# HSBC Holdings plc 1Q21 Results

Presentation to Investors and Analysts

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

**Our purpose**

## Opening up a world of opportunity

**Our ambition**

To be the preferred international financial partner for our clients

**Our values**

- We value difference
- We succeed together
- We take responsibility
- We get it done

**Our strategy**

- **Focus** on our strengths
- **Digitise** at scale
- **Energise** for growth
- **Transition** to net zero

# 1Q21 highlights

1 **Reported PBT of $5.8bn up 79% vs. 1Q20;** adjusted PBT of $6.4bn up 109% vs. 1Q20 due to net ECL releases, offset by lower adjusted NII (down $1.3bn)

2 Good performance supported by **$0.4bn net release of ECL;** modest Stage 3 charges of $0.3bn incurred in the quarter, offset by Stage 1 – 2 releases of $0.7bn

3 **On-track with cost and RWA reduction programmes;** achieved $0.4bn of cost saves, cumulative RWA saves of $61bn[1] (FY20: $52bn)

4 **Strong capital, liquidity and funding;** CET1 ratio[2] of 15.9%, customer deposit surplus of $610bn increased by $5bn (1%) vs. 4Q20, 1Q21 adjusted lending growth of $6bn (1%)

A reconciliation of reported results to adjusted results can be found on slide 15, the remainder of the presentation unless otherwise stated, is presented on an adjusted basis

# Business highlights

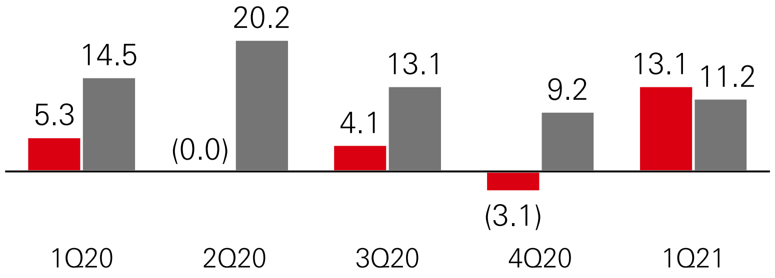
## WPB

- Hong Kong card spend up 12% vs. 1Q20; Hong Kong mortgage drawdowns up 37% vs. 1Q20; UK mortgage drawdowns up 60% vs. 1Q20; UK mortgage market shares: 7.4% stock, 8.6% gross[3]
- Total **Wealth balances of $1,633bn up 23% vs. 1Q20.** Good quarter in NNM accumulation in Private Banking and Asset Management

**Card spend and mortgage drawdowns, $bn**

| | | 1Q19 | 1Q20 | 1Q21 |
|---|---|---|---|---|
| Hong Kong | Cards | 5.8 | 5.9 | 6.6 |
| | Mortgages | 2.8 | 1.7 | 2.4 |
| UK | Cards | 10.5 | 10.3 | 8.3 |
| | Mortgages | 6.4 | 6.2 | 9.8 |

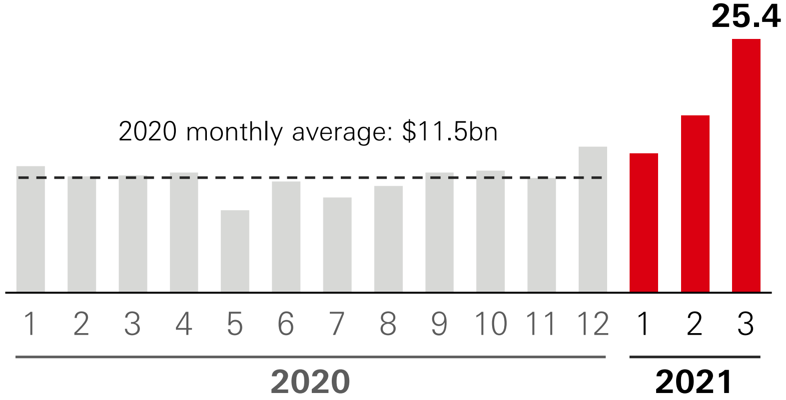
**Private Bank and Asset Management NNM, $bn**




## Wholesale

- **Strong CMB pipeline of lending in place** as we support clients in positioning themselves for economic recovery; 1Q21 approved lending volumes up 49% vs. 4Q20
- 1Q21 Capital Markets gross revenue of $451m[4] (up 6% vs. 1Q20)
- **Led more than $567bn of financing in 1Q21 (stable vs. 1Q20)** for clients in the capital markets globally across DCM, ECM & Syndicated loans[5], including c.$40bn raised through Social and Covid-19 response bonds[5]

**Global CMB value of lending approved but not yet drawn down, $bn**




## Geographies

- **Good performance across all regions**

| PBT by region, $bn | 1Q20 | 1Q21 |
|---|---|---|
| Asia | 3.7 | 3.8 |
| Europe | (0.7) | 1.5 |
| *of which: UK RFB* | *0.4* | *1.1* |
| *of which: NRFB* | *(0.8)* | *0.9* |
| North America | (0.0) | 0.5 |
| *of which: US* | *(0.1)* | *0.3* |
| MENA | 0.0 | 0.3 |
| LATAM | 0.0 | 0.2 |
| **Total** | **3.1** | **6.4** |

# Delivery against our strategy

## Focus on our strengths

- **Transformation continues at pace** with cumulative gross RWA reductions of $61bn and $1.5bn of cumulative cost saves to date
- Strong start to our Asia Wealth strategy with **Asia Wealth balances up 18%** vs. 1Q20; over 600 Asia Wealth FTE recruited in 1Q21, **including c.100 client facing wealth planners in China**
- c.$3bn net lending growth in trade finance in Asia over 1Q21, primarily in mainland China and Hong Kong
- **Voted as world's top trade finance bank**, and best trade bank in 13 markets in Asia[6]

## Digitise at scale

- **Partnering with Global Payments** in Hong Kong to **integrate PayMe** into merchant checkouts
- HSBC Reward+ credit card rewards app in Hong Kong reached milestone of **1 million downloads**
- **HSBCnet mobile downloads up 73% vs. 1Q20;** volume of payments up 320% over same period
- **HSBC Kinetic,** our mobile-only UK SME banking proposition, now has c.6k users
- Launched **first direct** 'Straight Through Banking' in the UK; new customers can open an account on mobile, with a selfie, in minutes

## Energise for growth

- New ways of working being piloted across the Group, **increasing flexibility for all of our people,** while being mindful of our customers' evolving needs
- We are rationalising our office presence and **reducing our global office footprint by 3.6 million sqft** (c.20%) in 2021; reflecting new ways of working
- **Relocating key business heads from London to Hong Kong** to better support clients and the business
- **$6bn growth investment plan firmly on track**

## Transition to net zero

- **Climate resolution to be tabled at May 2021 AGM**
- HSBC is a **founding signatory** of the Net Zero Banking Alliance[7]
- **c.90% of $621bn of Global Asset Management AUM classed as Responsible Investments[8]**
- Launched UK pilot of **new sustainability assessment tool** to help SMEs understand their current ESG performance and help them take action
- Record quarter for global GSSS bond issuance, with 1Q21 issuance reaching c.50% of FY20 levels[9]; HSBC raised **$68bn of GSSS financing** for clients in 1Q21[9]
- Awarded Environmental Finance Bond Awards in **seven categories** in 2021[10]

# 1Q21 results summary

| $m | 1Q21 | 1Q20 | | Δ |
|---|---|---|---|---|
| NII | 6,496 | 7,817 | ▼ | (17)% |
| Non interest income | 6,777 | 5,896 | ▲ | 15 % |
| Revenue | 13,273 | 13,713 | ▼ | (3)% |
| ECL | 435 | (3,117) | ▲ | >100% |
| Costs | (8,203) | (7,983) | ▲ | (3)% |
| Associates | 885 | 450 | ▲ | 97 % |
| **Adjusted PBT** | **6,390** | **3,063** | ▲ | **>100%** |
| Significant items and FX translation | (611) | 166 | ▼ | >(100)% |
| **Reported PBT** | **5,779** | **3,229** | ▲ | **79 %** |
| Reported profit after tax | 4,568 | 2,508 | ▲ | 82 % |
| **Profit attributable to ordinary shareholders** | **3,880** | **1,785** | ▲ | **>100%** |
| Reported EPS, $ | 0.19 | 0.09 | ▲ | $0.10 |
| Impact of sig items on reported EPS, $ | (0.03) | 0.01 | ▼ | $(0.04) |

| $bn | 1Q21 | 4Q20 | | Δ |
|---|---|---|---|---|
| Customer loans | 1,040 | 1,034 | ▲ | 1% |
| Customer deposits | 1,650 | 1,638 | ▲ | 1% |
| Reported RWAs | 847 | 858 | ▼ | (1)% |
| CET1 ratio, % | 15.9 | 15.9 | — | 0.0ppt |
| TNAV per share, $ | 7.78 | 7.75 | ▲ | $0.03 |
| RoTE[11], % | 10.2 | 1.9 | ▲ | 8.3ppt |

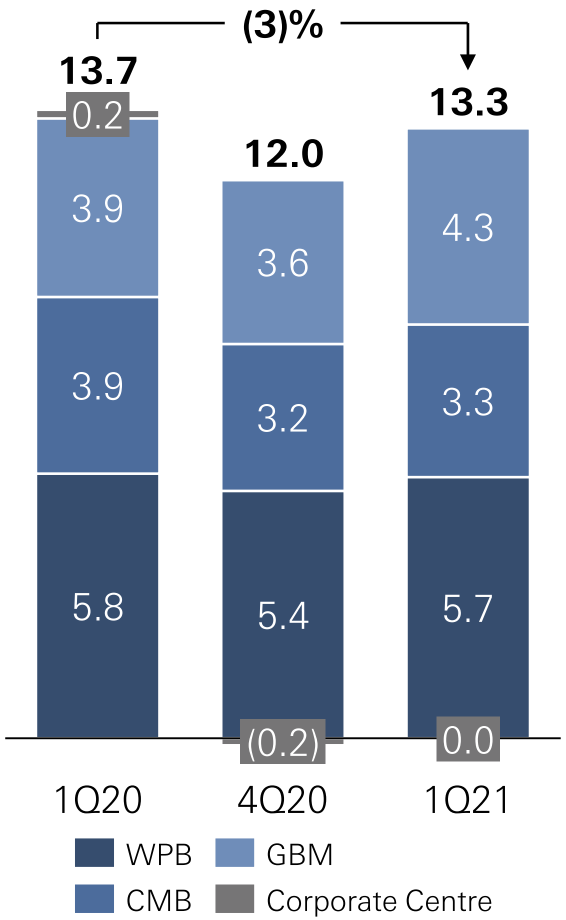
- **Adjusted PBT of $6.4bn up $3.3bn (109%) vs. 1Q20,** primarily due to favourable ECL performance
- **Revenue of $13.3bn down $0.4bn (3%) vs. 1Q20** due to the impact of lower interest rates, partially offset by favourable movements in volatile items. Good performance in Global Debt Markets, Equities and Wealth
- **Net ECL release of $0.4bn, vs. $3.1bn charge in 1Q20,** reflecting improvements in the forward economic outlook and non-repeat of a significant charge relating to a corporate exposure in Singapore in 1Q20
- **Low 1Q21 Stage 3 charges of $0.3bn,** release of Stage 1 – 2 reserves of $0.7bn
- **Costs of $8.2bn, up $0.2bn (3%) vs. 1Q20,** primarily due to increased technology spend (+$0.1bn) and performance related pay (+$0.5bn), partially offset by programme saves ($0.4bn)
- **Associate income increased $435m (97%) vs. 1Q20;** of which BoCom: $198m; of which a UK Associate: $236m
- 1Q21 effective tax rate of **21%**, down 1.3ppt vs. 1Q20
- **TNAV per share up to $7.78** due to increases in retained profits, offset by adverse reserve movements in OCI

