HSBC Holdings plc 1H22 Results

Fixed Income Investor Presentation

HSBC

Strategy & Results

HSBC

Summary

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

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

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

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

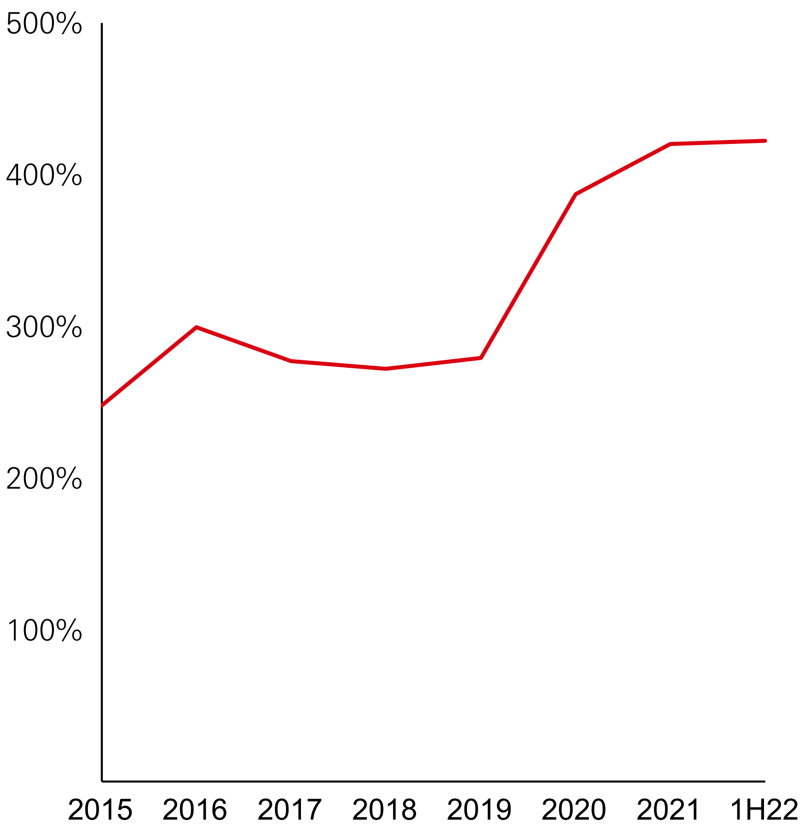
A reconciliation of reported results to adjusted results can be found on slide 32, the remainder of the presentation unless otherwise stated, is presented on an adjusted basis
Figures throughout this presentation may be subject to rounding adjustments and therefore may not sum precisely to totals given in charts, tables or commentary

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

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

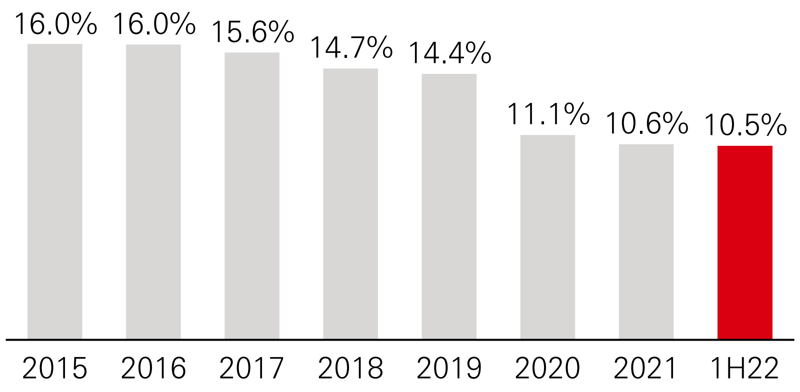
We have a strong starting position going into the current rates cycle

