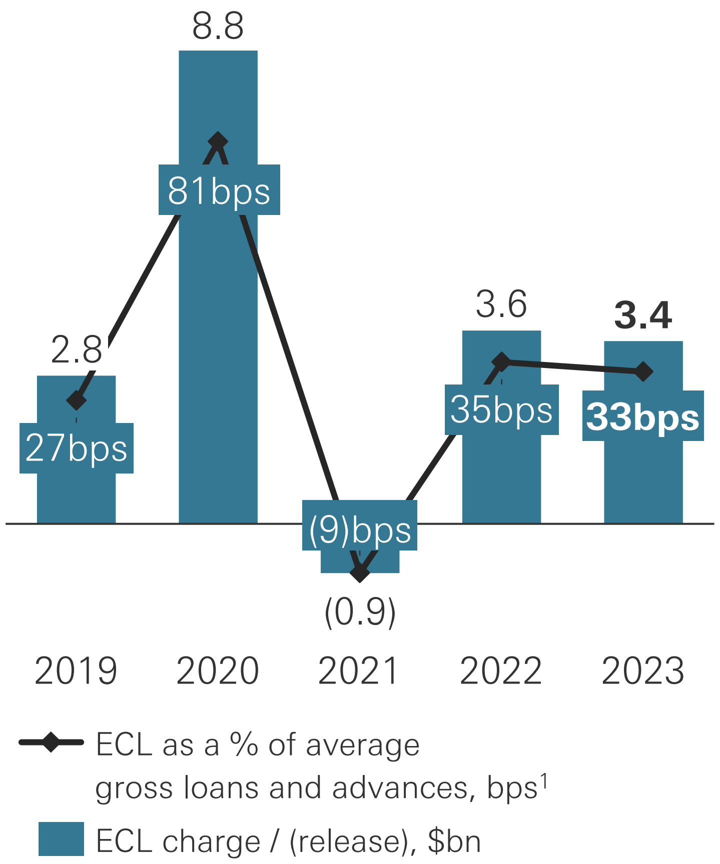
- Wholesale loans classified as Strong or Good credit quality are equivalent to an investment grade rating from an external credit rating agency

Stage 3 loans to customers



Stage 3 loans as a % of gross loans and advances to customers of 2.0% at FY23

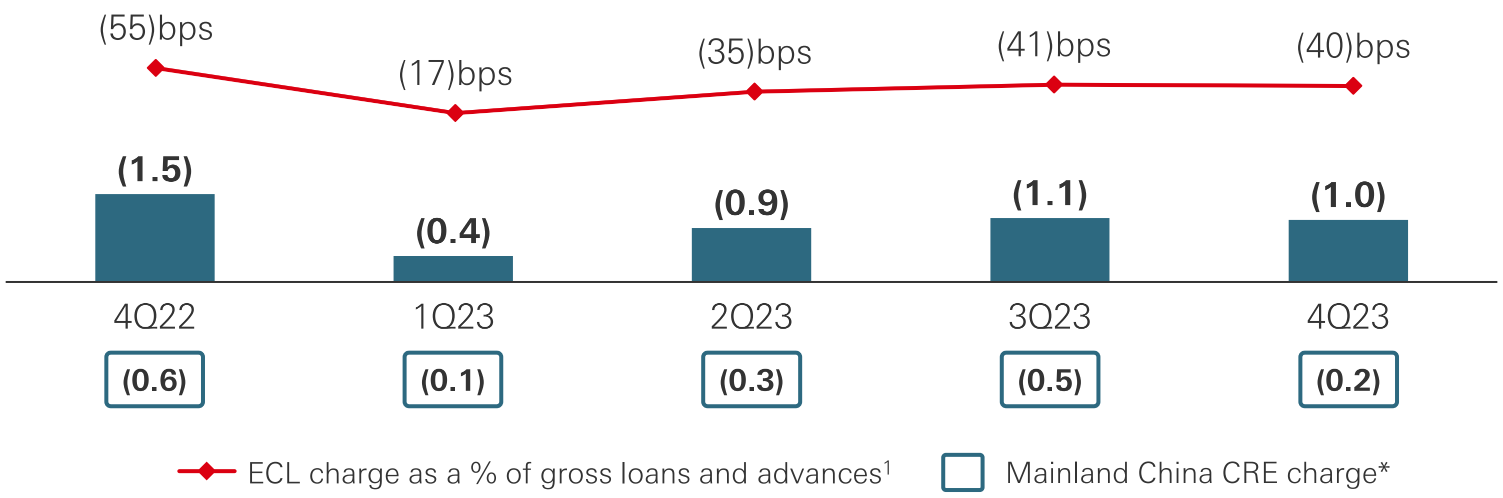
Reported ECL charge / (release)



ECL charge of $3.4bn in FY23, including $1.0bn relating to mainland China CRE

Credit performance

ECL charge trend, $bn



4Q23 ECL charge, $bn

	Stage 1-2	Stage 3	Total
Wholesale	0.0	(0.7)	(0.7)
Personal	(0.1)	(0.2)	(0.3)
Total	**(0.1)**	**(0.9)**	**(1.0)**

- 4Q23 ECL charge **$(1.0)bn**:
  - $(0.7)bn Stage 3 charge in Wholesale, of which $(0.2)bn related to mainland China CRE
  - $(0.3)bn Personal charge, primarily unsecured lending in Mexico
- Stage 3 balances of **$19.3bn** (2.0% of customer loans), stable vs. 3Q23
- FY23 ECL charge of **$(3.4)bn**:
  - **(33)bps** of average gross loans and advances including loans in held-for-sale
  - **(36)bps** of average gross loans and advances
- Guidance: **FY24 ECL charge of around (40)bps**[1]; through-the-cycle planning range unchanged at (30)-(40)bps[2]

* Mainland China CRE charge is on a reported FX basis and has not been currency adjusted in prior periods, 4Q23 charge: $(195)m, FY23 charge: $(1,019)m

Mainland China commercial real estate update

Mainland China CRE exposures by booking location and credit quality

At 31 December 2023

$bn	*Memo: Hong Kong at 3Q23*	Hong Kong	Mainland China	Rest of Group	Total
Total	*7.5*	**6.3**	**5.0**	**0.9**	**12.1**
Strong	*1.2*	0.8	1.7	0.0	2.5
Good	*0.6*	0.6	1.0	0.4	2.0
Satisfactory	*0.9*	0.7	1.7	0.3	2.6
Sub-standard	*1.5*	1.3	0.3	0.2	1.8
Credit impaired	*3.3*	2.9	0.3	—	3.2
Allowance for ECL	*(2.0)*	**(1.8)**	**(0.2)**	**(0.0)**	**(2.1)**

Hong Kong booked sub-standard and credit impaired exposures

$bn	Total exposure	Of which not secured	ECL allowance‡
Sub-standard	1.3	0.9	(0.0)
Credit impaired	2.9	2.3	(1.7)
Total	**4.2**	**3.2**	**(1.7)**

75% coverage ratio against not secured, credit impaired exposures

- **Total exposure** of $12.1bn, down $(1.5)bn vs. 3Q23 / $(4.6)bn vs. FY22
- **Hong Kong** booked exposure of $6.3bn, **down $(1.2)bn** vs. 3Q23* / $(3.1)bn vs. FY22
- **ECL charge** of $(0.2)bn in 4Q23 / **$(1.0)bn in FY23**
- Of our $2.1bn Hong Kong-booked exposures classified as strong, good or satisfactory:
  - **c.55%** are to state-owned enterprises
  - **c.45%** are primarily to privately-owned enterprises that are not residential property developers

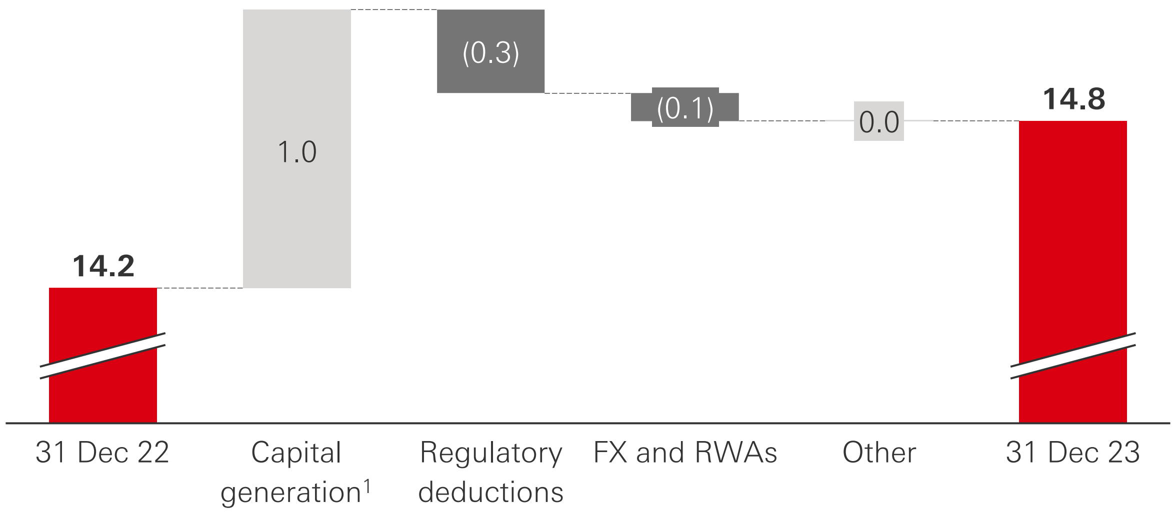
Exposure in previous periods is on a reported FX basis
* Includes $(0.4)bn write-offs
‡ ECL allowance shown on not secured exposures only

Balance sheet & issuance

HSBC

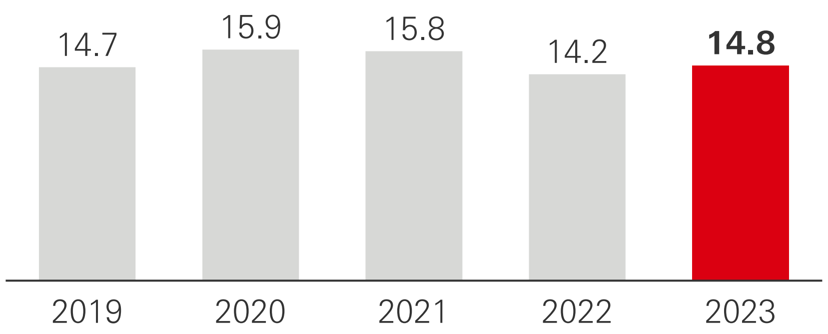
Capital position

CET1 ratio, %

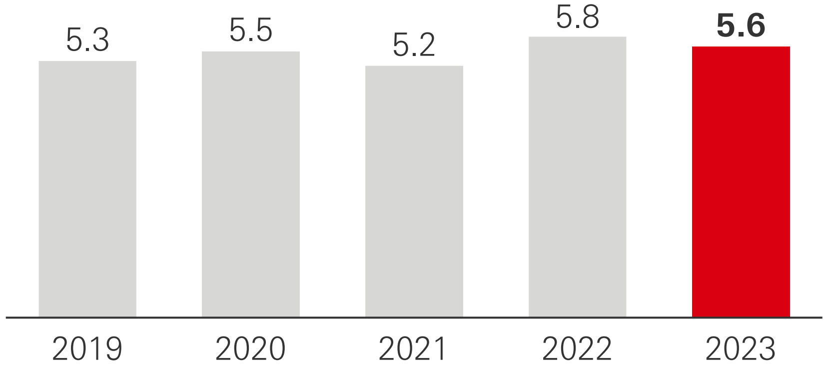


- **CET1 ratio of 14.8% up 0.6ppts vs. FY22**, including:
  - 1.0ppt of capital generation, with profits offset by dividends and buybacks
  - This increase was partly offset by (0.3)ppts of regulatory deductions and a (0.1)ppt impact from FX movements and higher RWAs
- FY23 CET1 ratio **does not include an anticipated c.25bps impact** from the announced 4Q23 up to $2bn buyback
- **Targeting a 50% dividend payout ratio** in 2024[2]; CET1 ratio target range of **14%–14.5%** medium term[3]

