HSBC Holdings plc

1H23 Fixed Income factbook

FY23 issuance strategy and plan[1]

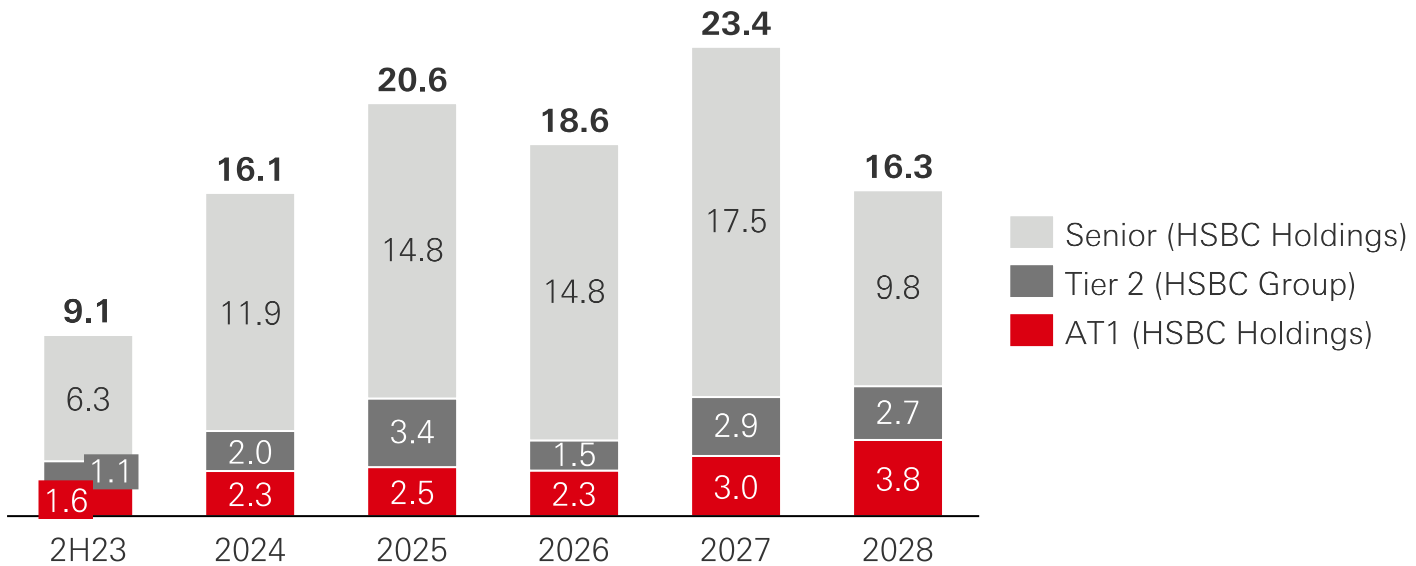
HoldCo Senior	Tier 2	AT1	OpCo
c.$17-20bn (likely lower end of range) $13bn issued YTD	$4-5bn (likely lower end of range) $3bn issued YTD	~$2bn $2bn issued YTD	Expect certain subsidiaries to issue senior and secured debt in local markets to meet funding and liquidity requirements

Issuance strategy

- Since 2015, HSBC Holdings has been the Group's issuing entity for external AT1, T2 and MREL/TLAC-eligible Senior
- Issuance over time to broadly match group currency exposures
- Issuance executed with consideration to our maturity profile

Maturity profile (notional) at 1H23[2]

$bn-equivalent*



* Totals may not cast due to rounding

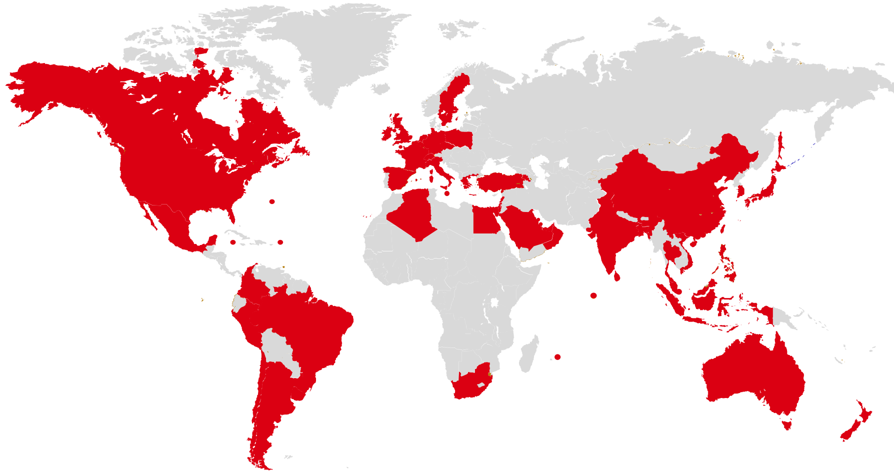
HSBC at a glance

62 countries and territories

$3tn in assets

c.40m customers

3 global businesses



Our 3 global businesses

WPB

Wealth and Personal Banking

- We serve around 40 million customers globally, including over 6 million who are international, from retail customers to ultra high net worth individuals
- We offer a full suite of products and services across transactional banking, lending and wealth

CMB

Commercial Banking

- Our global reach and expertise helps domestic and international businesses around the world unlock their potential
- We help businesses grow by supporting their financial needs and facilitating cross-border trade and payment services

