# HSBC Holdings plc 1Q23 Results

Presentation to Investors and Analysts

HSBC

# Summary of reporting changes from 1Q23

## IFRS 17 insurance contracts reporting

- On 1st January 2023, the Group's treatment of insurance contracts transitioned from IFRS 4 to IFRS 17
- The impacts of IFRS 17 included a \$2.2bn reduction in NII and a \$0.5bn reduction in FY22 PBT. Further impacts can be found on slide 30 and in our IFRS 17 transition document[1]
- This presentation is on an IFRS 17 basis unless noted otherwise. All prior periods have been restated

## Constant currency performance

- We no longer recognise 'significant items' in the reporting of our business performance
- Income and balance sheet numbers in this presentation are on a constant currency basis unless stated otherwise
- 'Notable items' are disclosed separately to highlight items considered outside the normal course of business and generally non-recurring in nature

## Secondary line of reporting by main legal entity

- Our primary segmental reporting by global business remains unchanged
- Supplementary presentation of results is now on a main legal entity basis, replacing geographical regions

# Strategic progress

**Noel Quinn**
Group Chief Executive

HSBC

# 1Q23 results update

**Georges Elhedery**
Group Chief Financial Officer

HSBC

# Highlights

1 Reported PBT of **$12.9bn**. PBT up **$9.0bn** vs. 1Q22 on a constant currency basis, driven by an **$8.6bn** increase in revenue. 1Q23 included **$3.6bn** of revenue notable items*

2 **$0.4bn** ECL charge (18bps of gross loans & advances), reflecting improved economic assumptions

3 On a FY23 cost target basis (constant currency, excluding notable items, hyperinflation[2] and additional costs relating to SVB UK and related international investments), **costs up $0.2bn (2%)**

4 **RoTE** of 27.4%[3]; **19.3%** if the provisional gain on acquisition of SVB UK and the part-reversal of France impairment are excluded

5 Dividend of **$0.10 per share**; the **first quarterly dividend since 2019**. Share buyback of up to **$2bn** planned post AGM with an intention to complete this in around 3 months[4]

* $2.1bn part-reversal of an impairment due to the accounting driven reclassification of the French retail business from held-for-sale and a $1.5bn provisional gain on the acquisition of SVB UK
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

# 1Q23 results summary

| $m | 1Q23 | 1Q22 | | Δ |
|---|---|---|---|---|
| NII | 8,959 | 6,088 | ▲ | 47% |
| Non-NII | 11,212 | 5,484 | ▲ | >100% |
| *o/w: notable items* | *3,577* | *(120)* | ▲ | >100% |
| **Revenue** | **20,171** | **11,572** | ▲ | **74%** |
| ECL | (432) | (632) | ▼ | 32% |
| Costs | (7,586) | (7,712) | ▼ | 2% |
| Associates | 733 | 610 | ▲ | 20% |
| **Constant currency PBT** | **12,886** | **3,838** | ▲ | **>100%** |
| FX translation | — | 306 | | — |
| **Reported PBT** | **12,886** | **4,144** | ▲ | **>100%** |
| Tax | (1,860) | (712) | ▲ | >100% |
| **Profit attributable to ordinary shareholders** | **10,327** | **2,755** | ▲ | **>100%** |
| Earnings per share, $ | 0.52 | 0.14 | ▲ | $0.38 |
| Dividend per share, $ | 0.10 | — | | — |
| RoTE[3], % | 27.4 | 7.2 | ▲ | 20.2ppts |

| $bn | 1Q23 | 4Q22 | | Δ |
|---|---|---|---|---|
| Customer loans | 963 | 932 | ▲ | 3% |
| Customer deposits | 1,604 | 1,583 | ▲ | 1% |
| Reported RWAs | 854 | 840 | ▲ | 2% |
| CET1 ratio[5], % | 14.7 | 14.2 | ▲ | 0.5ppts |
| TNAV per share, $ | 8.08 | 7.44 | ▲ | $0.64 |

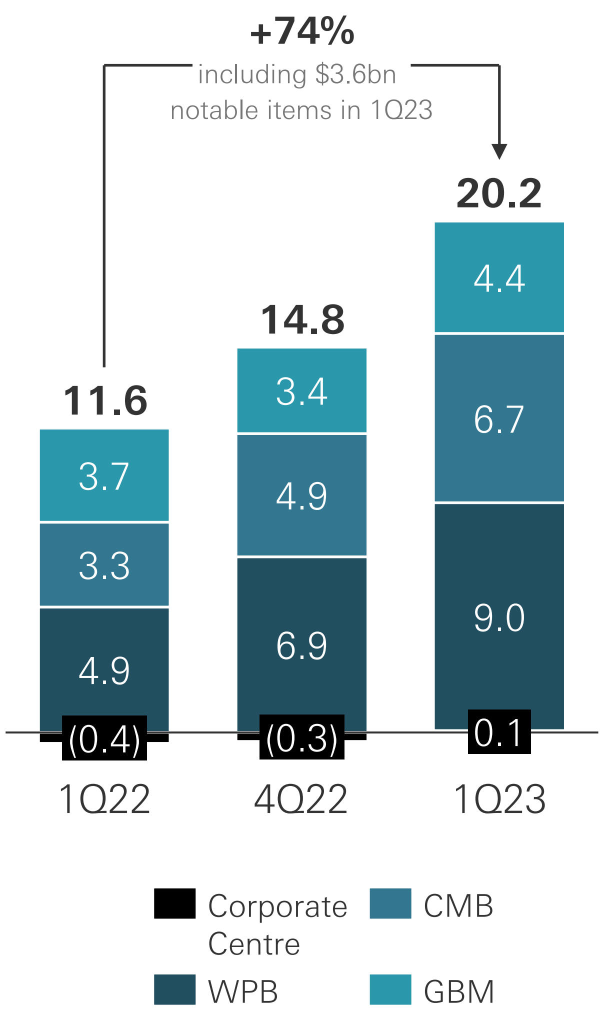
- **NII of $9.0bn**, **up $2.9bn (47%)**, primarily due to interest rate rises. Stable vs. 4Q22
- **Non-NII of $11.2bn**, **up $5.7bn** includes:
  - $3.6bn notable items which related to the accounting driven reclassification of our French retail business from held-for-sale and a provisional gain on acquisition of SVB UK
  - $4.1bn trading income*, up $2.0bn
- **ECL charge of $0.4bn**, reflecting improved economic assumptions
- **Costs of $7.6bn** down $0.1bn (2%), primarily due to lower cost notable items in the quarter. Up 2% in 1Q23 on a FY23 cost target basis
- **Customer lending** up $32bn vs. 4Q22 (3%), including $7.3bn loans from SVB UK and $25bn of French retail loans reclassified from HFS. Excluding these impacts, lending stable
- **Customer deposits** up $21bn vs. 4Q22 (1%), including $8.5bn deposits from SVB UK and $23bn of French retail deposits reclassified from HFS. Excluding these impacts, deposits stable (down 0.6%)
- $1.9bn tax charge included a **$0.4bn** uncertain tax provision release in the UK
- **CET1 ratio of 14.7%**, including a **c.30bps** gain relating to the part-reversal of France impairment and our acquisition of SVB UK
- **TNAV per share of $8.08**, **up $0.64** vs. 4Q22 due to profit generation

Variances on this slide are vs. 1Q22 if not otherwise stated
* Trading income reported in net income from financial instruments held for trading or managed on a fair value basis. This is partially offset at the total revenue level with a $1.4bn net interest expense for central costs of funding trading income

# Revenue performance

| | 1Q23 revenue | | | | 1Q23 vs. 1Q22 | |
|---|---|---|---|---|---|---|
| **WPB** | $8,983m ▲ 82% | Wealth | **$1,961m** | 226 | | 13% |
| | | Personal Banking | **$4,967m** | 1,934 | | 64% |
| | | Other | **$2,055m** | 1,875 | o/w: France impairment reversal $2,021m* | >100% |
| **CMB** | $6,675m ▲ 99% | GTRF | **$510m** | (8) | | (2)% |
| | | Credit and Lending | **$1,364m** | (67) | | (5)% |
| | | GPS | **$2,911m** | 1,927 | | >100% |
| | | Other | **$1,890m** | 1,476 | o/w SVB UK gain $1,511m | >100% |
| **GBM** | $4,440m ▲ 20% | MSS | **$2,558m** | 283 | | 12% |
| | | *of which: FX* | **$1,219m** | 200 | | 20% |
| | | Banking | **$2,132m** | 649 | | 44% |
| | | *of which: GPS* | ***$1,075m*** | *616* | | >100% |
| | | *of which: Capital Markets & Advisory* | ***$306m*** | *+31* | | 11% |
| | | Other | **$(250)m** | (195) | | >(100)% |
| **Corp. Centre** | $73m | | | 499 | | |
| **Group** | $20,171m ▲ 74% | | | 8,599 | | |

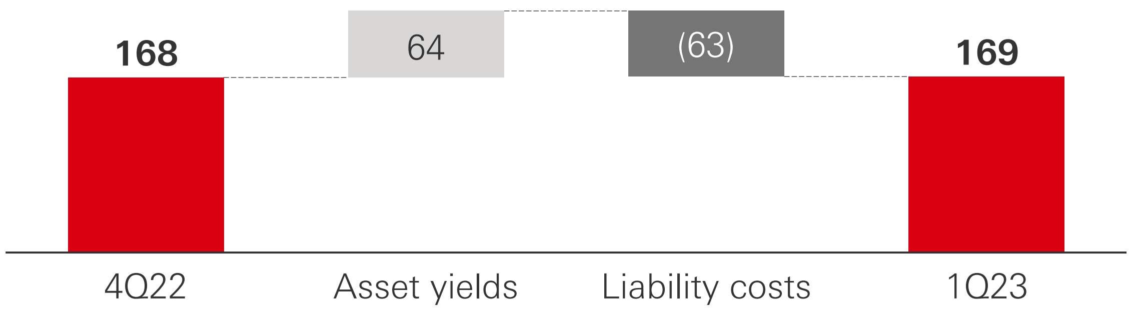
**Revenue by global business, $bn**



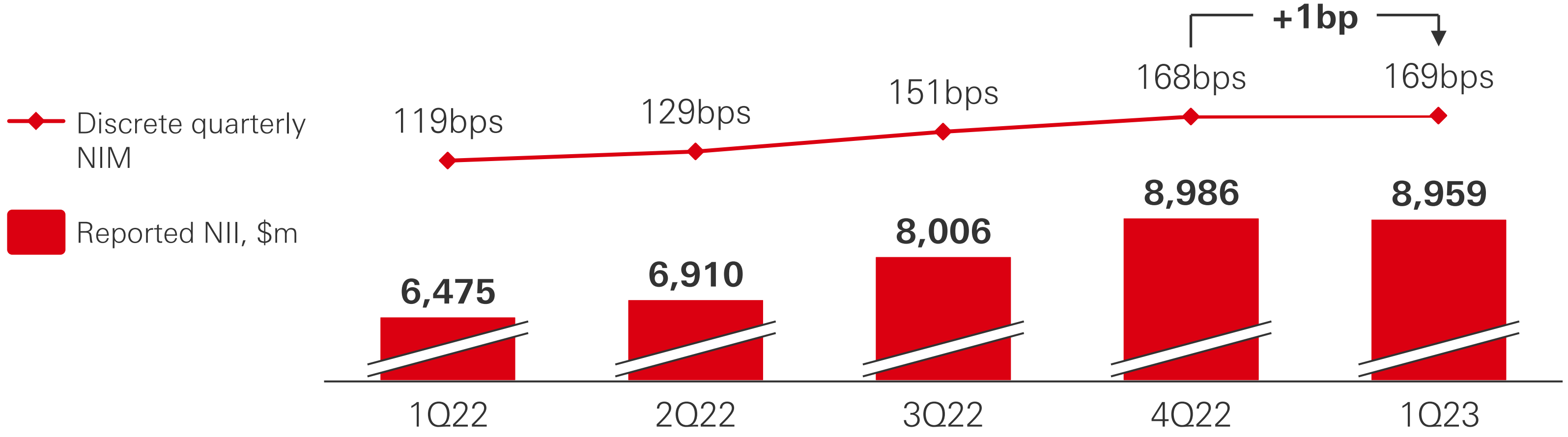

* A further $0.1bn relating to the impairment part-reversal is booked in Corporate Centre