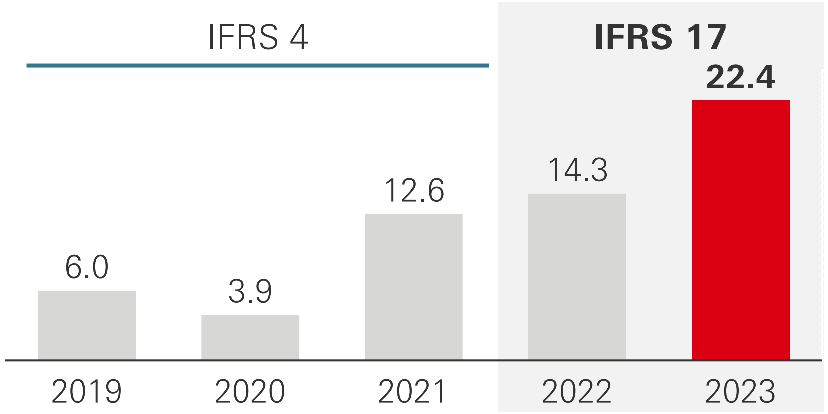
CET1 ratio, %



Leverage ratio[4], %

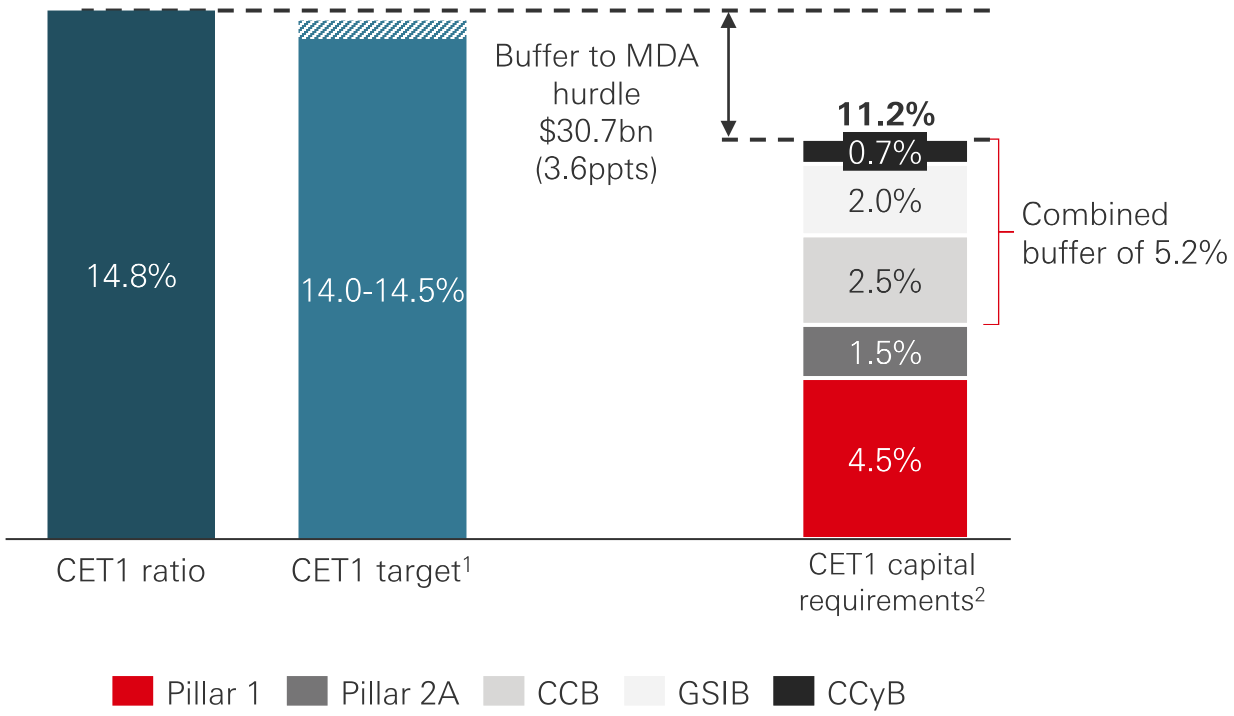


Profit attributable to ordinary shareholders, $bn



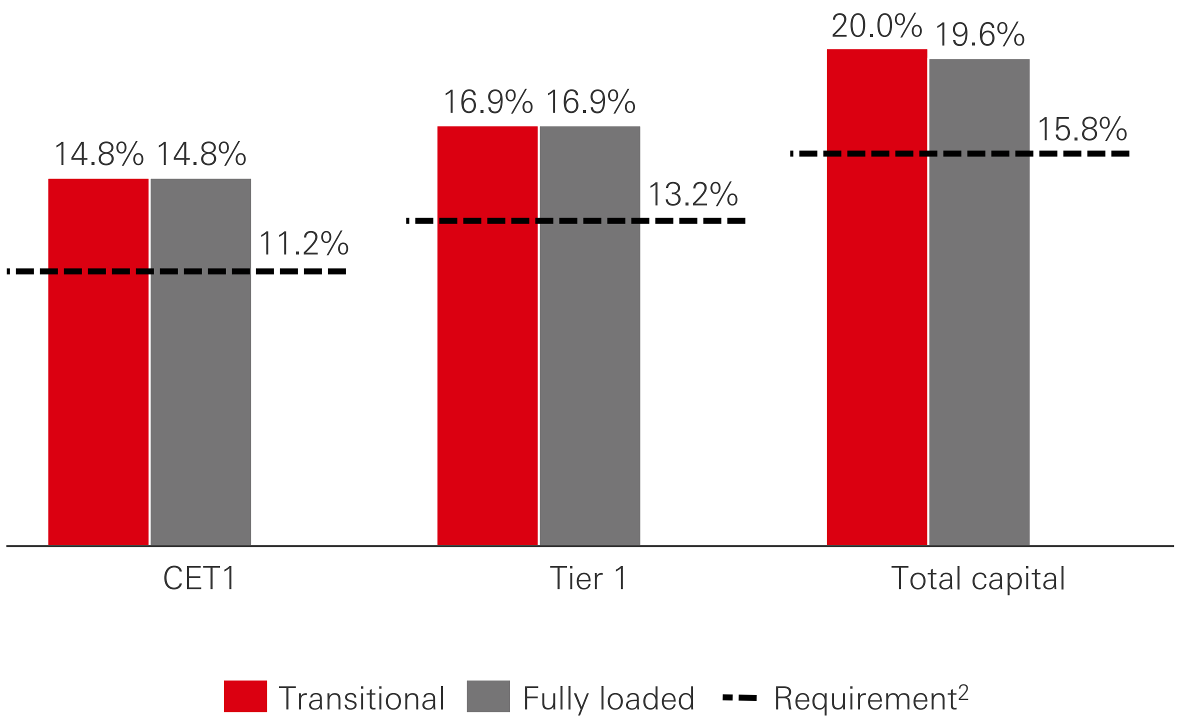
Capital position versus requirements

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



- **Pillar 2A set at 2.6% of RWAs**, of which 1.5% must be held in CET1
- **UK CCyB** increased to 2% in July 2023. Each 1ppt increase in the UK CCyB increases HSBC Group's CCyB by c.0.2ppts

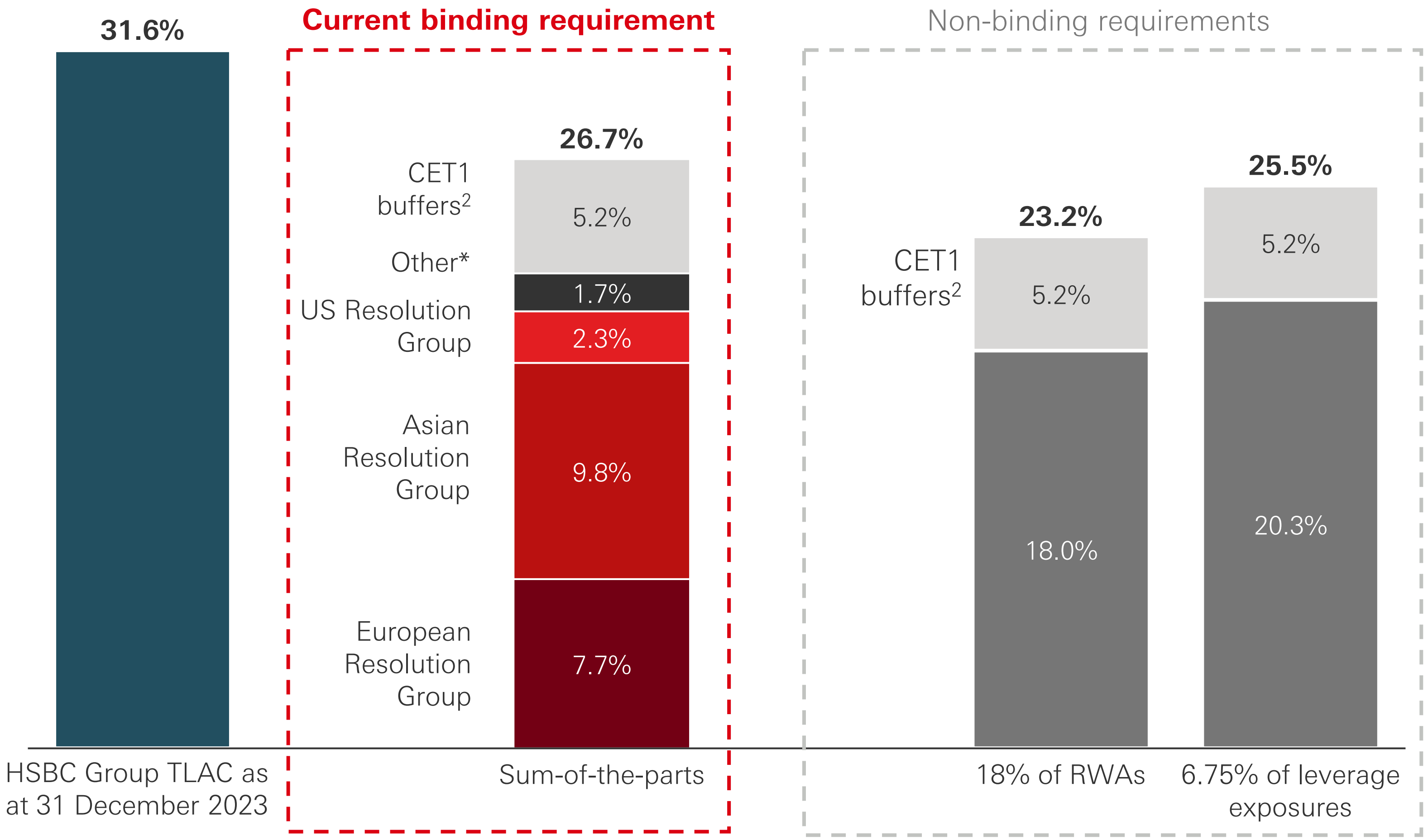
Regulatory capital vs. regulatory requirements as a % of RWAs



- **Total capital ratio** up 0.7ppts vs. FY22 primarily reflecting a higher CET1 ratio
- **Distributable reserves were $30.9bn**, down from $35.2bn at 31 Dec 2022, primarily driven by ordinary dividend payments, AT1 coupons and payments related to our share buyback programme. These were offset by profits generated and other reserve movements of $14.3bn

MREL / TLAC position

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

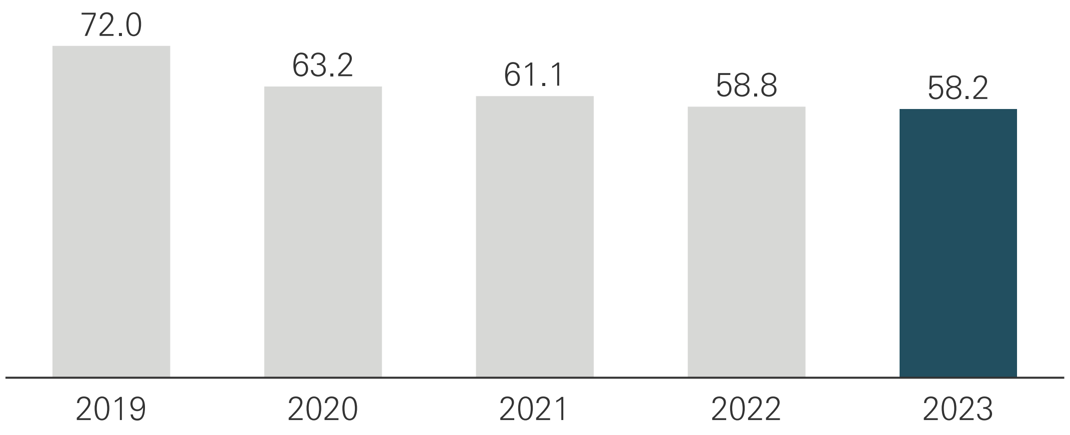


- **4.9ppts / $42bn buffer** to current requirement
- HSBC Group's MREL requirement is the greater of:
  - 18% of RWAs
  - 6.75% of leverage exposures
  - The sum of each resolution group's local regulatory requirements and other Group entities' capital requirements (the 'sum-of-the-parts')
- Of the three requirements, the sum-of-the-parts is the current binding constraint
- Expect to maintain a **prudent management buffer** above MREL requirement

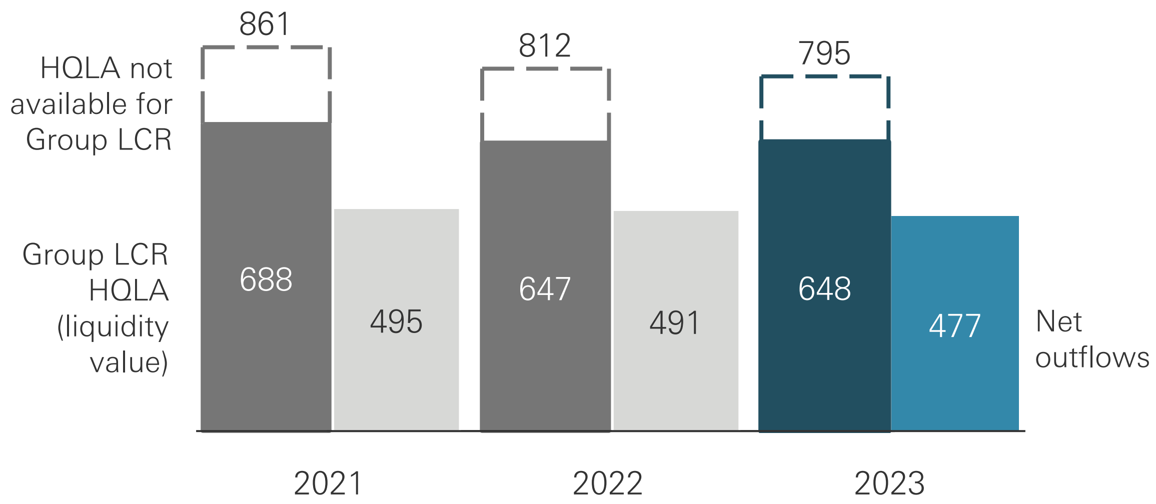
* Capital or TLAC requirements relating to other Group entities