# 1Q21 adjusted revenue performance

| | 1Q21 revenue | | | | 1Q21 vs. 1Q20 |
|---|---|---|---|---|---|
| **WPB** | **$5,694m** ▼ (1)% | Wealth | **$2,382m** | o/w insurance market impacts: $790m ◀ | 934 |
| | | Personal Banking | **$3,051m** | | (890) |
| | | Other | **$261m** | | (122) |
| **CMB** | **$3,331m** ▼ (14)% | GTRF | **$455m** | | (27) |
| | | Credit and Lending | **$1,468m** | | 32 |
| | | GLCM | **$862m** | | (495) |
| | | Other | **$546m** | | (37) |
| **GBM** | **$4,292m** ▲ 10% | MSS | **$2,492m** | ▶ o/w XVAs and bid-offer adjustment: $725m | 143 |
| | | Banking | **$1,630m** | | (155) |
| | | *of which: GLCM* | ***$444m*** | | *(171)* |
| | | Principal Investments | **$173m** | | 413 |
| | | Other | **$(3)m** | | (5) |
| **Corp. Centre** | **$(44)m** – | | | ▶ o/w valuation differences: $(287)m | (231) |
| **Group** | **$13,273m** ▼ (3)% | | | | **(440)** / 1,306 |

Positive impact of volatile items

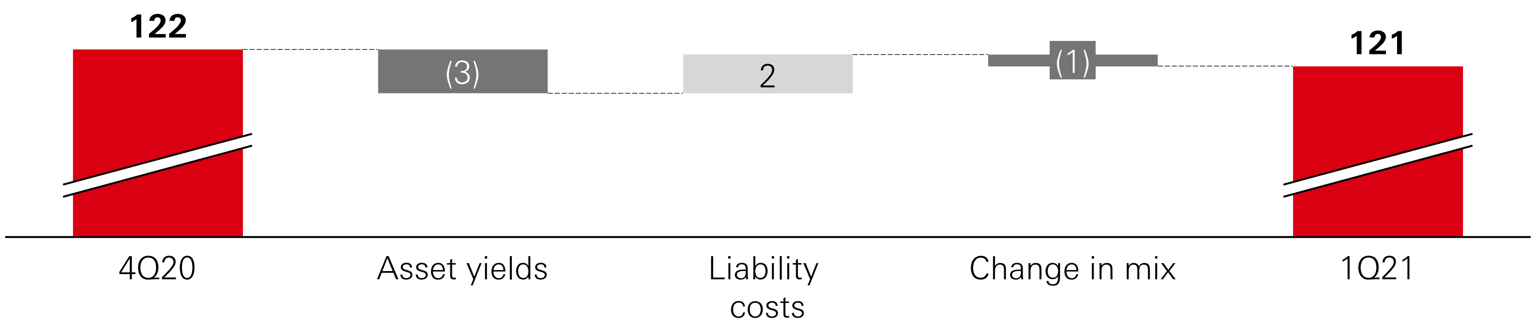
## Revenue by global business, $bn




Totals may not cast due to rounding

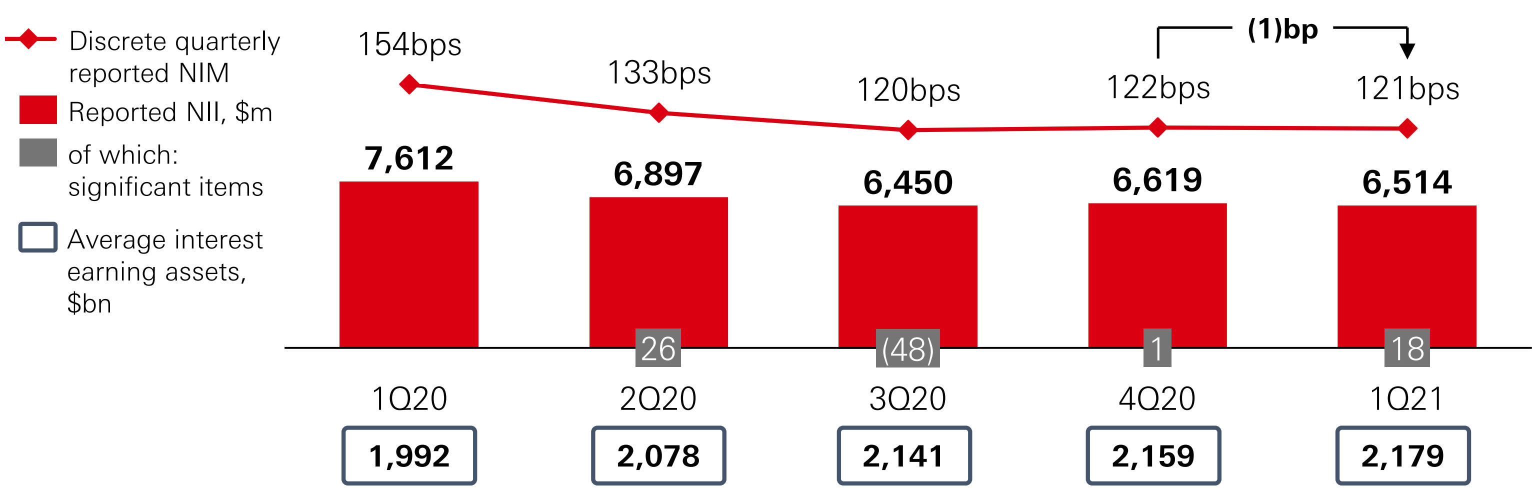
# Net interest income

## Reported NIM progression, bps




Totals may not cast due to rounding

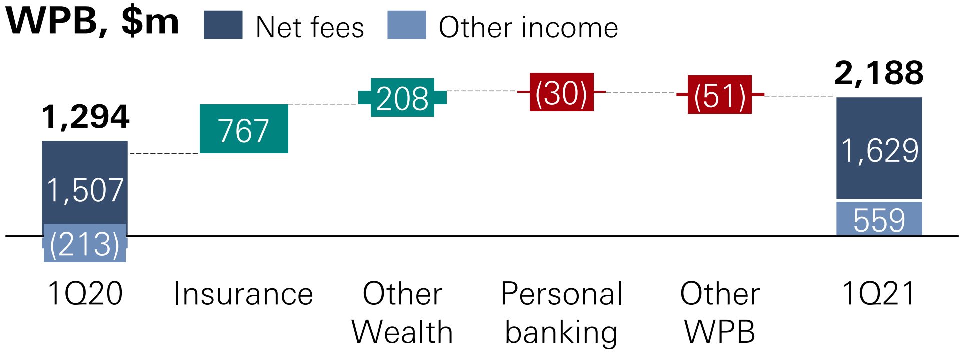
## Reported NIM trend




- **1Q21 reported NII of $6.5bn down $1.1bn (14%) vs. 1Q20** from lower global interest rates, partially offset by increased AIEAs; 1Q21 NII down modestly ($0.1bn, 2%) vs. 4Q20
- **1Q21 NIM of 1.21% down 1bp vs. 4Q20;** mainly due to a further shift in the asset mix towards lower-yielding assets and falling rates causing further compression between asset and liability pricing in some entities
- **FY21 NII expectations unchanged**

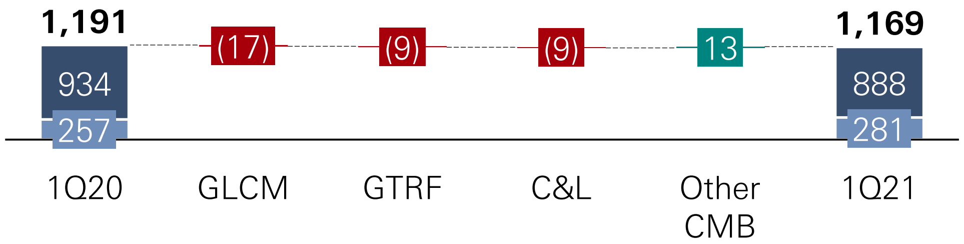
# Non interest income

## WPB, $m



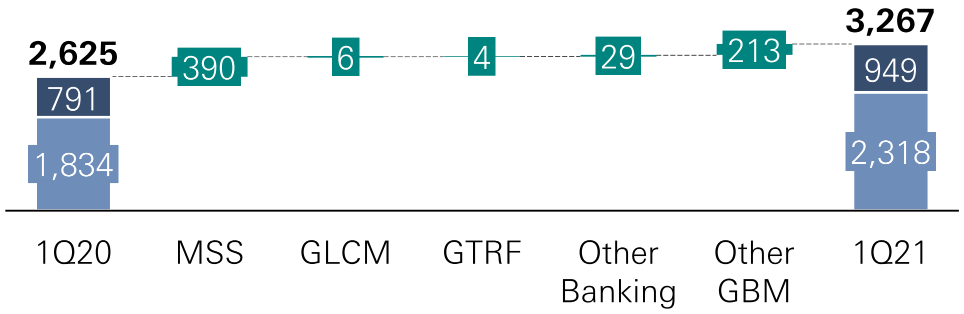

- WPB non-NII up $894m (69%) vs. 1Q20, primarily from positive movement in market impacts in Insurance ($0.8bn total), and also supported by strong equity and mutual fund sales in Wealth in 1Q21
- Lower fees in Personal Banking due primarily to a change in charging structure on UK overdrafts

## CMB, $m




- CMB non-NII modestly down ($22m, 2%) vs. 1Q20
- Net fees decreased $46m (5%), reflecting the continued impact of Covid-19 on trade and payment volumes