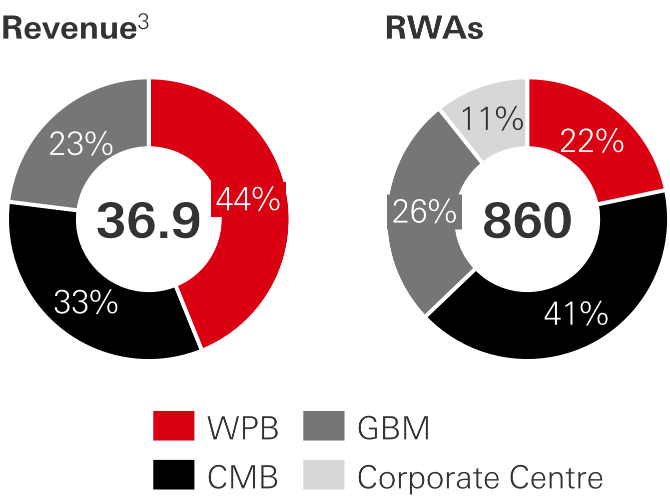
GBM

Global Banking and Markets

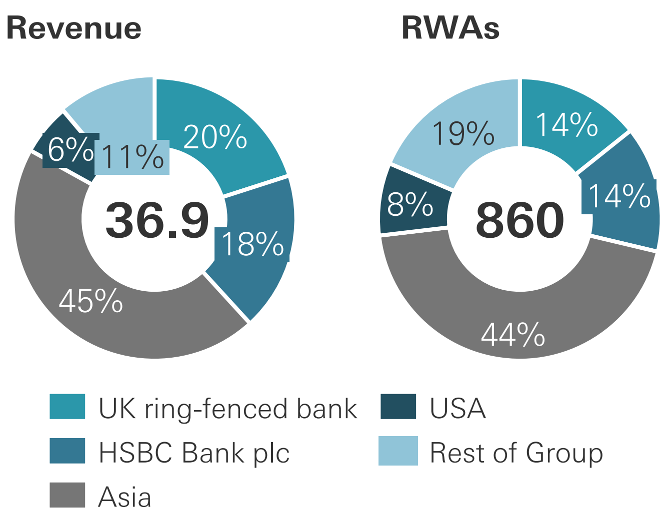
- We provide a comprehensive range of financial services and products to multinational corporates, financial institutions and institutional clients, as well as public sector and government bodies

Diversified across businesses and geographies

1H23 business performance, $bn



1H23 legal entity performance, $bn[4]



Strategy focused on value creation

We **completed the first phase of our strategy** at the end of 2022, focused on transforming the bank

We are **now focused on delivering value creation** through six focus areas

International connectivity

Cost discipline

Capital deployment

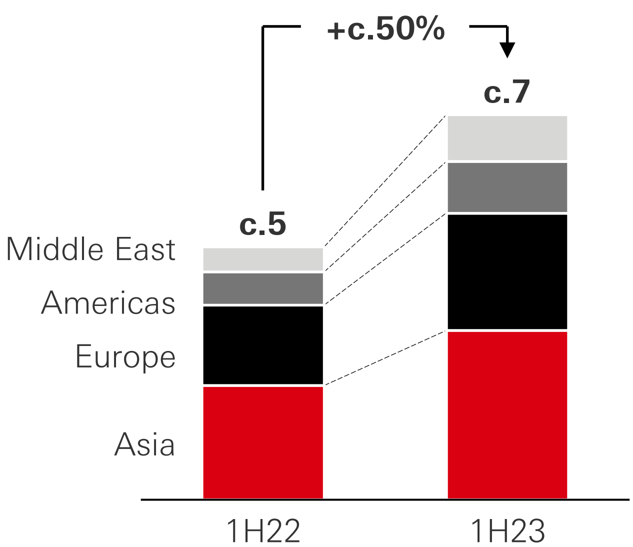
Digitise at scale

Diversification of revenue

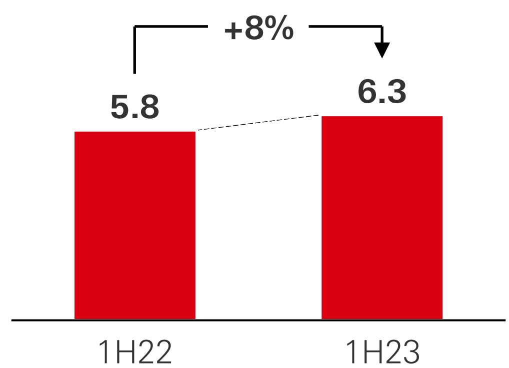
Transition to net zero

Leverage our strong international connectivity

Wholesale cross-border client business[5], $bn



WPB international customers[6], m



c.2.5x | **International customer revenue** vs. domestic customers[7]