Funding and liquidity

Reported loans to deposits ratio, %



High-quality liquid assets, $bn

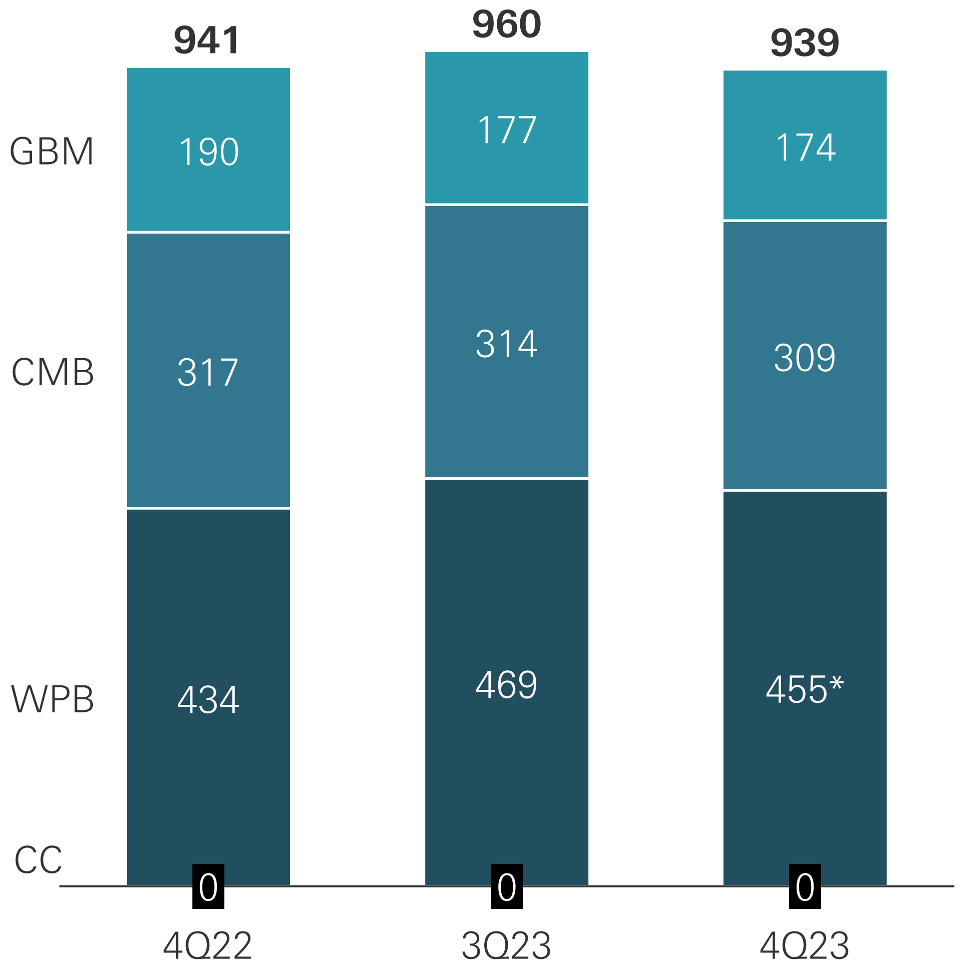


Principal operating entities	LCR[1]	
%	**FY23**	**FY22**
HSBC UK Bank plc (RFB)	201	226
HSBC Bank plc (NRFB)	148	143
The Hongkong and Shanghai Banking Corporation – Hong Kong branch	192	179
HSBC Singapore[2]	292	247
Hang Seng Bank	254	228
HSBC Bank China	170	183
HSBC Bank USA	172	164
HSBC Continental Europe	158	151
HSBC Bank Middle East Ltd – UAE branch	281	239
HSBC Canada	164	149
HSBC Mexico	149	155
Group consolidated	**136**	**132**

- HSBC primarily manages liquidity at an operating entity level, rather than as a consolidated group
- The Group LCR calculation includes an adjustment to reflect potential limitations to the transfer of liquidity between legal entities within the Group. At FY23 this resulted in an adjustment of $(147)bn to average LCR HQLA and $(7)bn to LCR inflows

Balance sheet – customer lending

Balances by global business, $bn



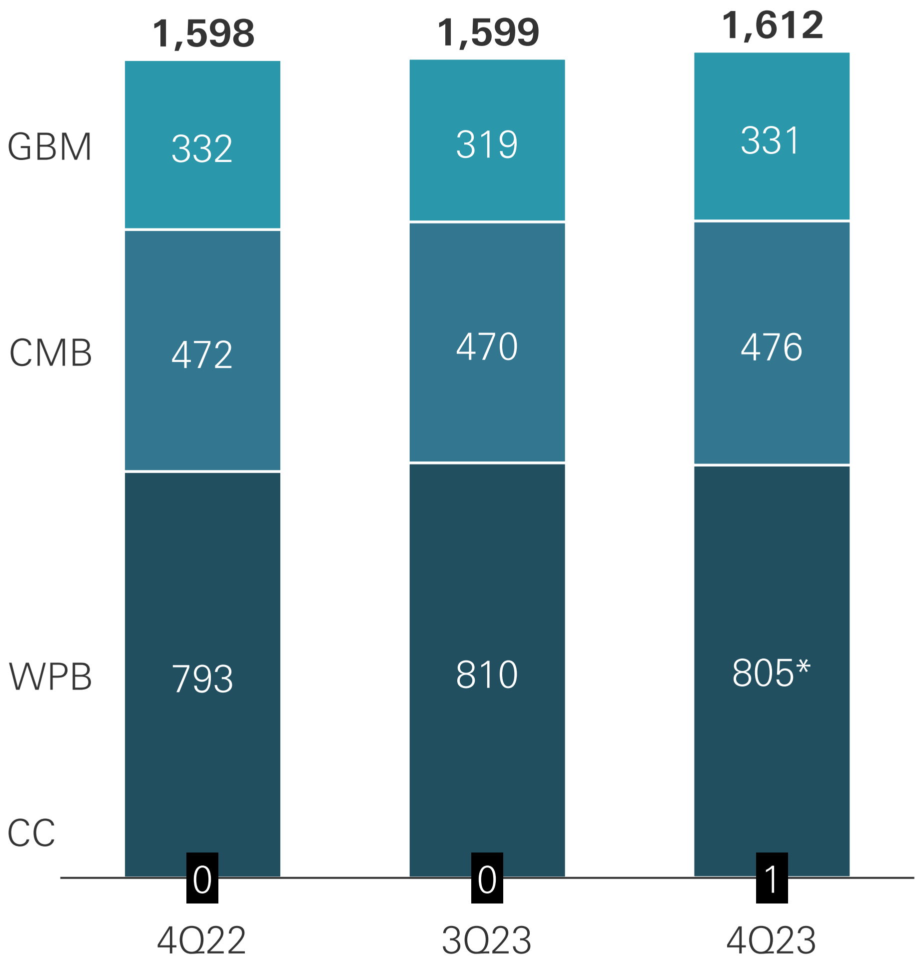
Balances by entity

		Growth since 3Q23
Asia (HBAP)	**$455bn**	**$(4.4)bn** (1)%
o/w: Hong Kong	**$280bn**	**$(2.9)bn** (1)%
UK RFB (HBUK)	**$270bn**	**$1.0bn** 0 %
HSBC Bank plc (HBEU)	**$96bn**	**$(18.6)bn** (16)% ◄ *Of which: $(16.9)bn France retail balances moved to held-for-sale*
USA (HNAH)	**$55bn**	**$1.6bn** 3%
Mexico (HBMX)	**$26bn**	**$1.0bn** 4 %
HSBC Middle East (HBME)	**$20bn**	**$1.6bn** 8 %
Other	**$16bn**	**$(3.4)bn** (18)%
Total	**$939bn**	**$(21.4)bn** (2)%

* WPB movement of $(14)bn vs. 3Q23 includes the transfer of $(17)bn France retail balances to held-for-sale

Balance sheet – customer accounts

Balances by global business, $bn



Balances by entity

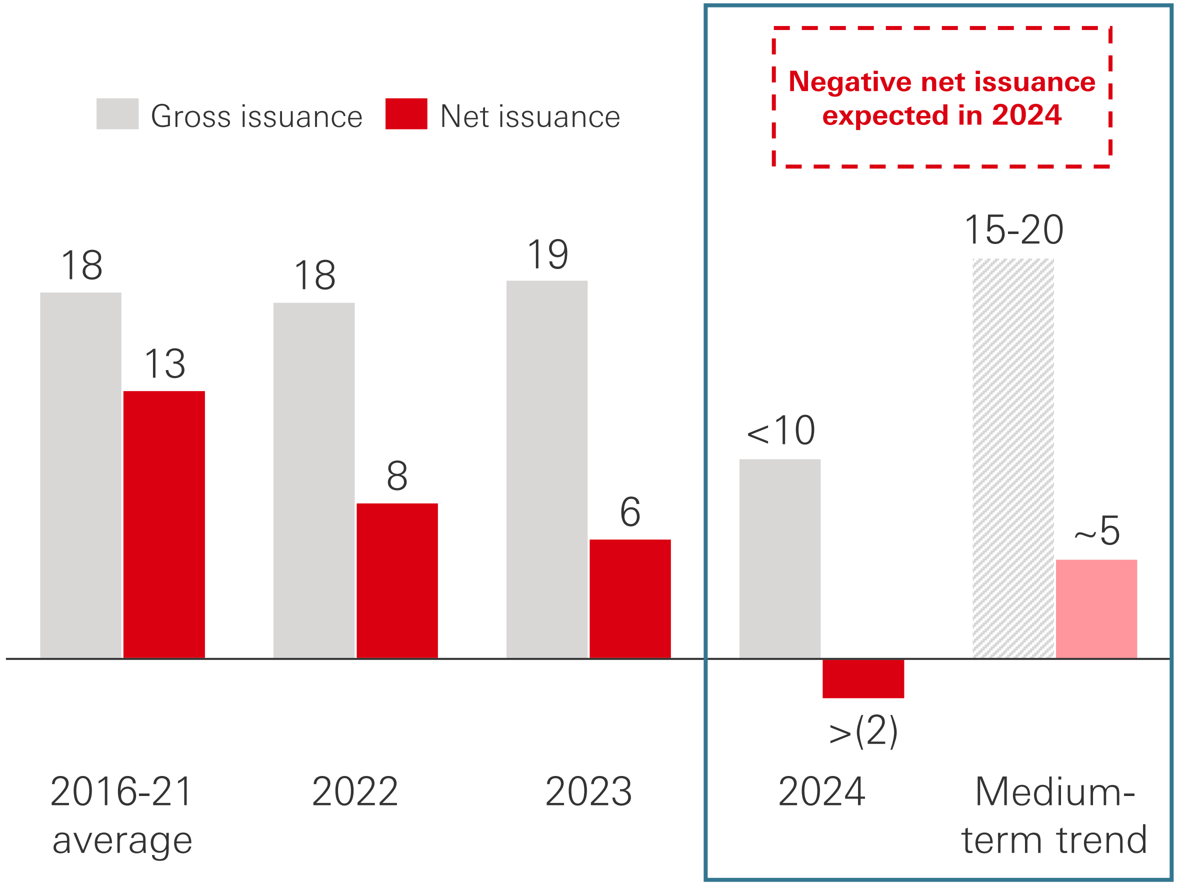
Entity	Balance	Growth since 3Q23
Asia (HBAP)	**$801bn**	**$26.6bn** 3 %
o/w: Hong Kong	**$544bn**	**$13.8bn** 3%
UK RFB (HBUK)	**$340bn**	**$0.1bn** 0 %
HSBC Bank plc (HBEU)	**$275bn**	**$(7.4)bn** (3)% ◄ *Of which: $(22.3)bn France retail balances moved to held-for-sale*
USA (HNAH)	**$100bn**	**$0.2bn** 0 %
Mexico (HBMX)	**$29bn**	**$0.2bn** 1 %
HSBC Middle East (HBME)	**$31bn**	**$0.3bn** 1 %
Other	**$35bn**	**$(7.6)bn** (18)%
Total	**$1,612bn**	**$12.4bn** 1%

* WPB movement of $(5)bn vs. 3Q23 includes the transfer of $(22)bn France retail balances to held-for-sale