# Net interest income and margin

## NIM progression, bps




## Reported NIM trend

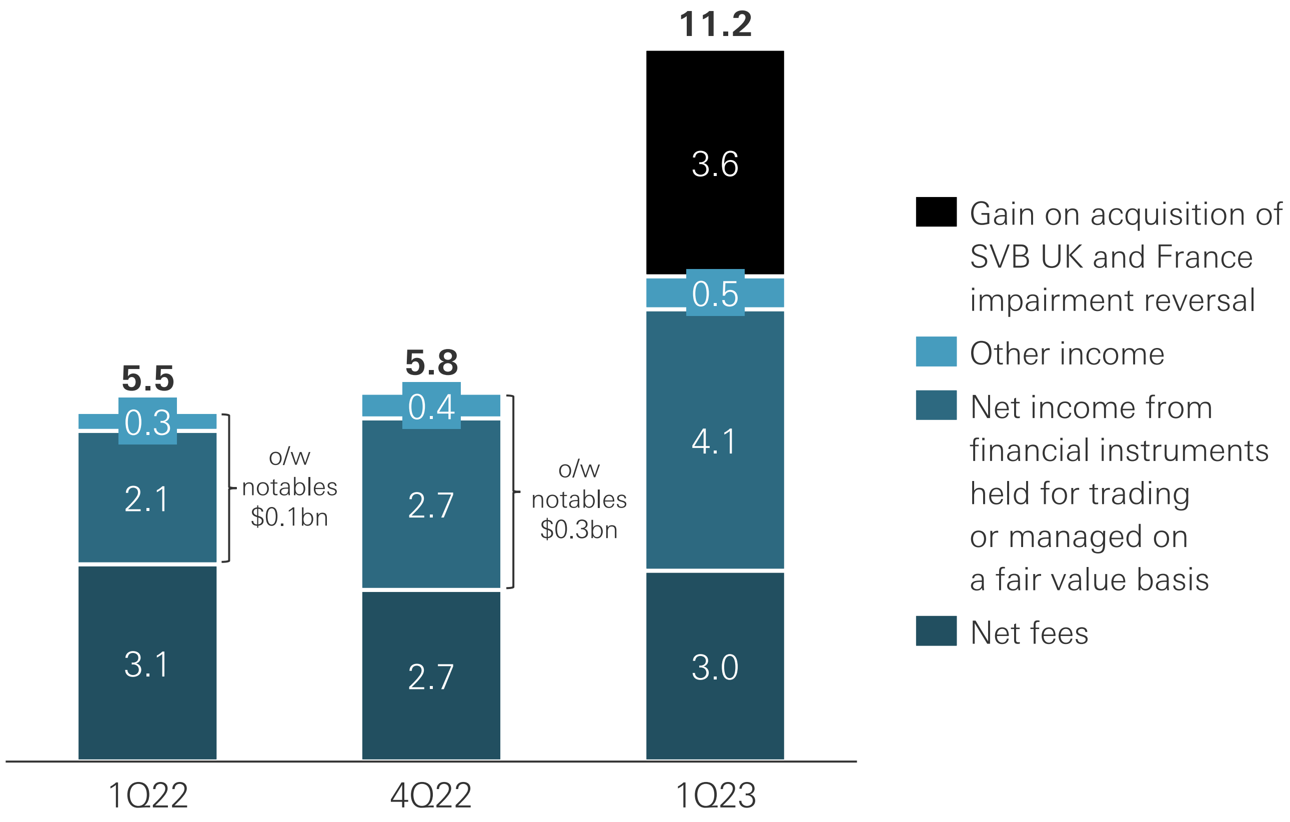



| | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 |
|---|---|---|---|---|---|
| Average interest earning assets (AIEAs), $bn: | 2,201 | 2,149 | 2,110 | 2,116 | 2,153 |
| Central costs of funding trading income, $bn[6]: | (0.1) | (0.3) | (0.8) | (1.3) | (1.4) |

- **Reported NII of $9.0bn, up $2.5bn** vs. 1Q22 (38%) and stable vs. 4Q22, despite a lower day count
- **NIM up 2bps on a constant currency basis** (4Q22 constant currency: 1.67%)
- Reported NII included **$1.4bn interest expense** for centrally allocated funding costs associated with funding GBM's trading activities (4Q22: $1.4bn; 1Q22 $0.1bn). This was **offset by $1.4bn** reported in Corporate Centre trading income
  - NII guidance assumes this expense will be around the annualised 4Q22/1Q23 run-rate
- **NIM of 1.69%**, up 1bp vs. 4Q22 on a reported basis. Benefit from higher rates was partly offset by continued deposit migration in Asia (HBAP)
- **FY23 NII guidance is unchanged** (≥$34bn when recomputed for IFRS 17)

# Non-NII

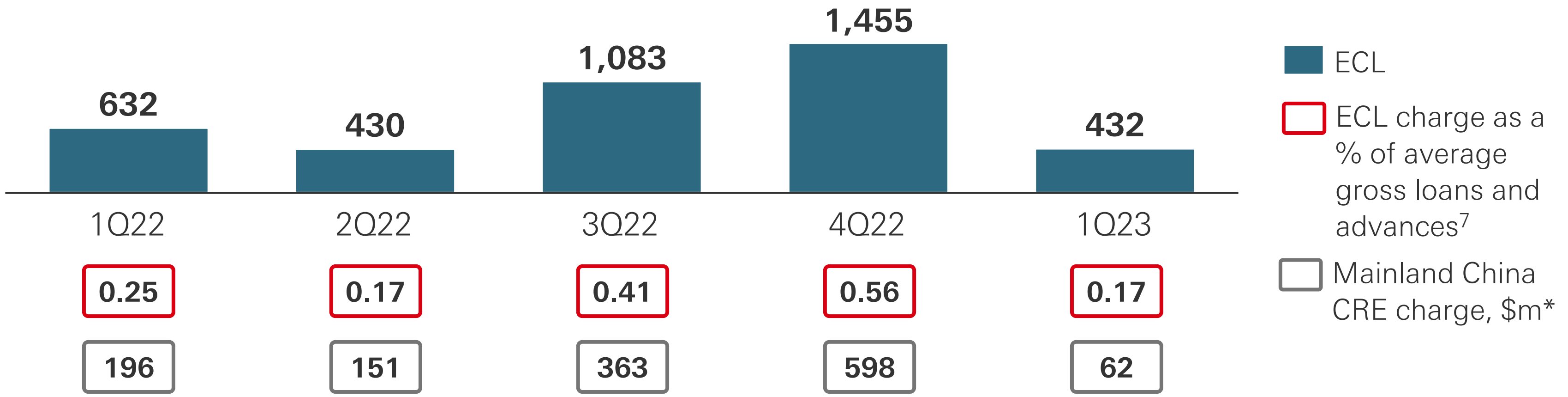
## Group non-NII, $m




- **Non-NII up $5.7bn** vs. 1Q22, primarily due to:
  - **Notable items of $3.6bn** ($2.1bn part-reversal of France impairment and $1.5bn provisional gain on acquisition of SVB UK)
  - **Higher income from trading and fair value instruments** of **$4.1bn**, up $2.0bn. This income was partially funded by the **$1.4bn** interest expense representing central costs of funding GBM trading activity detailed on slide 7. This was **up $1.3bn** vs. $0.1bn in 1Q22
  - Other income of $0.5bn, up $0.2bn vs. 1Q22, including higher income in Wealth. NNIA in the last 12 months of **$93bn**, including **$22bn** during the quarter
- Fees broadly stable vs. 1Q22. GPS fees of **$0.5bn**, **up 9%**
- Detailed non-NII breakdown by business on slide 17

# Credit performance

## ECL charge trend, $m




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

| | 1Q23 | 4Q22 |
|---|---|---|
| Asia (HBAP) | 67 | 904 |
| *o/w Hong Kong* | *44* | *764* |
| UK RFB (HBUK) | 161◆ | 245 |
| HSBC Bank plc (HBEU) | 18 | 59 |
| USA (HNAH) | 29 | (1) |
| Canada (HBCA) | 1 | 20 |
| Mexico (HBMX) | 128 | 183 |
| HSBC Middle East (HBME) | (7) | 37 |
| Other[8] | 35 | 8 |
| **Total** | **432** | **1,455** |

## ECL charge by stage, $bn

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

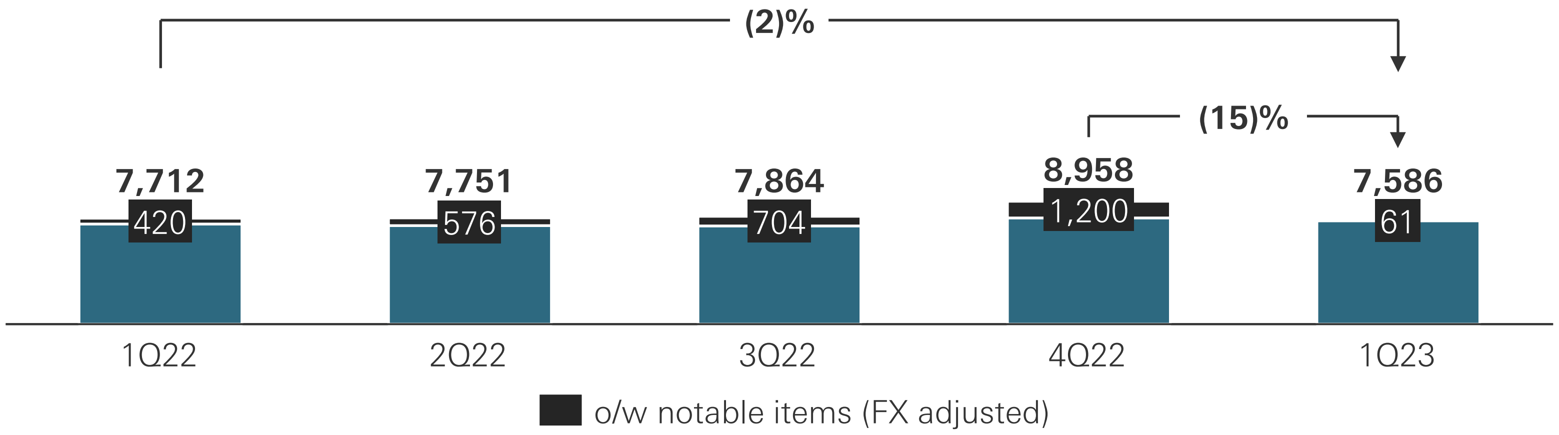
- **$0.4bn** charge includes a minimal stage 1-2 charge, reflecting improved economic assumptions
- **$62m mainland China CRE charge** related to credit quality adjustments for two customers. There were no defaults during the quarter though there were also limited repayments
- Stage 3 balances of **$20bn**, stable vs. 4Q22
- **FY23 ECL guidance unchanged at ~40bps[7]**

* Mainland China CRE charge is on a reported basis and has not been currency adjusted in prior periods
‡ Totals do not sum due to rounding

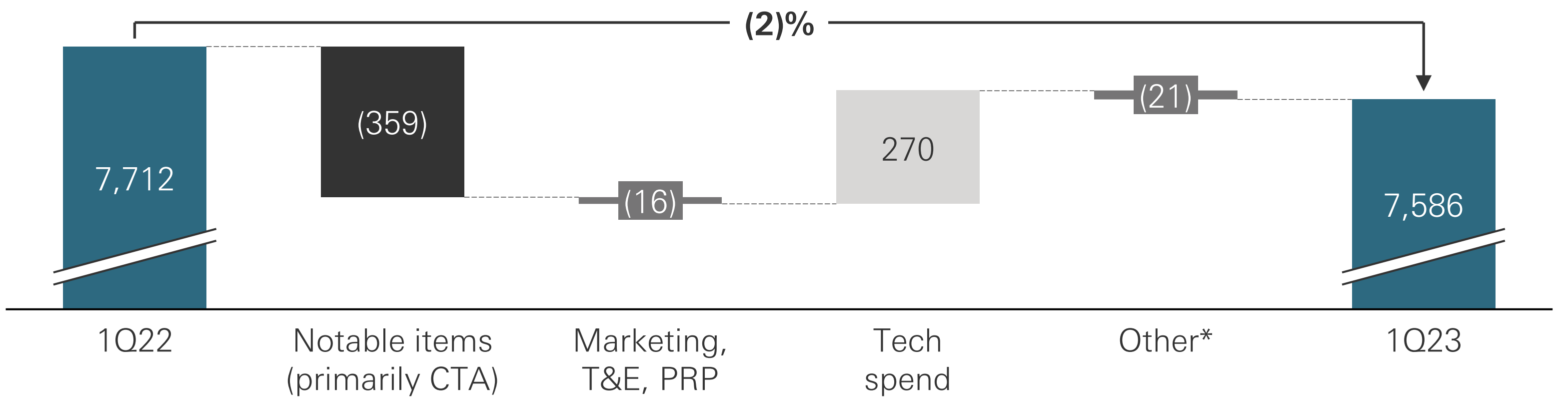
◆ Includes a stage 1 provision on acquisition of SVB UK of GBP £22.2m