Surplus deposits / TNAV[10], %

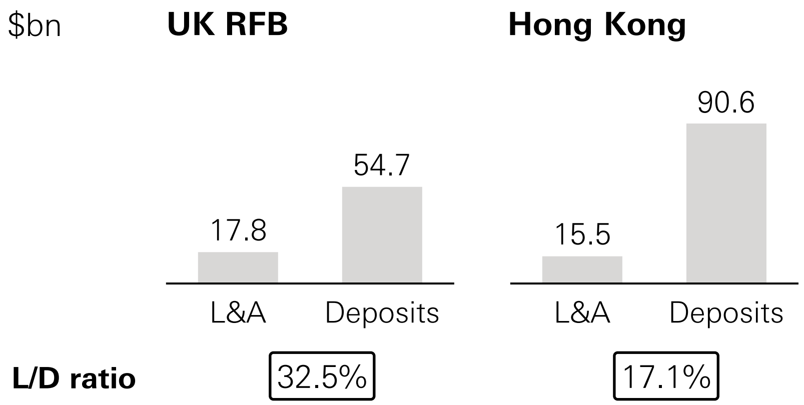


NII sensitivity is $4.7bn per +100bps parallel shift

Unsecured as % of retail loan book

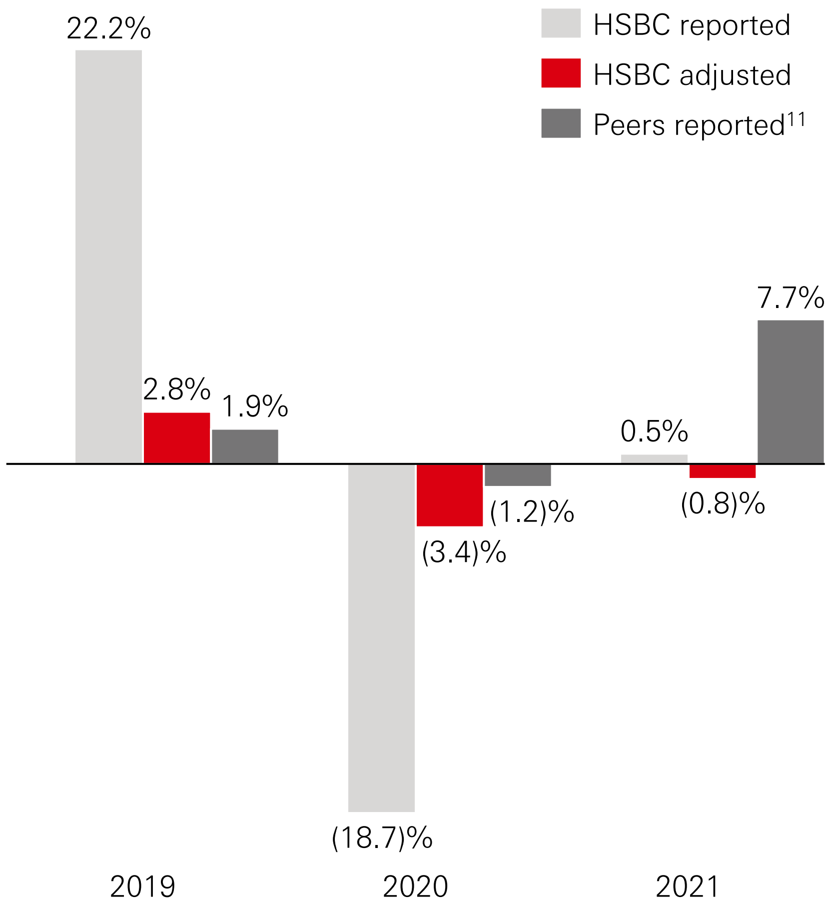


Business Banking L&A and deposits



Total operating expenses

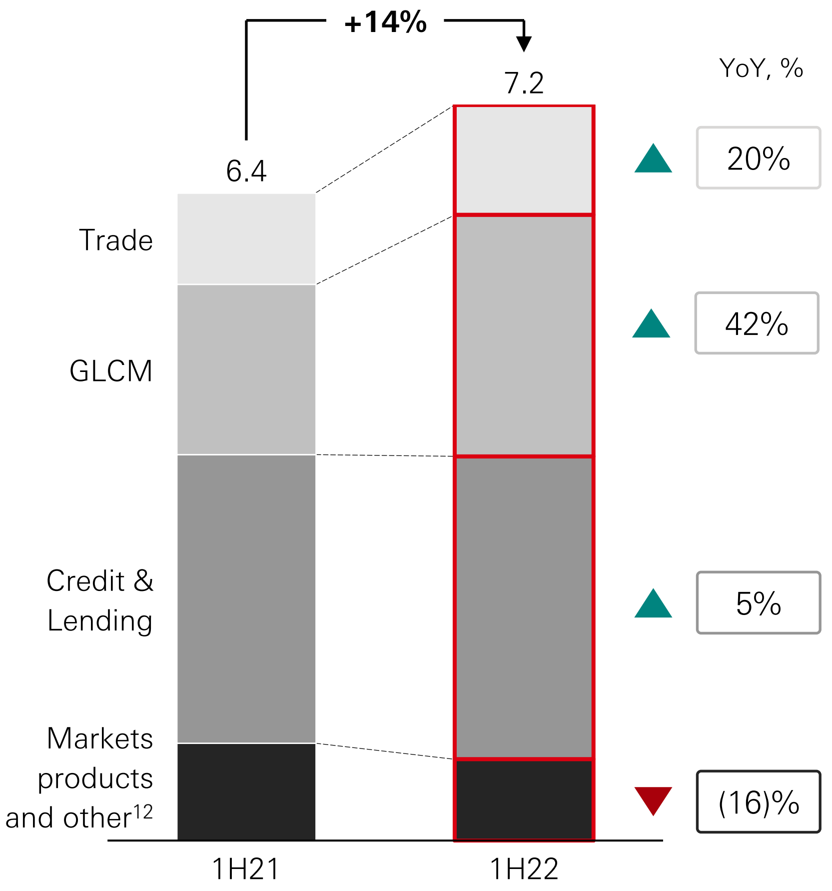
YoY growth, %



Focus on CMB: Strong transaction banking and fee performance globally

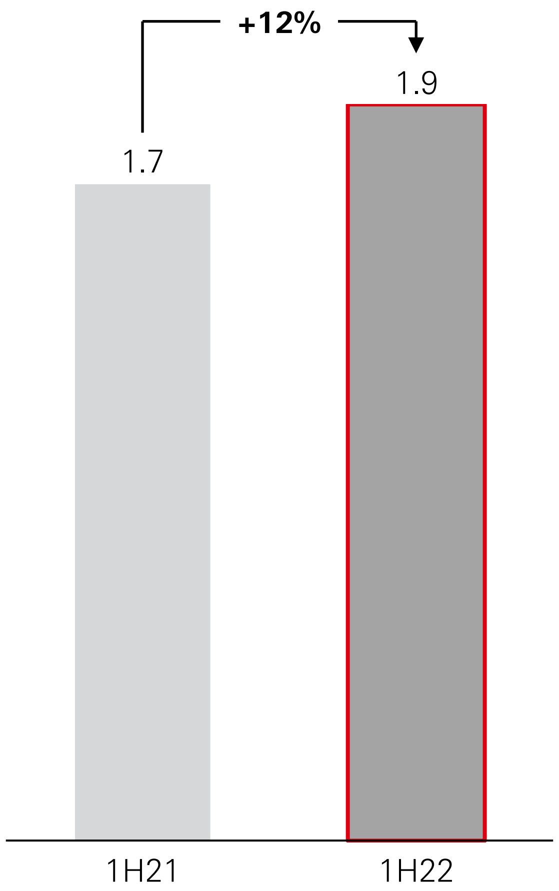
CMB revenue

$bn



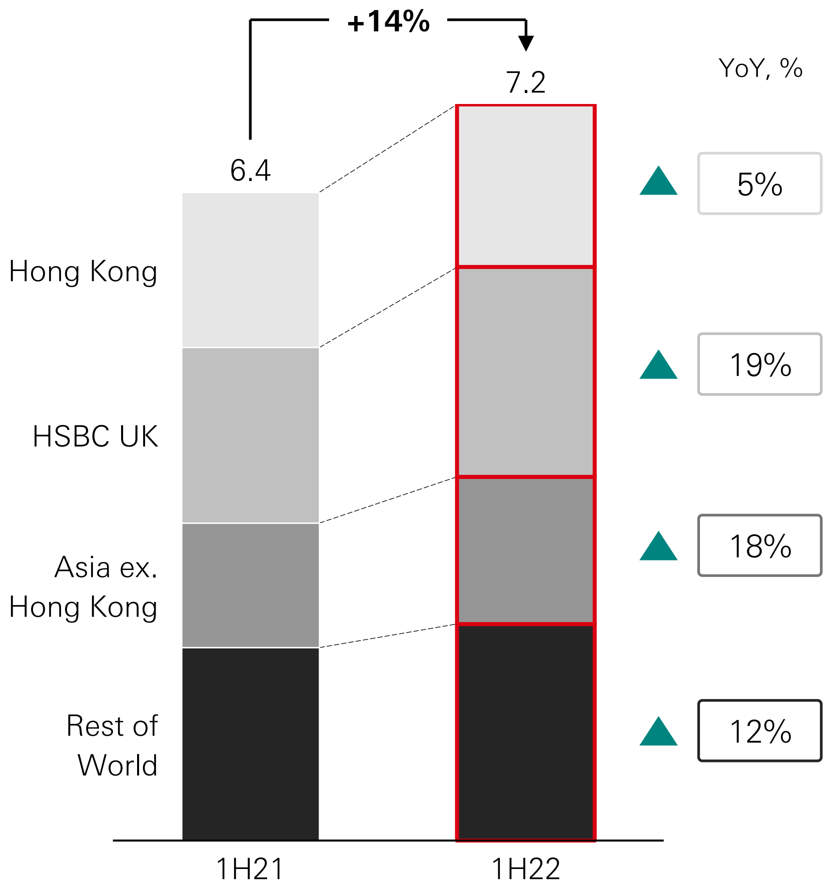
CMB fee income

$bn



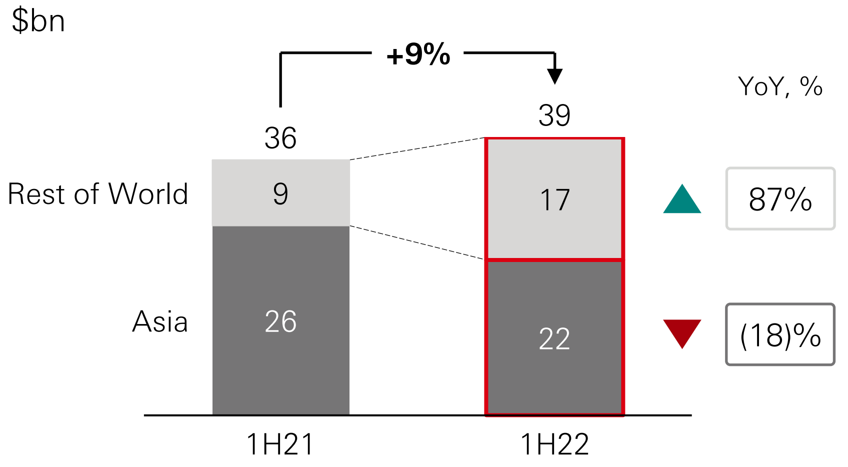
CMB geographical revenue breakdown

$bn

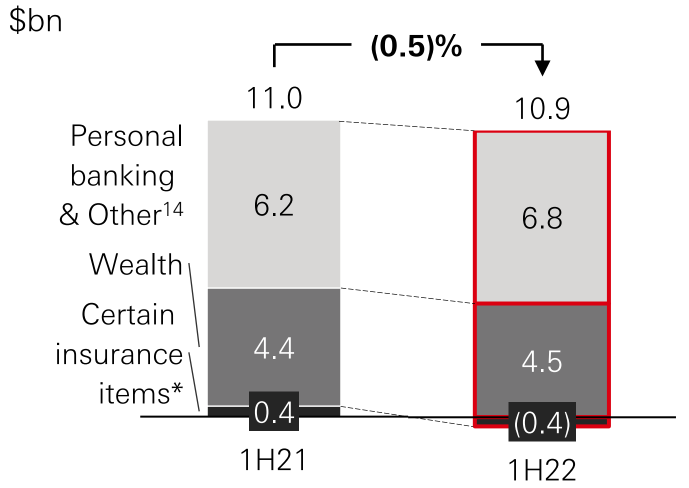


Focus on WPB: Strong momentum driving growth

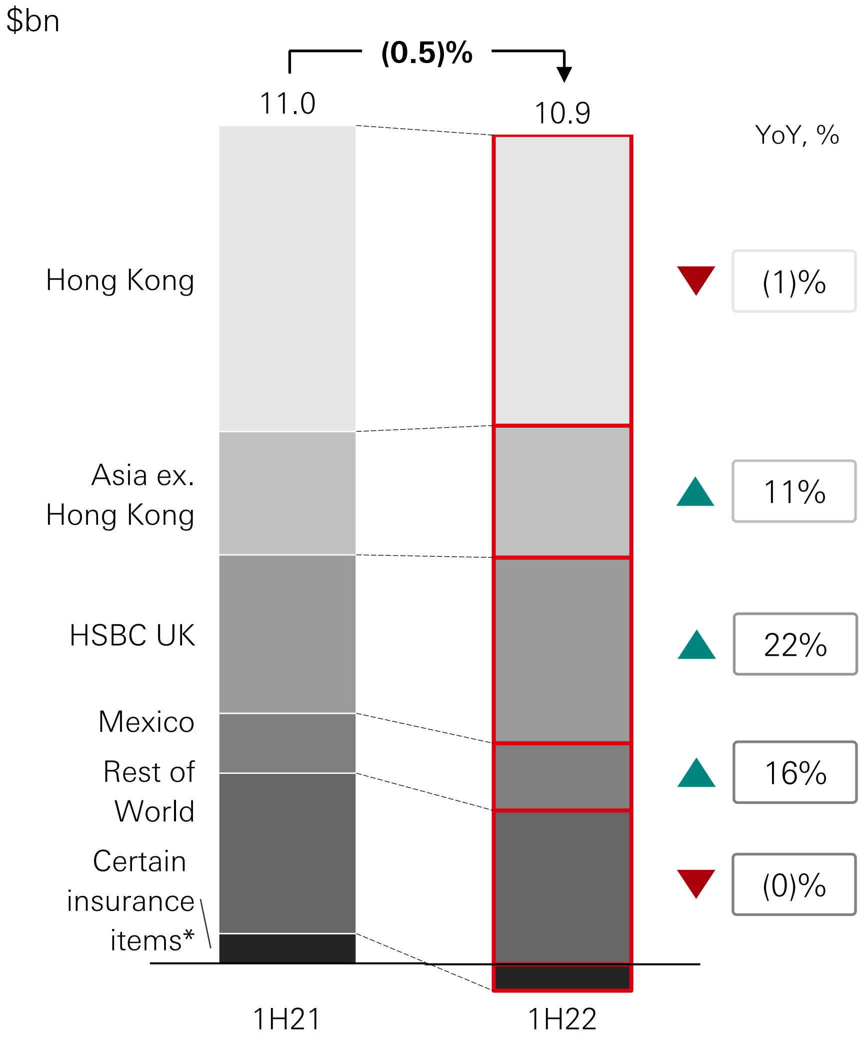
Net new invested assets[13]