Issuance plan

Modest net new issuance going forward

HoldCo senior gross and net issuance, $bn-equivalent



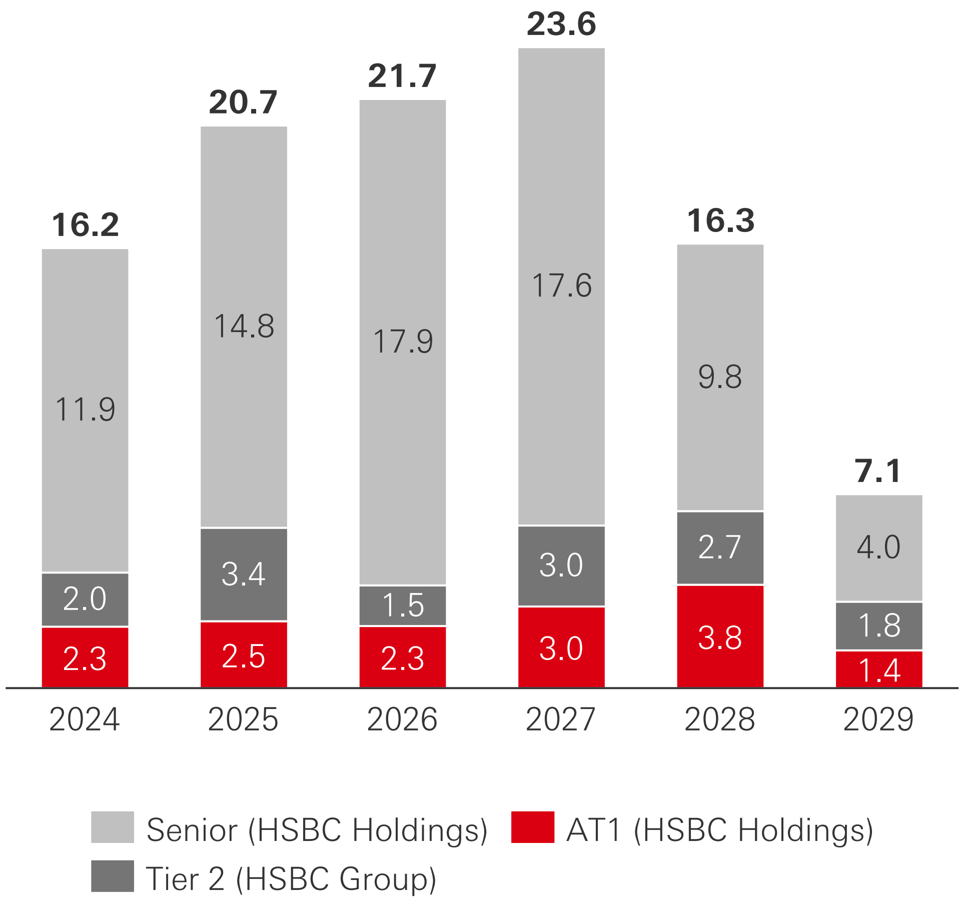
FY24 issuance plan

HoldCo senior	**Planned gross issuance: <$10bn** Negative net issuance
Tier 2	**Planned gross issuance: $2-3bn** Marginally positive net issuance
AT1	**Planned gross issuance: ~$2bn** Aligned with calls
OpCo	Expect certain subsidiaries to issue senior and secured debt in local markets to meet funding and liquidity requirements

Portfolio instruments

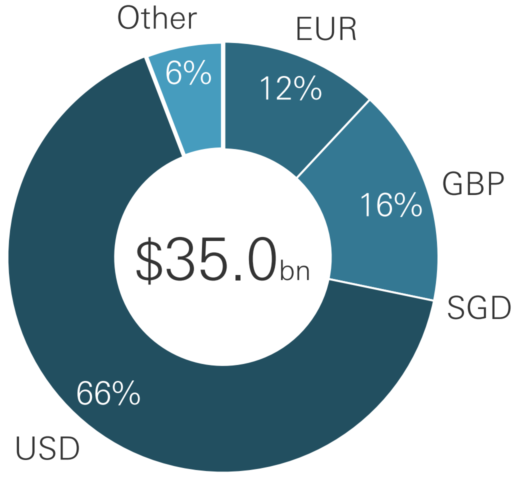
Maturity profile at FY23[1]

$bn-equivalent

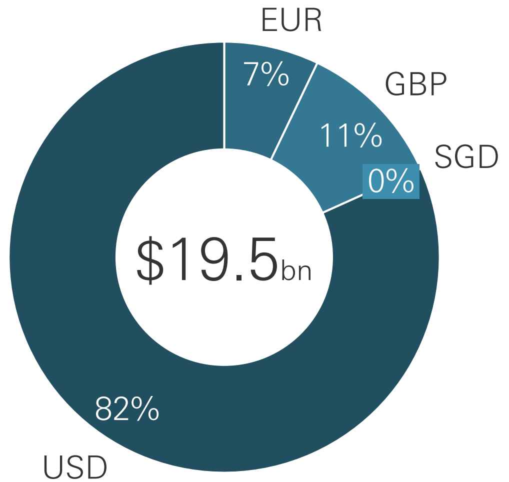


Outstanding instruments by currency (notional) at FY23

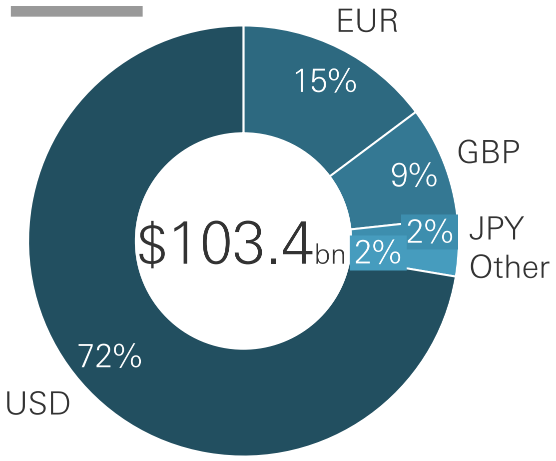
Tier 2



Additional Tier 1

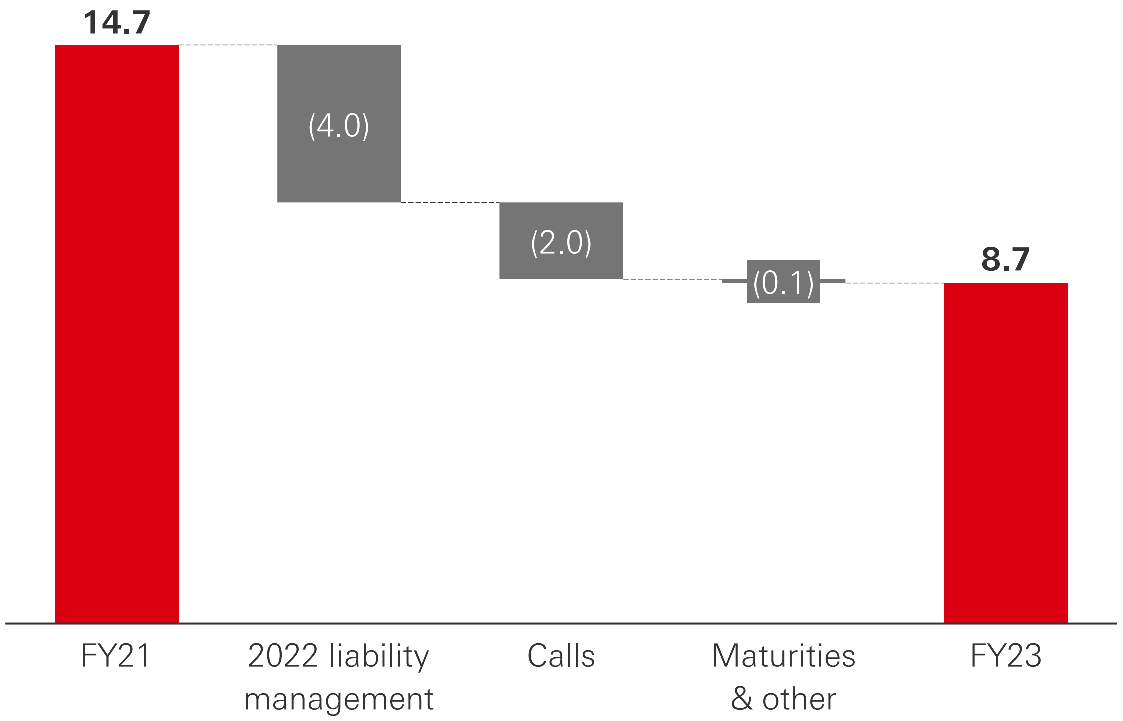


HoldCo senior



Legacy securities

Total legacy capital securities of $9bn



- Legacy securities have reduced by ~$6bn since end-2021, to $9bn at FY23
- When considering any potential actions to reduce the portfolio, we evaluate these opportunities against a desire that we **take decisions which present a reasonable economic cost to us**
- Decisions will be taken in the context of the Bank of England's position on legacy securities, noting their stated view that taking steps to reduce legacy instrument portfolios should be **appropriate and proportionate**
- Changes in prevailing interest rates and credit spreads will alter the economics over time
- Where securities may present a significant economic cost to exit early, this cost will generally diminish as the securities near their maturity or first par call date

IBOR – regulatory capital & MREL securities

Our transition approach

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

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

Milestones so far

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

Remaining securities

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

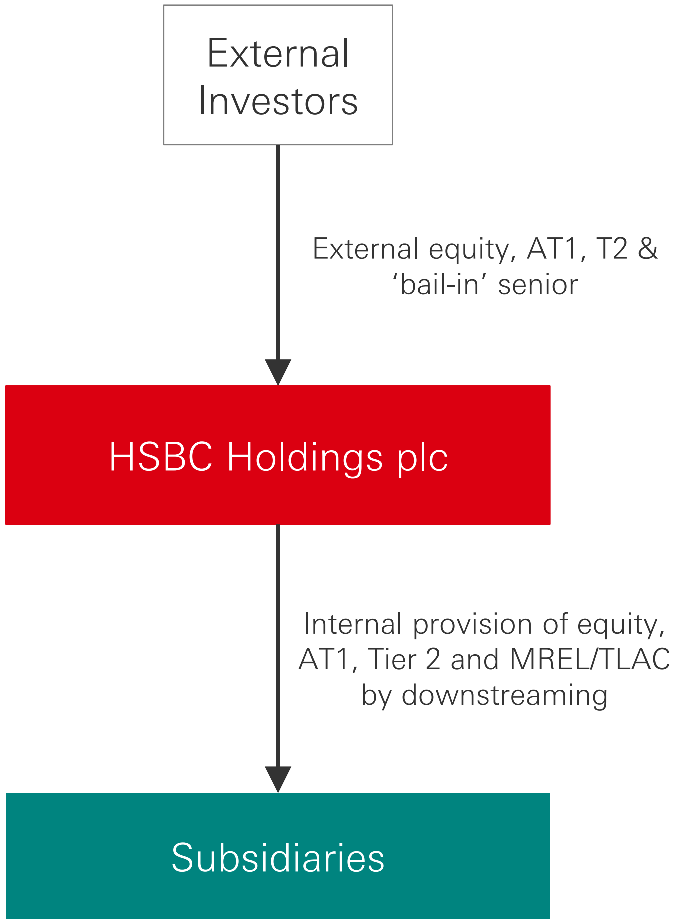
Appendix

MREL / TLAC position

	HSBC Group	US resolution group	Europe resolution group (Including HSBC Holdings)[1]	Asia resolution group
TLAC position at FY23	**Total TLAC: $269.9bn** Of which: non-regulatory capital: $96.7bn	**Total TLAC: $23.1bn** Of which: non-regulatory capital (long-term debt): $9.0bn	**Total TLAC: $103.0bn** Of which: non-regulatory capital: $96.7bn	**Total TLAC: $110.7bn** Of which: non-regulatory capital: $29.8bn
Balance sheet at FY23	RWAs: $854.1bn Leverage exposure: $2,574.8bn	RWAs: $105.1bn Average assets: $222.4bn	RWAs: $275.0bn Leverage exposure: $969.0bn	RWAs: $411.2bn Leverage exposure: $1,237.8bn
Requirement	The greater of: ▪ 18% of RWAs ▪ 6.75% of UK leverage exposure ▪ Sum-of-the-parts*	TLAC[2]: the greater of: ▪ 18% of RWAs ▪ 9% of average assets Long-Term Debt: the greater of: ▪ 6% of RWAs ▪ 3.5% of average assets	The greater of: ▪ 18% of RWAs ▪ 6.75% of UK leverage exposure ▪ 2 x (P1 + P2A)	Firm specific requirement, subject to TLAC floor of the greater of: ▪ 18% of RWAs ▪ 6.75% of leverage exposure

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

Approach to issuance



HSBC Holdings plc

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

Internal capital and MREL/TLAC

- Proceeds of external debt issued by HSBC Holdings is predominantly used to acquire internal capital and MREL/TLAC instruments issued by its subsidiaries
- HSBC Holdings does not generally provide funding to subsidiaries for day-to-day liquidity needs
- HSBC Holdings retains proceeds for its own liquidity and capital management (**>$27bn** at FY23)

External debt issued by subsidiaries

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

Financial performance summary

$m	4Q22	1Q23	2Q23	3Q23	4Q23	Δ 4Q22	FY22	FY23	Δ FY22
NII	8,918	8,825	9,023	9,001	8,284	(7)%	29,762	35,796	20 %
Non-NII	5,731	11,256	7,346	6,886	4,737	(17)%	20,109	30,262	50 %
Revenue	**14,649**	**20,081**	**16,369**	**15,887**	**13,021**	**(11)%**	**49,871**	**66,058**	**32 %**
ECL	(1,453)	(427)	(895)	(1,058)	(1,031)	29 %	(3,630)	(3,447)	5 %
Costs	(8,867)	(7,517)	(7,702)	(7,822)	(8,645)	3 %	(32,302)	(32,070)	1 %
Associates	685	699	830	594	(2,368)	>(100)%	2,602	(193)	>(100)%
Constant currency PBT	**5,014**	**12,836**	**8,602**	**7,601**	**977**	**(81)%**	**16,541**	**30,348**	**83 %**
Memo: notable items	*(1,526)*	*3,552*	*(250)*	*(323)*	*(5,798)*	*>(100)%*	*(6,638)*	*(2,850)*	*57 %*
FX translation	35	50	169	113	—	—	517	—	—
Reported PBT	**5,049**	**12,886**	**8,771**	**7,714**	**977**	**(81)%**	**17,058**	**30,348**	**78 %**
Tax	(388)	(1,860)	(1,726)	(1,448)	(755)	(95)%	(809)	(5,789)	>(100)%
Profit attributable to ordinary shareholders	**4,378**	**10,327**	**6,639**	**5,619**	**(153)**	**>(100)%**	**14,346**	**22,432**	**56 %**
Earnings per share, $	0.22	0.52	0.34	0.29	(0.01)	$(0.23)	0.72	1.15	$0.43
EPS excluding material notable items, $	N/A	0.36	0.34	0.27	0.25	N/A	N/A	1.22	N/A
Dividend per share, $[1]	0.23	0.10	0.10	0.10	0.31	$0.08	0.32	0.61	$0.29
RoTE (YTD, annualised), %	12.3	27.4	17.1	14.6	(0.4)	(12.7)ppts	10.0	14.6	4.6ppts