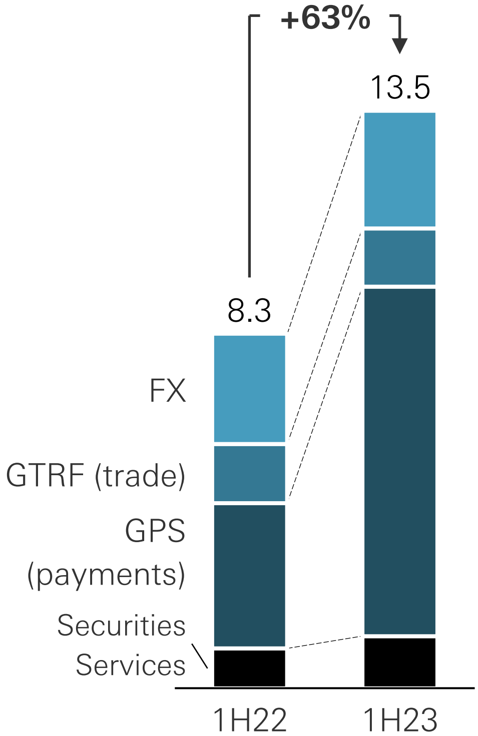
Redeploy capital from less strategic businesses to high growth international opportunities

- **Planned sale** of our retail banking operations in **France**
- **Agreed sale** of our banking operations **in Canada**; remain committed to consider a **$0.21 per share special dividend** as a first priority use of proceeds

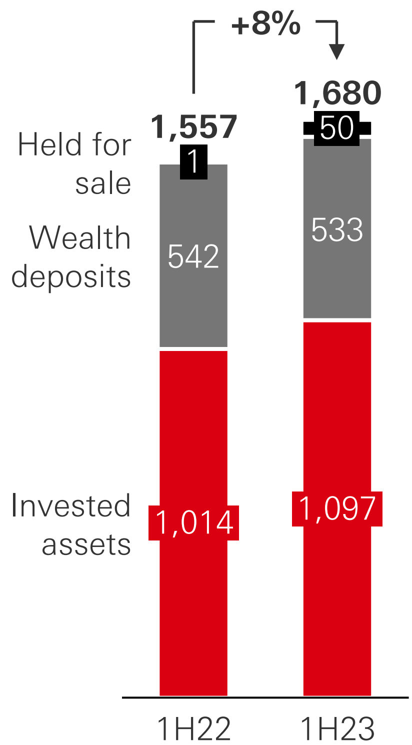
- **Grow Asia wealth**
  - Launched Private Banking in India
  - Expanded insurance capabilities in mainland China
- **Build HSBC Innovation Banking** into a global brand, enhancing our ability to serve clients in New Economy sectors

Working to diversify our revenue

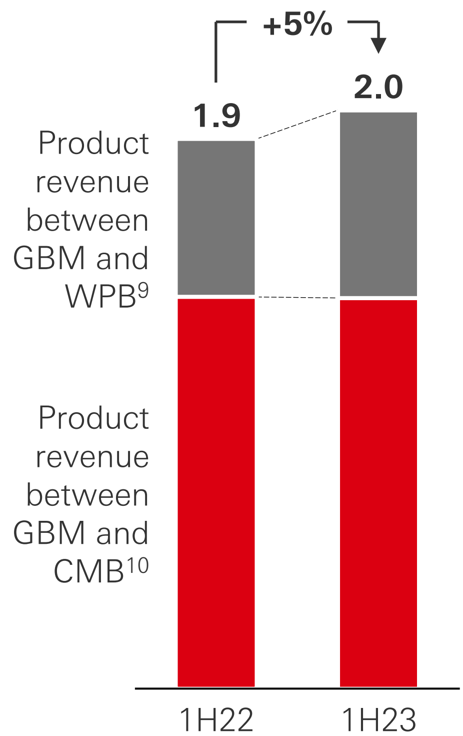
Transaction Banking revenue, $bn[8]