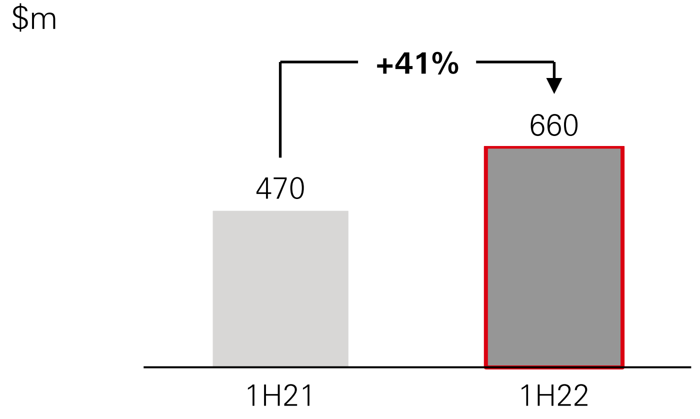
WPB global revenue



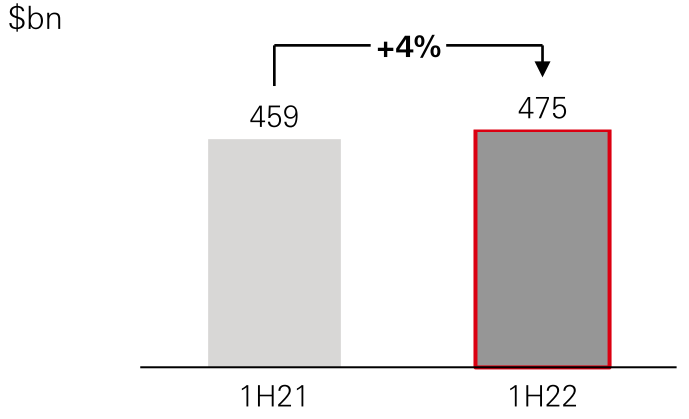
WPB geographical revenue breakdown



Asia WPB insurance VNB



WPB lending balances

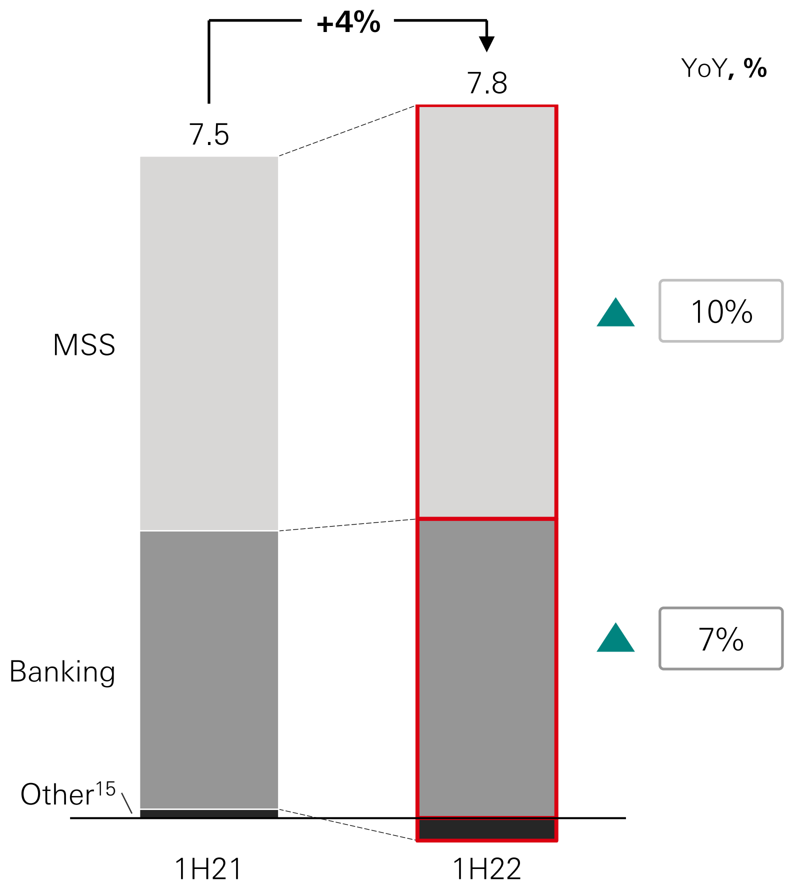


* Insurance market impacts and gain on policyholder funds on deposits; for further detail, please refer to the 'Certain items included in adjusted revenue' table on slide 33