$bn	4Q22	1Q23	2Q23	3Q23	4Q23	Δ 3Q23	FY22	FY23	Δ FY22
Customer loans	942	974	964	960	939	(2)%	942	939	0 %
Customer deposits	1,598	1,620	1,601	1,599	1,612	1 %	1,598	1,612	1 %
Reported RWAs	840	854	860	840	854	2 %	840	854	2 %
CET1 ratio, %[2]	14.2	14.7	14.7	14.9	14.8	(0.1)ppts	14.2	14.8	0.6ppts
TNAV per share, $	$7.44	$8.08	$7.84	$7.96	$8.19	$0.23	$7.44	$8.19	$0.75

Guidance summary

Banking NII	**At least $41bn** in FY24[1]
ECL	FY24 ECL charge of **around (40)bps**[2]; through-the-cycle planning range of (30)-(40)bps[3]
Costs	Growth in FY24 of **approximately (5)% vs. FY23** on a target basis, reflecting our current business plan for 2024
Lending	Cautious outlook for 1H24, expect mid-single digit annual percentage growth over the medium to long term[3]
RoTE	Targeting a **mid-teens RoTE in 2024**, excluding notable items. Our guidance reflects our current outlook for the global macroeconomic environment, including customer and financial markets activity
CET1 ratio	Manage in **14-14.5%** target range in the medium term[3]
Dividends	**Dividend payout ratio of 50% for 2024**, excluding material notable items and related impacts

Whilst Asia remains a strategic focus for the Group, we no longer intend to report 'Asia as a % of Group tangible equity'

Banking NII outlook

Rebase 4Q23 Banking NII of $10.7bn:

- **Add back $0.5bn to 4Q23 Banking NII for Argentina hyperinflation**[1] and the **reclassification** of cash flow hedge revenue[2]
- **Deduct c.$(1.3)bn from 4Q23 annualised** to reflect the impact on FY24 Banking NII of the **disposals** of Canada and France retail

Principal drivers in FY24 and beyond:

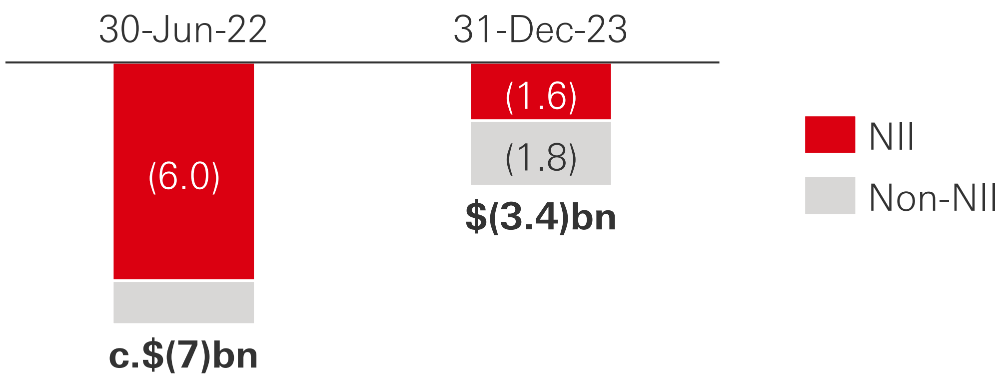
- **Interest rates** (refer to 4Q23 Banking NII sensitivity on the right)
- Re-investment of **structural hedge** assets at higher yields
- **Deposit migration**, particularly in Hong Kong[3]
- **Loan growth:** cautious outlook for 1H24, expect mid-single digit annual percentage growth over the medium to long term[4]

Whilst recognising the inherent uncertainty of some of the above factors, we **expect Banking NII of at least $41bn in FY24**[5]

Banking NII 1 year sensitivity*

$m	Currency					
	USD	HKD	GBP	EUR	Other	Total
+100bps	343	411	496	285	1,297	2,832
(100)bps	(494)	(493)	(602)	(304)	(1,460)	(3,353)

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



Further interest rate stabilisation and structural hedge information on slide 7

* Assumptions include a static balance sheet, no management actions from Global Treasury and a 50% pass-through – see page 214 of the Annual Report and accounts for further detail. HSBC Canada sensitivity at 31 December 2023: +100bps $100m; (100)bps $(97)m

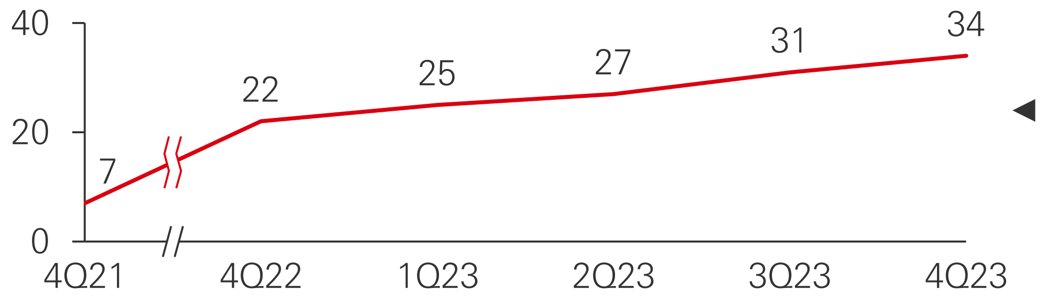
Net interest margin

Quarterly NIM by key legal entity

	4Q22	1Q23	2Q23	3Q23	4Q23	% 4Q23 NII	% 4Q23 AIEA
The Hongkong and Shanghai Banking Corporation (HBAP)*	1.94%	1.83%	1.83%	1.85%	1.73%	48%	42%
HSBC Bank plc	0.50%	0.59%	0.60%	0.53%	0.50%	8%	23%
HSBC UK Bank plc (UK RFB)	2.19%	2.33%	2.49%	2.41%	2.50%	30%	18%
HSBC North America Holdings, Inc	1.16%	1.15%	1.01%	0.87%	0.90%	5%	8%
Group	1.68%	1.69%	1.72%	1.70%	1.52%	n.m	n.m

* In FY23, c.60% of the interest expense relating to the central costs of funding trading income was booked in HBAP

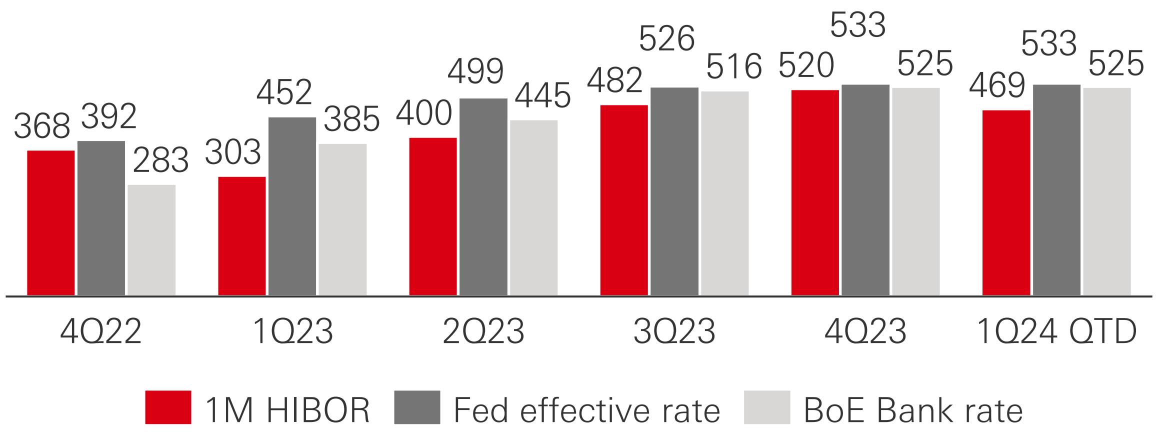
Time deposits as a % of Hong Kong customer accounts



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

Key rates (quarter averages), bps

Source: Bloomberg
At 19 February 2024



Group customer accounts by type[2], $bn

Average balances	FY20	FY21	FY22	FY23
Demand and other – non-interest bearing	272	323	315	258
Demand – interest bearing	898	1,056	1,024	882
Savings	290	255	263	356
Time and other	66	51	55	96
Total	**1,526**	**1,686**	**1,657**	**1,593**

FY23 cost target basis reconciliation

$m	FY22	FY23
Reported	**(32,701)**	**(32,070)**
Currency impact	399	—
Constant currency	**(32,302)**	**(32,070)**
Notable items	2,931	185
Impact of retranslating results of hyperinflationary economies at constant currency	(440)	—
Innovation Banking and related international investments	—	271
Target basis	**(29,811)**	**(31,614)**

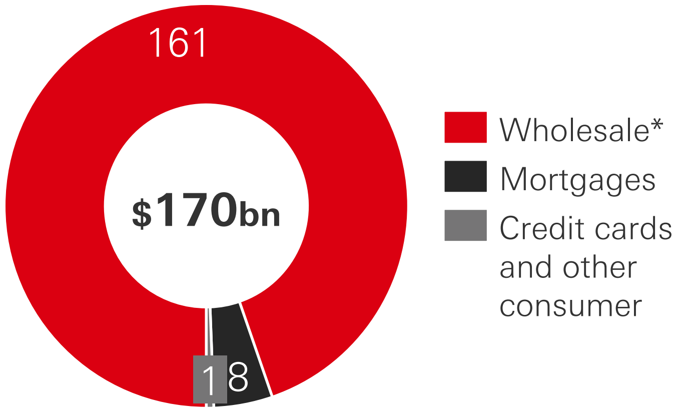
ECL charge by legal entity (constant currency basis)

$m	4Q22	1Q23	2Q23	3Q23	4Q23	FY23
Asia (HBAP)	(898)	(64)	(392)	(749)	(437)	(1,641)
o/w Hong Kong	*(766)*	*(44)*	*(451)*	*(660)*	*(375)*	*(1,528)*
*o/w mainland China CRE**	*(598)*	*(62)*	*(259)*	*(503)*	*(195)*	*(1,019)*
UK RFB (HBUK)	(249)	(164)	(255)	(57)	(47)	(523)
HSBC Bank plc (HBEU)	(59)	(19)	(55)	(79)	(59)	(212)
USA (HNAH)	1	(29)	(33)	15	(47)	(94)
Canada (HBCA)	(20)	(1)	(10)	(20)	(15)	(46)
Mexico (HBMX)	(194)	(136)	(136)	(154)	(274)	(696)
HSBC Bank Middle East (HBME)	(37)	7	(7)	(6)	(84)	(90)
Other	3	(21)	(7)	(8)	(68)	(145)
Total	**(1,453)**	**(427)**	**(895)**	**(1,058)**	**(1,031)**	**(3,447)**

* Mainland China CRE charge, primarily relating to exposures booked in Hong Kong, is on a reported basis and has not been currency adjusted in prior periods

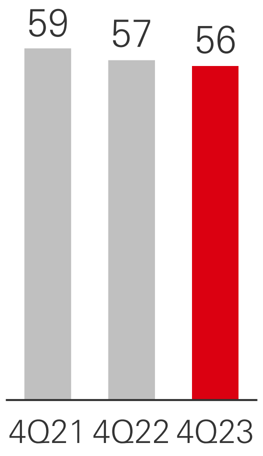
Mainland China risk exposure

Mainland China risk exposure, $bn



Reported gross loans and advances to customers, $bn

Reported customer deposits, $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

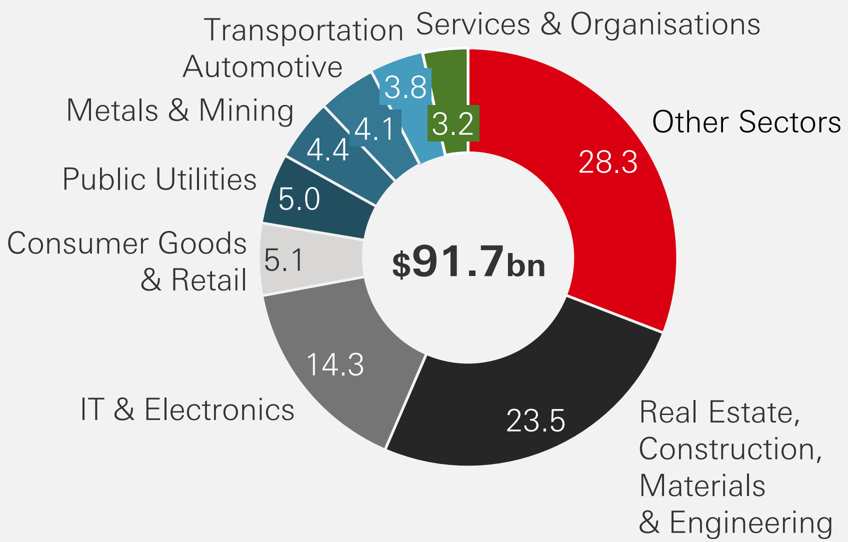
Wholesale lending analysis, $bn

	4Q22	2Q23	4Q23
NBFI	2.2	2.0	1.2
Banks	40.1	35.6	31.0
Sovereign & public sector	34.0	34.0	37.1
Corporates	100.6	93.1	91.7
Total	**176.8**	**164.7**	**161.0**