Reported Wealth Balances, $bn

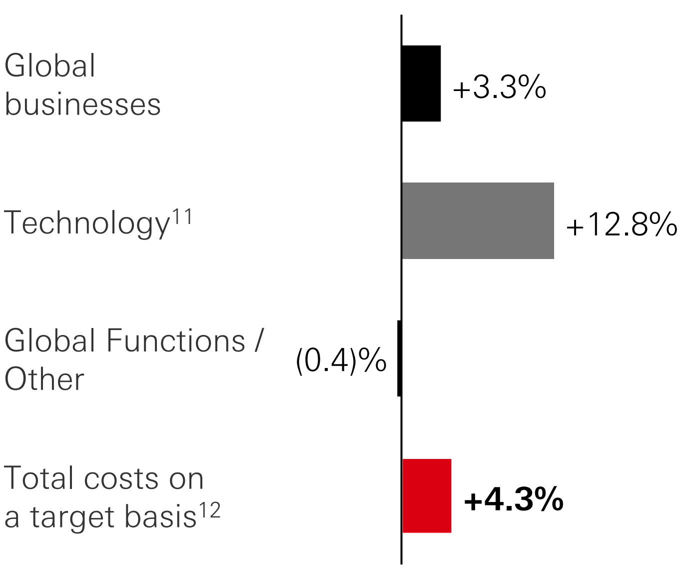


Cross sell of GBM products, $bn



Retain cost discipline whilst investing in digitisation

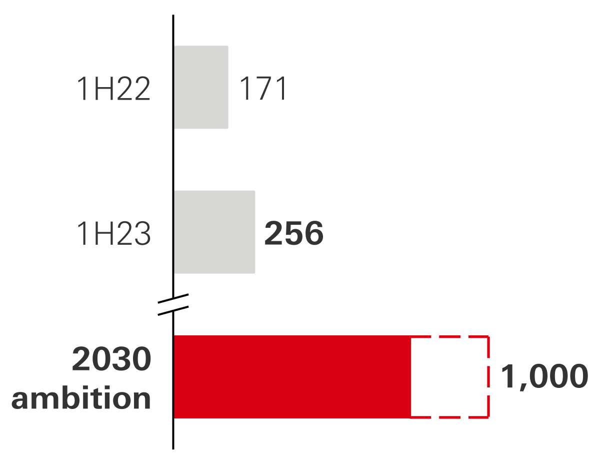
1H22 to 1H23 cost movements, %



23% **of costs relate to technology spending**

Transition to net zero

Cumulative sustainable finance & Investments[13], $bn



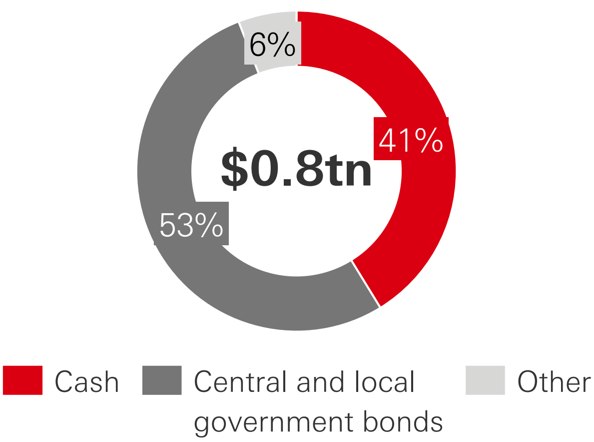
- Provided and facilitated **$256bn** of sustainable finance and investment towards our **ambition of $750bn to $1tn by 2030**
- Aim to be **net zero in our operations and supply chain by 2030** and **net zero in our financed emissions by 2050**

Balance sheet strength

At 30 June 2023

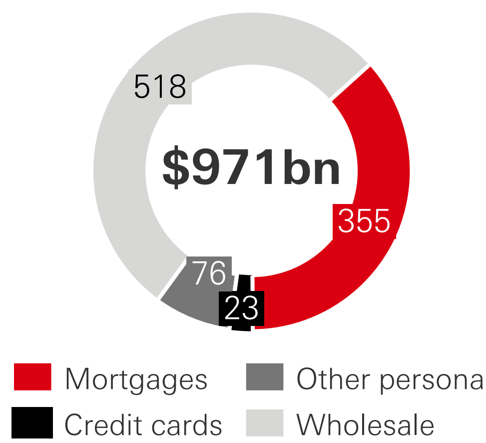
Loan/deposit ratio	High quality liquid assets[14]	Liquidity coverage ratio	CET1 ratio	Leverage ratio
60%	$796bn	132%	14.7%	5.8%

High quality liquid assets[14]



- **Group HQLA equivalent to 50% of customer deposits**
- Cash and cash equivalents make up over **40%** of our HQLA[14]

Gross customer lending by type, $bn



- **75% of loans are rated 'Strong' or 'Good'**
- 2% of gross loans and advances in Stage 3