Focus on GBM: Strong markets and transaction services performance

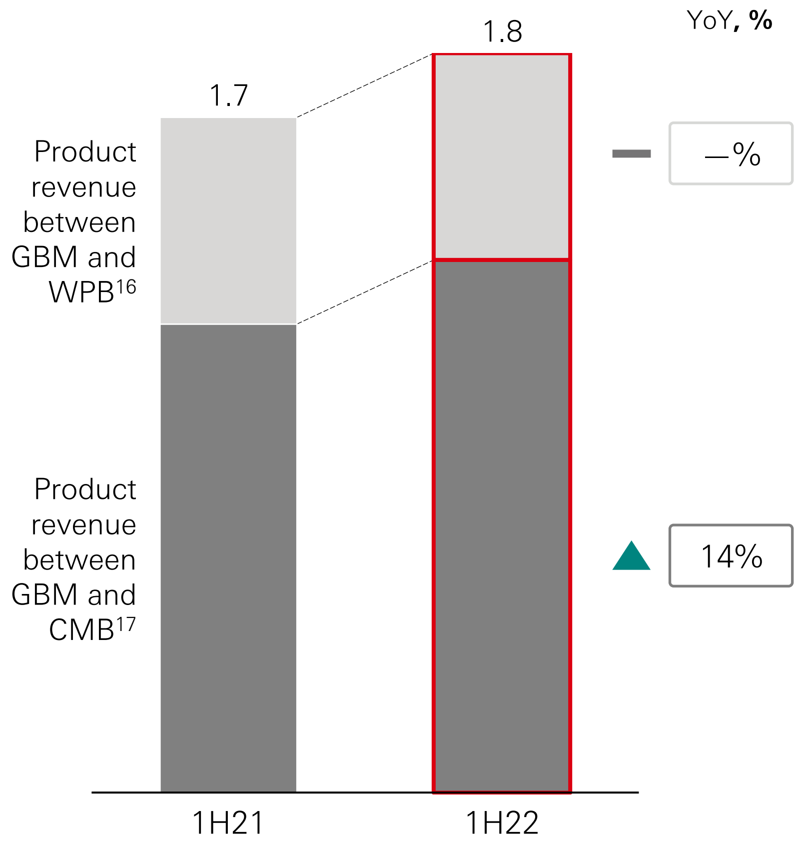
GBM revenue

$bn



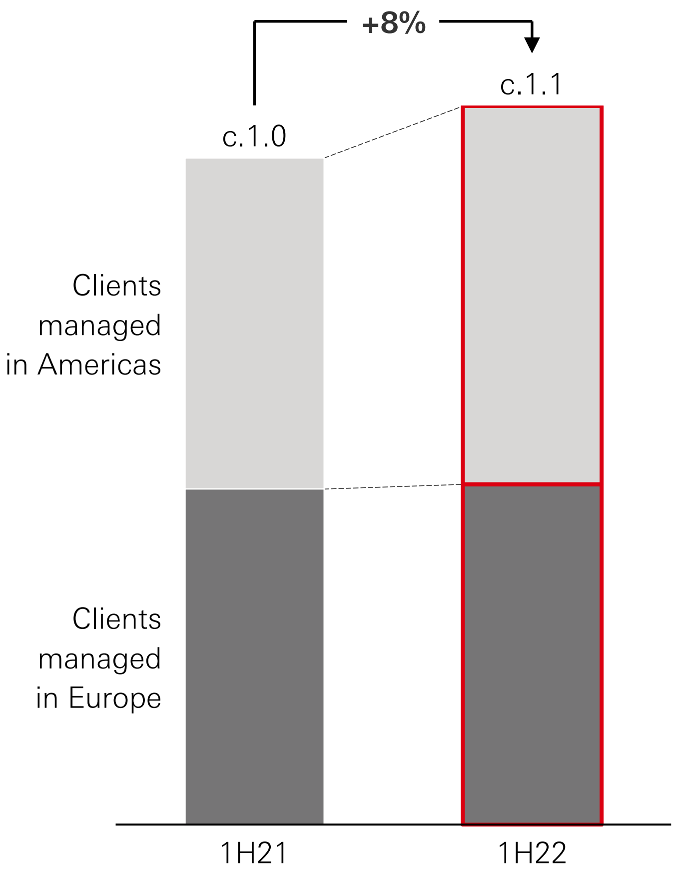
GBM collaboration revenue

$bn



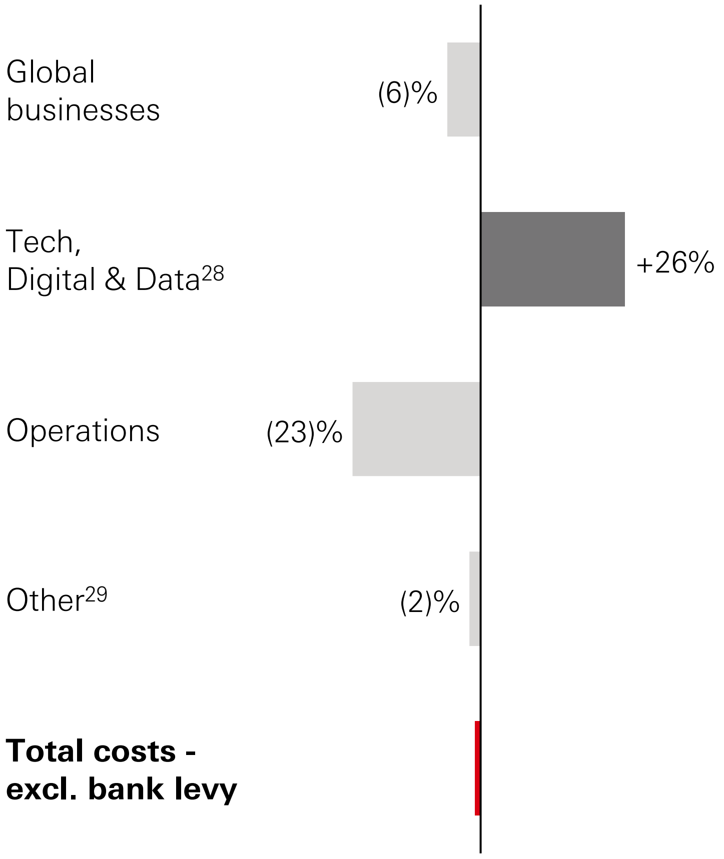
GBM business booked in East

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

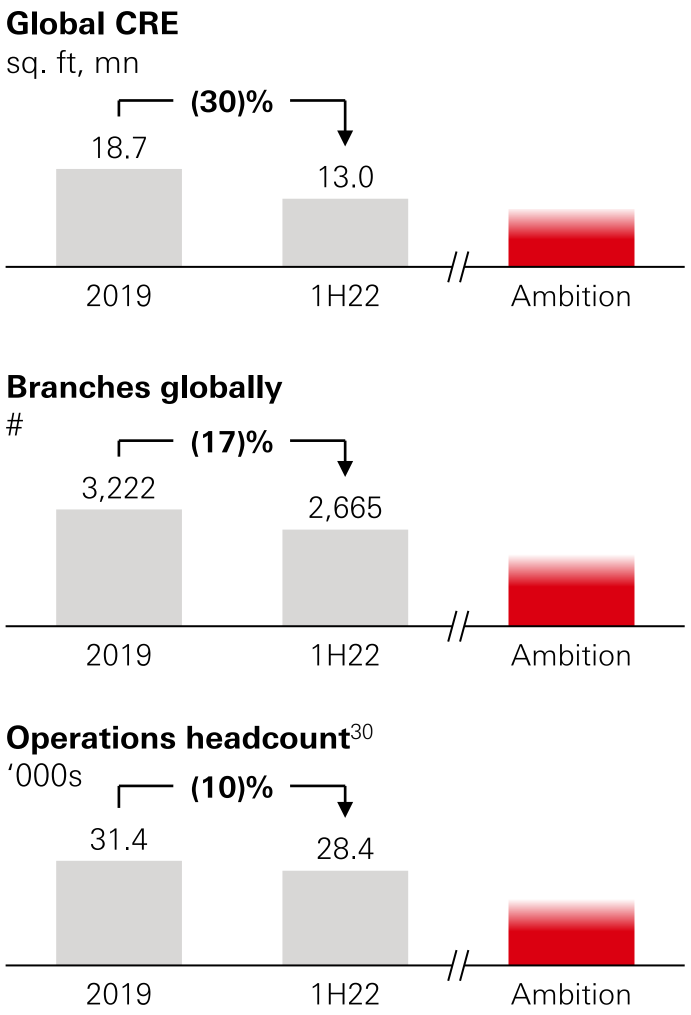


Costs: Multiple levers offsetting inflationary pressures

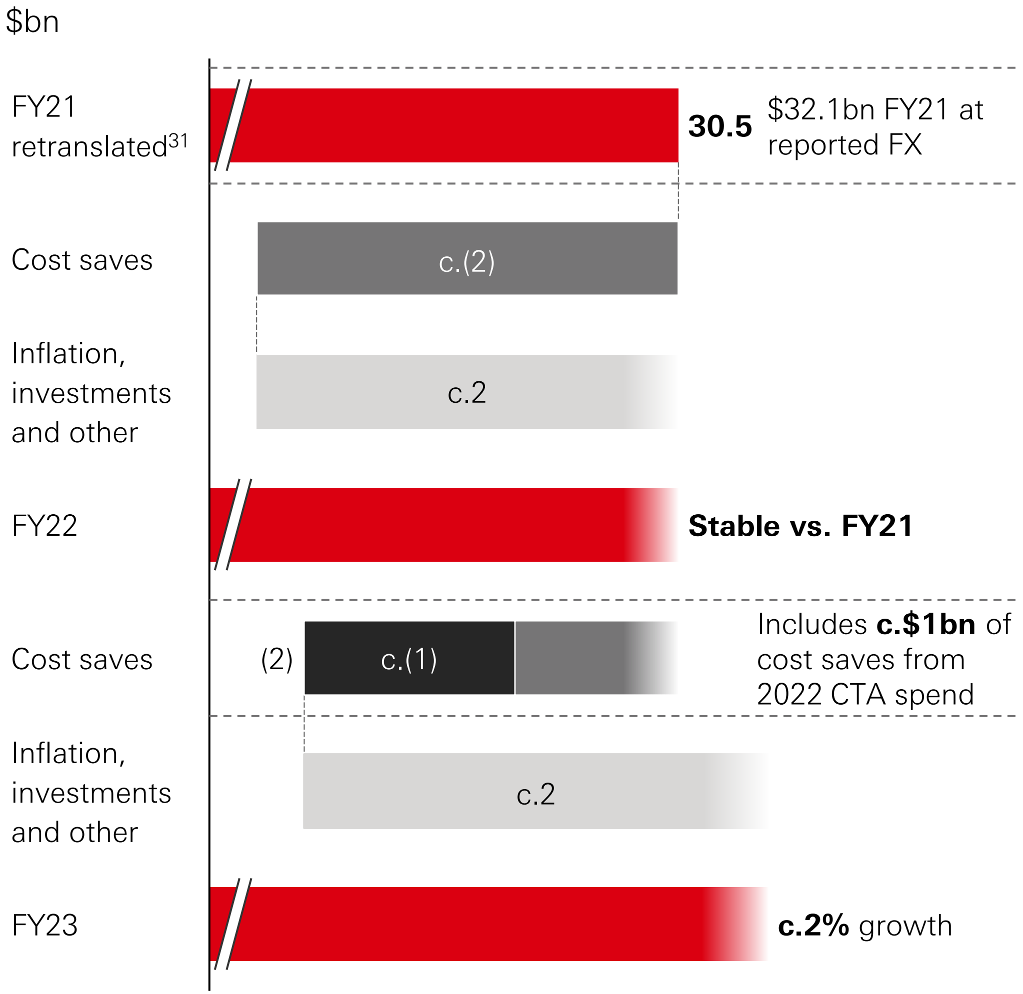
2019-22e adjusted cost movements



Efficiency levers



Group adjusted costs trend



1H22 results summary

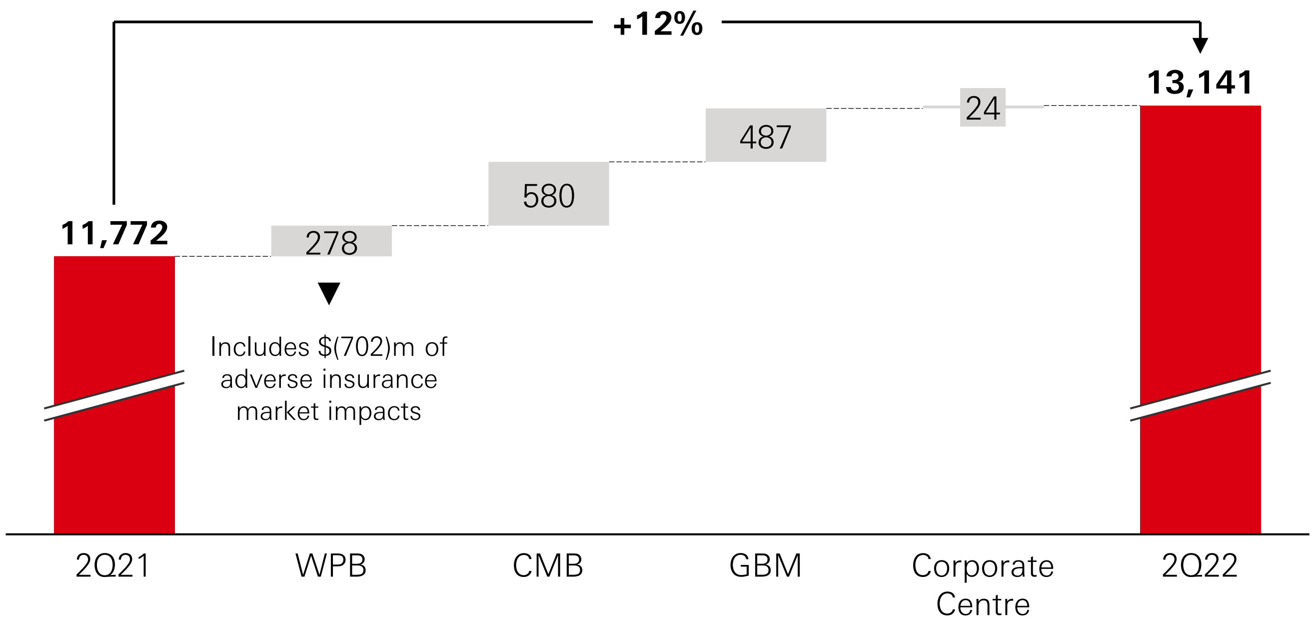
$m	1H22	1H21		Δ
NII	14,465	12,542	▲	15 %
Non-NII	11,225	12,192	▼	(8)%
Revenue	**25,690**	**24,734**	▲	**4 %**
ECL	(1,090)	675	▲	>(100)%
Costs	(15,376)	(15,520)	▼	1 %
Associates	1,449	1,649	▼	(12)%
Adjusted PBT	**10,673**	**11,538**	▼	**(7)%**
Significant items and FX translation	(1,497)	(699)	▲	>(100)%
Reported PBT	**9,176**	**10,839**	▼	**(15)%**
Profit attributable to ordinary shareholders	**8,289**	**7,276**	▲	**14 %**
Reported EPS, $	0.42	0.36	▲	17 %
Reported RoTE[1] (YTD annualised), %	9.9	9.4	▲	0.5ppt