Wholesale lending by counterparty type and credit quality, $bn

	NBFI	Banks	Sovereign & public sector	Corporates	Total
Strong	0	30	37	33	**99**
Good	1	1	—	28	**31**
Satisfactory	0	0	—	24	**24**
Sub-standard	—	—	—	3	**3**
Credit impaired	—	—	—	4	**4**
Total	**1**	**31**	**37**	**92**	**161**

Corporate lending by sector, $bn



- **c.15%** of corporate lending is to foreign-owned enterprises
- **c.40%** of lending is to state-owned enterprises
- **c.45%** of lending is to private sector owned enterprises

* Wholesale drawn risk exposure of $161bn includes on balance sheet lending as well as issued off balance sheet exposures, excludes unutilised commitments and MSS financing. 55% is booked onshore

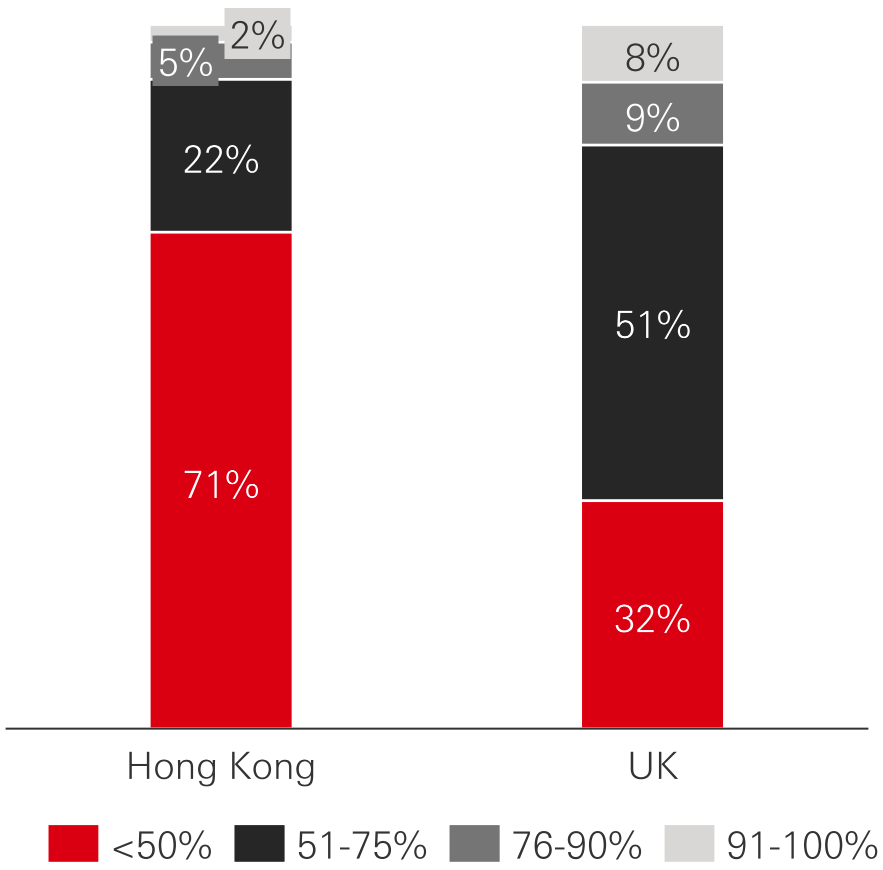
Global CRE exposures

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

	FY22	FY23	Δ	FY23 stage 3 %
Asia	66,350	58,121	(12)%	6
*o/w Hong Kong**	*50,021*	*42,462*	*(15)%*	*8*
UK RFB	14,874	14,010	(6)%	3
HSBC Bank plc	6,188	4,834	(22)%	4
USA	5,345	3,925	(27)%	4
Mexico	903	780	(14)%	3
HSBC Bank Middle East	1,681	1,460	(13)%	10
Other	1,054	459	(56)%	4
Total	**96,395**	**83,589**	**(13)%**	**5**

* Includes FY22 $9.1bn / FY23 $6.0bn exposure relating to mainland China CRE. At FY23, this accounted for 91% of the stage 3 exposure in Hong Kong

LTV analysis (fully collateralised exposure)[2]



BoCom

BoCom impairment testing, $bn

	FY21	FY22	FY23
Carrying value	23.6	23.3	21.2
Value-in-use	24.8	23.5	21.2
Fair value	8.5	8.1	8.8
Memo: impairment charge	*—*	*—*	*(3.0)*

- We maintain a 19.03% interest in BoCom. Since our initial investment from 2004, BoCom has grown its business significantly to the extent that it has recently been designated as a global systemically important bank ('GSIB')
- For accounting purposes, the balance sheet carrying value attributed to BoCom represents our share of its net assets. We perform quarterly impairment tests incorporating a value-in-use calculation, recognising the gap between this carrying value and the fair value (based on the list share price). We have previously disclosed that the excess of the value-in-use calculation over its carrying value has been marginal in recent years, and that reasonably possible changes in assumptions could generate an impairment
- Recent macroeconomic, policy and industry factors resulted in a wider range of reasonably possible value-in-use outcomes for our BoCom valuation. At 31 December 2023, the Group performed an impairment test on the carrying value, which resulted in an impairment of $(3.0)bn, as the recoverable amount as determined by a VIU calculation was lower than the carrying value. Our value-in-use calculation uses both historical experience and market participant views to estimate future cash flows, relevant discount rates and associated capital assumptions.
- This impairment will have no material impact on HSBC's capital, capital ratios or distribution capacity, and therefore no impact on dividends or share buy-backs. The insignificant impact on HSBC's capital and CET1 ratio is due to the compensating release of regulatory capital deductions to offset the impairment charge
- We remain strategically committed to mainland China as demonstrated by our recent announcements to acquire Citi's retail wealth management portfolio and the investments made into mainland China in recent years. BoCom remains a strong partner in China, and we remain focused on maximising the mutual value of our partnership. Our positive views on the medium and long-term structural growth opportunities in mainland China are unchanged

Notable items (reported FX basis)

Notable items, $m	4Q22	1Q23	2Q23	3Q23	4Q23	FY22	FY23
Revenue	**(320)**	**3,577**	**(241)**	**(268)**	**(2,733)**	**(3,602)**	**335**
*o/w: Disposals, acquisitions and related costs**	*(71)*	*3,562*	*(241)*	*310*	*(2,333)*	*(2,737)*	*1,298*
o/w: Fair value movements on financial instruments	*35*	*15*	—	—	*(1)*	*(618)*	*14*
o/w: Restructuring and other related costs	*(284)*	—	—	—	—	*(247)*	—
o/w: Disposal losses on Markets Treasury repositioning	—	—	—	*(578)*	*(399)*	—	*(977)*
Costs	**(1,169)**	**(61)**	**(10)**	**(49)**	**(65)**	**(2,900)**	**(185)**
o/w: Disposals, acquisitions and related costs	*(9)*	*(61)*	*(57)*	*(79)*	*(124)*	*(18)*	*(321)*
o/w: Impairment of non-financial items	—	—	—	—	—	—	—
o/w: Restructuring and other related costs	*(1,160)*	—	*47*	*30*	*59*	*(2,882)*	*136*
Associates	**—**	**—**	**—**	**—**	**(3,000)**	**—**	**(3,000)**
o/w: Impairment of interest in associate	—	—	—	—	*(3,000)*	—	*(3,000)*
Total	**(1,489)**	**3,516**	**(251)**	**(317)**	**(5,798)**	**(6,502)**	**(2,850)**
Memo: Notable items on a constant currency basis	*(1,526)*	*3,552*	*(250)*	*(323)*	*(5,798)*	*(6,638)*	*(2,850)*

* 1Q23 includes an impairment reversal of $2.1bn and 4Q23 includes $(2.0)bn loss on sale, both relating to our retail banking operations in France

Argentina hyperinflation impacts

$m	4Q22	4Q23	FY22	FY23
NII	(19)	(495)	(3)	(526)
Non-NII*	(100)	(329)	(377)	(853)
Revenue	**(119)**	**(824)**	**(380)**	**(1,379)**
ECL	2	62	2	64
Costs	12	213	(3)	226
PBT	**(105)**	**(548)**	**(381)**	**(1,090)**
Tax	(16)	83	3	67
PAT	**(122)**	**(466)**	**(379)**	**(1,022)**

- Argentina was a **hyperinflationary economy** for accounting purposes in FY23. As a consequence, **IAS 29** 'Financial Reporting in Hyperinflationary Economies' and the hyperinflation provisions of **IAS 21** 'The Effects of Changes in Foreign Exchange Rates' applied
- The impacts of IAS 29 and IAS 21 have **adversely affected 4Q23 PBT by $(0.5)bn**, up from $(0.1)bn in 4Q22, primarily **due to the devaluation of the Argentine peso** in December 2023

* Includes gain/(loss) on net monetary position

Canada and France disposals

Banking business in Canada

- Our banking business in Canada remains in held-for-sale. We expect the transaction to **complete in 1Q24** for a base cash consideration of CAD13.5bn for the issued common equity of HSBC Bank Canada
- Estimated gain on sale **$5.2bn** (as at 31-Dec-23), which we will recognise through a combination of Canada earnings from 31-Dec-23 until completion and a remaining gain on sale at completion
- Expected **CET1 ratio impact of around 1.2ppts**. This may be reduced by c.(0.5)ppts due to the $0.21 per share special dividend which we remain committed to consider as a priority use of the proceeds in 1H24

Retail banking operations in France

- **Completed on 1 January 2024**, re-instated the $(2.0)bn impairment loss on sale in 4Q23

Costs

- Around $(0.6)bn of operating expenses from the businesses ($(0.3)bn Canada, $(0.3)bn France) relate to Group recharges and other costs and will not transfer as part of the planned transactions. These include adjustments relating to IFRS 17 and notable items

HSBC Bank Canada and France retail selected financials

FY23, $bn	Canada	France
NII*	1.3	0.2
Non-NII	0.7	0.1
Revenue	**2.0**	**0.3**
ECL	(0.0)	0.0
Costs	(1.0)	(0.6)
PBT	**0.9**	**(0.2)**
RWAs‡	31.9	4.1
Customer loans (reported in HFS)	56.1	16.9
Customer accounts (reported in HFS)	63.0	22.3

Financials are shown on a reported FX basis
* 4Q23 NII for Canada $292m
‡ Includes $3.5bn in Canada in respect of operational risk RWAs, and $0.6bn associated with our retail banking business in France

Hong Kong

FY23 performance

$bn	FY22	FY23	Δ
NII	8,005	9,960	▲ 24%
Non-NII	7,012	9,987	▲ 42%
Revenue	**15,017**	**19,947**	▲ 33%
ECL	(1,686)	(1,528)	▼ 9%
Costs	(7,388)	(7,775)	▲ (5)%
PBT	**5,948**	**10,674**	▲ 79%
Customer loans, $bn	294.0	279.6	▼ (5)%
Customer deposits, $bn	541.4	543.5	▲ 0%

WPB

- **#1 NPS** for the second consecutive year[1]
- **>150k new to bank non-resident Chinese customers,** up c.3x vs. pre-Covid[2]

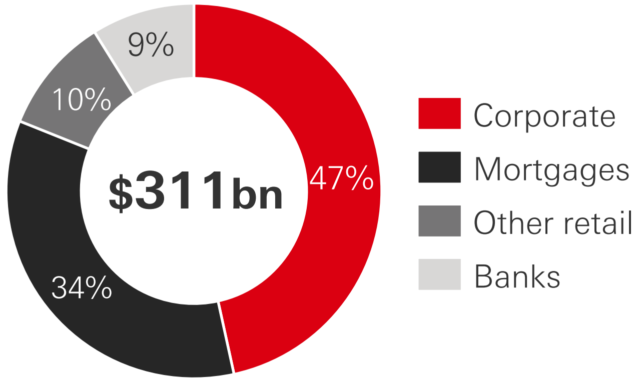
CMB

- Launched HSBC Innovation Banking
- **c.19k net growth in Business Banking clients**, up 5% vs. FY22[3]

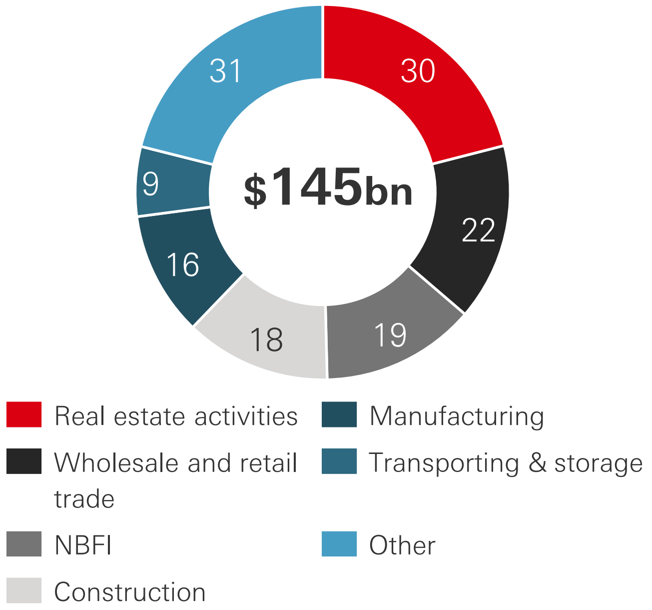
GBM

- Appointed as the ETF partner for Asia's first ETF tracking Saudi Arabian equities
- Enabled real time HK-Thai payment connectivity as the settlement bank from HK