# Costs

## Operating expenses trend, $m




## 1Q23 vs. 1Q22 (constant currency), $m

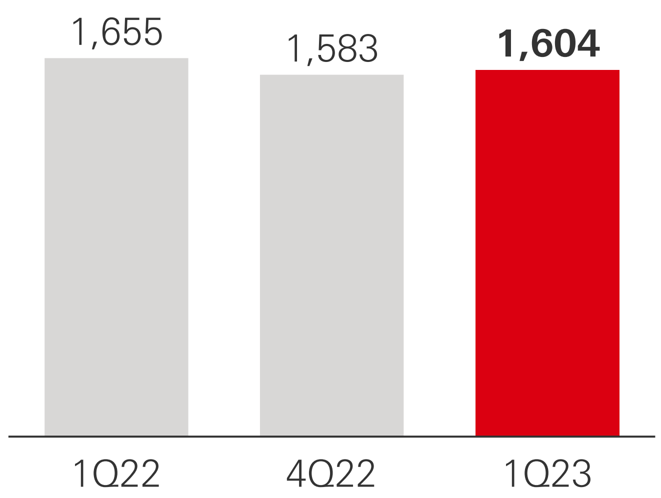



- **1Q23 constant currency costs of $7.6bn, down $0.1bn (2%)** vs. 1Q22 due to the end of the CTA programme and the flow through of cost savings into FY23
- **Targeting c.3% cost growth in FY23** vs. a FY22 cost target base of $29.6bn[9] (reconciliation on slide 30). Costs associated with SVB UK and related international investments are expected to increase costs by a further c.1%‡. On this basis:
  - 1Q23 costs of **$7.5bn**, **up $0.2bn** (2%) vs. 1Q22, due to a higher spend on technology
  - 2Q23 expected to be impacted by c.$0.3bn severance costs (included in 3% target)

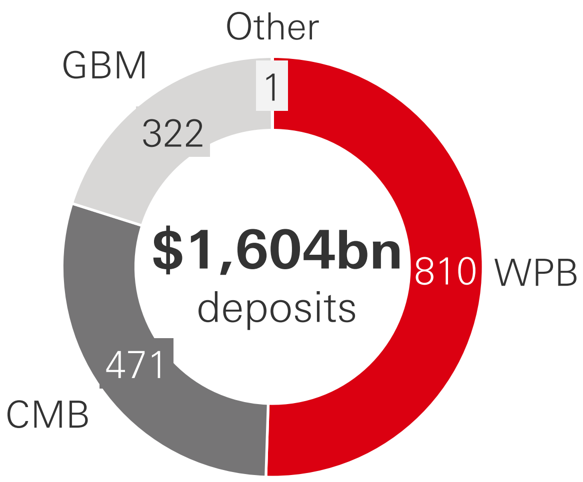
* Other includes increased investment in wealth in Asia, inflationary impacts and higher costs associated with volume growth. These were offset by flow through cost savings from the CTA programme
‡ The acquisition of SVB UK is expected to increase revenue by c.$0.4bn in FY23

# Customer deposits

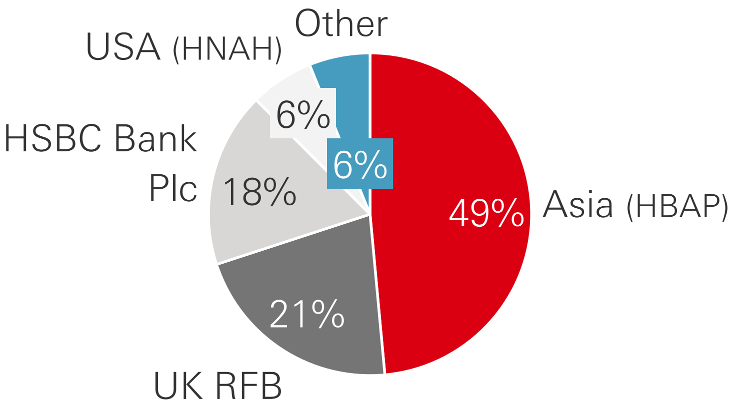
## Customer deposits trend, $bn



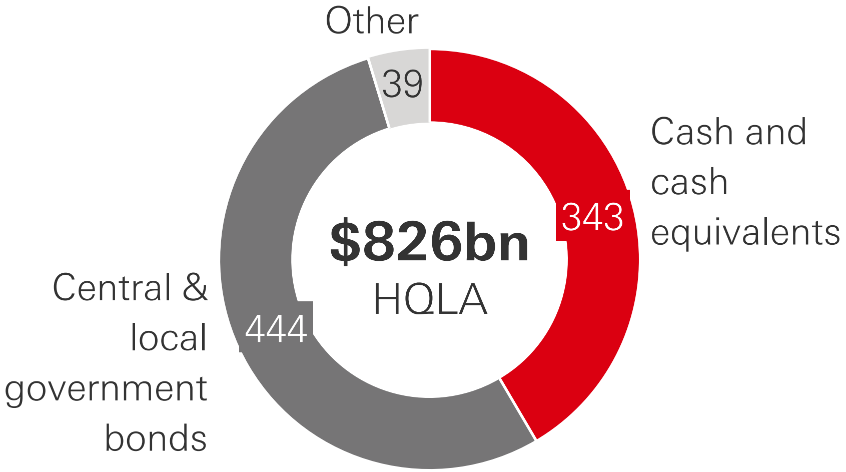

## Deposits by global business, $bn




## Customer deposits by key legal entity




## High quality liquid assets (HQLA)*, $bn

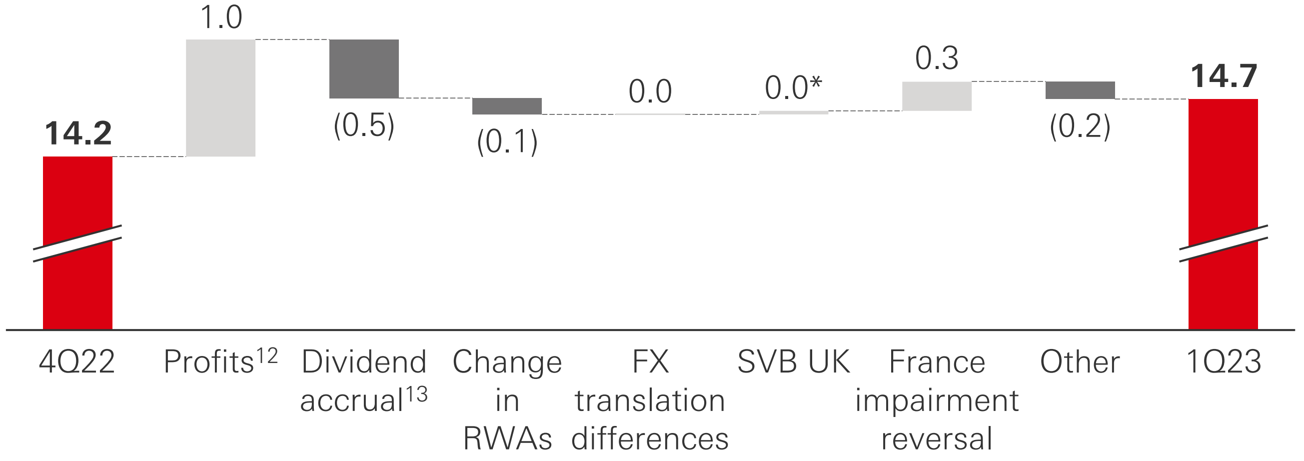



- **$1.6tn deposits**, **stable** vs. 4Q22
- Group HQLA is equivalent to **51%** of customer deposits
- Cash and cash equivalents makes up over **40%** of our HQLA with the vast majority of the remainder driven by held-to-collect-and-sell securities (HTC&S)
- Unrealised losses in our HTC portfolio of **$1.4bn**, down from $1.9bn at FY22[10]

* HQLA is the period end value before the application of the Group adjustment for restrictions on the transfer of entity liquidity around the Group. On a 12-month average basis for FY22 this was **$812bn**
1Q23 HQLA shown on this slide differs from the earnings release, which is a 12 month average after the impact of the above adjustment

# Capital adequacy

## CET1 ratio, %[11]




| | 4Q22 | Profits | Dividend accrual | Change in RWAs | FX translation differences | SVB UK | France impairment reversal | Other | 1Q23 |
|---|---|---|---|---|---|---|---|---|---|
| CET1, $bn | 119.3 | 7.6 | (3.9) | | 0.6 | 1.5 | 1.9 | (1.3) | 125.7 |
| RWAs, $bn | 839.7 | | | 1.7 | 3.4 | 9.6 | | | 854.4 |

## Capital progression[5]

| | 1Q23 | 4Q22 | 1Q22 |
|---|---|---|---|
| Common equity tier 1 capital, $bn | 126 | 119 | 121 |
| Risk-weighted assets, $bn | 854 | 840 | 862 |
| CET1 ratio, % | 14.7 | 14.2 | 14.1 |
| Leverage exposure, $bn | 2,486 | 2,417 | 2,533 |
| Leverage ratio, % | 5.8 | 5.8 | 5.7 |

- **CET1 ratio of 14.7%**, up 0.5ppts vs. 4Q22, driven by profit generation and includes a 0.25ppts impact from the part-reversal of France impairment
- **CET1 capital** increased by **$6.4bn**
- **RWAs up $14.7bn**, largely due to $9.6bn SVB UK RWAs and asset growth in sovereign exposures and retail lending. This was partially offset by a $7.7bn reduction in RWAs from a regulatory change in Hong Kong which reduced the risk weighting of residential mortgages
- **Our banking business in Canada** remains in held-for-sale. The transaction is now expected to complete in 1Q24 to ensure a smooth transition
  - We remain committed to consider the payment of a $0.21 per share special dividend as a priority use of proceeds, to be paid in 1H24
  - The remaining proceeds will accrue in CET1 capital and we intend to use excess capital to supplement future share buyback programmes
- We anticipate the share buyback of up to $2bn to impact the CET1 ratio by **c.25bps** in 2Q23
- First quarterly dividend since 2019 of **$0.10 per share**

* Increases the CET1 ratio by c.5bps

# Summary

1 Strong quarter with **PBT of $12.9bn**, including the effect of **$3.6bn** of revenue notable items

2 **$9bn NII**, stable vs. 4Q22, supported by our **core global deposit franchises**

3 **Continued cost discipline** with costs up 2% vs. 1Q22, relative to the FY23 3% cost target

4 **Low ECL charge** reflecting a benign credit environment

5 **Strong capital distributions**: returned to a quarterly dividend of **$0.10 per share**; **up to $2bn share buyback planned post AGM**, intention to complete in around 3 months[4]. Outlook positive for future distributions, including Canada proceeds

# Appendix

# Group guidance summary

| | | Guidance (to be reviewed at 1H23) |
|---|---|---|
| NII | | FY23 NII ≥$34bn on an IFRS 17 basis |
| Lending | | Cautious outlook on loan growth in the short term; expect mid-single digit percentage annual loan growth in the medium to long term |
| Costs | | Approximately 3% cost growth in FY23 vs. a FY22 cost target base of $29.6bn[9] (constant currency, excluding notable items, hyperinflation[2] and c.1% additional cost growth from our SVB UK acquisition and related international investments). Full reconciliation on slide 30 |
| ECL | | FY23 ECL charge of around 40bps[7]; through-the-cycle planning range of 30-40bps |
| RoTE | | Targeting 12%+ from FY23 |
| Asia as a % of Group TE[14] | | c.50% medium to long term[15] |
| Capital and distributions | CET1 | Manage in 14-14.5% target range in the medium term; aim to manage range down further longer term |
| | Dividends | Dividend payout ratio of 50% for 2023 and 2024[16] |