$bn	1H22	FY21		Δ
Reported customer loans	1,028	1,046	▼	(2)%
Reported customer deposits	1,651	1,711	▼	(4)%
Reported RWAs	852	838	▲	(2)%
CET1 ratio[5], %	13.6	15.8	▼	(2.2)ppts

- **1H22 reported PBT of $9.2bn; adjusted PBT of $10.7bn**
- **NII of $14.5bn**, up $1.9bn (15%) vs. 1H21 reflecting interest rate rises and balance sheet growth
- **Non-NII of $11.2bn**, down $1.0bn (8%) vs. 1H21, mainly due to an adverse movement in insurance market impacts in WPB ($1.0bn)
- **ECL charge of $1.1bn** (0.21% of gross loans, annualised), compared with a net release of $0.7bn in 1H21
- **Costs of $15.4bn**, down 1% vs. 1H21; cost saves and a lower performance-related pay accrual, partly offset by increased investment and inflation
- **Adjusted customer lending up $34bn** driven by mortgage and trade lending
- **CET1 ratio 13.6% down 2.2pps** vs. FY21, reflecting 0.8pps of regulatory impacts and 0.6pps of FVOCI movements due to the impact of higher rates on bonds held for liquidity purposes
- **Net tax credit of $39m** in 1H22, driven by a $1.8bn deferred tax asset gain on recognition of brought-forward tax losses

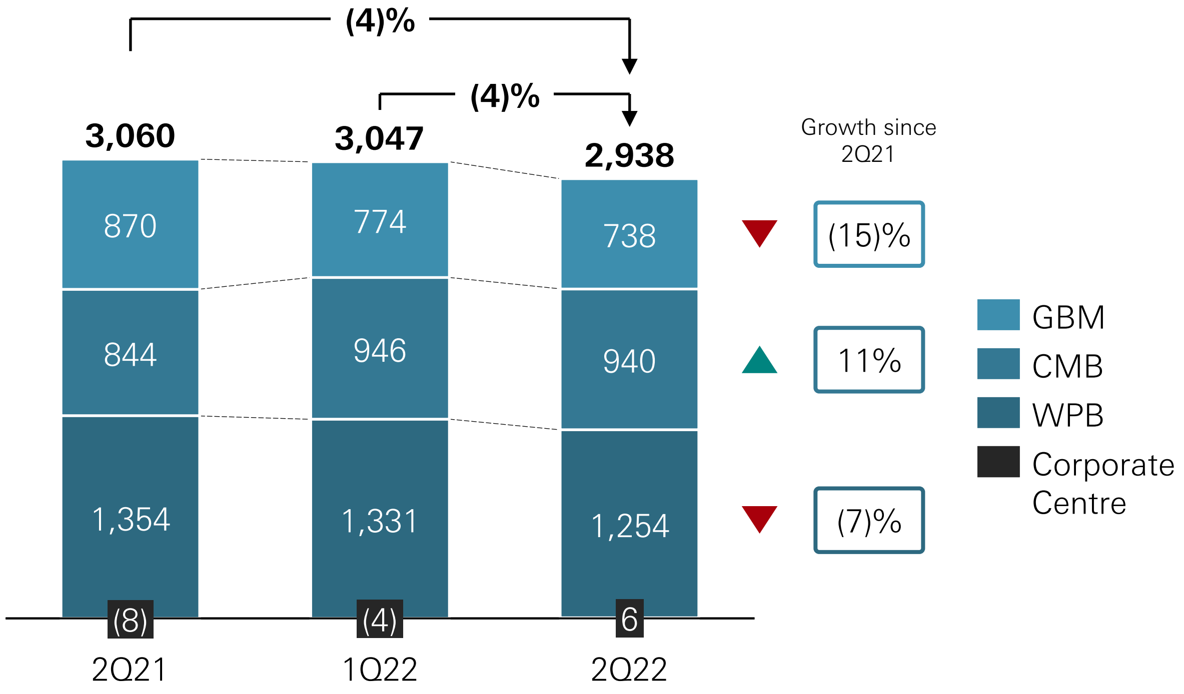
Adjusted revenue performance

Revenue by global business, $m



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

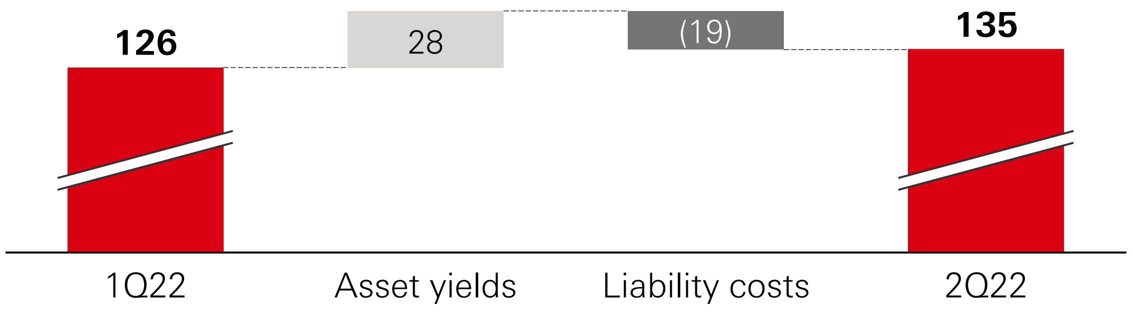
Net fee income by global business, $m



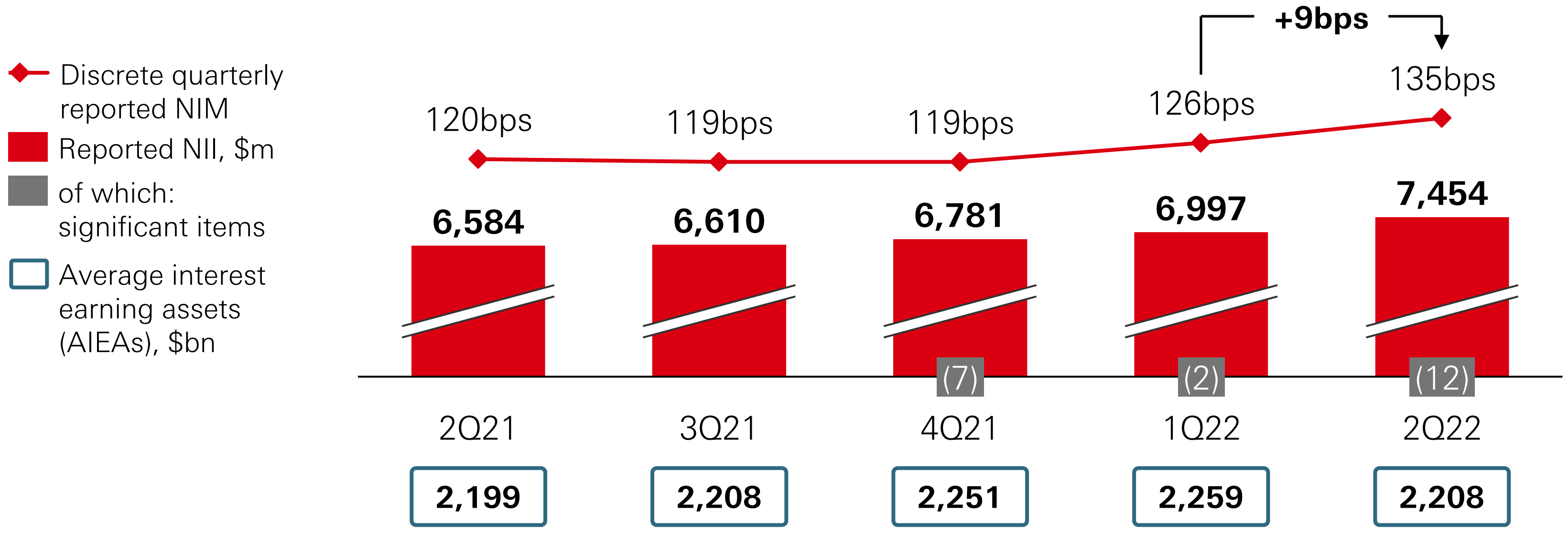
- Group net fee income **down 4%** from **lower activity** in Wealth and capital markets, partly offset by **$0.1bn growth in GLCM and Trade**
- WPB fees **down 7%** vs. 2Q21, mainly lower Mutual Funds and Equities brokerage from muted customer sentiment
- CMB fees **up 11%** across all products vs.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