## GBM, $m

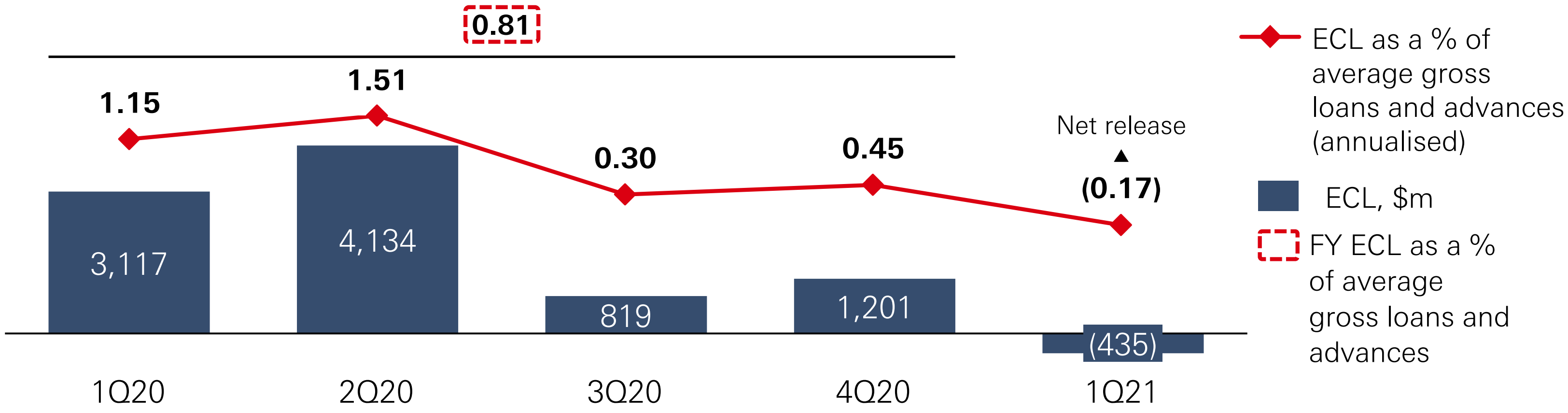



- GBM non-NII up $642m (24%) vs. 1Q20, primarily from the absence of MTM impacts and increased volatility
- Fees increased by $158m (20%), notably in Securities Services and Banking due to higher volumes
- Trading and other income increased by $484m (26%). Strong performance in Global Debt Markets and Equities reflecting robust client activity, partially offset by Global FX, lower against an exceptionally strong 1Q20

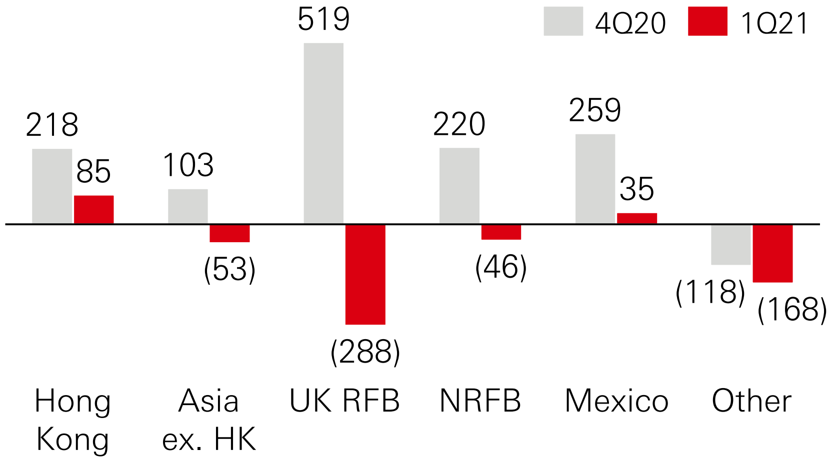
- **1Q21 Group non-NII was $6.8bn, up $0.9bn (15%) vs. 1Q20;** up $1.5bn (28%) vs. 4Q20
- 1Q20 non-NII negatively impacted by volatile items **totalling $1.2bn,** primarily market impacts in Insurance and XVAs and bid-offer adjustments in GBM
- Corporate Centre down **$0.6bn** vs. 1Q20 mainly due to valuation differences on long term debt and associated swaps

# Credit performance

## Adjusted ECL charge/(release) trend




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



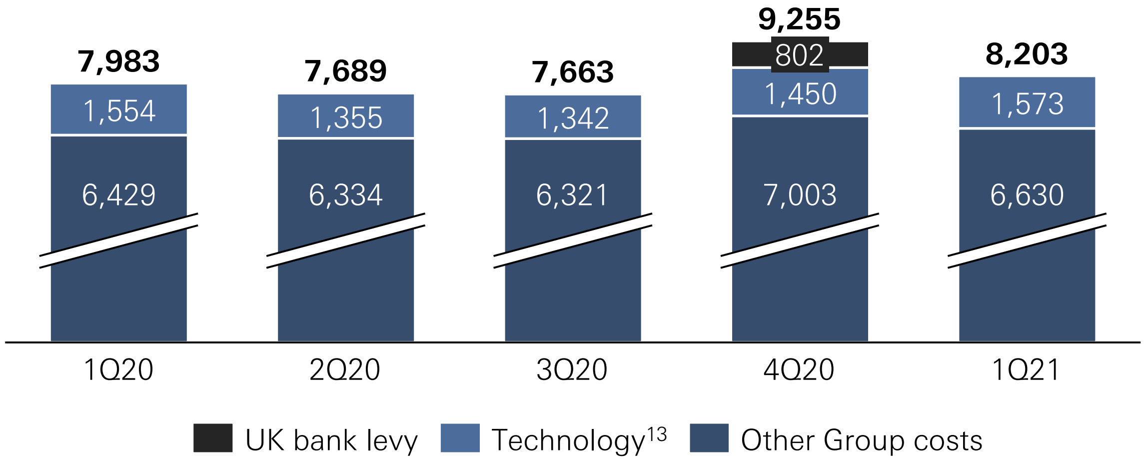

## ECL charge/(release) by stage, $bn

| 1Q21 | Stage 1-2 | Stage 3 | Total |
|---|---|---|---|
| Wholesale | (0.6) | 0.2 | (0.4) |
| Personal | (0.2) | 0.1 | (0.0) |
| **Total** | **(0.7)** | **0.3** | **(0.4)** |

- **1Q21 net ECL release of $0.4bn;** Stage 3 charge of $0.3bn, with Stage 1 – 2 releases of $0.7bn
- Benign quarter with respect to Stage 3 charges (Wholesale: $0.2bn; Personal: $0.1bn)
- Stage 3 loans and advances to customers as a % of total loans was 1.8%, stable vs. 31 December 2020
- Group credit quality indicators stable
- 1Q21 Stage 1 – 2 ECL allowance was $6.9bn, $1.0bn lower vs. 4Q20
- Based on current economic trajectory, **expect FY21 ECL charge to be below medium-term[12] planning range of 30-40bps**

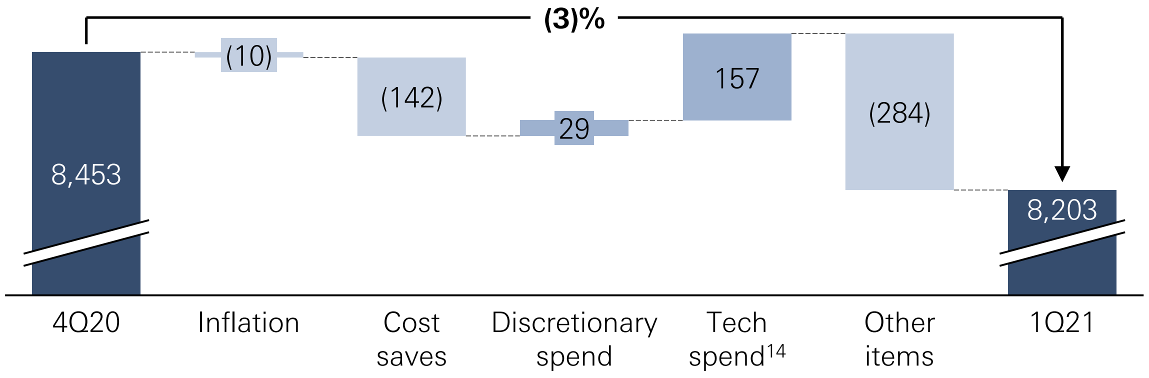
# Adjusted costs

## Operating expenses trend, $m

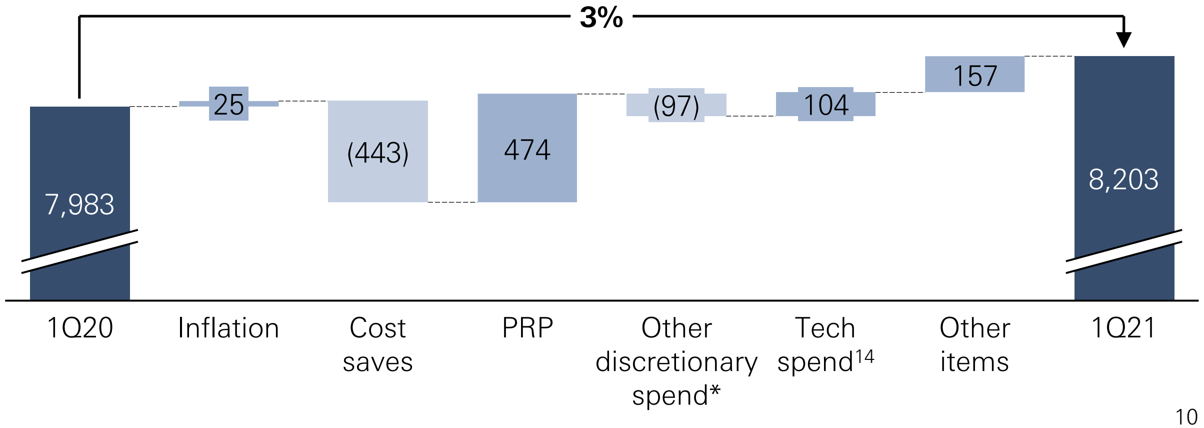



- **1Q21 costs of $8.2bn up $0.2bn (3%) vs. 1Q20.** Cost saves were offset primarily by increased performance-related pay (PRP) (+$0.5bn, of which $0.4bn is due to a change in the quarterly phasing of the 2021 PRP pool)
- **1Q21 costs down $0.3bn (3%) vs. 4Q20 (ex. levy)** primarily from the non-recurrence of certain charges in 4Q20 and cost saves made in the quarter, partly offset by higher technology spend
- **Benefit of cost saves in 1Q21 of $0.4bn;** CTA of $0.3bn, still expect $3.5bn of CTA spend for FY21
- Expect FY21 costs (ex. levy) to be **broadly stable vs. FY20,** but reserve the option to adjust our performance-related pay accrual to reflect the performance of the Group