# Key financial metrics

| Reported results, $m | 1Q23 | 4Q22 | 1Q22 |
|---|---|---|---|
| NII | 8,959 | 8,986 | 6,475 |
| Other Income | 11,212 | 5,581 | 5,830 |
| **Revenue** | **20,171** | **14,567** | **12,305** |
| ECL | (432) | (1,430) | (639) |
| Costs | (7,586) | (8,781) | (8,178) |
| Associate income | 733 | 693 | 656 |
| **Profit before tax** | **12,886** | **5,049** | **4,144** |
| Tax | (1,860) | (388) | (712) |
| **Profit after tax** | **11,026** | **4,661** | **3,432** |
| Profit attributable to ordinary shareholders ('PAOS') | 10,327 | 4,378 | 2,755 |
| Basic EPS, $ | 0.52 | 0.22 | 0.14 |
| Diluted EPS, $ | 0.52 | 0.22 | 0.14 |
| DPS (in respect of the period), $ | 0.10 | 0.23 | — |
| Net interest margin (annualised), % | 1.69 | 1.68 | 1.19 |

| Reported balance sheet, $bn | 1Q23 | 4Q22 | 1Q22 |
|---|---|---|---|
| Total assets | 2,990 | 2,949 | 3,012 |
| Net loans and advances to customers | 963 | 924 | 1,054 |
| Customer accounts | 1,604 | 1,570 | 1,710 |
| Quarterly average interest-earning assets | 2,153 | 2,116 | 2,201 |
| Reported loan/deposit ratio, % | 60.1 | 58.8 | 61.7 |
| Ordinary shareholders' equity (NAV) | 171 | 158 | 165 |
| Tangible ordinary shareholders' equity (TNAV) | 159 | 147 | 154 |
| NAV per share, $ | 8.65 | 8.01 | 8.25 |
| TNAV per share, $ | 8.08 | 7.44 | 7.70 |

| Alternative performance measures, $m | 1Q23 | 4Q22 | 1Q22 |
|---|---|---|---|
| Constant currency NII | 8,959 | 9,086 | 6,088 |
| Constant currency other income | 11,212 | 5,757 | 5,484 |
| **Constant currency revenue** | **20,171** | **14,843** | **11,572** |
| Constant currency ECL | (432) | (1,455) | (632) |
| Constant currency costs | (7,586) | (8,958) | (7,712) |
| Constant currency associate income | 733 | 716 | 610 |
| **Constant currency profit before tax** | **12,886** | **5,146** | **3,838** |
| PAOS excl. goodwill and other intangible impairment | 10,345 | 4,433 | 2,759 |
| Return on average tangible equity (annualised), % | 27.4 | 12.3 | 7.2 |
| Return on average equity (annualised), % | 25.5 | 11.3 | 6.7 |
| Constant currency net loans and advances to customers, $bn | 963 | 932 | 1,018 |
| Constant currency customer accounts, $bn | 1,604 | 1,583 | 1,655 |
| Cost efficiency ratio, % | 38 | 60 | 67 |
| ECL charge as a % of average gross loans and advances to customers, annualised *(including held-for-sale balances)* | 0.18 *(0.17)* | 0.59 *(0.56)* | 0.25 *(0.25)* |

| Capital, leverage and liquidity[5] | 1Q23 | 4Q22 | 1Q22 |
|---|---|---|---|
| Risk-weighted assets, $bn | 854 | 840 | 862 |
| CET1 ratio, % | 14.7 | 14.2 | 14.1 |
| Total capital ratio (transitional), % | 19.8 | 19.3 | 19.2 |
| Leverage ratio, % | 5.8 | 5.8 | 5.7 |
| High-quality liquid assets (liquidity value), $bn* | 635 | 647 | 688 |
| Liquidity coverage ratio, % | 132 | 132 | 137 |

| Share count, m | 1Q23 | 4Q22 | 1Q22 |
|---|---|---|---|
| Basic number of ordinary shares outstanding | 19,736 | 19,739 | 19,968 |
| Basic number of ordinary shares outstanding and dilutive potential ordinary shares | 19,903 | 19,878 | 20,134 |
| Quarterly average basic number of ordinary shares outstanding | 19,724 | 19,738 | 20,024 |

* HQLA shown is after the application of an adjustment to reflect the restrictions on the transfer of entity liquidity around the Group. HQLA before the application of this adjustment is **$826bn as at 1Q23**

# Non-NII by business

| $m | | 1Q23 Fees | 1Q23 Other | 1Q23 Total | 4Q22 Fees | 4Q22 Other | 4Q22 Total | 1Q22 Fees | 1Q22 Other | 1Q22 Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **WPB** | Personal Banking | 293 | 15 | 308 | 316 | 10 | 326 | 298 | 13 | 311 |
| | Wealth Management | 1,003 | 580 | 1,583 | 891 | 507 | 1,398 | 1,054 | 414 | 1,468 |
| | *o/w Life insurance* | *41* | *343* | *384* | *31* | *311* | *342* | *43* | *254* | *297* |
| | Other | 19 | 2,082* | 2,101 | 36 | 49 | 85 | 30 | 109 | 139 |
| | **Total** | **1,315** | **2,677** | **3,992** | **1,243** | **566** | **1,809** | **1,382** | **536** | **1,918** |
| **CMB** | Global Trade & Receivables Finance (GTRF) | 262 | 4 | 266 | 228 | 3 | 231 | 257 | 5 | 262 |
| | Credit & Lending | 185 | 4 | 189 | 169 | (11) | 158 | 182 | 12 | 194 |
| | Global Payments Solutions (GPS) | 359 | 3 | 362 | 356 | 0 | 356 | 316 | 1 | 317 |
| | Other | 180 | 1,711‡ | 1,891 | 146 | 143 | 289 | 201 | 147 | 348 |
| | **Total** | **986** | **1,722** | **2,708** | **899** | **135** | **1,034** | **956** | **165** | **1,121** |
| **GBM** | Markets & Securities Services | 105 | 2,324 | 2,429 | 71 | 1,795 | 1,866 | 195 | 1,959 | 2,154 |
| | Banking | 624 | (16) | 608 | 528 | (77) | 451 | 627 | 31 | 658 |
| | *o/w GPS* | *161* | *1* | *162* | *167* | *1* | *168* | *159* | *0* | *159* |
| | *o/w Cap. Markets & Advisory* | *179* | *2* | *181* | *108* | *6* | *114* | *170* | *7* | *177* |
| | Other | (19) | (99) | (118) | 7 | (414) | (407) | (62) | 5 | (57) |
| | **Total** | **710** | **2,209** | **2,919** | **606** | **1,304** | **1,910** | **760** | **1,995** | **2,755** |
| *Memo item: total GPS non-NII* | | *520* | *4* | *524* | *523* | *1* | *524* | *475* | *1* | *476* |
| *Memo item: total GTRF non-NII* | | *373* | *4* | *377* | *334* | *4* | *338* | *363* | *5* | *368* |

* Inclusive of $2,021m part-reversal of impairment relating to planned sale of French retail business
‡ Inclusive of $1,511m provisional gain on acquisition of SVB UK

# Financial investments

## Debt financial investments revaluation movements*, $bn

| | 4Q22 | Change in quarter | 1Q23 |
|---|---|---|---|
| Hold-to-collect ('HTC') | (1.9) | 0.5 | (1.4) |
| Hold-to-collect and sell ('HTC&S') | (6.5) | 0.6 | (5.9) |

- Our Treasury debt securities portfolio has minimal unrealised losses in the hold-to-collect ('HTC') book. Excluding holdings for our insurance business which have been primarily reclassified out of HTC under IFRS 17, unrealised losses have fallen to **$1.4bn** as rates have declined[10]
- Mark-to-market moves in our hold-to-collect and sell ('HTC&S') book are taken directly through equity (via other comprehensive income) and CET1 as they materialise. These losses have fallen to $5.9bn
- Risk reduction measures have **lowered the HTC&S stressed value at risk** exposure of this portfolio from $3.6bn at the end of 2021 **to $2.2bn** at the end of 2022

* Excludes insurance

# Notable items (reported basis)

| $m | 1Q23 | 4Q22 | 3Q22 | 2Q22 | 1Q22 |
|---|---|---|---|---|---|
| **Revenue** | **3,577** | **(320)** | **(2,691)** | **(471)** | **(120)** |
| *o/w: Disposals, acquisitions and related costs* | *3,562* | *(71)* | *(2,378)* | *(288)* | — |
| *o/w: Fair value movements on financial instruments* | *15* | *35* | *(282)* | *(171)* | *(200)* |
| *o/w: Restructuring and other related costs* | — | *(284)* | *(31)* | *(12)* | *80* |
| **Costs** | **(61)** | **(1,169)** | **(691)** | **(589)** | **(451)** |
| *o/w: Disposals, acquisitions and related costs* | (61) | *(9)* | *(9)* | — | — |
| *o/w: Restructuring and other related costs* | — | *(1,160)* | *(682)* | *(589)* | *(451)* |
| **Total** | **3,516** | **(1,489)** | **(3,382)** | **(1,060)** | **(571)** |

*Memo: in 1Q23 there was a release of a $0.4bn uncertain tax provision relating to the UK*

# NII/NIM supplementary information

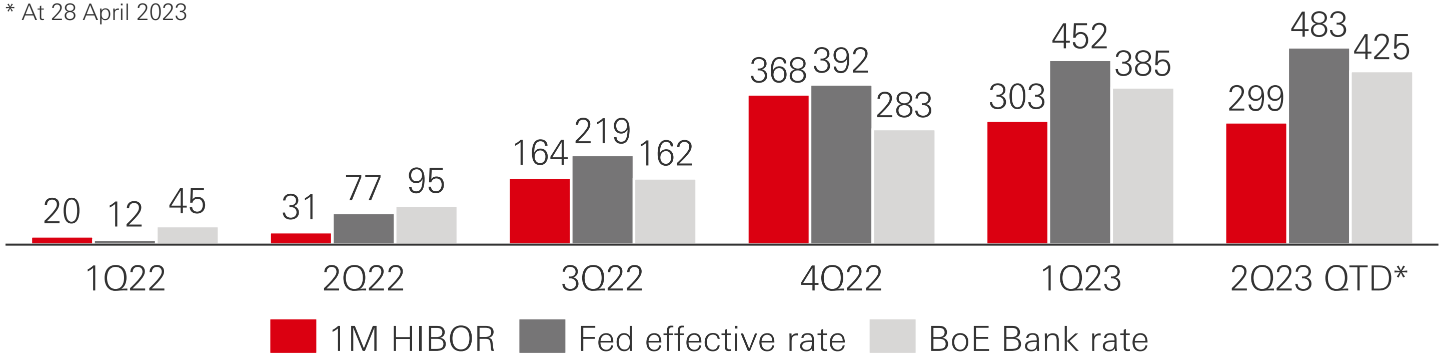
## Quarterly NIM by key legal entity

| | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 | % of 1Q23 Group NII | % of 1Q23 Group AIEA |
|---|---|---|---|---|---|---|---|
| The Hongkong and Shanghai Banking Corporation (HBAP) | 1.24% | 1.32% | 1.66% | 1.94% | 1.83% | 47% | 43% |
| HSBC Bank plc | 0.55% | 0.57% | 0.44% | 0.50% | 0.59% | 8% | 22% |
| HSBC UK Bank plc (UK RFB) | 1.63% | 1.77% | 1.99% | 2.19% | 2.33% | 25% | 18% |
| HSBC North America Holdings, Inc | 0.90% | 1.05% | 1.16% | 1.16% | 1.15% | 5% | 8% |

- We continue to further reduce NII sensitivity to downside interest rate risk through increased hedging

## Key rates (quarter averages), bps

Source: Bloomberg
* At 28 April 2023




## Reported NII trend IFRS 4 and IFRS 17, $bn

| | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 |
|---|---|---|---|---|---|
| **IFRS 4 NII** | **7.0** | **7.5** | **8.6** | **9.6** | — |
| *o/w insurance* | *0.6* | *0.6* | *0.7* | *0.7* | — |
| **IFRS 17 NII** | **6.5** | **6.9** | **8.0** | **9.0** | **9.0** |
| *o/w insurance* | *0.1* | *0.1* | *0.1* | *0.1* | *0.1* |

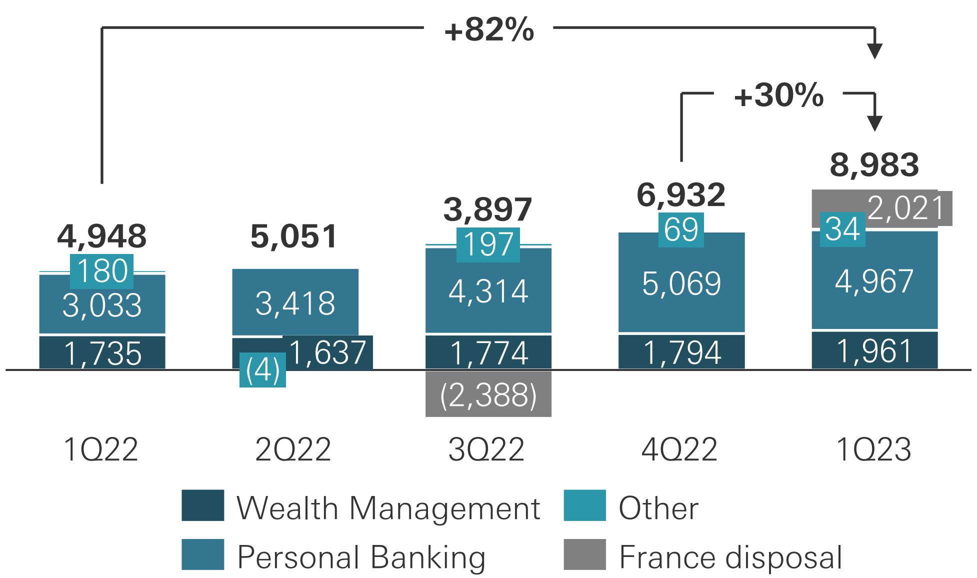
- Under IFRS 4, FY22 insurance NII was $2.6bn. Following the implementation of IFRS 17 and the reclassification of assets backing policyholder liabilities, insurance NII has fallen to c.$0.1bn per quarter, primarily NII on shareholder assets
- FY22 insurance AIEAs under IFRS 4 were $73bn and were $19bn at 1Q23 under IFRS 17