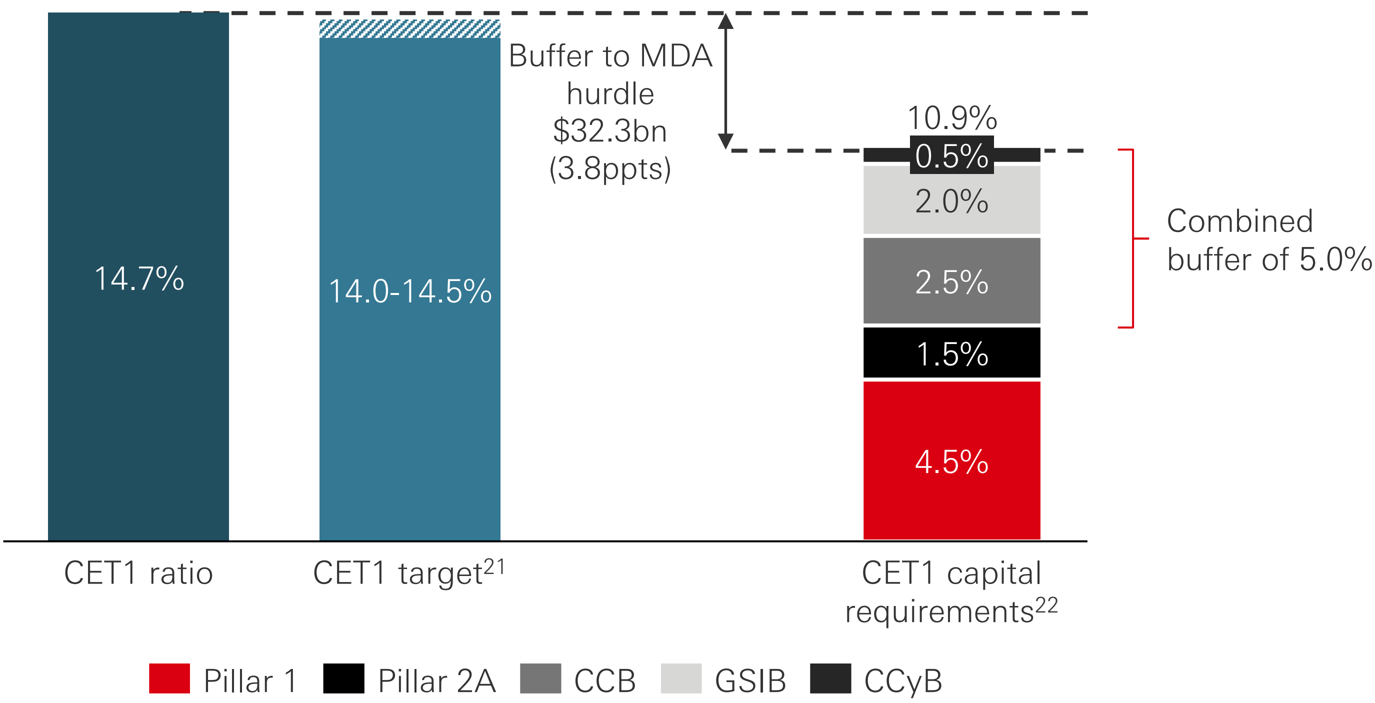
Group guidance and targets

NII	FY23 NII >**$35bn** and the revenue offset into non-NII from the central costs of funding GBM trading activities to be **at least $7bn**
ECL	FY23 ECL charge around **40bps**[15]; through-the-cycle planning range of 30-40bps
Costs	**c.3% cost growth** vs. FY22 on a target basis[16]. SVB UK and related international investments are expected to add an **additional c.1%**
RoTE	**Mid-teens RoTE** for 2023 and 2024[17]
Lending	**Cautious outlook on loan growth in the short term**; mid-single digit percentage loan growth in the medium to long term
CET1	**14-14.5% CET1 ratio** in medium-term; aim to manage down in the longer term[18]
Dividends	Dividend payout ratio of **50%** for 2023 and 2024[19]
Asia	c.50% of Group tangible equity in the medium to long term[20]

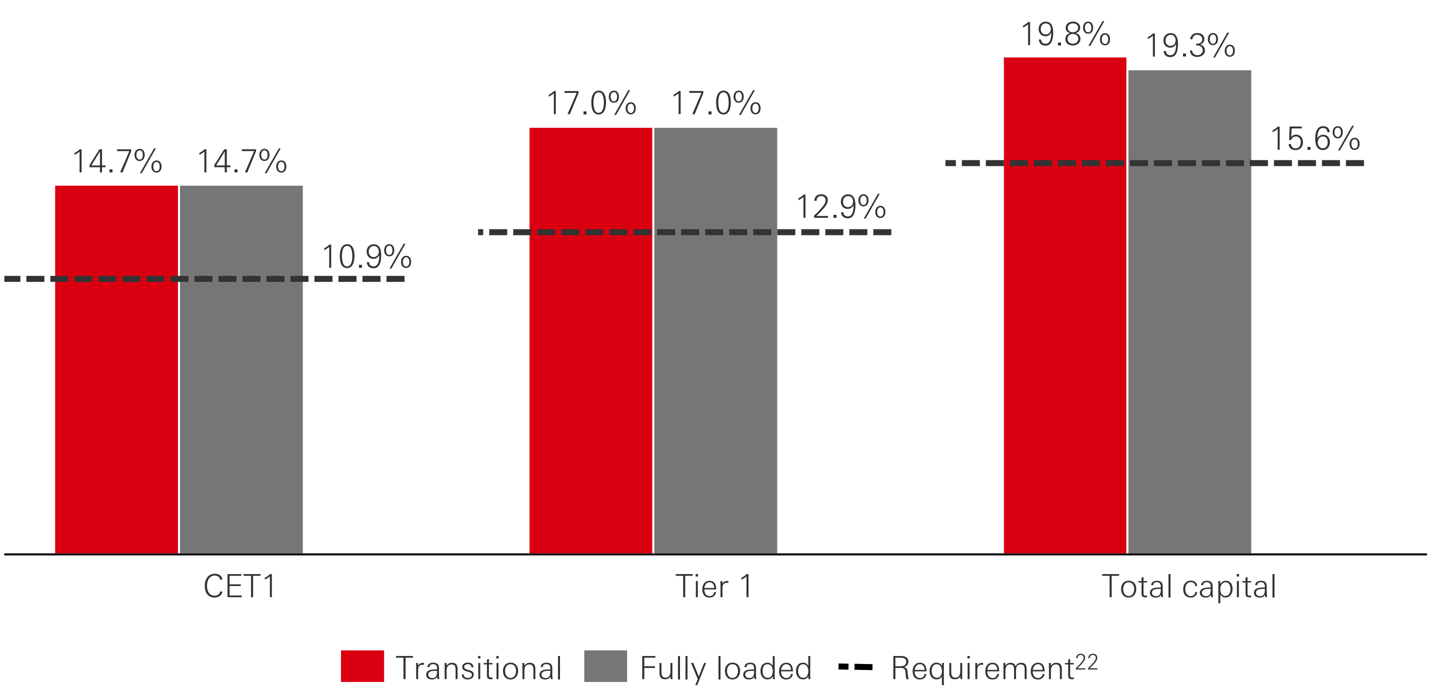
Full guidance can be found in the HSBC Holdings plc Interim Report 2023