## 1Q21 vs. 4Q20 (ex. levy), $m



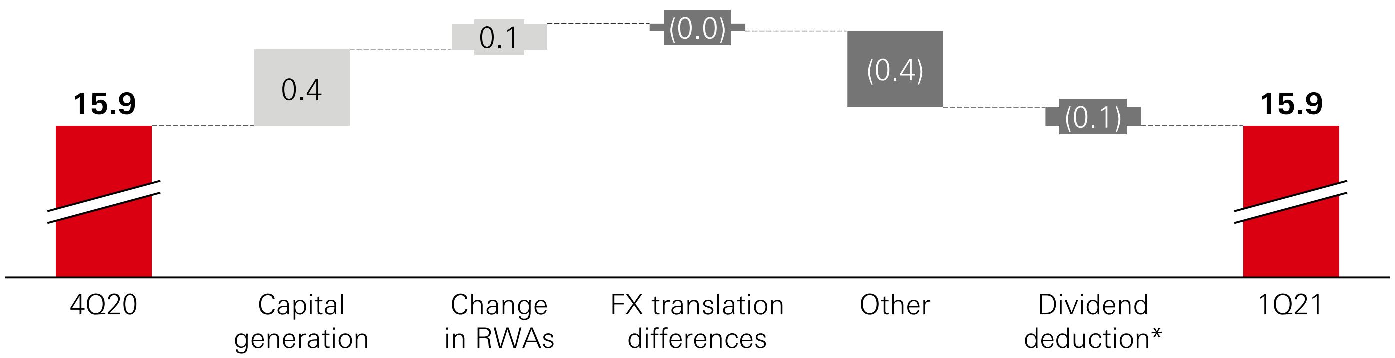

## 1Q21 vs. 1Q20, $m




*Other discretionary spend includes Marketing, Travel and Entertainment

# Capital adequacy

## CET1 ratio, %




| | 4Q20 | Capital generation | Change in RWAs | FX translation differences | Other | Dividend deduction* | 1Q21 |
|---|---|---|---|---|---|---|---|
| CET1, $bn | 136.1 | 3.5 | | (1.1) | (3.2) | (0.8) | 134.5 |
| RWAs, $bn | 857.5 | | (6.0) | (4.7) | | | 846.8 |

## Capital progression

| | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 |
|---|---|---|---|---|---|
| Common equity tier 1 capital, $bn | 125.2 | 128.4 | 133.4 | 136.1 | 134.5 |
| Reported risk-weighted assets, $bn | 857.1 | 854.6 | 857.0 | 857.5 | 846.8 |
| CET1 ratio, % | 14.6 | 15.0 | 15.6 | 15.9 | 15.9 |
| Leverage ratio exposure, $bn | 2,782.7 | 2,801.4 | 2,857.4 | 2,897.1 | 2,930.2 |
| Leverage ratio[2], % | 5.3 | 5.3 | 5.4 | 5.5 | 5.4 |

- **CET1 ratio of 15.9%** was stable vs. 4Q20, with retained profits offset by fair value movements and other deductions
- **Reported RWAs** decreased by $10.7bn (1%), of which $4.7bn was due to FX movements. Reductions, primarily from GBM management actions, were partially offset by lending growth in CMB and WPB
- **1Q21 cumulative RWA saves of $61bn** (FY20: $52bn)**; on track to deliver >$100bn saves by end-2022

*Foreseeable dividend deduction of 3.75¢ per share, 25% of FY20 dividend of $0.15. Please see page 28 of the HSBC Holdings plc 1Q21 Earnings Release for further detail

**Cumulative RWA saves under our transformation programme as measured from 1 January 2020 to 31 March 2021. In addition, we made $9.6bn of accelerated RWA saves over 4Q19

# Summary

1 **A strong quarter, given the persistence of ultra-low interest rates;** net release of ECL reserves supported improved profitability vs. 1Q20

2 We saw **good business growth in areas of strategic focus** and continue to **deliver** against our strategic ambitions

3 **Strong lending pipeline** build in Personal Banking and CMB

4 **Cautiously optimistic** on the remainder of 2021; we maintain conservative positions on capital, funding, liquidity and credit

# Appendix

HSBC

# Key financial metrics

| Reported results, $m | 1Q21 | 4Q20 | 1Q20 |
|---|---|---|---|
| NII | 6,514 | 6,619 | 7,612 |
| Other Income | 6,472 | 5,138 | 6,074 |
| **Revenue** | **12,986** | **11,757** | **13,686** |
| ECL | 435 | (1,174) | (3,026) |
| Costs | (8,527) | (9,864) | (7,852) |
| Associates | 885 | 666 | 421 |
| **Profit before tax** | **5,779** | **1,385** | **3,229** |
| Tax | (1,211) | (450) | (721) |
| **Profit after tax** | **4,568** | **935** | **2,508** |
| Profit attributable to ordinary shareholders | 3,880 | 562 | 1,785 |
| Profit attributable to ordinary shareholders excl. goodwill and other intangible impairment and PVIF | 3,940 | 751 | 1,531 |
| Basic earnings per share, $ | 0.19 | 0.03 | 0.09 |
| Diluted earnings per share, $ | 0.19 | 0.03 | 0.09 |
| Dividend per share (in respect of the period), $ | — | 0.15 | — |
| Return on avg. tangible equity (annualised), % | 10.2 | 1.9 | 4.2 |
| Return on avg. equity (annualised), % | 9.0 | 1.3 | 4.4 |
| Net interest margin (annualised), % | 1.21 | 1.22 | 1.54 |

| Adjusted results, $m | 1Q21 | 4Q20 | 1Q20 |
|---|---|---|---|
| NII | 6,496 | 6,718 | 7,817 |
| Other Income | 6,777 | 5,307 | 5,896 |
| **Revenue** | **13,273** | **12,025** | **13,713** |
| ECL | 435 | (1,201) | (3,117) |
| Costs | (8,203) | (9,255) | (7,983) |
| Associates | 885 | 679 | 450 |
| **Profit before tax** | **6,390** | **2,248** | **3,063** |
| Cost efficiency ratio, % | 61.8 | 77.0 | 58.2 |
| ECL charge/(release) as a % of average gross loans and advances to customers (annualised) | (0.17) | 0.45 | 1.15 |

| Balance sheet, $m | 1Q21 | 4Q20 | 1Q20 |
|---|---|---|---|
| Total assets | 2,958,629 | 2,984,164 | 2,917,810 |
| Net loans and advances to customers | 1,040,207 | 1,037,987 | 1,040,282 |
| Adjusted net loans and advances to customers | 1,040,207 | 1,033,926 | 1,101,170 |
| Customer accounts | 1,650,019 | 1,642,780 | 1,440,529 |
| Adjusted customer accounts | 1,650,019 | 1,637,593 | 1,515,555 |
| Average interest-earning assets, QTD | 2,178,918 | 2,159,003 | 1,991,702 |
| Reported loans and advances to customers as % of customer accounts | 63.0 | 63.2 | 72.2 |
| Total shareholders' equity | 199,210 | 196,443 | 189,771 |
| Tangible ordinary shareholders' equity | 157,357 | 156,423 | 150,019 |
| Net asset value per ordinary share at period end, $ | 8.64 | 8.62 | 8.30 |
| Tangible net asset value per ordinary share at period end, $ | 7.78 | 7.75 | 7.44 |

| Capital, leverage and liquidity | 1Q21 | 4Q20 | 1Q20 |
|---|---|---|---|
| Reported risk-weighted assets, $bn | 846.8 | 857.5 | 857.1 |
| CET1 ratio, % | 15.9 | 15.9 | 14.6 |
| Total capital ratio (transitional), % | 21.6 | 21.5 | 20.3 |
| Leverage ratio, % | 5.4 | 5.5 | 5.3 |
| High-quality liquid assets (liquidity value), $bn | 695.1 | 677.9 | 617.2 |
| Liquidity coverage ratio, % | 143 | 139 | 156 |

| Share count, m | 1Q21 | 4Q20 | 1Q20 |
|---|---|---|---|
| Basic number of ordinary shares outstanding | 20,226 | 20,184 | 20,172 |
| Basic number of ordinary shares outstanding and dilutive potential ordinary shares | 20,335 | 20,272 | 20,245 |
| Average basic number of ordinary shares outstanding, QTD | 20,191 | 20,179 | 20,161 |

# Reconciliation of reported and adjusted PBT

| $m | 1Q21 | 4Q20 | 1Q20 |
|---|---|---|---|
| **Reported PBT** | **5,779** | **1,385** | **3,229** |
| **Revenue** | | | |
| Currency translation | — | 204 | 393 |
| Customer redress programmes | (18) | (1) | — |
| Disposals, acquisitions and investment in new businesses | — | 2 | 7 |
| Fair value movements on financial instruments | 239 | 46 | (357) |
| Restructuring and other related costs | 66 | 20 | (9) |
| Currency translation of significant items | — | (3) | (7) |
| | **287** | **268** | **27** |
| **ECL** | | | |
| Currency translation | — | (27) | (91) |
| **Operating expenses** | | | |
| Currency translation | — | (165) | (307) |
| Customer redress programmes | (10) | (107) | 1 |
| Impairment of goodwill and other intangibles | — | 8 | — |
| Past service costs of guaranteed minimum pension benefits equalisation | — | 17 | — |
| Restructuring and other related costs | 334 | 836 | 170 |
| *o/w: costs to achieve* | *319* | *810* | *125* |
| Settlements and provisions in connection with legal and regulatory matters | — | 4 | 1 |
| Currency translation of significant items | — | 16 | 4 |
| | **324** | **609** | **(131)** |
| **Share of profit in associates and joint ventures** | | | |
| Currency translation | — | 13 | 29 |
| Impairment of goodwill | — | — | — |
| | **—** | **13** | **29** |
| **Total currency translation and significant items** | **611** | **863** | **(166)** |
| **Adjusted PBT** | **6,390** | **2,248** | **3,063** |
| Memo: tax on significant items[15] (at reported FX rates) | (74) | (381) | 4 |

# Certain items included in adjusted revenue

| Certain items included in adjusted revenue highlighted in management commentary, $m | 1Q21 | 4Q20 | 3Q20 | 2Q20 | 1Q20 |
|---|---|---|---|---|---|
| Insurance manufacturing market impacts in WPB | 76 | 299 | 126 | 364 | (714) |
| Credit and funding valuation adjustments in GBM | 33 | 72 | 35 | (12) | (364) |
| Legacy Credit in Corporate Centre | 9 | 3 | 28 | 42 | (93) |
| Valuation differences on long-term debt and associated swaps in Corporate Centre | (28) | (12) | (32) | (64) | 259 |
| Argentina hyperinflation[16]* | (46) | (42) | (31) | (29) | (22) |
| Bid-offer adjustment in GBM* | 18 | 7 | 35 | 249 | (310) |
| **Total** | **62** | **327** | **161** | **550** | **(1,244)** |