# Wealth and Personal Banking

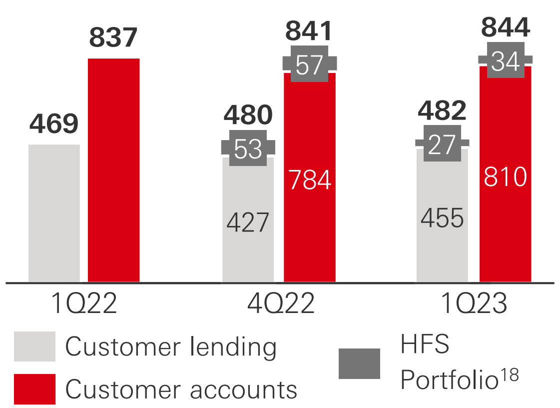
## 1Q23 financial highlights

| | | | |
|---|---|---|---|
| Revenue | $9.0bn | ▲ | 82% (1Q22: $4.9bn) |
| ECL | $(0.2)bn | ▼ | 27% (1Q22: $(0.3)bn) |
| Costs | $(3.5)bn | ▼ | 1% (1Q22: $(3.5)bn) |
| PBT | $5.3bn | ▲ | >100% (1Q22: $1.1bn) |
| RoTE*, 17 | 50.2% | ▲ | 39.9ppts (1Q22: 10.3%) |

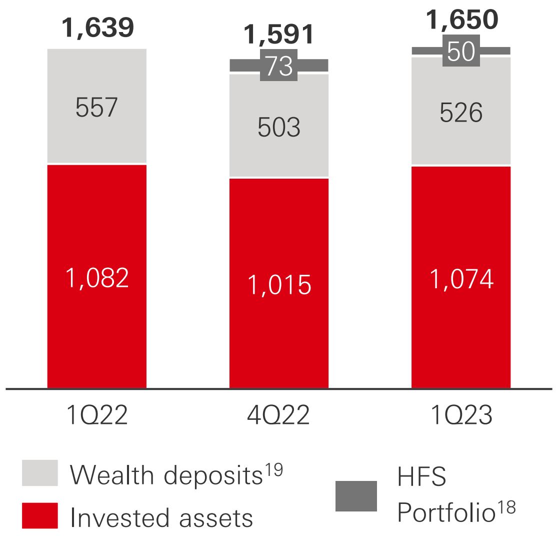
## Revenue performance, $m




## Balance sheet, $bn




## Reported Wealth Balances, $bn




## 1Q23 vs. 1Q22

- **Revenue** up $4.0bn (82%), of which $2.0bn relates to the France impairment part-reversal. Personal Banking up $1.9bn (64%) primarily due to rate rises and balance sheet growth in the UK RFB, HBAP, Mexico and the Middle East. Wealth up $226m due to higher Private Banking, Insurance and Asset Management revenue
- **Customer lending and accounts** were each down 3% due to HFS transfers. Excluding the impact of HFS:
  - Lending up $13bn (3%) including mortgage growth of $11bn ($7bn UK, $3bn HBAP) and unsecured lending growth of $4bn ($2bn HBAP, $1bn Mexico), partially offset by the closure of the John Lewis portfolio ($1bn)
  - Deposits up $7bn (1%) with growth particularly in HBAP, Mexico and the Middle East
- **Wealth balances** down 2%. Excl. HFS impact, balances remain stable. NNIA of $93bn since 1Q22 and wealth deposit growth of $7bn was offset by lower market levels and adverse FX impacts of $89bn

## 1Q23 vs. 4Q22

- **Revenue** up $2.1bn (of which $2.0bn France impairment part-reversal). Personal Banking down $0.1bn (2%), primarily due to term deposit migration in Asia. Wealth up $0.2bn with higher mutual fund sales in investment distribution and Private Banking
- **Customer lending and accounts** excl. impact of HFS remain broadly stable
- **Wealth balances** up 5%. Excl. HFS impact, up $58bn (4%) due to NNIA of $22bn, wealth deposit growth of $4bn and higher market levels and favourable FX impacts of $32bn

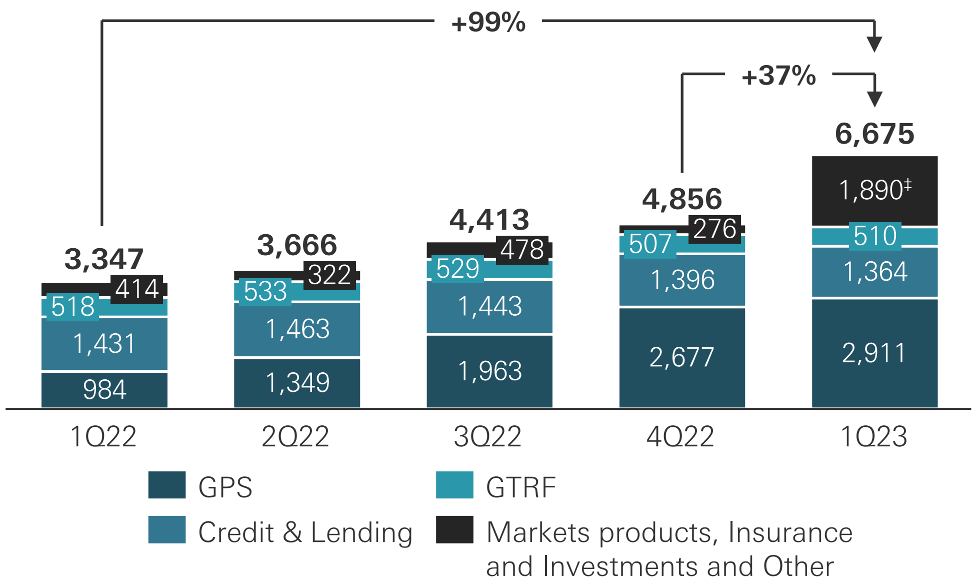
* RoTE (annualised) in 1Q23 included a 21.3 percentage point favourable impact of the part-reversal of the impairment losses relating to the planned sale of our retail banking operations in France

# Commercial Banking

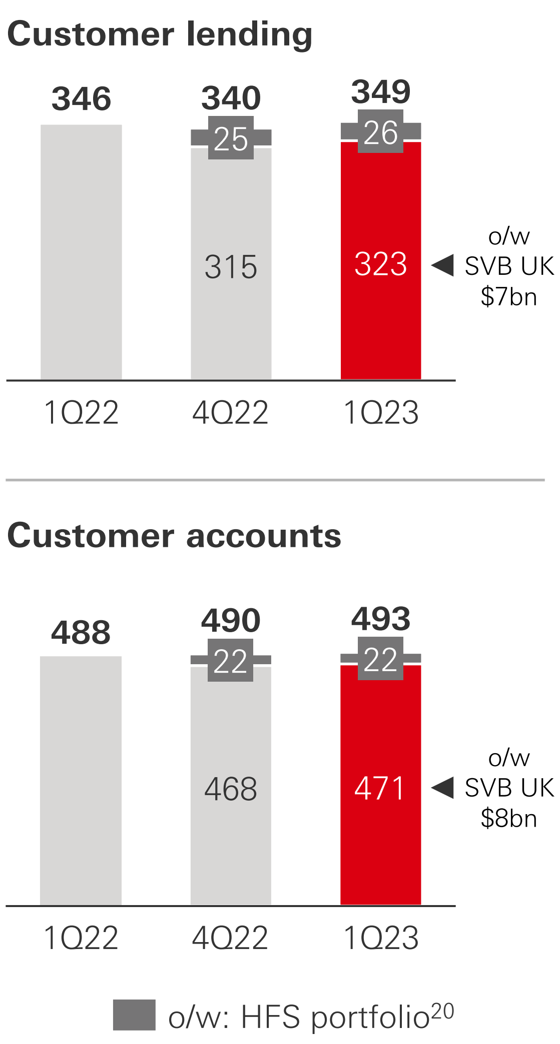
## 1Q23 financial highlights

| | | | |
|---|---|---|---|
| Revenue | $6.7bn | ▲ | 99% (1Q22: $3.3bn) |
| ECL | $(0.2)bn | ▲ | >(100)% (1Q22: $0.0bn) |
| Costs | $(1.7)bn | ▲ | (2)% (1Q22: $(1.7)bn) |
| PBT | $4.8bn | ▲ | >100% (1Q22: $1.7bn) |
| RoTE*, 17 | 36.1% | ▲ | 24.1ppts (1Q22: 12.0%) |

## Revenue performance, $m




## Balance sheet, $bn




## 1Q23 vs. 1Q22

- **Revenue** up $3.3bn (99%) with double digit growth across all our main legal entities, notably in the UK RFB and Asia. The key drivers were a $1.9bn increase in GPS due to interest rates and fee growth and a $1.5bn provisional gain on the SVB UK acquisition. This was partly offset by lower Credit & Lending due to higher funding costs, notably in HBAP and HSBC Bank plc
- **Customer lending and accounts** of $323bn and $471bn were down 7% and 3% respectively due to Canada HFS transfer, partly offset by the SVB UK acquisition. Excluding these:
  - Lending down $4bn (1%), mainly driven by reductions in Hong Kong, partly offset by a transfer of GBM clients into CMB in Australia and Indonesia
  - Deposits down $3bn (1%), driven by market wide reductions in the UK, partly offset by growth in HBAP outside Hong Kong

## 1Q23 vs. 4Q22

- **Revenue** up $1.8bn (37%). Growth was largely in our main legal entities in the UK, Asia and Europe and was driven by the $1.5bn provisional gain on the SVB UK acquisition, higher GPS revenue and higher fees across all products
- **Customer lending and accounts** are up 3% and up 1% respectively. Excluding SVB UK balances:
  - Lending broadly stable
  - Deposits down $6bn (1%) with reductions in the UK RFB and HSBC Bank plc, mainly reflecting seasonal trends

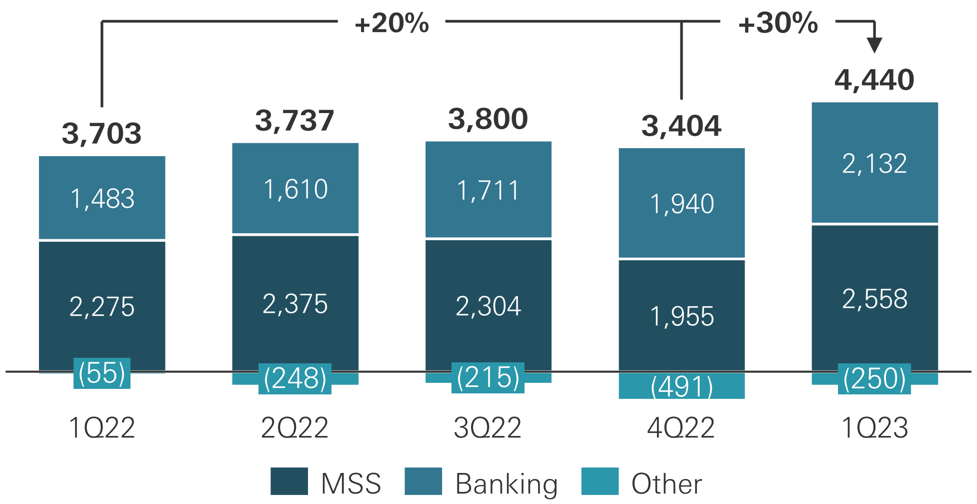
* RoTE (annualised) in 1Q23 included a 13.3 percentage point favourable impact of the provisional gain on the acquisition of SVB UK
‡ o/w $1.5bn provisional gain on acquisition of SVB UK

# Global Banking and Markets

## 1Q23 financial highlights

| | | | |
|---|---|---|---|
| Revenue | $4.4bn | ▲ | 20% (1Q22: $3.7bn) |
| ECL | $(0.0)bn | ▼ | 89% (1Q22: $(0.3)bn) |
| Costs | $(2.4)bn | ▲ | 2% (1Q22: $(2.3)bn) |
| PBT | $2.0bn | ▲ | 86% (1Q22: $1.1bn) |
| RoTE[17] | 15.5% | ▲ | 6.8ppts (1Q22: 8.7%) |

## Revenue performance, $m




## Management view of revenue

| $m | 1Q23 | Δ1Q22 |
|---|---|---|
| **MSS** | **2,558** | **12%** |
| Securities Services | 585 | 27% |
| Global Debt Markets | 350 | 78% |
| Global FX | 1,219 | 20% |
| Equities | 143 | (64)% |
| Securities Financing | 261 | 24% |
| XVAs | 0 | 100% |
| **Banking** | **2,132** | **44%** |
| GTRF | 179 | 9% |
| GPS | 1,075 | >100% |
| Credit & Lending | 498 | (8)% |
| Capital Markets & Advisory | 306 | 11% |
| Other | 74 | 76% |
| **GBM Other** | **(250)** | **>(100)%** |
| Principal Investments | (4) | >(100)% |
| Other | (246) | >(100)% |
| **Net operating income** | **4,440** | **20%** |