Net interest income and margin

Reported NIM progression, bps



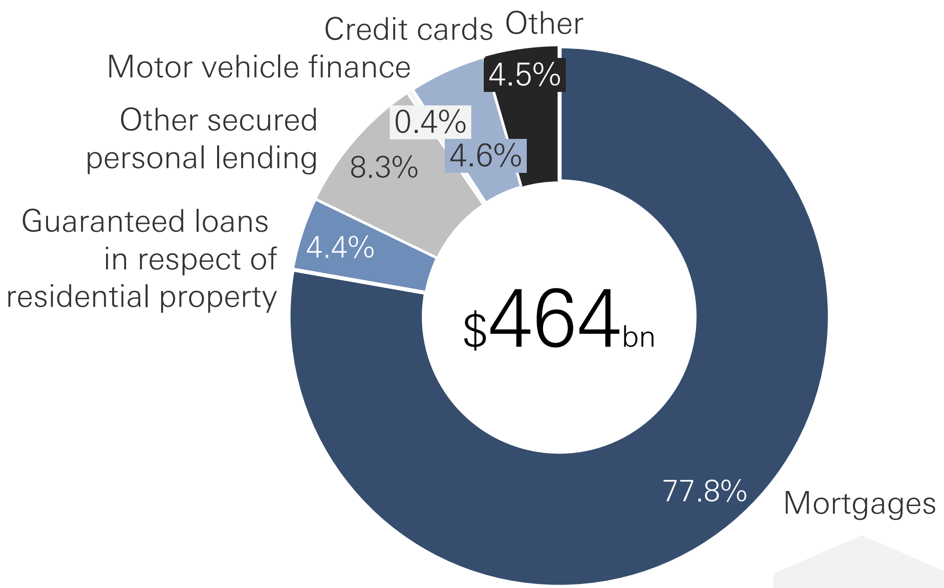
Reported NIM trend



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

Customer loan book (reported)

Personal loan book ($bn, gross loans and advances to customers)



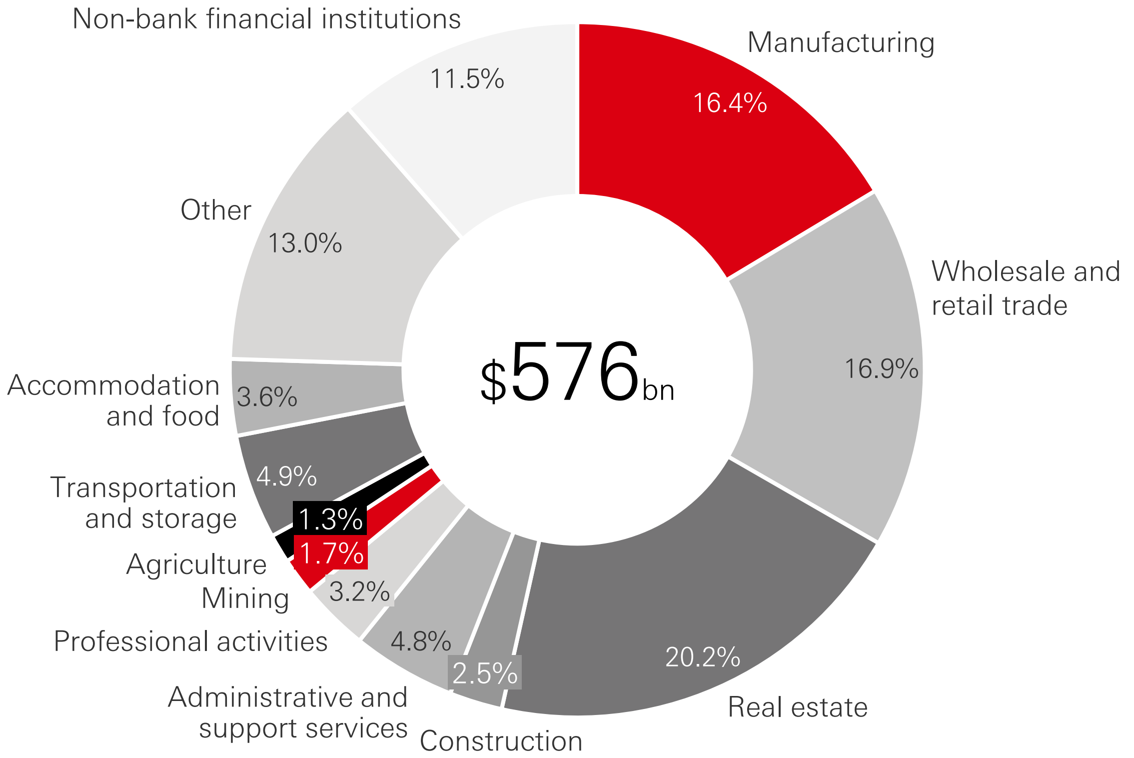
Mortgages: $361bn
Of which:
Interest-only: $27bn[27]

Retail mortgage average LTVs (portfolio, indexed)

UK: 49%
New lending: 67%

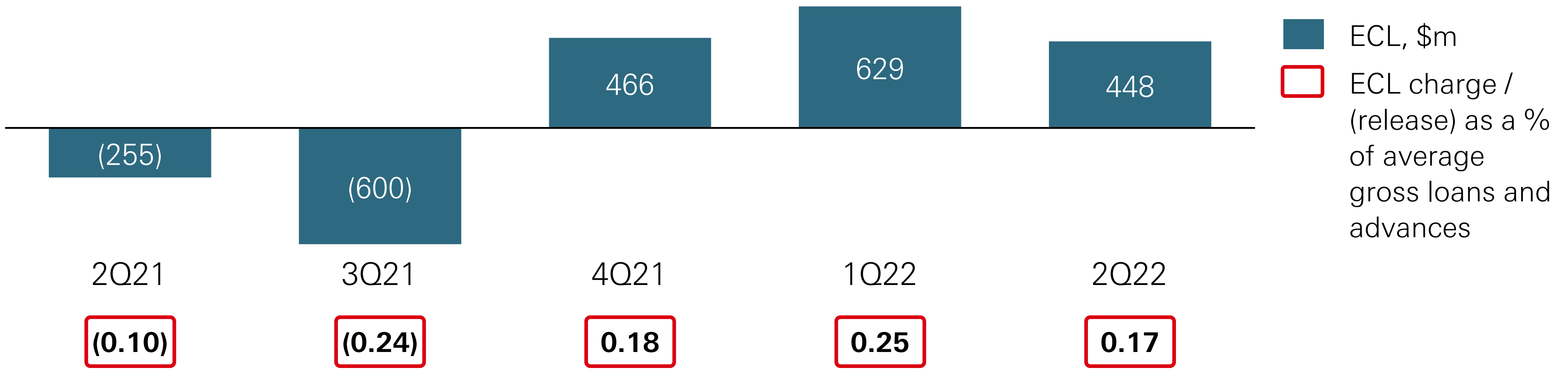
HK: 50%
New lending: 59%

Wholesale loan book ($bn, gross loans and advances to customers)



Credit performance

Adjusted ECL charge / (release) trend



ECL charge / (release) by geography, $m

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

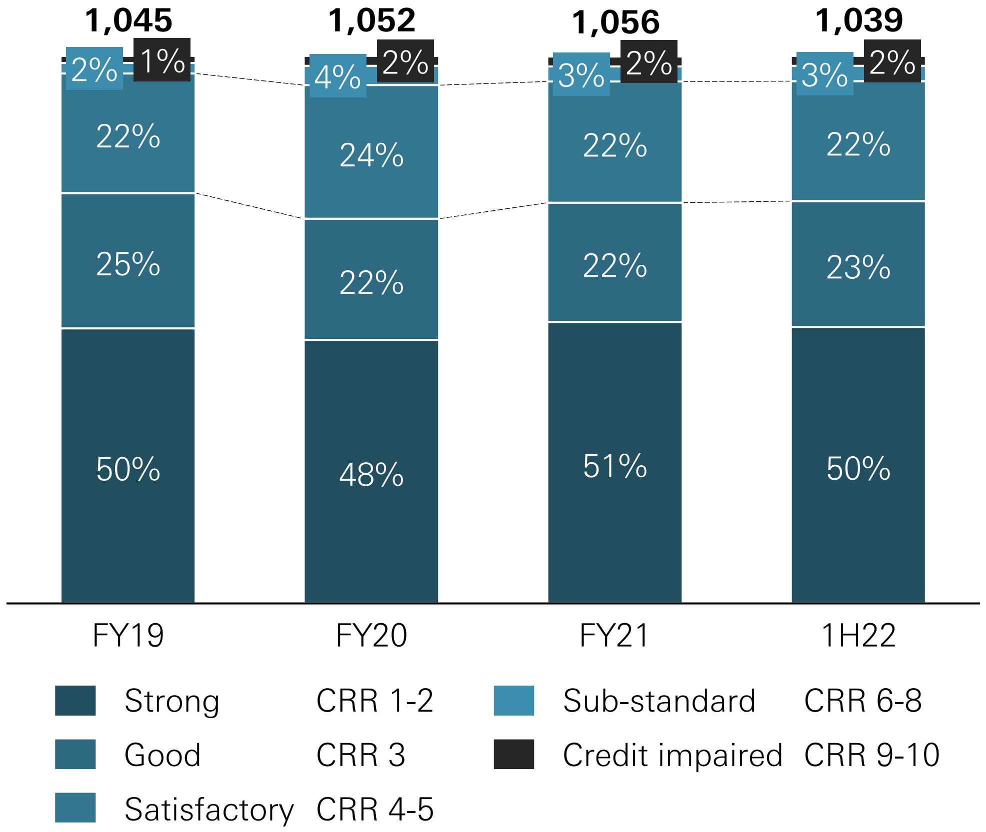
2Q22 ECL charge / (release) by stage, $bn