*Comparative figures have not been retranslated for foreign exchange movements

# Global business management view of adjusted revenue

| Group, $m | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | Δ1Q20 |
|---|---|---|---|---|---|---|
| Total Group revenue | 13,713 | 13,838 | 12,453 | 12,025 | 13,273 | (3)% |
| Adjusted revenue reported at original FX rates | 13,327 | 13,150 | 12,065 | 11,824 | | |

| WPB[17], $m | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | Δ1Q20 |
|---|---|---|---|---|---|---|
| **Wealth** | **1,448** | **2,249** | **2,195** | **2,070** | **2,382** | **65 %** |
| Investment distribution | 900 | 738 | 885 | 742 | 1,025 | 14 % |
| Life insurance manufacturing | (224) | 807 | 607 | 630 | 568 | >100% |
| **Private banking** | **530** | **429** | **427** | **412** | **488** | **(8)%** |
| Net interest income | 221 | 166 | 145 | 158 | 156 | (29)% |
| Non-interest income | 309 | 263 | 282 | 254 | 332 | 7 % |
| Asset management | 242 | 275 | 276 | 286 | 301 | 24 % |
| **Personal Banking** | **3,941** | **3,238** | **3,109** | **3,101** | **3,051** | **(23)%** |
| Net interest income | 3,583 | 2,978 | 2,787 | 2,773 | 2,703 | (25)% |
| Non-interest income | 358 | 260 | 322 | 328 | 348 | (3)% |
| Other | 383 | 415 | 295 | 226 | 261 | (32)% |
| **Total** | **5,772** | **5,902** | **5,599** | **5,397** | **5,694** | **(1)%** |
| Adjusted revenue reported at original FX rates | 5,621 | 5,630 | 5,441 | 5,321 | | |

| CMB, $m | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | Δ1Q20 |
|---|---|---|---|---|---|---|
| GTRF | 482 | 443 | 439 | 429 | 455 | (6)% |
| Credit and Lending | 1,436 | 1,441 | 1,490 | 1,490 | 1,468 | 2 % |
| GLCM | 1,357 | 1,048 | 947 | 912 | 862 | (36)% |
| Markets products, Insurance and Investments and other | 583 | 520 | 391 | 375 | 546 | (6)% |
| *of which: share of revenue from MSS and Banking products* | *268* | *223* | *229* | *235* | *259* | *(3)%* |
| **Total** | **3,858** | **3,452** | **3,267** | **3,206** | **3,331** | **(14)%** |
| Adjusted revenue reported at original FX rates | 3,733 | 3,267 | 3,165 | 3,147 | | |

| GBM[18], $m | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | Δ1Q20 |
|---|---|---|---|---|---|---|
| **Markets and Securities Services** | **2,349** | **2,676** | **2,082** | **1,945** | **2,492** | **6 %** |
| Securities Services | 528 | 457 | 421 | 442 | 452 | (14)% |
| Global Debt Markets | 261 | 774 | 307 | 119 | 396 | 52 % |
| Global Foreign Exchange | 1,390 | 1,097 | 850 | 830 | 952 | (32)% |
| Equities | 270 | 45 | 235 | 304 | 419 | 55 % |
| Securities Financing | 264 | 315 | 234 | 178 | 240 | (9)% |
| Credit and Funding Valuation Adjustments | (364) | (12) | 35 | 72 | 33 | >100% |
| **Banking** | **1,785** | **1,774** | **1,639** | **1,590** | **1,630** | **(9)%** |
| GTRF | 173 | 191 | 178 | 169 | 178 | 3 % |
| GLCM | 615 | 501 | 464 | 469 | 444 | (28)% |
| Credit and Lending | 669 | 682 | 691 | 658 | 654 | (2)% |
| Capital Markets & Advisory | 145 | 386 | 287 | 256 | 291 | >100% |
| Other | 183 | 14 | 19 | 38 | 63 | (66)% |
| **GBM Other** | **(238)** | **216** | **22** | **39** | **170** | **>100%** |
| Principal Investments | (240) | 229 | 54 | 72 | 173 | >100% |
| Other | 2 | (13) | (32) | (33) | (3) | >(100)% |
| **Total** | **3,896** | **4,666** | **3,743** | **3,574** | **4,292** | **10 %** |
| Adjusted revenue reported at original FX rates | 3,759 | 4,419 | 3,614 | 3,511 | | |

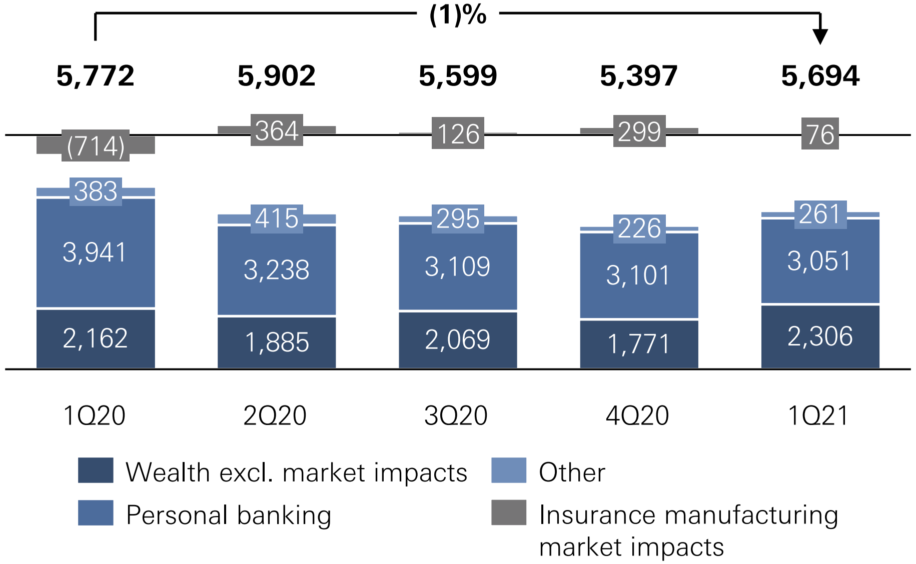
| Corporate Centre, $m | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | Δ1Q20 |
|---|---|---|---|---|---|---|
| **Central Treasury** | **265** | **(64)** | **(32)** | **(12)** | **(28)** | **>(100)%** |
| Of which: Valuation differences on long-term debt and associated swaps | 259 | (64) | (32) | (12) | (28) | >(100)% |
| **Legacy Credit** | **(93)** | **42** | **28** | **3** | **9** | **>100%** |
| Other | 15 | (160) | (152) | (143) | (25) | >(100)% |
| **Total** | **187** | **(182)** | **(156)** | **(152)** | **(44)** | **>(100)%** |
| Adjusted revenue reported at original FX rates | 214 | (166) | (155) | (155) | | |

# Wealth and Personal Banking

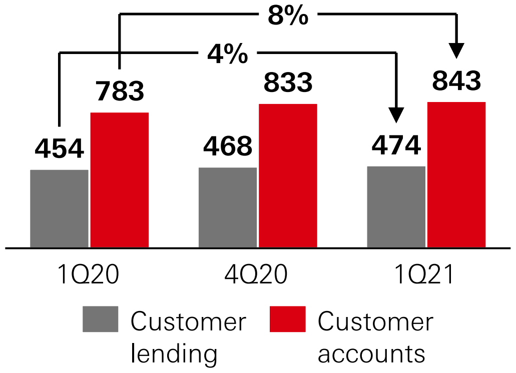
## 1Q21 financial highlights

| | | | |
|---|---|---|---|
| Revenue | **$5.7bn** | ▼ | (1)% (1Q20: $5.8bn) |
| ECL | **$0.0bn** | ▼ | >100% (1Q20: $(1.1)bn) |
| Costs | **$(3.8)bn** | ▼ | 4% (1Q20: $(3.9)bn) |
| PBT | **$1.9bn** | ▲ | >100% (1Q20: $0.7bn) |
| RoTE[19] | **18.8%** | ▲ | 16.7ppt (1Q20: 2.1%) |

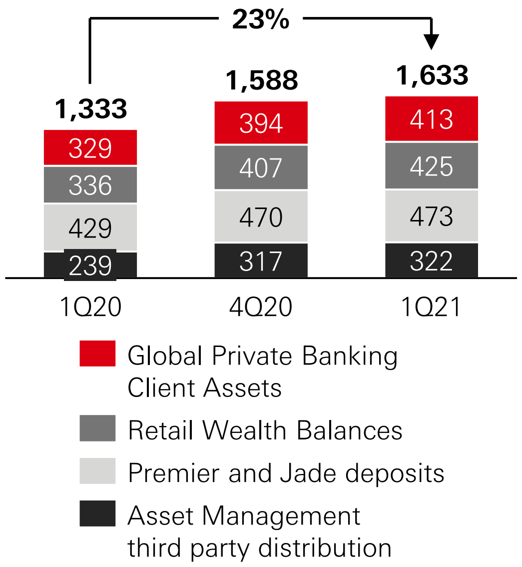
## Revenue performance, $m




## Balance sheet, $bn




## Reported Wealth Balances[20], $bn




## 1Q21 vs. 1Q20

- **Revenue** down $78m (1%) driven by lower Personal Banking (down $890m) following interest rate cuts, partially offset by favourable insurance market impacts of $790m as 1Q20 markets reacted sharply to the Covid-19 outbreak
- **ECL** release of $18m vs. $1.1bn charge in 1Q20, reflecting a release of allowances, notably in the UK, compared to a significant build up of allowances in 1Q20 following the Covid-19 outbreak
- **Costs** down $140m (4%) with reductions in discretionary spend more than offsetting inflation and investment in digital & Wealth
- **Customer lending** up $20bn (4%) driven by mortgages ($22bn), Lombard lending ($2bn) and short term IPO loans ($1bn), partially offset by lower card spend and unsecured lending in the UK ($5bn)
- **Customer accounts** up $59bn (8%) mainly from higher inflows and reduced spending across all markets and most notably UK / Hong Kong
- **Wealth balances** up $300bn (23%) driven by inflows into both liquidity and long-term products as well as higher market levels