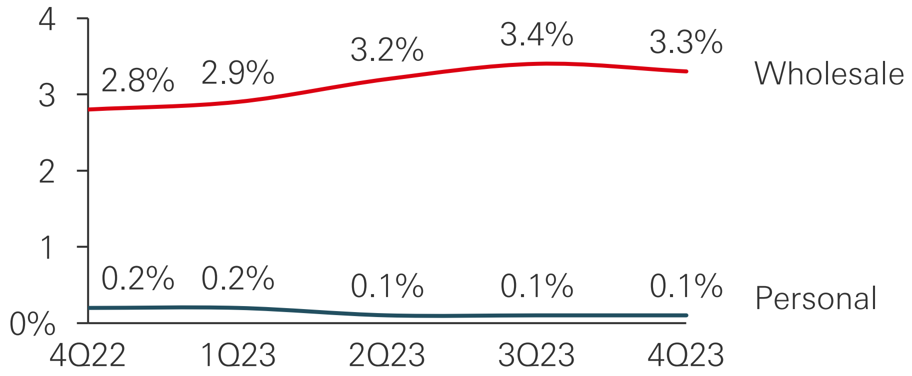
Hong Kong loans and advances to customers and banks



Corporate lending by sector, $bn



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



Hong Kong mortgage LTVs,

LTV ratio, %	FY20	FY21	FY22	FY23
<50%	61	63	44	40
51-70%	22	17	28	28
71-80%	5	8	4	5
81-90%	7	9	8	8
91-100%	5	3	10	11
Fully collateralised	**100**	**100**	**94**	**92**
>100%	0	—	6	8
Average portfolio LTV, %	45	47	57	60
Average new business LTV, %	61	62	59	64

UK ring-fenced bank

FY23 performance

£m	FY22	FY23		Δ
NII	6,203	7,787	▲	26%
Non-NII[1]	1,749	3,020	▲	73%
Revenue	**7,952**	**10,807**	▲	**36%**
ECL	(482)	(421)	▼	(13)%
Costs	(3,832)	(3,707)	▼	(3)%
PBT	**3,638**	**6,679**	▲	**84%**
Customer loans, £bn	204.1	211.9	▲	4%
Customer deposits, £bn	281.1	268.3	▼	(5)%
RoTE, %	16.3	28.4	▲	12.1ppts

WPB

- Acquired over **1 million** new current account customers
- Provided **£23bn** of gross mortgage lending
- Credit card market share of **9.3%**, up 0.8ppts vs. FY22[2]

CMB

- **#1 market penetration for Large Corporates**[3]
- **GTRF international** export receivables finance market share of **67.4%, up 11.2ppts YoY**[4]
- Provided and facilitated **>£4.5bn of sustainable finance**, including green loans, sustainability-linked loans and sustainable bonds

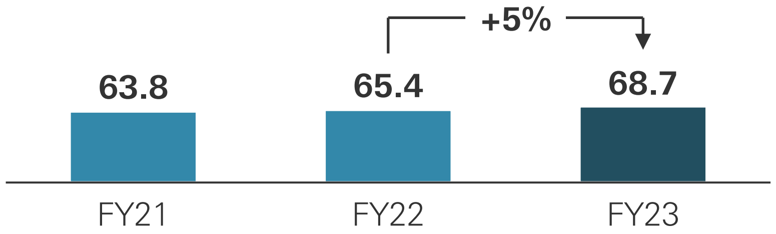
Sold our UK vehicle finance business in 2005

Personal gross lending balances

£bn	FY21	FY22	FY23
Mortgages	118.1	125.5	129.3
Credit cards	6.0	5.4	6.3
Other personal lending	7.2	7.7	7.8
Mortgages data:			
YTD gross lending	28	28	23
Stock market share[5], %	7.5	7.7	8.0
Flow market share[5], %	9.0	8.9	10.2

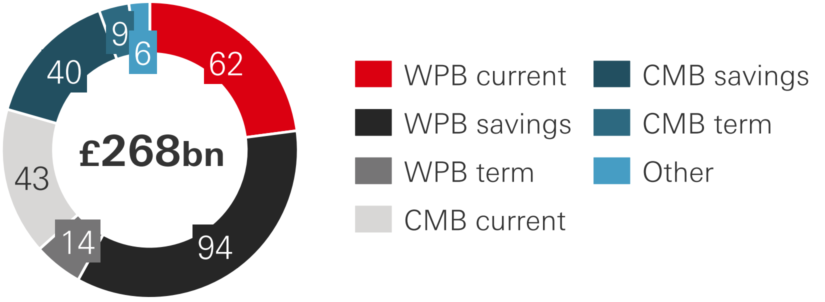
FY23 LTVs: portfolio avg. 53%; avg. new lending 65%

CMB lending, £bn



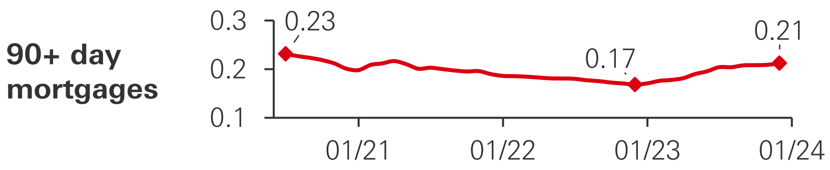
- **Lending up £3.2bn vs. FY22** as the addition of £6.2bn balances from HSBC Innovation Banking was partly offset by the continued repayment of government scheme lending and lower borrowing demand. Market share broadly stable[6]
- **Credit**: portfolio resilient despite ongoing cost of living and consumer spending pressures. Stable % of exposure CRR 6.1 or worse, albeit slightly above pre-Covid levels

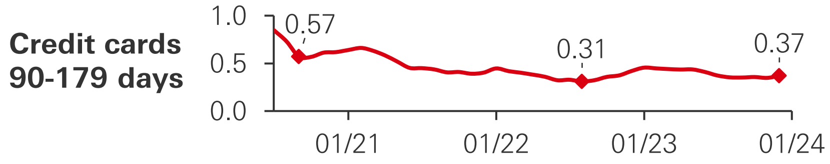
Deposits by type, £bn



Down £(12.7)bn vs. FY22, driven by customer cost of living pressures, corporate deleveraging and the competitive environment

WPB credit: delinquency trends[7], %



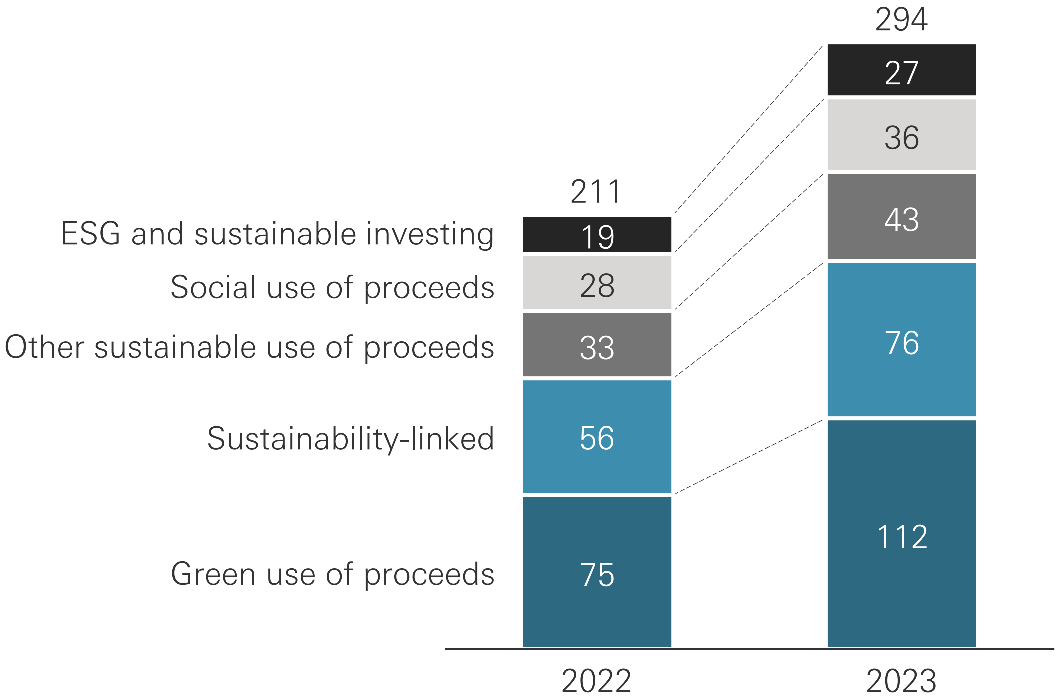


Delinquencies have continued to rise in line with expectations following the reversion to our pre-Covid credit policy but still remain below pre Covid levels

Transition

Supporting our customers in the transition to net zero

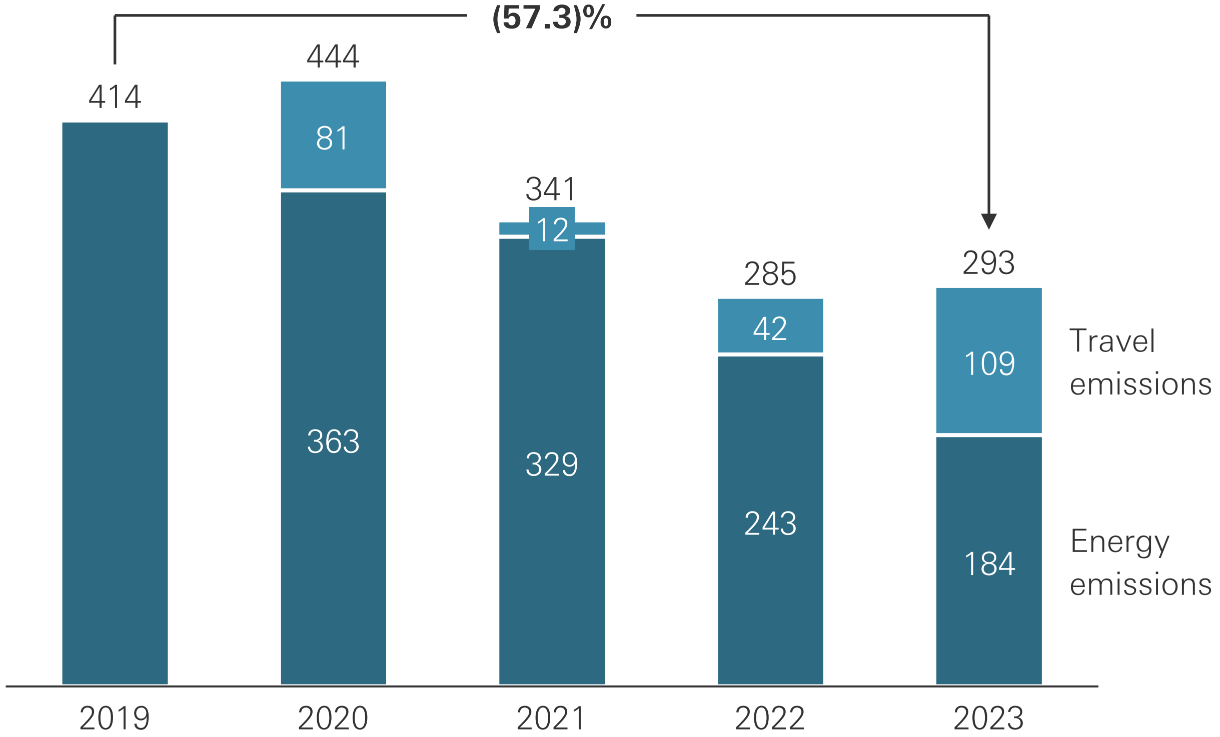
Ambition to provide and facilitate $750bn to $1tn of sustainable finance and investment by 2030, cumulative $bn



	2022	2023
Sustainable finance and investments, $bn per year	84.2	83.7

Becoming a net zero bank

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



ESG supplementary detail

Environmental

Released our first **Net Zero Transition Plan** to provide further detail on our approach to net zero

Published facilitated emissions for two sectors: oil & gas and power & utilities

Reduced absolute GHG emissions from our operations by **57.3%** vs. 2019 baseline

Committed **$105m to our NGO partners** since 2020, as part of the Climate Solutions Partnership

Social

Our percentage of female leaders was **34.1%**, up 0.8ppts vs. FY22

3.0% senior leadership roles held by Black heritage colleagues in the UK and US, up 0.5ppts vs. FY22

Employee engagement increased 3ppts vs. FY22 to **77%**

In 2023, our colleagues **volunteered** >181,800 hours to community activities, up 170% vs FY22

Governance

3/6 WPB markets and 5/6 CMB markets **sustained top 3** rank and/or **improved in customer satisfaction**[1]