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

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

Asset quality

Gross loans by credit quality classification trend, $bn



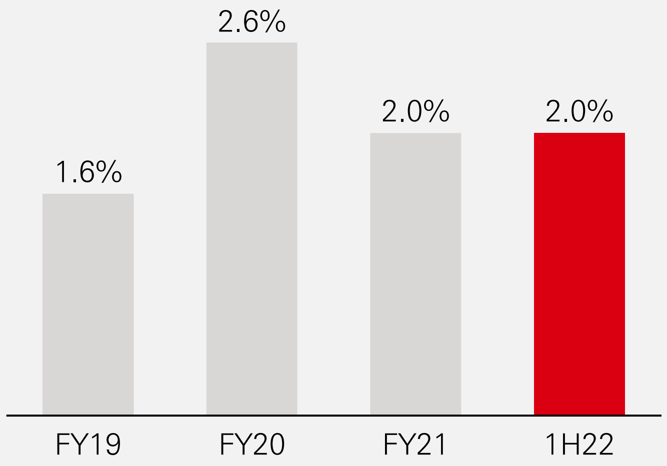
- Signs of portfolio stress are **not yet visible** in early warning indicators
- **73%** of loans classified as Strong or Good credit quality, equivalent to an investment grade rating from an external credit rating agency

Credit quality indicators by portfolio

Wholesale

Watch / Worry exposure at default

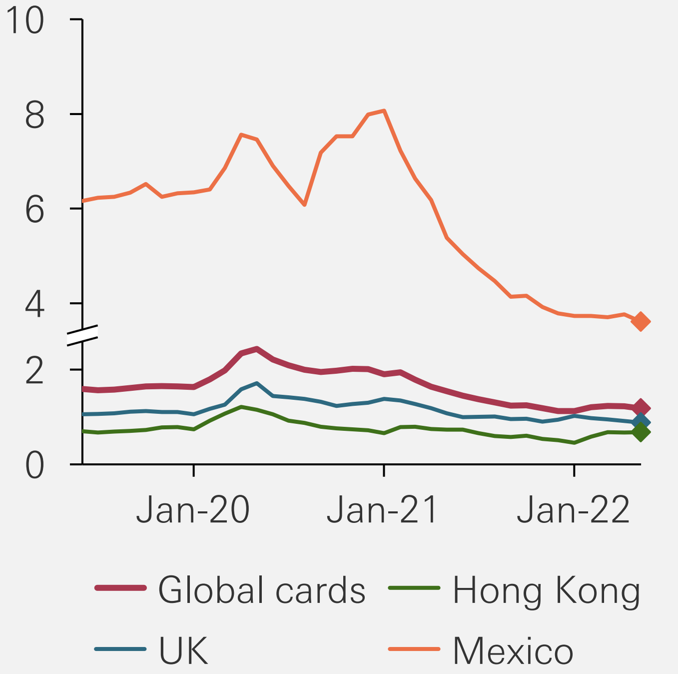
As a % of total wholesale exposure at default



- Wholesale exposures subject to watch / worry monitoring are broadly in line with FY21 and FY19

Retail

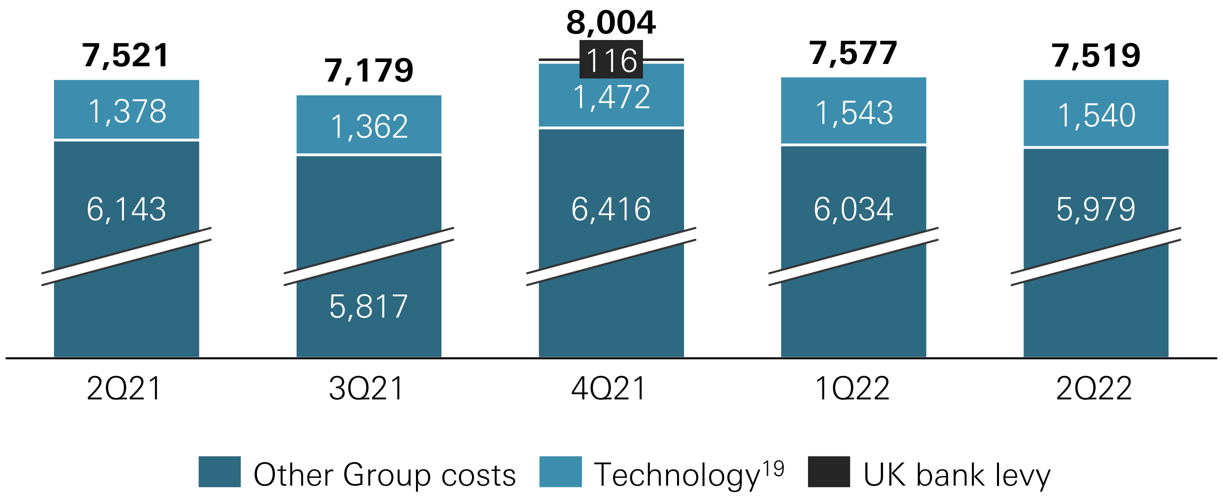
Credit cards 30+ days past due[23]



- 1.2%[23] of global cards 30+ days past due
- Recent cards days past due trend stable

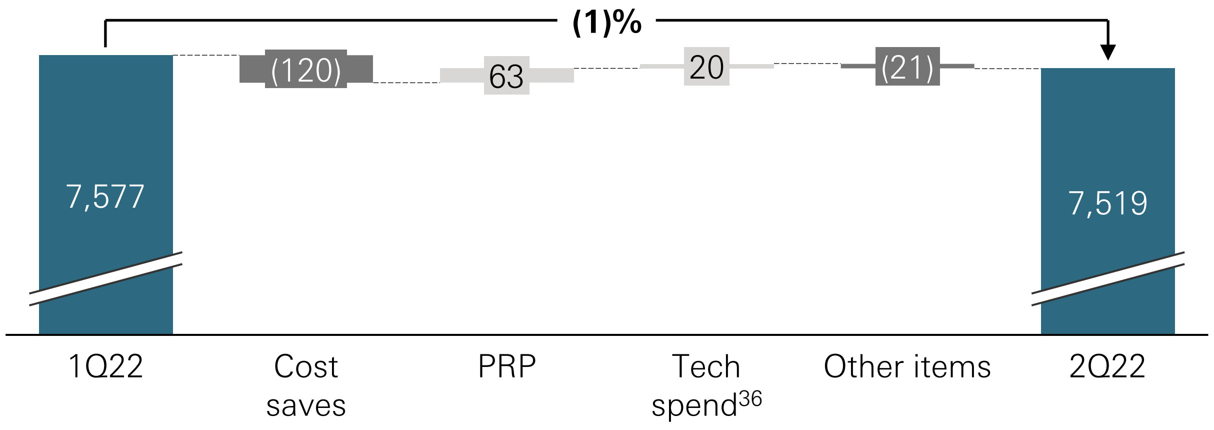
Adjusted costs

Operating expenses trend, $m

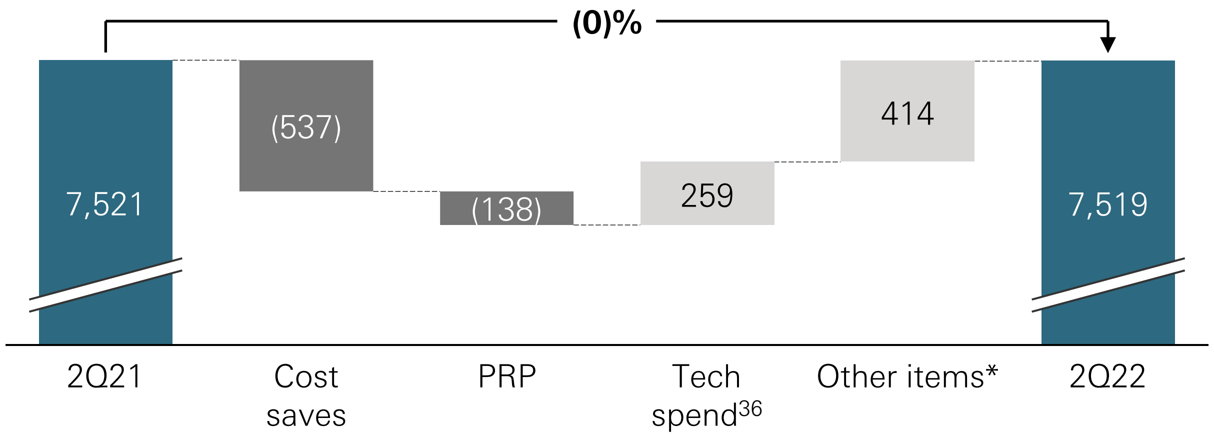


- **2Q22 costs of $7.5bn, stable vs. 2Q21**, cost savings and changes in phasing of accrual for performance-related pay (PRP) broadly offset increases in technology spending, volume growth and investments
- 2Q22 **cost saves of $0.5bn** had associated **CTA of $0.6bn**; programme cost **saves to date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

2Q22 vs. 1Q22, $m



2Q22 vs. 2Q21, $m



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

Summary

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

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

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

4 Higher targeted returns of **12%+ RoTE** from FY23 onwards; enabled by our **transformation progress**, further supported by **higher NII** expectations of at least **$37bn** for FY23[2,51]

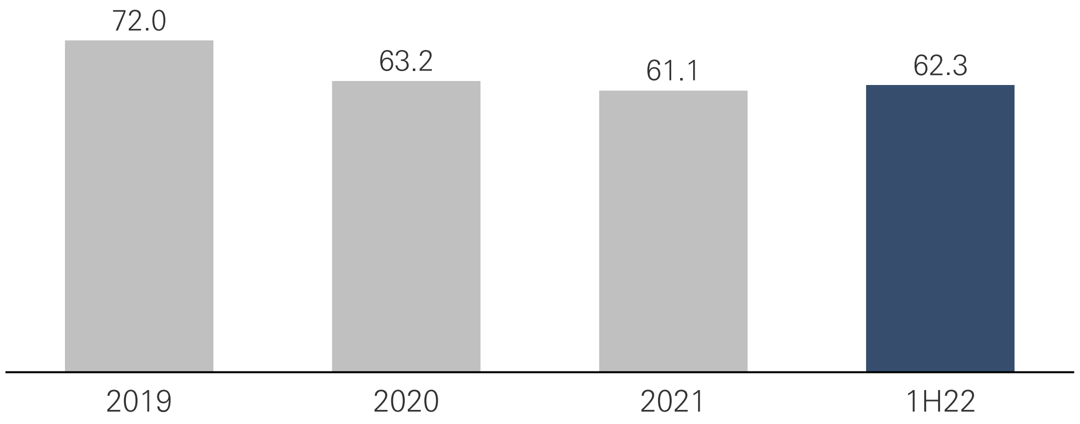
5 **Increased confidence in achieving higher returns**; reinstating **quarterly dividends**[3] from 2023 and expect **c.50% payout ratio** for FY23 and FY24