## 1Q21 vs. 4Q20

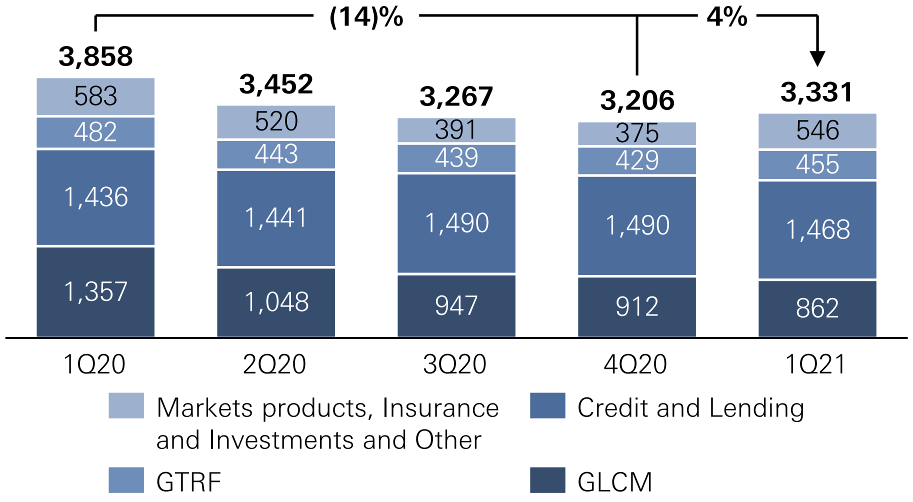
- **Revenue** up $297m (6%) driven by a strong start to the year in Wealth excl. market impacts (up $535m), particularly in Asia, and seasonality; partially offset by lower insurance market impacts (down $223m)
- **ECL** down $333m, reflecting an improved forward economic outlook
- **Costs** down $253m (6%) following a real estate impairment and seasonal costs incurred in 4Q20 including targeted marketing campaigns
- **Customer lending** up $6bn (1%) with underlying growth in mortgages ($4bn), Lombard Lending ($3bn) and short term IPO loans in Hong Kong ($1bn) partially offset by reduction in card balances ($2bn)
- **Customer accounts** up $10bn (1%) particularly in the UK following lockdown extension

# Commercial Banking

## 1Q21 financial highlights

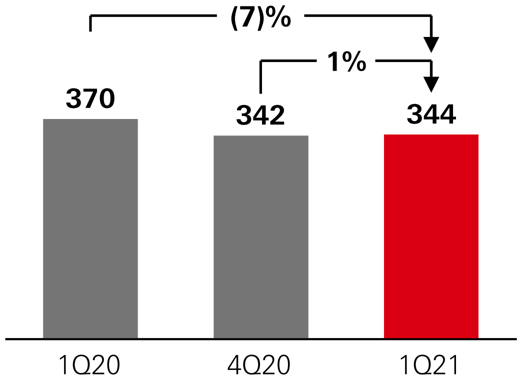
| | | | |
|---|---|---|---|
| Revenue | **$3.3bn** | ▼ | (14)% (1Q20: $3.9bn) |
| ECL | **$0.2bn** | ▼ | >100% (1Q20: $(1.4)bn) |
| Costs | **$(1.8)bn** | ▼ | 0% (1Q20: $(1.8)bn) |
| PBT | **$1.8bn** | ▲ | >100% (1Q20: $0.7bn) |
| RoTE[19] | **11.5%** | ▲ | 8.8ppt (1Q20: 2.7%) |

## Revenue performance, $m

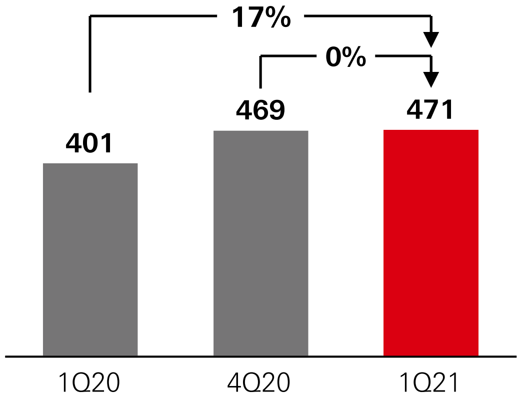



## Balance sheet, $bn

### Customer lending




### Customer accounts




## 1Q21 vs. 1Q20

- **Revenue** down $527m (14%), reflecting the impact of lower global interest rates in GLCM and other products partially offset by higher deposits
- **ECL** down $1.7bn due to release of stage 1 - 2 allowances in the UK and Asia, and the prior year included a material stage 3 charge in Singapore
- **Costs** are stable driven by continued cost discipline partly offset by higher performance-related pay
- **Customer lending** down $26bn (7%) due to impact of Covid-19 on lending and trade balances partly offset by government schemes
- **Customer accounts** up $70bn (17%) as customers raised and retained liquidity across all regions

## 1Q21 vs. 4Q20

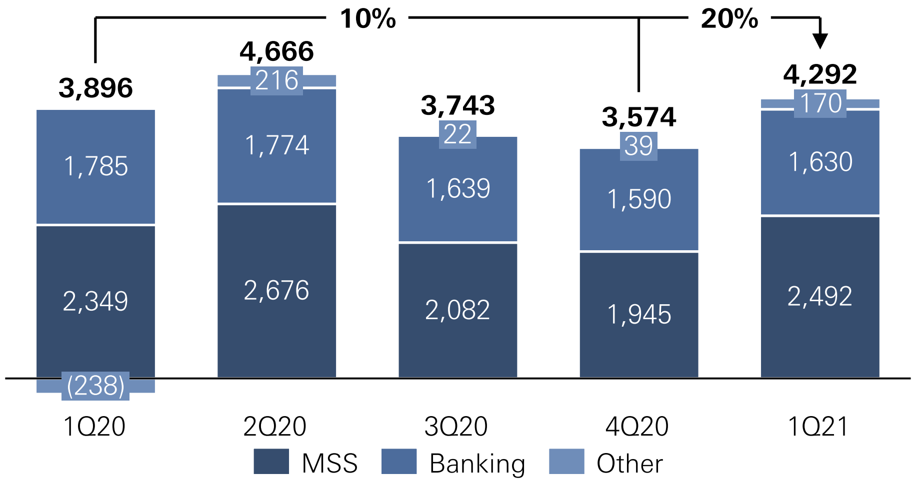
- **Revenue** up $125m (4%), reflecting higher markets and treasury, insurance revenue, higher trade balances and seasonality in fees.
- **ECL** down $1.1bn reflecting release of stage 1 - 2 allowances and lower stage 3 charges notably in Asia and the UK
- **Costs** down $38m (2%) due to continued cost discipline while we continued to invest in our digital and transaction banking capabilities
- **Customer lending** up $2bn (1%) mainly trade balances in Asia (up $3bn) with lending pipeline up 49%
- **Customer accounts** broadly stable (up $2bn) as customers continue to retain liquidity

# Global Banking and Markets

## 1Q21 financial highlights

| | | | |
|---|---|---|---|
| Revenue | $4.3bn | ▲ | 10% (1Q20: $3.9bn) |
| ECL | $0.2bn | ▼ | >100% (1Q20: $(0.6)bn) |
| Costs | $(2.5)bn | ▲ | (3)% (1Q20: $(2.5)bn) |
| PBT | $1.9bn | ▲ | >100% (1Q20: $0.9bn) |
| RoTE[19] | 12.1% | ▲ | 5.8ppt (1Q20: 6.3%) |

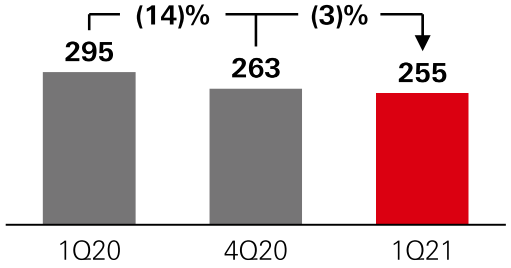
## Revenue performance, $m




## View of adjusted revenue

| $m | 1Q21 | Δ1Q20 |
|---|---|---|
| **MSS** | **2,492** | **6 %** |
| Securities Services | 452 | (14)% |
| Global Debt Markets | 396 | 52 % |
| Global FX | 952 | (32)% |
| Equities | 419 | 55 % |
| Securities Financing | 240 | (9)% |
| XVAs | 33 | >100% |
| **Banking** | **1,630** | **(9)%** |
| GTRF | 178 | 3 % |
| GLCM | 444 | (28)% |
| Credit & Lending | 654 | (2) % |
| Capital Markets & Advisory | 291 | >100% |
| Other | 63 | (66)% |
| **GBM Other** | **170** | **>100%** |
| Principal Investments | 173 | >100% |
| Other | (3) | >(100)% |
| **Net operating income** | **4,292** | **10 %** |

## Adjusted RWAs[21], $bn




## 1Q21 vs. 1Q20

- **Revenue** up $396m (10%):
  - Markets and Securities Services up $143m (6%) against an exceptionally strong 1Q20 performance, particularly in Global Forex. Revenue in Global Debt Markets and Equities increased, particularly in wealth and private credit, reflecting robust client activity
  - Banking down $155m (9%), reflecting impact of lower global interest rates in GLCM and the effect of widening credit spreads on portfolio hedges in 1Q20, partially offset by a strong performance in Capital Markets & Advisory as we grew our Investment Banking fees
  - GBM Other up $408m (>100%) primarily from Principal Investments reflecting revaluation gains across multiple funds
- **ECL** in 1Q21 of $190m credit reflects releases across regions, compared to Covid-19 related allowances in 1Q20
- **Costs** were 3% higher as the impact of transformational initiatives were more than offset by higher performance-related pay and regulatory costs of $150m

## 1Q21 vs. 4Q20

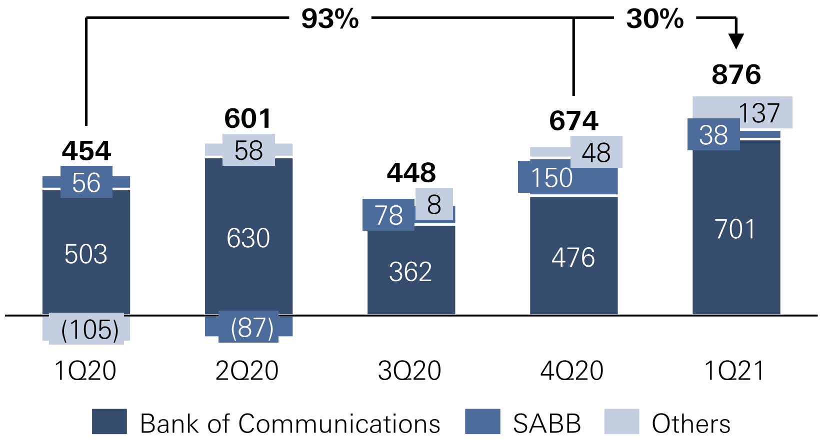
- **Revenue** up $718m (20%):
  - Markets and Securities Services up $547m (28%) due to increased client activity levels compared to 4Q20
  - Banking performance in line with prior quarter driven by increase in Capital Markets & Advisory fees and impact of tightening credit spreads on portfolio hedges in the prior quarter, offset by reduction in Credit & Lending NII due to lower balances
- **ECL** favourable by $183m (>100%) compared to 4Q20 reflecting releases in 1Q21 across regions
- **RWAs** down $9bn (3%) primarily driven by management actions