98% of employees completed **conduct training**

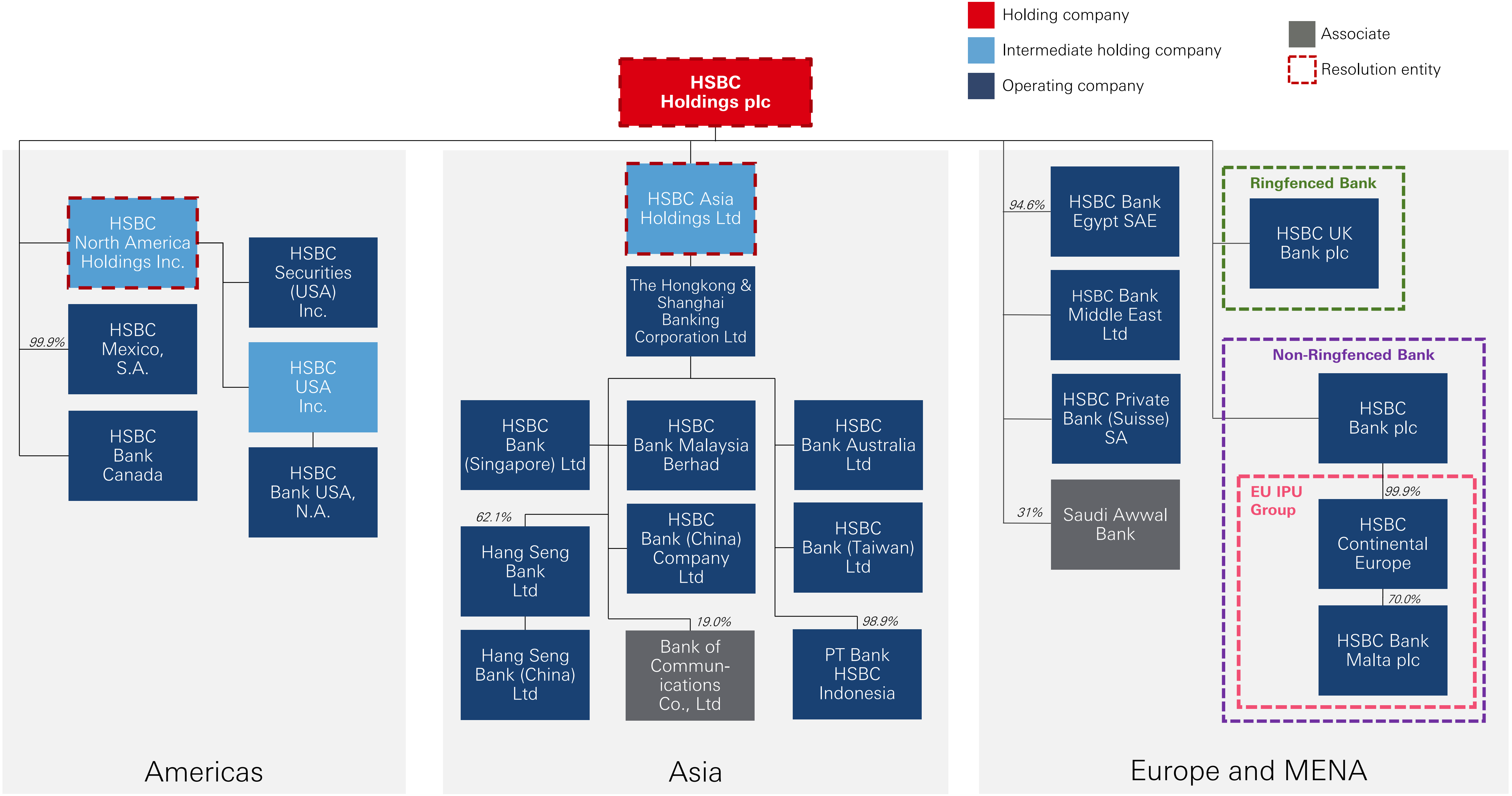
95% of our contracted suppliers who confirmed adherence to HSBC's code of conduct, up 2ppts vs. FY22[2]

8,176 employees have received training on human rights

Credit ratings for main issuing entities

Long term senior ratings as at 21 February 2024	S&P		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
HSBC Holdings plc	A-	STABLE	A3	STABLE	A+	STABLE
The Hongkong and Shanghai Banking Corporation Ltd	AA-	STABLE	Aa3	NEG	AA-	STABLE
HSBC Bank plc	A+	STABLE	A1	STABLE	AA-	STABLE
HSBC UK Bank plc	A+	STABLE	A1	STABLE	AA-	STABLE
HSBC Continental Europe (formerly HSBC France)	A+	STABLE	A1	STABLE	AA-	STABLE
HSBC Bank USA NA	A+	STABLE	Aa3	STABLE	AA-	STABLE

Simplified structure chart



Glossary

AIEA	Average interest earning assets
AT1	Additional Tier 1
BoCom	Bank of Communications Co. Limited, an associate of HSBC
Bps	Basis points. One basis point is equal to one-hundredth of a percentage point
CASA	Current accounts and savings accounts
CET1	Common Equity Tier 1
Corporate Centre	Corporate Centre comprises Central Treasury, our legacy businesses, interests in our associates and joint ventures and central stewardship costs
CMB	Commercial Banking, a global business
CCB	Capital Conservation Buffer
CCyB	Countercyclical Capital Buffer
CRE	Commercial Real Estate
CRR	Customer Risk Rating
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
FDIC	Federal Deposit Insurance Corporation
GBM	Global Banking and Markets, a global business
GPS	Global Payments Solutions (formerly GLCM: Global Liquidity and Cash Management)
Group	HSBC Holdings plc and its subsidiary undertakings
GSIB	Global Systemically Important Bank
GTRF	Global Trade and Receivables Finance
HIBOR	Hong Kong Interbank Offered Rate
HQLA	High-quality liquid assets

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

Footnotes

Slide 2: Key messages
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. Comprises $0.61 per share of announced dividends in respect of FY23, the $2bn buyback announced at 1Q23, the $2bn buyback announced at 2Q23, and the $3bn buyback announced at 3Q23
3. Excluding impact of notable items

Slide 3: A diversified and capital-generative business
1. See footnote 1 on slide 2
2. See footnote 2 on slide 2

Slide 4: FY23 results summary
1. See footnote 1 on slide 2
2. Constant currency, excluding notable items and the impact of retranslating 2022 results in hyperinflationary economies at constant currency and costs relating to SVB UK and related international investments in HSBC Innovation Banking
3. See footnote 2 on slide 2

Slide 5: Good underlying performance in 4Q23
1. See footnote 2 on slide 4

Slide 8: Continued good Banking NII performance
1. Argentina NII was $0.0bn in 4Q23 / $1.0bn in FY23, including the impact of hyperinflation adjustments of $(0.5)bn in 4Q23 / $(0.5)bn in FY23

Slide 10: Gross customer lending
1. Includes offset mortgages in first direct, endowment mortgages and other products

Slide 11: Asset quality
1. Including held-for-sale balances

Slide 12: Credit performance
1. Including held-for-sale balances
2. Expect our ECL charges to normalise towards a range of 30bps to 40bps of average loans over the medium to long term. Medium term is defined as 3-4 years from 1 January 2024; long term is defined as 5-6 years from 1 January 2024

Slide 15: Capital position
1. Includes profits and movement in reserves, net of ordinary dividends, AT1 coupon payments and share buy-backs
2. Excluding material notable items and related impacts
3. Target: intend to manage between 14-14.5% medium term; medium term is defined as 3-4 years from 1 January 2024; long term is defined as 5-6 years from 1 January 2024
4. See footnote 1 on slide 2

Slide 16: Capital position versus requirements
1. See footnote 3 on slide 15
2. Excludes Pillar 2B requirements

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

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

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

Footnotes

Slide 26: MREL / TLAC position

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

Slide 28: Financial performance summary

1. Declared in respect of period
2. See footnote 1 on slide 2

Slide 29: Guidance summary

1. Based on our current forecasts, reflecting market-implied interest rates as of mid-February and our current modelling of a number of market dependent factors, including customer activity and behaviour levels
2. Includes balances in held-for-sale
3. In the medium to long term: medium term is defined as 3-4 years from 1 January 2024; long term is defined as 5-6 years from 1 January 2024

Slide 30: Banking NII outlook

1. To reflect Argentina average NII per quarter in FY23. Argentina NII was $0.0bn in 4Q23 / $1.0bn in FY23, including the impact of hyperinflation adjustments of $(0.5)bn in 4Q23 / $(0.5)bn in FY23
2. To reflect impacts relating to 9M23 of the $(0.3)bn reclassification of cash flow hedge revenue (see slide 5)
3. A 3ppts shift from CASA to TMD results in an incremental annual interest expense of c.$(0.5)bn. This is based on a 31 December 2023 HK deposit balance of $544bn and the c.3.5ppts difference between the average rates paid on time deposits and CASA as at 31 December 2023. Actual NII impact of migration will depend on rates paid and market conditions
4. In the medium to long term. Medium term is defined as 3-4 years from 1 January 2024; long term is defined as 5-6 years from 1 January 2024
5. Based on our current forecasts, reflecting market-implied interest rates as of mid-February and our current modelling of a number of market dependent factors, including customer activity and behaviour levels

Slide 31: Net interest margin

1. Based on a 31 December 2023 HK deposit balance of $544bn and the c.3.5ppts difference between the average rates paid on time deposits and CASA as at 31 December 2023. Actual NII impact of migration will depend on rates paid and market conditions
2. As reported in our Form 20-F. Does not include held-for-sale balances

Slide 35: Global CRE exposures

1. Reported FX basis. Based on the loan purpose for on balance sheet exposures only
2. Figures are based on the industry sector of the obligor / borrower including both on and off balance sheet exposures. Total for Hong Kong $39.4bn, UK $16.0bn

Slide 40: Hong Kong

1. For HSBC Hong Kong 2H23. Peers include Bank of East Asia, Bank of China (Hong Kong), China Construction Bank, Citibank, DBS and Standard Chartered
2. FY23 vs. FY19
3. Includes HSBC Hong Kong and Hang Seng. Data as at November 2023

Slide 41: UK ring-fenced bank

1. Non-NII included a £1.3bn provisional gain on acquisition of SVB UK
2. Source: UK Finance December 2023
3. Source: Coalition Greenwich Voice of Client – 2023 European Large Corporate Cash Management Study. Market penetration is the proportion of companies interviewed that consider each bank an important provider of Corporate Cash Management. Based on 137 respondents for large Corporate Cash Management
4. Source: UK Finance. Market share shown is 9M23 vs. 9M22
5. Source: Bank of England, December 2023
6. Source: Bank of England, December 2023. Excludes balances in HSBC Innovation Banking
7. Excludes Private Bank

Slide 43: ESG supplementary detail

1. The markets where we report rank positions for WPB and CMB – the UK, Hong Kong, mainland China, India, Mexico and Singapore – are in line with the annual executive scorecards. Our WPB NPS ranking in mainland China is based on 2022 results. Due to data integrity challenges, we are unable to produce a 2023 ranking
2. Contracted suppliers who had either confirmed adherence to the code of conduct or provided their own alternative that was accepted by our Global Procurement function

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This Presentation may contain projections, estimates, forecasts, targets, commitments, ambitions, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position, ESG related matters, 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 targets, commitments and ambitions described herein. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. The assumptions and judgments may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors (including without limitation those which are referable to general market or economic conditions, regulatory changes, increased volatility in interest rates and inflation levels and other macroeconomic risks, geopolitical tensions such as the Russia-Ukraine war and the Israel-Hamas war and potential further escalations, specific economic developments, such as the uncertain performance of the commercial real estate sector in mainland China, or as a result of data limitations and changes in applicable methodologies in relation to ESG related matters). Any such forward-looking statements are based on the beliefs, expectations and opinions of the Group at the date the statements are made, and the Group does not assume, and hereby disclaims, any obligation or duty to update, revise or supplement them if circumstances or management's beliefs, expectations or opinions should change. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. No representations or warranties, expressed or implied, are given by or on behalf of the Group as to the achievement or reasonableness of any projections, estimates, forecasts, targets, commitments, ambitions, prospects or returns contained herein.

Additional detailed information concerning important factors, including but not limited to ESG related factors, that could cause actual results to differ materially from this Presentation is available in our Annual Report and Accounts for the fiscal year ended 31 December 2022 filed with the Securities and Exchange Commission (the "SEC") on Form 20-F on 22 February 2023 (the "2022 Form 20-F"), our 1Q 2023 Earnings Release furnished with the SEC on Form 6-K on 2 May 2023 (the "1Q 2023 Earnings Release"), our Interim Financial Report for the six months ended 30 June 2023, furnished with the SEC on Form 6-K on 1 August 2023 (the "2023 Interim Report"), our 3Q 2023 Earnings Release, furnished with the SEC on Form 6-K on 30 October 2023 (the "3Q 2023 Earnings Release") and our Annual Report and Accounts for the fiscal year ended 31 December 2023 available at www.hsbc.com and which we expect to file with the SEC on Form 20-F on or around 22 February 2024 (the "2023 Form 20-F").

Alternative Performance Measures

This Presentation contains non-IFRS measures used by management internally that constitute alternative performance measures under European Securities and Markets Authority guidance and non-GAAP financial measures defined in and presented in accordance with SEC rules and regulations ("Alternative Performance Measures"). The primary Alternative Performance Measures we use are presented on a "constant currency" basis which is computed by adjusting comparative period reported results for the effects of foreign currency translation differences, which distort period-on-period comparisons.

Reconciliations between Alternative Performance Measures and the most directly comparable measures under IFRS are provided in our 1Q 2023 Earnings Release, our 2023 Interim Report, our 3Q 2023 Earnings Release and our 2023 Form 20-F, when filed, each of which is available at www.hsbc.com.

Information in this Presentation was prepared as at 21 February 2024.