Group capital requirements

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



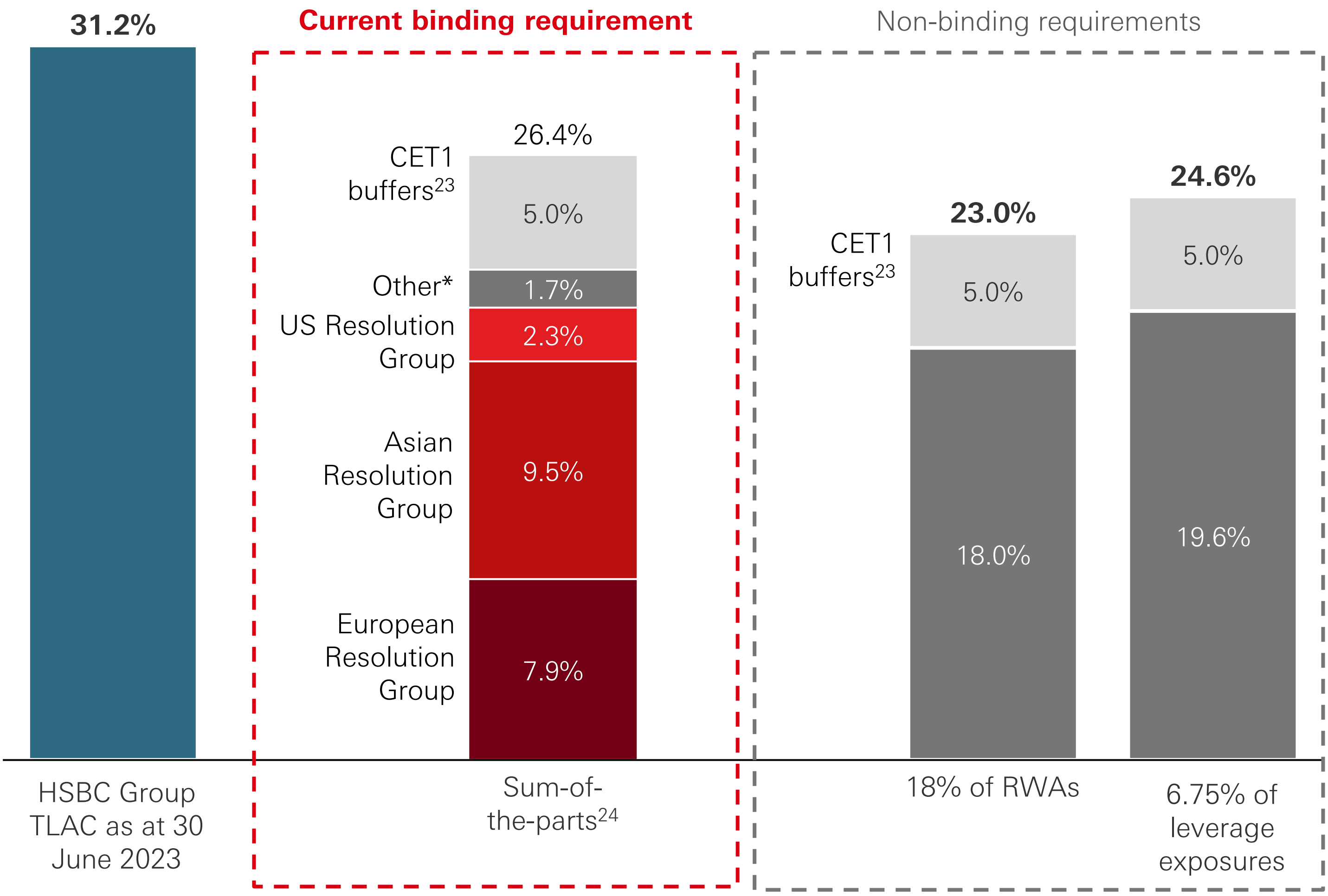
Regulatory capital vs. regulatory requirements as a % of RWAs



- **Pillar 2A set at 2.6% of RWAs**, of which 1.5% must be held in CET1
- **UK CCyB** increased from 0% to 1%, as of December 2022, and by a further increase from 1% to 2% in July 2023. Each 1ppt increase in the UK CCyB increases HSBC Group's CCyB by c.0.2ppts