# Corporate Centre

## 1Q21 financial highlights

| | | | |
|---|---|---|---|
| Revenue | **$(44)m** | ▼ | >(100)% (1Q20: $187m) |
| ECL | **$(3)m** | ▲ | >(100)% (1Q20: $2m) |
| Costs | **$(94)m** | ▲ | >(100)% (1Q20: $185m) |
| Associates | **$876m** | ▲ | 93% (1Q20: $454m) |
| PBT | **$735m** | ▼ | (11)% (1Q20: $828m) |
| RoTE[19] | **7.4%** | ▲ | 2.6ppt (1Q20: 4.8%) |

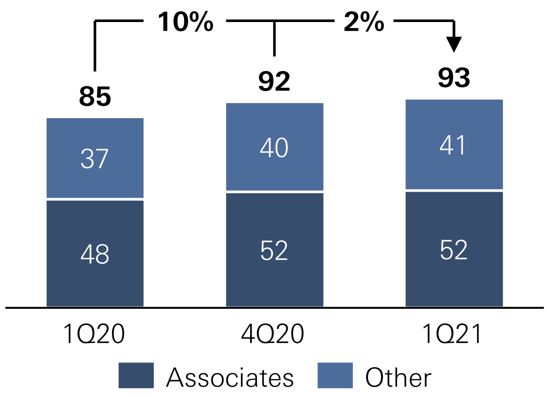
## Associate income detail, $m




## Revenue performance, $m

| | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 |
|---|---|---|---|---|---|
| **Central Treasury** | **265** | **(64)** | **(32)** | **(12)** | **(28)** |
| Of which: | | | | | |
| Valuation differences on long-term debt and associated swaps | 259 | (64) | (32) | **(12)** | **(28)** |
| Other central treasury | 6 | — | — | — | — |
| **Legacy Credit** | **(93)** | **42** | **28** | **3** | **9** |
| **Other** | **15** | **(160)** | **(152)** | **(143)** | **(25)** |
| Of which: FX revaluation on Holdings balance sheet and net investment hedge | 105 | 23 | (26) | (4) | 11 |
| **Total** | **187** | **(182)** | **(156)** | **(152)** | **(44)** |
| *Not included in Corporate Centre revenue: Markets Treasury revenue allocated to global businesses* | *781* | *801* | *678* | *609* | *805* |

## Corporate Centre RWAs[21], $bn




## 1Q21 vs. 1Q20

- **Revenue** down $231m, largely due to unfavourable valuation differences on long term debt and associated swaps
- **Associates** up $422m (93%), primarily due to higher income and share of profit from associates in Asia and a recovery in asset valuations in a UK associate

## 1Q21 vs. 4Q20

- **Revenue** up $108m, largely due to gain on revaluation of properties in Asia, lower intersegment eliminations related to movement in own shares and FX gain on revaluation
- **Associates** up $202m (30%), primarily due to higher income and share of profits associates in Asia

# Net interest margin supporting information

## NII sensitivity to instantaneous change in yield curves (12 months)

At 31 December 2020

| Change in Jan 2021 to Dec 2021 | Currency | | | | | |
|---|---|---|---|---|---|---|
| | USD $m | HKD $m | GBP $m | EUR $m | Other $m | Total $m |
| +25bps parallel | 223 | 423 | 555 | 126 | 320 | **1,647** |
| -25bps parallel | (227) | (343) | (548) | (88) | (302) | **(1,508)** |
| +100bps parallel | 546 | 1,267 | 1,811 | 502 | 1,222 | **5,348** |
| -100bps parallel | (565) | (749) | (1,906) | (299) | (1,335) | **(4,854)** |

## NII sensitivity to instantaneous change in yield curves (5 years), $m

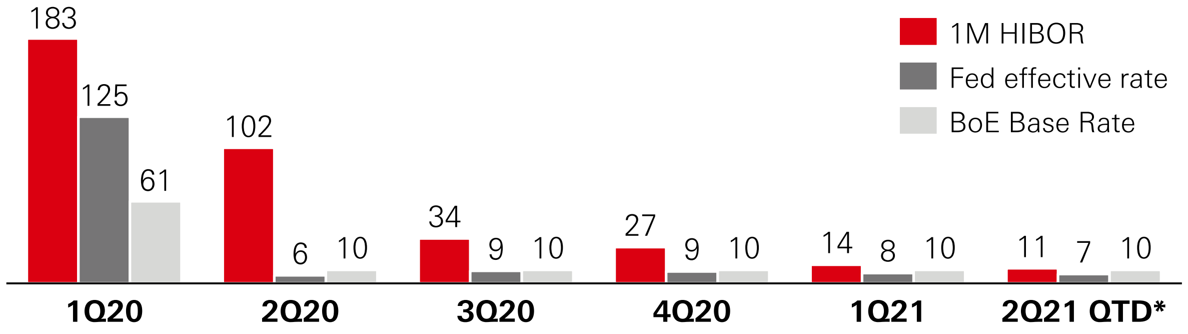
At 31 December 2020

| Change in Jan 2021 to Dec 2021 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|---|---|---|---|---|---|---|
| +25bps parallel | 1,647 | 1,866 | 1,930 | 2,028 | 2,100 | **9,571** |
| -25bps parallel | (1,508) | (1,986) | (2,307) | (2,045) | (2,113) | **(9,959)** |
| +100bps parallel | 5,348 | 6,538 | 7,083 | 7,444 | 7,736 | **34,149** |
| -100bps parallel | (4,854) | (6,174) | (7,087) | (7,660) | (8,323) | **(34,098)** |

## Quarterly NIM by key legal entity

| | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | % of 1Q21 Group NII | % of 1Q21 Group AIEA |
|---|---|---|---|---|---|---|---|
| The Hongkong and Shanghai Banking Corporation (HBAP) | 1.96% | 1.69% | 1.44% | 1.42% | 1.40% | 49% | 42% |
| HSBC Bank plc (NRFB) | 0.48% | 0.54% | 0.50% | 0.53% | 0.51% | 9% | 22% |
| HSBC UK Bank plc (UK RFB) | 2.01% | 1.68% | 1.60% | 1.60% | 1.59% | 24% | 18% |
| HSBC North America Holdings, Inc | 0.91% | 0.85% | 0.83% | 0.95% | 0.96% | 7% | 9% |

## Key rates (quarter averages), basis points




*At 23 April 2021

Source: Bloomberg

# 1Q21 vs. 4Q20 equity drivers

| | Shareholders' Equity, $bn | Tangible Equity, $bn | TNAV per share, $ | Basic number of ordinary shares, million |
|---|---|---|---|---|
| **As at 31 December 2020** | **196.4** | **156.4** | **7.75** | **20,184** |
| Profit attributable to: | 4.3 | 4.2 | 0.21 | — |
| *Ordinary shareholders*[22] | 3.9 | 4.2 | 0.21 | — |
| *Other equity holders* | 0.5 | — | — | — |
| Dividends | (0.5) | — | — | — |
| *On ordinary shares* | — | — | — | — |
| *On other equity instruments* | (0.5) | — | — | — |
| FX[22] | (1.3) | (1.1) | (0.05) | — |
| Actuarial gains/(losses) on defined benefit plans | (0.7) | (0.7) | (0.03) | — |
| Fair value movements through 'Other Comprehensive Income' | (1.1) | (1.1) | (0.06) | — |
| *Of which: changes in fair value arising from changes in own credit risk* | 0.2 | 0.2 | 0.01 | — |
| *Of which: Debt and Equity instruments at fair value through OCI* | (1.3) | (1.3) | (0.07) | — |
| Other[22] | 2.1 | (0.3) | (0.04) | 42 |
| **As at 31 March 2021** | **199.2** | **157.4** | **7.78** | **20,226** |