## Key indicators

| | 1Q23 | Δ1Q22 |
|---|---|---|
| Cost-income ratio, % | 53 | (9)ppts |
| Gross Capital Markets and Advisory revenue[21], $m | 483 | 4% |
| Customer lending[22], $bn | 184 | (9)% |
| Customer deposits, $bn* | 322 | (2)% |
| Assets under custody, $tn | 8.7 | (8)% |
| RWAs, $bn | 225 | (2)% |

## 1Q23 vs. 1Q22

- **Revenue** of $4.4bn, up $0.7bn (20%)
- MSS revenue of $2.6bn, up $0.3bn (12%):
  - Global Debt Markets up 78% vs. 1Q22 due to a strong trading performance and the challenging market conditions in 1Q22
  - Global FX up due to client hedging activity driven by inflation and interest rate expectations
  - Equities down due to reduced volatility which resulted in lower client volumes, largely in derivatives
  - Securities Services up 27% due to interest rate rises, partially offset by reduced fees from lower market levels
- Banking revenue of $2.1bn, up $0.6bn (44%):
  - GPS up >100% due to higher interest rates
  - Capital Markets, which includes Issuer Services, up marginally year on year
  - Credit and Lending down 8% largely due to continued balance sheet discipline

## 1Q23 vs. 4Q22

- **Revenue** up $1.0bn (30%):
  - Higher Global FX related to client activity and trading performance
  - Global Debt Markets, up >100%, due to client activity across primary and secondary markets
  - Capital Markets and Advisory up >100% due to higher investor and issuer demand for most of the quarter

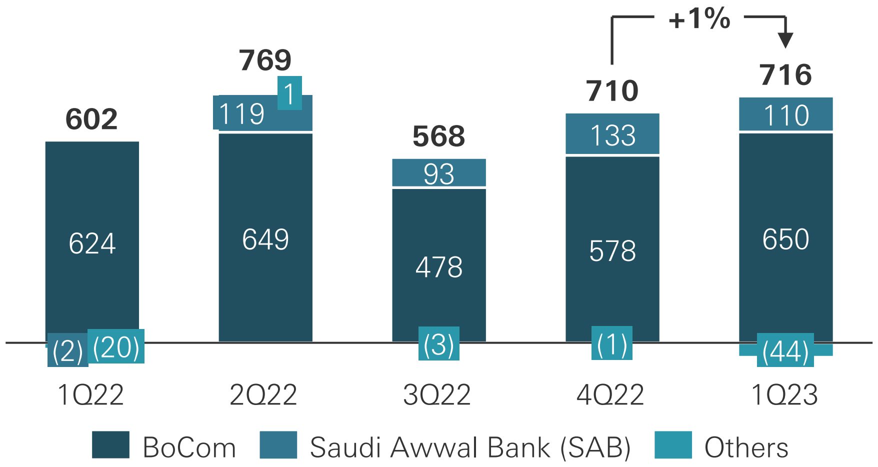
* Between 4Q22 and 1Q23, $4.3bn deposits were transferred from GBM to CMB in Australia and Indonesia. At 1Q23, $4.9bn GBM balances were in held-for-sale relating to Canada

# Corporate Centre

## 1Q23 financial highlights

| | | | |
|---|---|---|---|
| Revenue | **$73m** | ▲ | >100% (1Q22: $(426)m) |
| ECL | **$(3)m** | ▲ | (50)% (1Q22: $(2)m) |
| Costs | **$(23)m** | ▼ | 89% (1Q22: $(206)m) |
| Associates | **$716m** | ▲ | 19% (1Q22: $602m) |
| PBT | **$763m** | ▲ | >100% (1Q22: $(32)m) |
| RoTE[17] | **11.1%** | ▲ | 13.0ppts (1Q22: (1.9)%) |

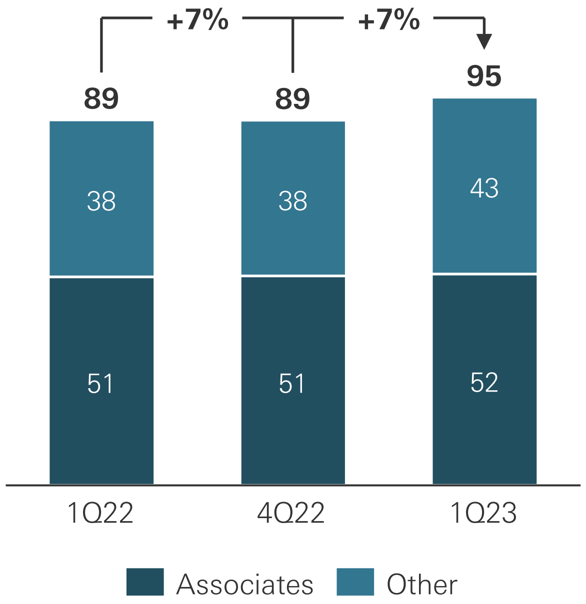
## Associate income detail, $m




## Revenue performance, $m

| | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 |
|---|---|---|---|---|---|
| Central Treasury | (189) | (189) | (352) | (12) | 101 |
| Legacy Portfolios | (19) | 24 | (7) | (170) | (2) |
| Other | (218) | (349) | (240) | (167) | (26) |
| **Total** | **(426)** | **(514)** | **(599)** | **(349)** | **73** |
| *Not included in Corporate Centre revenue: Markets Treasury revenue allocated to global businesses* | 472 | 354 | 349 | 298 | 243 |

## RWAs, $bn




## 1Q23 vs. 1Q22

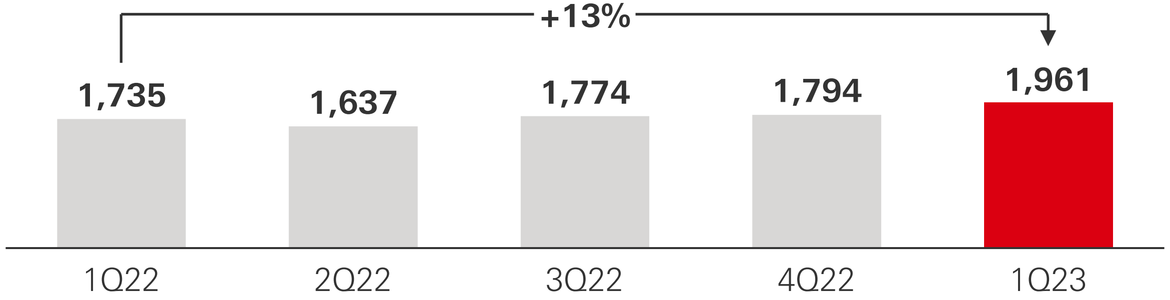
- **Revenue** up $499m, primarily in Central Treasury reflecting the non-recurrence of adverse FV movements on non-qualifying hedges in 1Q22, partly offset by adverse FV moves on FX hedges relating to the planned sale of our Canada business
- **RWAs** up $6bn (7%), including on FX hedges related to the planned sale of our banking business in Canada, partly offset by lower structural FX RWAs

## 1Q23 vs. 4Q22

- **Revenue** up $422m, primarily due to the non-recurrence of disposal losses on legacy portfolios, favourable valuation differences in 1Q23 and transactional FX-related valuation gains
- **RWAs** up $6bn (7%), including on FX hedges related to the planned sale of our banking business in Canada and higher structural FX RWAs

# Wealth and insurance

## Wealth revenue, $m




## Life insurance reported income statement, $m

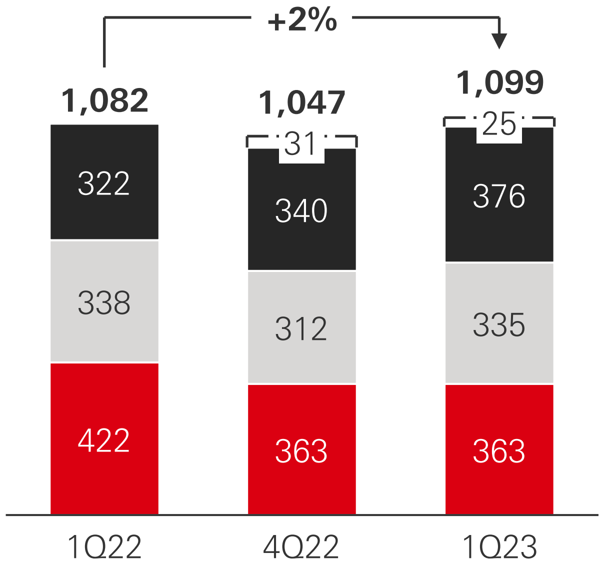
| | 1H22 | 2H22 | FY22 |
|---|---|---|---|
| Revenue | 659 | 697 | 1,356 |
| ECL | (4) | (5) | (9) |
| Operating expenses | (363) | (401) | (764) |
| Associates | 4 | 14 | 18 |
| **PBT** | **296** | **305** | **601** |

Quarterly reported life insurance revenue: 1Q22 $392m; 2Q22 $267m; 3Q22 $278m; 4Q22 $419m; 1Q23 $448m

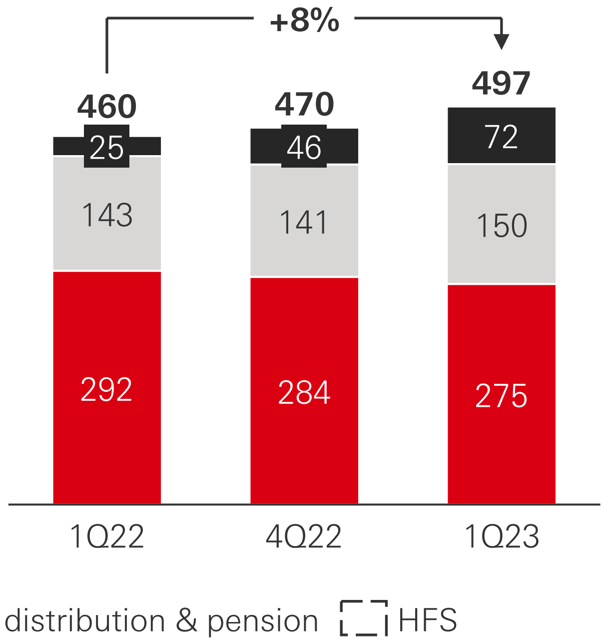
- **1Q23 revenue** was up **14%** on 1Q22 with improvements in CSM release and positive market conditions benefiting the net investment margin
- **New business CSM** in 1Q23 of $0.4bn was **up $0.1bn** vs. 1Q22 due to the opening of the border between mainland China and Hong Kong and new product launches. ANP of $0.9bn was **up $0.2bn (35%)**

## Reported invested assets, $bn

### Global



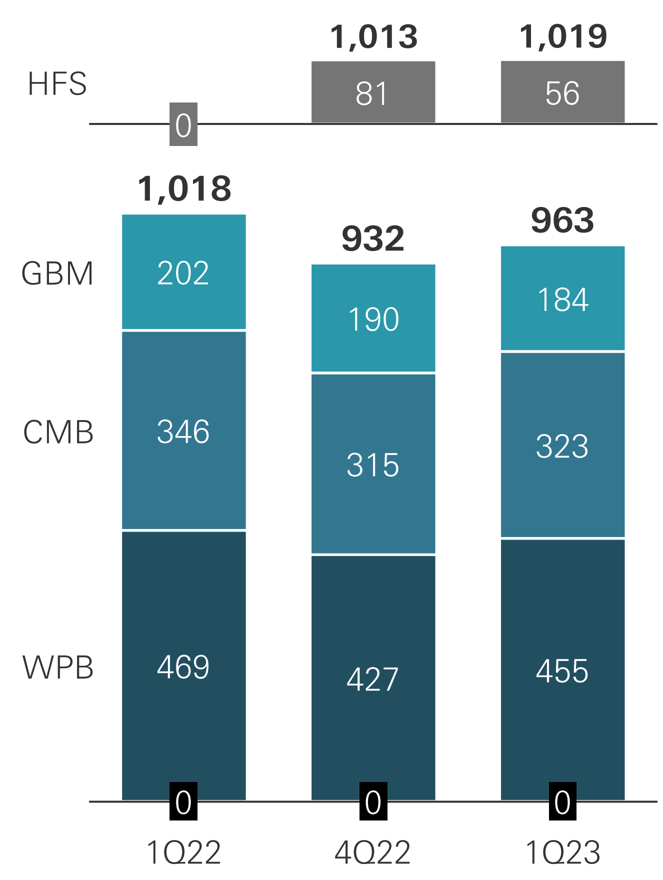

### Asia (HBAP)




- Global reported invested assets stable vs. 1Q22. Up 2% excluding the impact of held-for sale balances, driven by **$93bn NNIA** over the last 12 months (**$22bn** in 1Q23) which offset the lower market levels and adverse FX impact ($76bn)
- HBAP reported invested assets **grew by 8%** vs. 1Q22 driven by **$66bn NNIA** over the last 12 months (**$14bn** in 1Q23) which offset the lower market levels ($29bn)