MREL / TLAC position

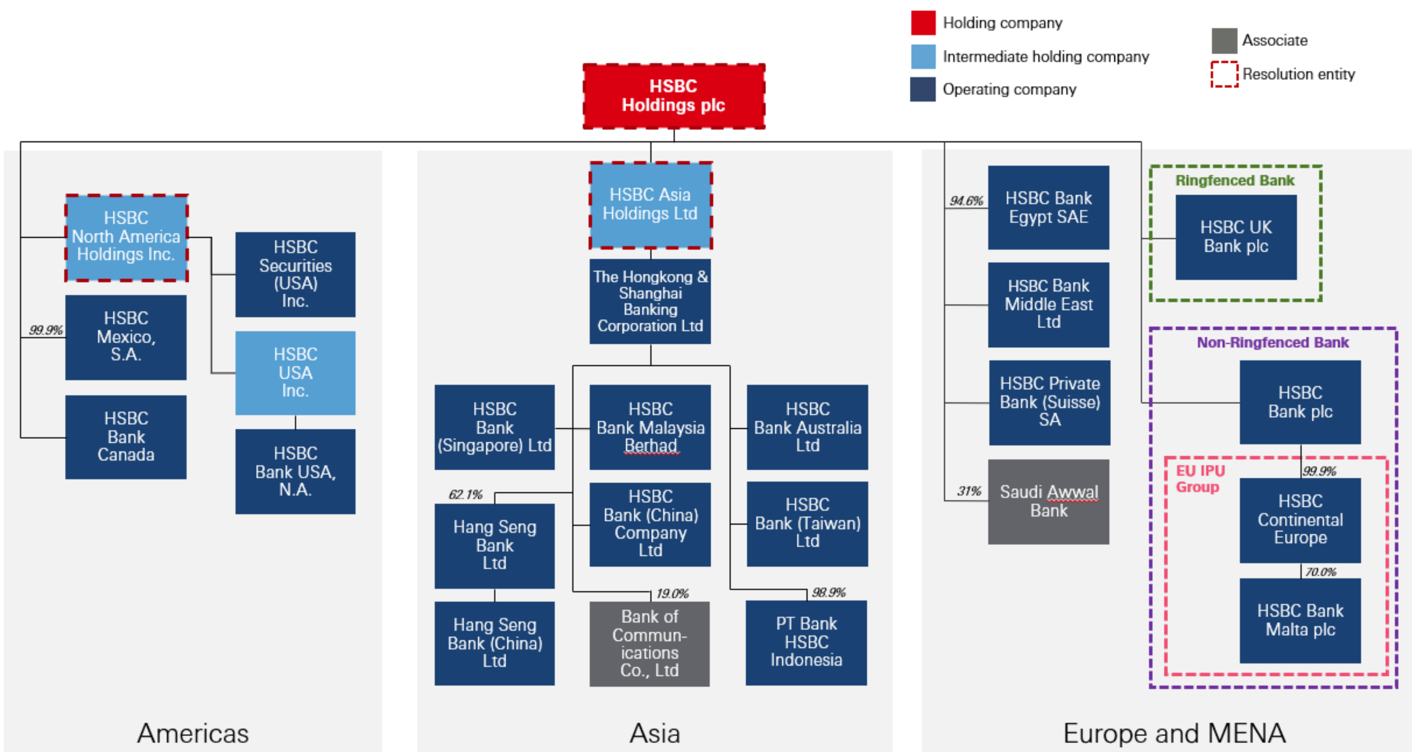
MREL / TLAC position versus requirements[22] as a % of Group RWAs



- **4.8ppts / $41.4bn 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

Simplified structure chart and credit ratings



Long term senior ratings	S&P		Moody's		Fitch	
As at 01 August 2023	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	STABLE	AA-	STABLE
HSBC Bank plc	A+	STABLE	A1	STABLE	AA-	STABLE
HSBC UK Bank plc	A+	STABLE	A1	NEG	AA-	STABLE
HSBC Continental Europe (formerly HSBC France)	A+	STABLE	A1	STABLE	AA-	STABLE
HSBC Bank USA NA	A+	STABLE	Aa3	STABLE	AA-	STABLE
HSBC Bank Canada	A+	RWP*	A1	RWP*	A	RWP*

* RWP: Ratings Watch Positive

Global business financial performance

Income statement, $m	WPB	CMB	GBM	Corp. Centre	1H23 Group total	Group vs. 1H22*
NII	10,299	8,375	3,546	(3,956)	18,264	42%
Other Income	5,901	3,841	4,955	3,915	18,612	72%
Revenue	**16,200**	**12,216**	**8,501**	**(41)**	**36,876**	**56%**
ECL	(502)	(704)	(136)	(3)	(1,345)	(25)%
Costs	(7,141)	(3,572)	(4,785)	41	(15,457)	0%
Associates	35	(1)	—	1,549	1,583	16%
Profit before tax	**8,592**	**7,939**	**3,580**	**1,546**	**21,657**	**>100%**
Return on average tangible equity[25], %	43.1	28.8	14.2	8.0	22.4	+11.8ppts

Balance sheet, $bn	WPB	CMB	GBM	Corp. Centre	1H23 Group total	Group vs. FY22*
Net customer loans	464	319	176	0	**960**	2%
Customer deposits	810	472	313	1	**1,596**	0%
Reported RWAs	187	354	227	92	**860**	2%
TNAV per share, $					7.84	0.45

Legal entity financial performance

Income statement, $m	UK RFB (HBUK)	HSBC Bank plc (HBEU)	Asia (HBAP)	HSBC Middle East (HBME)	USA (HNAH)	Canada (HBCA)	Mexico (HBMX)	Other trading entities
NII	4,779	1,407	8,398	764	933	663	998	1,424
Other Income	2,610	5,296	8,135	434	1,209	345	576	793
Revenue	**7,389**	**6,703**	**16,533**	**1,198**	**2,142**	**1,008**	**1,574**	**2,217**
ECL	(418)	(73)	(456)	—	(62)	(11)	(264)	(71)
Costs	(2,180)	(3,089)	(6,507)	(525)	(1,379)	(522)	(880)	(1,139)
Associates	—	(43)	1,347	—	—	—	6	275
Profit/(loss) before tax[26]	**4,791**	**3,498**	**10,917**	**673**	**701**	**475**	**436**	**1,282**

Balance sheet, $bn	UK RFB (HBUK)	HSBC Bank plc (HBEU)	Asia (HBAP)	HSBC Middle East (HBME)	USA (HNAH)	Canada[27] (HBCA)	Mexico (HBMX)	Other trading entities
Net customer loans	267	112	465	19	53	—	25	19
Customer deposits	346	282	775	31	99	—	28	33
Reported RWAs	126	134	391	24	73	31	31	66