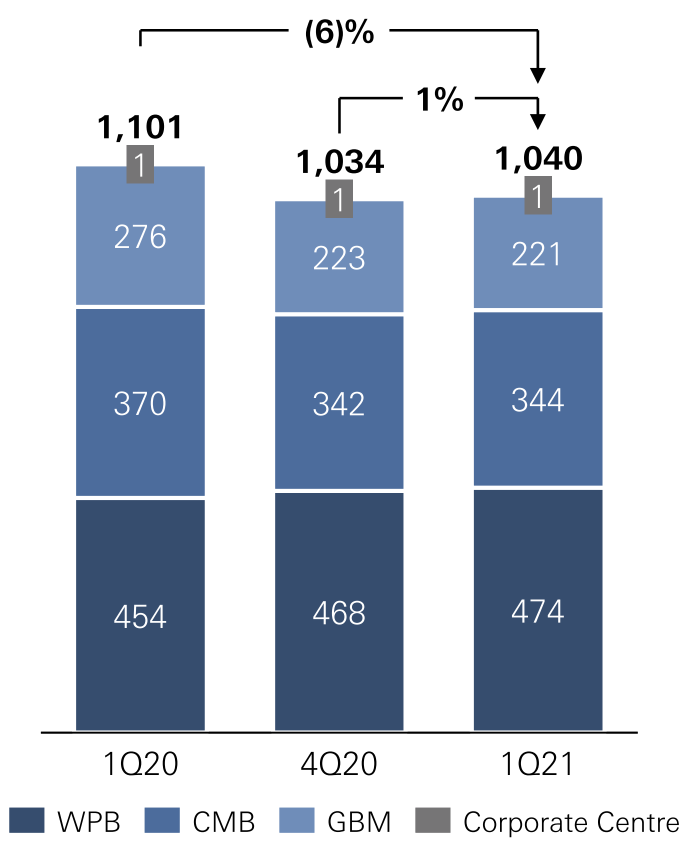
$7.74 on a fully diluted basis

20,335 million on a fully diluted basis

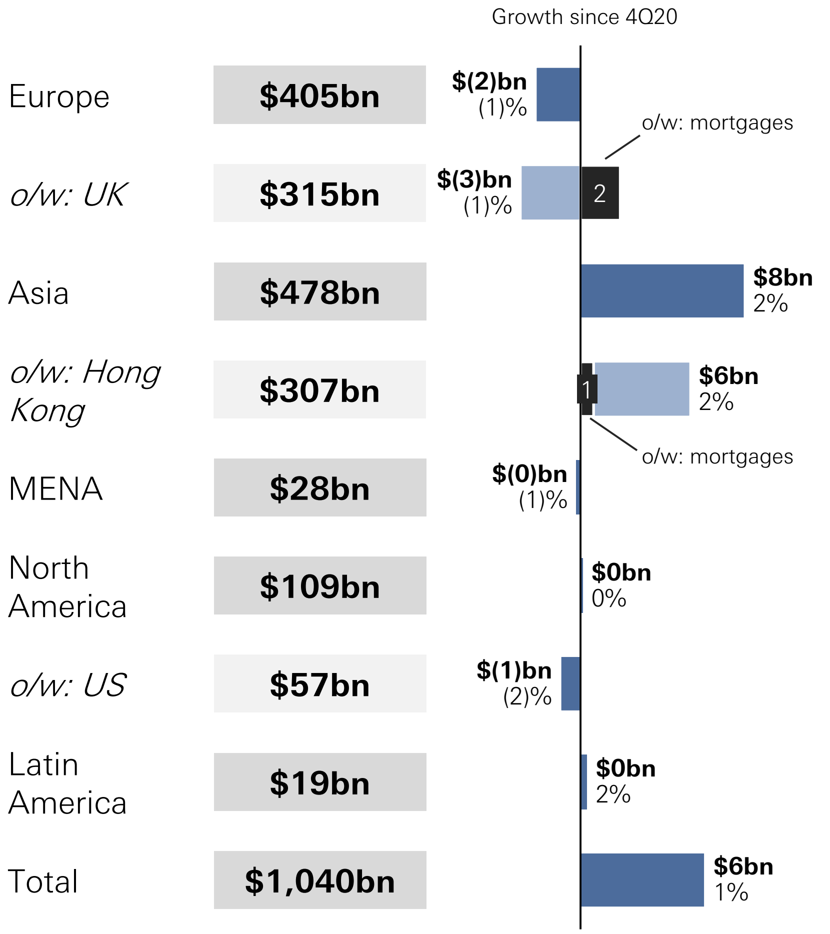
- Average basic number of shares outstanding during 1Q21: 20,191 million
- **1Q21 TNAV per share increased by $0.03** to $7.78 per share mainly due to higher profits driven by net ECL releases, offset by adverse reserve movements in OCI
- There will be a $0.15 per share reduction in TNAV in 2Q21 from payment of the 4Q20 dividend in April 2021

# Balance sheet – customer lending

## Balances by global business, $bn




## Balances by region, $bn



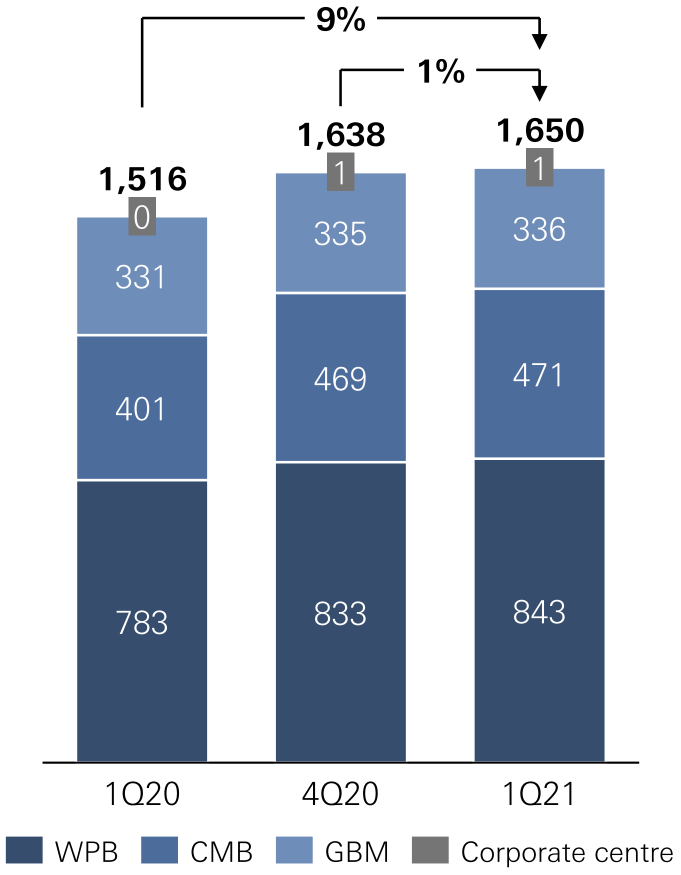

**Adjusted customer lending of $1,040bn increased by $6bn (1%) vs. 4Q20**

- WPB lending increased $6bn, driven by growth in UK mortgages ($2bn), Asia mortgages ($1bn) and short term IPO lending ($1bn), partially offset by lower unsecured lending (down $2bn)
- CMB lending increased by $2bn, notably in Asia. Asia lending increased c.$4bn, of which c.$3bn from increased trade balances
- GBM balances decreased modestly, primarily due to deleveraging (down $2bn)

Totals may not cast due to rounding

# Balance sheet – customer accounts

## Balances by global business, $bn




## Balances by region, $bn

| | | Growth since 4Q20 |
|---|---|---|
| Europe | $643bn | $14bn 2% |
| *o/w: UK* | $514bn | $5bn 1% |
| Asia | $756bn | $(1)bn (0)% |
| *o/w: Hong Kong* | $527bn | $(3)bn (1)% |
| MENA | $42bn | $1bn 3% |
| North America | $183bn | $(0)bn (0)% |
| *o/w: US* | $119bn | $2bn 2% |
| Latin America | $26bn | $(1)bn (2)% |
| Total | $1,650bn | $12bn 1% |

**Adjusted customer accounts of $1,650bn increased by $12bn (1%) vs. 4Q20;** $134bn (9%) growth vs. 1Q20

- WPB increased $10bn vs. 4Q20, particularly in the UK due to lockdown

Totals may not cast due to rounding

# Glossary

| | |
|---|---|
| AIEA | Average interest earning assets |
| BAU | Business as usual |
| 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, central stewardship costs and the UK bank levy |
| CMB | Commercial Banking, a global business |
| CRD IV | Capital Requirements Directive IV |
| CRR II | The amending Regulation to the CRD IV package which implements changes to the own funds regime and to MREL and elements of the Basel III Reforms in EU legislation. These changes follow a phased implementation from June 2019 |
| CTA | Costs to achieve |
| C&L | Credit and Lending |
| DCM | Debt Capital Markets |
| 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 |
| ECM | Equity Capital Markets |
| GBM | Global Banking and Markets, a global business |
| GLCM | Global Liquidity and Cash Management |
| GPB | Global Private Banking, a former global business now part of Wealth and Personal 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 |

| | |
|---|---|
| LATAM | Latin America |
| LCR | Liquidity coverage ratio |
| Legacy credit | A portfolio of assets including securities investment conduits, asset-backed securities, trading portfolios, credit correlation portfolios and derivative transactions entered into directly with monoline insurers |
| MENA | Middle East and North Africa |
| MSS | Markets and Securities Services |
| NCI | Non-controlling interests |
| NII | Net interest income |
| NIM | Net interest margin |
| NNM | Net new money |
| 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 |
| RBWM | Retail Banking and Wealth Management, a former global business now part of Wealth and Personal Banking |
| SABB | The Saudi British Bank, an associate of HSBC |
| UK RFB | HSBC UK, the UK ring-fenced bank, established July 2018 as part of ring fenced bank legislation |
| RoTE | Return on average tangible equity |
| RWA | Risk-weighted asset |
| TNAV | Tangible net asset value |
| WPB | Wealth and Personal Banking, a global business created from the consolidation of RBWM and GPB |
| XVAs | Credit and Funding Valuation Adjustments |

# Footnotes

1. Cumulative RWA saves under our transformation programme as measured from 1 January 2020 to 31 March 2021. In addition, we made $9.6bn of accelerated RWA saves over 4Q19
2. 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'. Following the end of the transition period after the UK's withdrawal from the EU, any reference to EU regulations and directives (including technical standards) should be read as a reference to the UK's version of such regulation and/or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018
3. Source: BoE. Gross market share over the year-to-date to 28 February 2021. Stock mortgage market share at 28 February 2021
4. Excludes Corporate Risk Solutions revenue
5. Source: Dealogic. Volume shows the full (non-apportioned) amount of financing raised in transactions in which HSBC led or co-led
6. Euromoney Trade Finance Survey 2021
7. The Net Zero Banking Alliance is an industry-led, UN-convened alliance of 42 banks with a combined $28.5tn in assets to bring collaboration and consistency to collective efforts to reach the Paris Agreement goals
8. Responsible Investments are a broader category of Sustainable Investments (funds managed with a specific sustainability objective) which include ESG considerations in our company and project research
9. Source: Bloomberg, Dealogic. HSBC Volume shows the total proceeds raised from bonds where HSBC was a bookrunner
10. Environmental Finance Bond Awards 2021
11. YTD, annualised. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric. Expected Credit Losses "ECL" is a forward looking estimate of losses expected in the current year based on current market conditions
12. Medium term is defined as 3 to 4 years
13. Technology costs in operating expenses trends include transformation saves and are presented on a net basis
14. Technology cost increases in quarterly walks are presented on a gross basis (excl. saves)
15. 4Q20 also included tax-only significant item charges of $117m.
16. From 1st July 2018, Argentina was deemed a hyperinflationary economy for accounting purposes
17. With effect from the first quarter of 2021, certain items within the management view of adjusted revenue have been renamed. 'Wealth Management' has been renamed 'Wealth' and 'Retail Banking' has been renamed 'Personal Banking'
18. With effect from the first quarter of 2021, management view of adjusted revenue has been revised to align with changes to the management responsibilities of the business and how we assess business performance. Comparative data have been re-presented accordingly
19. YTD, annualised. RoTE by Global Business excludes significant items and the UK bank levy. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric. RoTE by Global Business for 1Q21 considers AT1 Coupons on an accruals basis, vs. Reported RoTE where it is treated on a cash basis
20. Inclusive of Premier & Jade deposits and AUM, GPB client assets and AMG AUM
21. Data to reconcile components of reported RWAs to adjusted RWAs can be found in the 'HSBC Holdings plc 1Q 2021 Datapack'
22. Differences between shareholders' equity and tangible equity drivers primarily reflect goodwill and other intangible impairment, PVIF movements and amortisation expense within 'Profit Attributable to Ordinary shareholders', FX on goodwill and intangibles within 'FX', and intangible additions and other movements within 'Other'

# Disclaimer

## Important notice

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## Forward-looking statements

This Presentation may contain projections, estimates, forecasts, targets, commitments, 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" or "believe" or the negatives thereof or other variations thereon or comparable terminology (together, "forward-looking statements"), including the strategic priorities, any financial, investment and capital targets and ESG targets/commitments 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 conditions, regulatory changes or due to the impact of the Covid-19 outbreak). 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, 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 2020 filed with the Securities and Exchange Commission (the "SEC") on Form 20-F on 24 February 2021 (the "2020 Form 20-F") and our 1Q 2021 Earnings Release which we expect to furnish to the SEC on Form 6-K on 27 April 2021 (the "1Q 2021 Earnings Release").

## Alternative Performance Measures

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

Reconciliations between Alternative Performance Measures and the most directly comparable measures under IFRS are provided in our 2020 Form 20-F and our 1Q 2021 Earnings Release, when filed, each of which are available at www.hsbc.com.

Information in this Presentation was prepared as at 27 April 2021.