# Balance sheet – customer lending

## Balances by global business, $bn



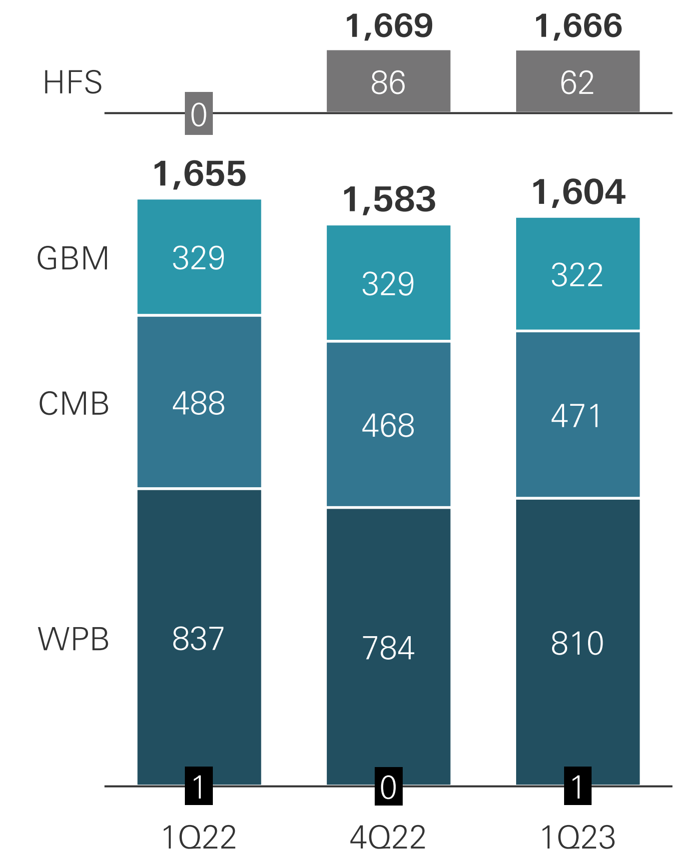

## Balances by entity

| | | Growth since 4Q22 |
|---|---|---|
| Asia (HBAP) | $469bn | $(3)bn (1)% |
| *o/w: Hong Kong* | $291bn | $(2)bn (1)% |
| UK RFB (HBUK) | $259bn | $6bn 2% (o/w: SVB UK $7bn) |
| HSBC Bank plc (HBEU) | $118bn | $29bn 33% (o/w: France retail $25bn) |
| USA (HNAH) | $54bn | $0bn 0% |
| Mexico (HBMX) | $23bn | $1bn 3% |
| HSBC Middle East (HBME) | $19bn | $(1)bn (5)% |
| Other[8] | $22bn | $(0)bn (0)% |
| **Total** | **$963bn** | **$32bn** 3% |

- **Customer lending of $963bn up $32bn (3%)** vs 4Q22**.** Excluding the reclassification of French retail balances from HFS and balances acquired from SVB UK, lending stable
- **WPB** up $28bn (7%), primarily due to $25bn of French retail balances being reclassified from held for sale
- **CMB** up $8bn (3%), mainly due to $7bn balances from SVB UK. Excluding this, lending was broadly stable
- **GBM** down $6bn (3%), reflecting $4bn loans moved to CMB in Australia and Indonesia

# Balance sheet – customer accounts

## Balances by global business, $bn




## Balances by entity

| Entity | Balance | Growth since 4Q22 |
|---|---|---|
| Asia (HBAP) | **$779bn** | **$(2)bn** (0)% |
| *o/w: Hong Kong* | **$533bn** | **$(6)bn** (1)% |
| UK RFB (HBUK) | **$344bn** | **$(1)bn** 0%; o/w: SVB UK $8bn |
| HSBC Bank plc (HBEU) | **$282bn** | **$23bn** 9%; o/w: France retail $23bn |
| USA (HNAH) | **$102bn** | **$1bn** 1% |
| Mexico (HBMX) | **$27bn** | **$(0)bn** (4)% |
| HSBC Middle East (HBME) | **$31bn** | **$1bn** 4% |
| Other[8] | **$40bn** | **$1bn** 2% |
| **Total** | **$1,604bn** | **$21bn** 1% |

- **Customer accounts of $1,604bn**, **up $21bn (1%)** vs 4Q22. Excluding the reclassification of France balances from HFS and balances from SVB UK, stable (down 0.6%) as clients have reduced excess balances
- **WPB** up $25bn (3%) primarily due to $23bn of French retail balances being reclassified from held for sale
- **CMB** up $3bn (1%), mainly due to SVB UK acquisition[23]. Excluding this, balances down $6bn, mainly reflecting seasonal trends in the UK RFB and HSBC Bank plc
- **GBM** down $7bn (2%), including $4bn deposits transferred to CMB
- **Average GPS balances** of $733bn were down $15bn vs. 4Q22, partly reflecting seasonality (down $19bn vs. 1Q22)
- Time deposits are **25%** of our Hong Kong deposit base, up 3ppts vs. 4Q22 (HSBC Hong Kong: 22%, up 4ppts; Hang Seng Bank: 35%, up 1ppt)

# 1Q23 vs. 4Q22 equity drivers

| | Shareholders' equity, $bn | Tangible equity, $bn | TNAV per share, $ | Basic number of ordinary shares, millions |
|---|---|---|---|---|
| **IFRS 4 at 31 December 2022** | **187.5** | **149.4** | **7.57** | **19,739** |
| **IFRS 17 transition impact** | (9.7) | (2.5) | (0.13) | — |
| **At 31 December 2022** | **177.8** | **146.9** | **7.44** | **19,739** |
| **Profit attributable to:** | 10.7 | 10.7 | 0.54 | — |
| *Ordinary shareholders*[24] | 10.3 | 10.7 | 0.54 | — |
| *Other equity holders* | 0.4 | — | — | — |
| Dividends | (0.4) | — | — | — |
| *On ordinary shares* | — | — | — | — |
| *On other equity instruments* | (0.4) | — | — | — |
| FX[24] | 0.9 | 0.8 | 0.04 | — |
| Actuarial gains/(losses) on defined benefit plans | 0.3 | 0.3 | 0.01 | — |
| Cash flow hedge reserves | 0.8 | 0.8 | 0.04 | — |
| Fair value movements through 'Other Comprehensive Income' | 0.6 | 0.6 | 0.03 | — |
| *Of which: changes in fair value arising from changes in own credit risk* | (0.0) | (0.0) | — | — |
| *Of which: Debt and Equity instruments at fair value through OCI* | 0.6 | 0.6 | 0.03 | — |
| Other[24] | (0.6) | (0.6) | (0.02) | (3) |
| **At 31 March 2023** | **190.1** | **159.5** | **8.08** | **19,736** |

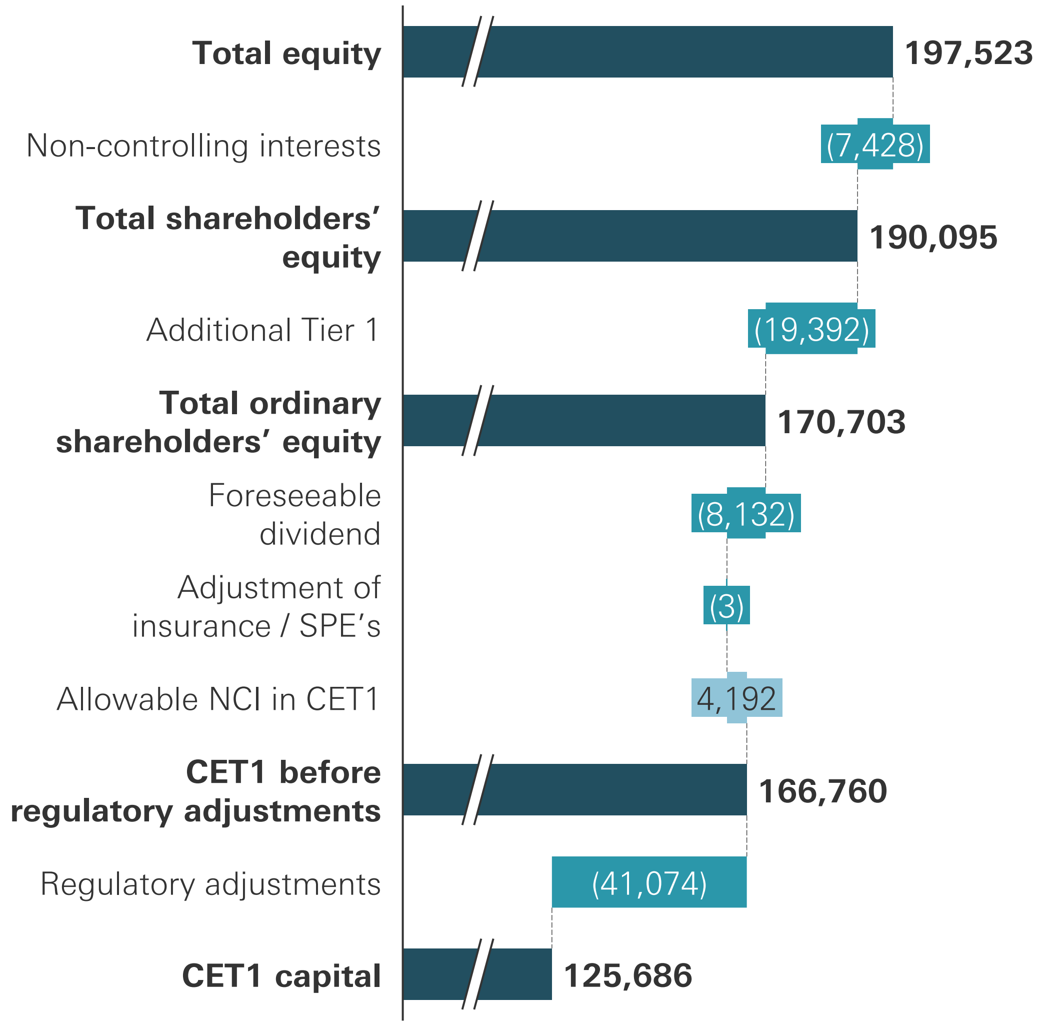
- Average basic number of shares outstanding during 1Q23: 19,724
- **1Q23 TNAV per share increased by $0.64** to $8.08 per share, mainly due to higher profits

$8.01 on a fully diluted basis

19,903 million on a fully diluted basis

# Total shareholders' equity to CET1 capital

## Total equity to CET1 capital, at 31 March 2023, $m




## Total equity to CET1 capital walk[5], $m

| | 1Q23 IFRS 17 | 4Q22 IFRS 17* | 4Q22 IFRS 4 |
|---|---|---|---|
| **Total equity (per balance sheet)** | **197,523** | **185,197** | **196,028** |
| Non-controlling interests | (7,428) | (7,364) | (8,544) |
| **Total shareholders' equity** | **190,095** | **177,833** | **187,484** |
| Additional Tier 1 | (19,392) | (19,746) | (19,746) |
| **Total ordinary shareholders' equity** | **170,703** | **158,087** | **167,738** |
| Foreseeable dividend | (8,132) | (4,436) | (4,436) |
| Adjustment for insurance / SPE's[25] | (3) | (3) | (3) |
| Allowable NCI in CET1 | 4,192 | 4,444 | 4,444 |
| **CET1 before regulatory adjustments** | **166,760** | **158,092** | **167,743** |
| Prudential valuation adjustment | (1,147) | (1,171) | (1,171) |
| Intangible assets | (12,593) | (12,141) | (12,141) |
| Deferred tax asset deduction | (4,343) | (4,235) | (4,235) |
| Cash flow hedge adjustment | 2,904 | 3,601 | 3,601 |
| Excess of expected loss | (1,618) | (1,248) | (1,248) |
| Own credit spread and debit valuation adjustment | (369) | (412) | (412) |
| Defined benefit pension fund assets | (5,948) | (5,448) | (5,448) |
| Direct and indirect holdings of CET1 instruments | (40) | (40) | (40) |
| Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant) | (720) | (220) | (220) |
| Threshold deductions | (17,200) | (17,487) | (27,138) |
| **Regulatory adjustments** | **(41,074)** | **(38,801)** | **(48,452)** |
| **CET1 capital** | **125,686** | **119,291** | **119,291** |

* The overall impact of IFRS17 on CET1 capital is nil since its impact on total shareholders' equity has an offset with threshold deductions

# Reconciliations

## Reconciliation of reported costs to FY23 cost target basis

| $m | 1Q23 | 1Q22 | FY22 |
|---|---|---|---|
| **Reported** | **7,586** | **8,178** | **32,701** |
| Currency impact* | — | (466) | (480) |
| **Constant currency** | **7,586** | **7,712** | **32,221** |
| Notable items | (61) | (451) | (2,900) |
| FX impact on notable items* | — | 31 | 4 |
| Hyperinflation[2] | — | 59 | 235 |
| SVB UK and related investments | — | — | — |
| **Target basis** | **7,525** | **7,351** | **29,560** |