* Comparisons on a constant currency basis
Note: totals may not cast due to rounding

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Footnotes

1. The issuance plan is guidance only; it is a point in time assessment and subject to change
2. To next call date if callable; otherwise to maturity
3. Percentage calculation is based on the revenue of our global businesses excluding Corporate Centre
4. Legal entity percentages are based on gross RWAs for each legal entity which excludes the market risk diversification benefits within the Group. UK RFB refers to HSBC UK Bank plc; NRFB refers to HSBC Bank plc; Asia refers to The Hongkong and Shanghai Banking Corporation Limited, our primary banking entity in Asia, including Hang Seng Bank Limited; USA refers to HSBC North America Holdings, the holding company for our primary banking entities in the USA; Canada refers to HSBC Bank Canada; Mexico refers to Grupo Financiero HSBC, S.A. de C.V., the holding company of our primary banking entity registered in Mexico; HSBC Middle East refers to our primary banking entity based in the United Arab Emirates
5. 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. 1H22 is presented on a constant currency basis
6. WPB international customers comprises customers who are either multi-country, non-resident or resident foreigners within our International markets in the UK, Hong Kong, Canada, the US, India, Singapore, Malaysia, UAE, Australia, mainland China and CIIOM. Multi-country are those customers who bank with HSBC in more than one market; Non-Resident customers are those whose address is different from the market we bank them in; Resident Foreigners are customers whose nationality, or country of birth is different to the market we bank them in. Note, customers may be counted more than once when banked in multiple markets
7. Multiple as of May YTD
8. 1H22 presented on a constant currency basis. GFX in GBM management view of income and GFX in CMB from cross sale of FX to CMB clients includes within 'Markets products, Insurance and Investments and Other'. GFX includes our emerging markets business
9. 1H22 presented on a constant currency basis. GBM and WPB: Includes GM products to WPB customers
10. 1H22 presented on a constant currency basis. Between CMB and GBM: Includes Global Markets products to CMB customers and Global Banking products to CMB Customers
11. Difference in technology cost growth on a reported and target basis partially driven by non-inclusion of CTA spend in 1H22 on a target basis. Technology spending includes tech spend in the global business lines
12. Our cost target reflects costs on constant currency, excluding notable items and the effect of re-translating prior periods in hyperinflationary economies. The target also excludes costs associated with our acquisition of SVB UK and related international investments
13. The volume of sustainable finance and investments 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); Green, Social, Sustainability and Sustainability Linked labelled bonds that align to the International Capital Markets Association (ICMA) principles. Capital markets/advisory volumes are recorded as HSBC's proportional bookrunner value
14. HQLA is the period end value before the application of the Group adjustment for restrictions on the transfer of entity liquidity around the Group. HQLA shown on this slide differs from the HSBC Holdings plc Interim Report 2023 of $631bn, which is a 12 month average after the impact of the above restrictions
15. Including held-for-sale balances
16. Our cost target reflects costs on constant currency, excluding notable items and the effect of re-translating prior periods in hyperinflationary economies. The target also excludes costs associated with our acquisition of SVB UK and related international investments
17. RoTE target is subject to the current market-implied path for global policy rates. Excludes the impact of material acquisitions and disposals
18. 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'. 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 as may be subsequently amended under UK law
19. In determining our dividend payout ratio we will exclude material notable items (including the agreed sale of our banking business in Canada) from reported earnings per share
20. Medium term is defined as 3-4 years from 1 January 2020; long term is defined as 5-6 years from 1 January 2020
21. Target ≥14%; intend to manage between 14-14.5% medium term
22. Excludes Pillar 2B requirements
23. Group CET1 buffers are shown in addition to the MREL requirements. The buffers shown in addition to the RWA, leverage and SoTPTLAC/MREL requirement are calculated in accordance with the PRA Supervisory statement 16/16 updated in December 2020
24. In 2022, we changed our treatment of non-capital MREL instruments issued by the Asian and US resolution groups and held by the European resolution group to deduct them from the European resolution group's own funds rather than from solely its MREL. The European resolution group has no capital requirements. There was no impact on the Group's capital, MREL ratios and 2023 issuance plans
25. RoTE is YTD annualised and includes a favourable impact from the reversal of the impairment losses relating to the planned sale of our retail banking operations in France and the provisional gain on the acquisition of SVB UK. Without these items: Group RoTE 18.5%, WPB RoTE 32.6%, CMB RoTE 22.6%
26. Financials from legal entities do not sum to Group total due to holding companies, shared service centres and intra-Group eliminations. The loss before tax on these activities was $1.1bn
27. Customer loans and deposits in HSBC Canada are classified as held-for-sale ahead of the agreed sale of our banking operations in Canada, expected to complete in 1Q24

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, increased volatility in interest rates and inflation levels and other macroeconomic risks, geopolitical tensions such as the Russia-Ukraine war 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") and our Interim Financial Report for the six months ended 30 June 2023, which we furnished with the SEC on Form 6-K on 1 August 2023 (the "2023 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 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 and our 2023 Interim Report which is available at www.hsbc.com.

Information in this Presentation was prepared as at 1 August 2023.