## FY22 IFRS 4 and IFRS 17

| $m | FY22, IFRS 4 reported | IFRS 17 adjustment | FY22, IFRS 17 reported |
|---|---|---|---|
| NII | 32,610 | (2,233) | 30,377 |
| Non-NII | 19,117 | 1,126 | 20,243 |
| **Revenue** | **51,727** | **(1,107)** | **50,620** |
| Costs | (33,330) | (629) | (32,701) |
| **PBT** | **17,528** | **(470)** | **17,058** |
| NIM, % | 1.48 | (6)bps | 1.42 |
| AIEA, $bn | 2,204 | (60) | 2,144 |

* 1Q22 at 1Q23 average FX rates; 2Q22 to 4Q22 at March 2023 average FX rates

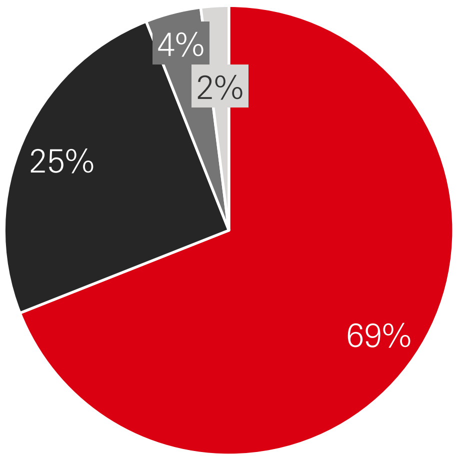
# CRE exposures (data as at FY22)

## Commercial real estate exposure, $m[26]

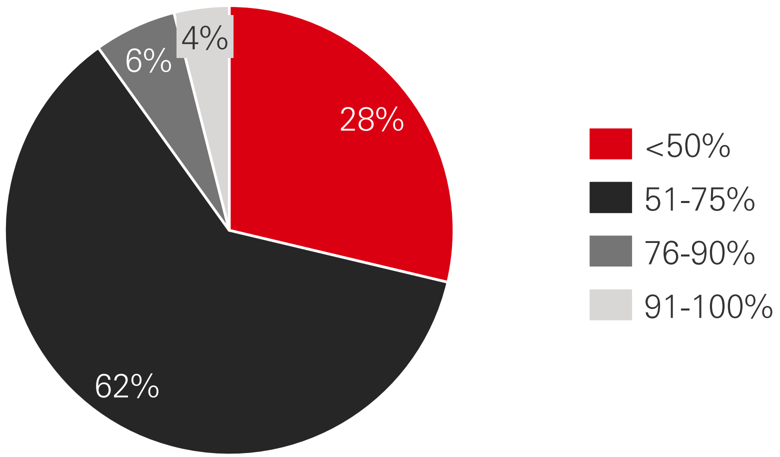
| | Asia | *o/w HK* | Europe | *o/w UK* | NAM* | LATAM | MENA | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross loans and advances** | **66,433** | *50,103* | **21,888** | *16,044* | **5,415** | **978** | **1,765** | **96,479** |
| o/w stage 1 | 46,757 | *35,963* | 17,318 | *12,209* | 2,109 | 880 | 1,115 | 68,179 |
| o/w stage 2 | 16,337 | *11,092* | 3,590 | *3,008* | 3,298 | 44 | 364 | 23,633 |
| o/w stage 3 | 3,339 | *3,048* | 980 | *827* | 8 | 54 | 286 | 4,667 |
| **Stage 3 as a % of loans** | **5.0** | *6.1* | **4.5** | *5.2* | **0.0** | **5.5** | **16.2** | **4.8** |

## LTV analysis (fully collateralised exposure)[27]

### Hong Kong




### UK




- Exposure in North America of **$5.4bn**, **down 25%** vs. 2020 (4Q20: $7.7bn) as a result of de-risking actions
- In more developed markets such as the UK and Hong Kong, our exposure mainly comprises the financing of investment assets, the redevelopment of existing stock and the augmentation of both commercial and residential markets to support economic and population growth
- Hong Kong exposure includes exposure to mainland China CRE of **$9.4bn**, which accounts for $1.7bn of the $3.0bn stage 3 exposure
- In less developed commercial real estate markets, our exposures comprise lending for development assets on relatively short tenors with a particular focus on supporting larger, better capitalised developers involved in residential construction or assets supporting economic expansion

* CRE in North America (NAM) relates to exposure in the USA and Bermuda only given Canada is classified as held-for-sale. During 1Q23, we aligned the classification of CRE across the Group and re-presented NAM CRE exposure at 4Q22 as $5.4bn (previously reported as $2.3bn), which has a corresponding ECL charge of $0.1bn

# Supplementary information

## Reported PBT by legal entity, $m

| | 1Q23 | 4Q22 | 1Q22 |
|---|---|---|---|
| HSBC UK Bank plc **(HBUK)** | 3,131 | 1,140 | 1,170 |
| HSBC Bank plc **(HBEU)** | 2,714 | (356) | (23) |
| The Hongkong and Shanghai Banking Corporation Limited **(HBAP)** | 5,849 | 3,753 | 2,765 |
| HSBC Bank Middle East Limited **(HBME)** | 377 | 179 | 182 |
| HSBC North America Holdings Inc. **(HNAH)** | 307 | 84 | 310 |
| HSBC Bank Canada **(HBCA)** | 239 | 219 | 231 |
| Grupo Financiero HSBC, S.A. de C.V. **(HBMX)** | 215 | 140 | 113 |
| Other trading entities[8] | 493 | 438 | 262 |
| – *of which: other Middle East entities (Oman, Türkiye, Egypt, Saudi Arabia)* | *139* | *150* | *210* |
| – *of which: Saudi Awwal Bank* | *110* | *133* | *(2)* |
| Holding companies, shared service centres and intra-group eliminations | (439) | (548) | (866) |
| **Total** | **12,886** | **5,049** | **4,144** |

## Middle East and North Africa

The following tables show the results of our Middle East and North Africa business operations on a regional basis (including results of all the legal entities operating in the region and our share of the results of Saudi Awwal Bank) and by global business

| Regional performance, $m | 1Q23 | 4Q22 | 1Q22 |
|---|---|---|---|
| Revenue | 899 | 810 | 724 |
| ECL | (8) | (35) | 43 |
| Operating expenses | (374) | (449) | (380) |
| Share of profit/(loss) from associates and joint ventures | 110 | 133 | (2) |
| **Profit before tax** | **627** | **459** | **385** |
| Loans and advances to customers (net) | 25,160 | 26,475 | 26,708 |
| Customer accounts | 45,830 | 43,933 | 43,873 |

| Profit before tax by global business, $m | 1Q23 | 4Q22 | 1Q22 |
|---|---|---|---|
| Wealth and Personal Banking | 141 | 91 | 48 |
| Commercial Banking | 119 | 69 | 95 |
| Global Banking and Markets | 296 | 201 | 268 |
| Corporate Centre | 71 | 98 | (25) |
| **Total** | **627** | **459** | **386** |

# Glossary

| | |
|---|---|
| AGM | Annual General Meeting |
| AIEA | Average interest earning assets |
| ANP | Annualised new business premiums |
| AT1 | Additional Tier 1 |
| BoCom | Bank of Communications Co. Limited, an associate of HSBC |
| Bps | Basis points. One basis point is equal to one-hundredth of a percentage point |
| CET1 | Common Equity Tier 1 |
| Corporate Centre (CC) | 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 |
| CSM | Contractual Service Margin, a component of the carrying amount of a group of insurance contract assets or liabilities which represents the unearned profit which the Group will recognise as it provides insurance contract services under the insurance contracts in the Group |
| CRE | Commercial Real Estate |
| CTA | Costs to achieve |
| DPS | Dividend per share |
| 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 |
| EPS | Earnings per share |
| 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 |
| GTRF | Global Trade and Receivables Finance |
| HFS | Held-for-sale |
| HQLA | High-quality liquid assets |
| HTC&S | Hold to collect and sell |
| IFRS | International Financial Reporting Standard |
| IFRS 4 | IFRS 4 'Insurance Contracts' |
| IFRS 17 | IFRS 17 'Insurance Contracts' |
| LTV | Loan to value |
| MENA | Middle East and North Africa, including Türkiye |
| MSS | Markets and Securities Services |
| NAV | Net asset value |
| NBFI | Non-bank financial institution |
| NCI | Non-controlling interests |
| NIM | Net interest margin |
| NNIA | Net new invested assets |
| OCI | Other Comprehensive Income |
| PAOS | Profit attributable to ordinary shareholders |
| PBT | Profit before tax |
| Ppt | Percentage points |
| PRP | Performance related pay |
| SAB | Saudi Awwal Bank, an associate of HSBC |
| SEA | Southeast Asia, includes Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam |
| SPE | Special purpose entity |
| SVB UK | Silicon Valley Bank UK |
| RoTE | Return on average tangible equity |
| RWA | Risk-weighted asset |
| T&E | Travel and entertainment |
| TMD | Time deposits |
| TNAV | Tangible net asset value |
| UK RFB / RFB | HSBC UK, the UK ring-fenced bank, established July 2018 as part of ring fenced bank legislation |
| WPB | Wealth and Personal Banking, a global business |
| XVAs | Credit and Funding Valuation Adjustments |

# Footnotes

1. Report on Transition to IFRS 17 ‘Insurance Contracts’, available at www.hsbc.com/investors
2. The impact of retranslating the 2022 results of hyperinflationary economies at constant currency
3. RoTE on an annualised basis
4. Subject to approval of the relevant resolutions. Contractual term of 5 months expected
5. Unless otherwise stated, regulatory capital ratios and requirements are on a reported basis, and are based on the transitional arrangements of the Capital Requirements Regulation in force at the time. Leverage metrics exclude central bank claims in accordance with the Prudential Regulation Authority's (‘PRA‘) UK leverage framework. References to EU regulations and directives (including technical standards) should, as applicable, be read as references to the UK‘s version of such regulation or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018, and as may be subsequently amended under UK law
6. Numbers shown on a reported basis. When currency-adjusted, 4Q22 figure is $(1.4)bn and all other periods are unchanged
7. Includes held-for-sale balances
8. Including "of which Other Middle East Entities (Oman, Turkiye, Egypt and Saudi Arabia)" and "of which SAB“ which do not consolidate into HSBC Bank Middle East Limited
9. 1Q22 at 1Q23 average FX rates; 2Q22 to 4Q22 at March 2023 average FX rates
10. Excluding holdings for our insurance business which have been primarily reclassified out of HTC under IFRS 17
11. The CET1 ratio itemised movement presented on the graph includes the impact of threshold deductions, whereas the CET1 movement break-down in $bn excludes the impact of threshold deductions
12. Regulatory profits
13. Includes ordinary dividend accrual of $3.5bn and AT1 coupon payment of $0.4bn
14. Based on tangible equity (‘TE’) of the Group’s major legal entities excluding associates, holding companies and consolidation adjustments. Asia refers to The Hongkong and Shanghai Banking Corporation (HBAP)
15. Medium term is defined as 3-4 years from 1 January 2020; long term is defined as 5-6 years from 1 January 2020
16. In determining our dividend payout ratio we will exclude material notable items (including the planned sale of our banking business in Canada) from reported earnings per share
17. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric. RoTE by Global Business considers AT1 Coupons on an accruals basis, vs. Reported RoTE where it is treated on a cash basis
18. Included within held for sale at 4Q22 were balances associated our retail banking operations in France and our banking business in Canada. In 1Q23 held for sale balances related to our banking business in Canada only
19. Wealth deposits include Premier, Jade and Global Private Banking deposits, which include Prestige deposits in Hang Seng Bank, and form part of the total WPB customer accounts balance
20. Included within held for sale are balances associated with our banking business in Canada
21. Includes revenue shared with Markets and Securities Services and CMB
22. Customer lending shown is as reported in loans and advances to external customers and does not include lending to financial institutions
23. After initial deposit outflows following our acquisition of SVB UK, deposits are now stabilising and client exits have been minimal
24. Differences between shareholders’ equity and tangible equity drivers primarily reflect goodwill and other intangible impairment and amortisation expense within ‘Profit Attributable to Ordinary shareholders’, FX on goodwill and intangibles within ‘FX’, and intangible additions and other movements within ‘Other’
25. A revised approach to insurance-related adjustments has been effective from 30 September 2022. This has had no impact on overall CET1 capital
26. Based on the loan purpose for on balance sheet exposures only
27. Based on the industry sector of the obligor / borrower including both on and off balance sheet exposures. Totals for Hong Kong $36.2bn, UK $12.7bn

# Disclaimer

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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") and our 1Q 2023 Earnings Release which we expect to furnish with the SEC on Form 6-K on 2 May 2023 (the "1Q 2023 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 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, when filed, which is available at www.hsbc.com.

Information in this Presentation was prepared as at 2 May 2023.