Balance sheet & issuance

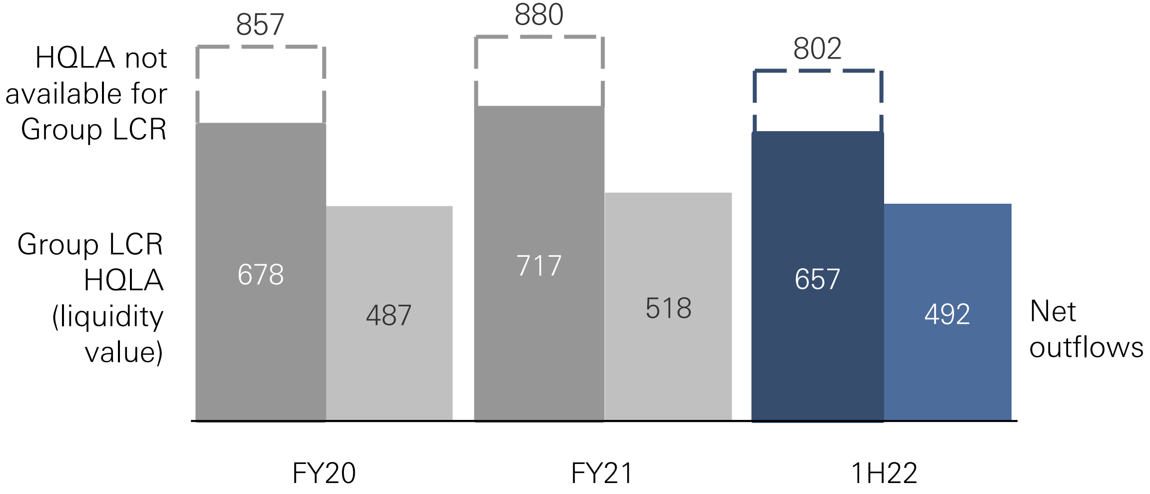
HSBC

Funding and liquidity

Reported loans to deposits ratio, %



High-quality liquid assets, $bn

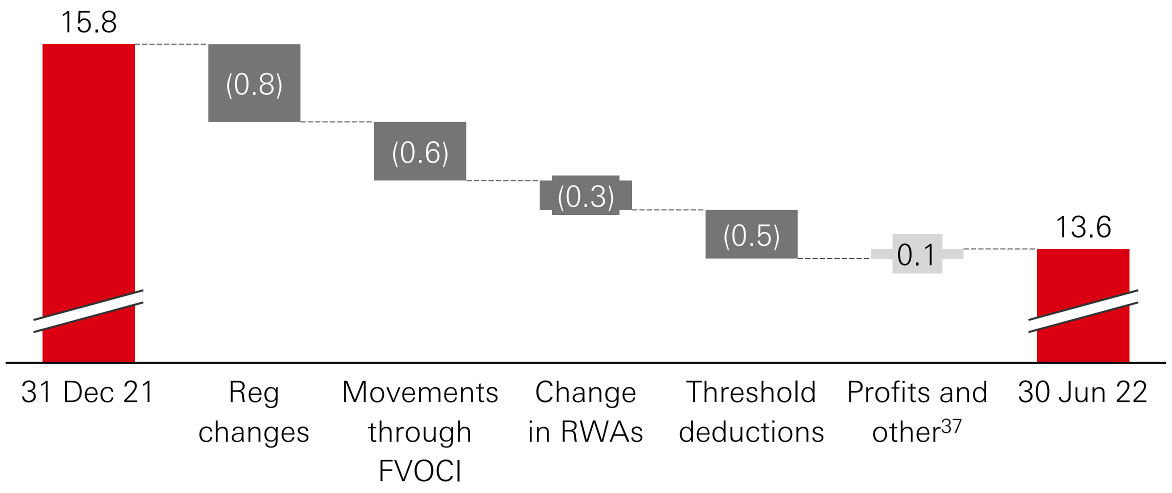


Principal operating entities	LCR		NSFR[33]	
%	1H22	FY21	1H22	FY21
HSBC UK Bank plc (RFB)	228	241	165	178
HSBC Bank plc (NRFB)	157	150	120	107
Hongkong and Shanghai Banking Corp, HK branch	160	154	132	135
Hongkong and Shanghai Banking Corp, Singapore branch	168	179	133	145
HSBC Bank China	153	141	133	130
Hang Seng Bank	207	169	155	144
HSBC Bank USA	104	119	132	140
HSBC Continental Europe	145	145	126	128
HSBC Bank Canada	121	119	121	123
HSBC Bank Middle East – UAE Branch	248	210	156	146
HSBC Mexico	132	200	127	141
Group consolidated	134	138	-	-

- HSBC primarily manages liquidity at an operating entity level, rather than as a consolidated group
- The principal operating entities continue to retain significant surplus liquidity, resulting in heightened liquidity coverage ratios
- The Group LCR calculation includes an adjustment to reflect potential limitations to the transfer of liquidity around the Group. At 1H22 this adjustment reduced the HQLA available for the calculation of Group LCR by $145bn
- Gross HQLA down $78bn in 1H22, largely reflecting FX impacts

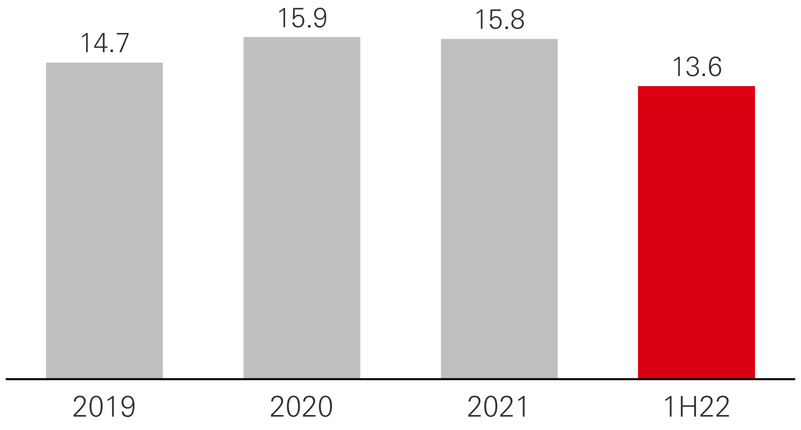
Capital position

CET1 ratio, %

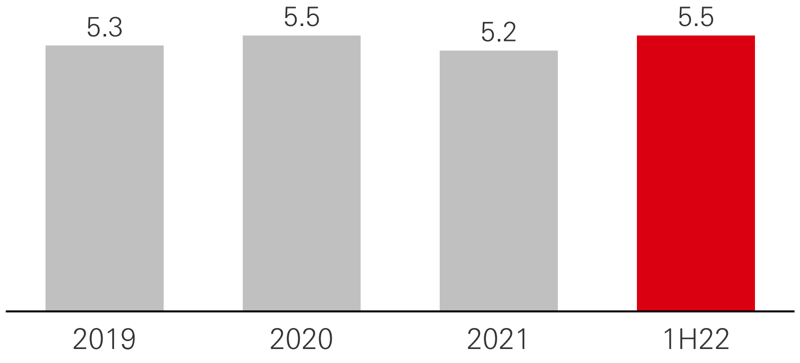


- **CET1 ratio of 13.6% down 2.2ppts vs. FY21** primarily driven by reg change (0.8ppts) and FVOCI impacts (0.6ppts)
- CET1 ratio for the remainder of FY22 will be impacted by:
  - Loss on disposal of France in 3Q22: **c.30bps**
  - Acquisitions and disposals closing in 2H22: **c.5bps**
  - CET1 ratio is expected to be lower in 3Q22 given these disposal losses and acquisitions, together with actual and accrued distributions (net of profits generated)
- Taking actions to **improve CET1 ratio** towards 14% in 2H22; aim to be **within** the target CET1 ratio range during 1H23
- CET1 ratio target range **remains at 14%–14.5%** in the medium term, with the intention of managing this range down further longer term

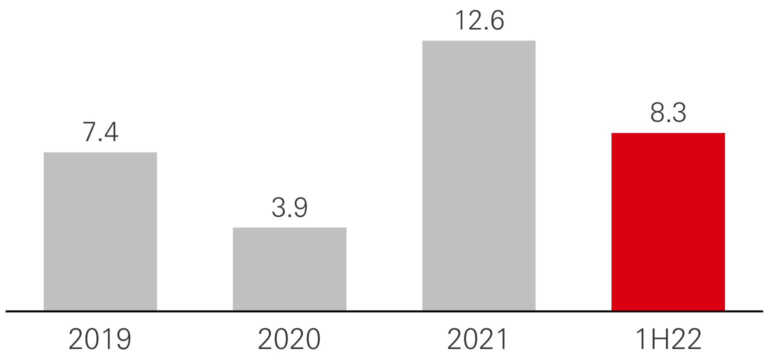
CET1 ratio, %



Leverage ratio, %[5]

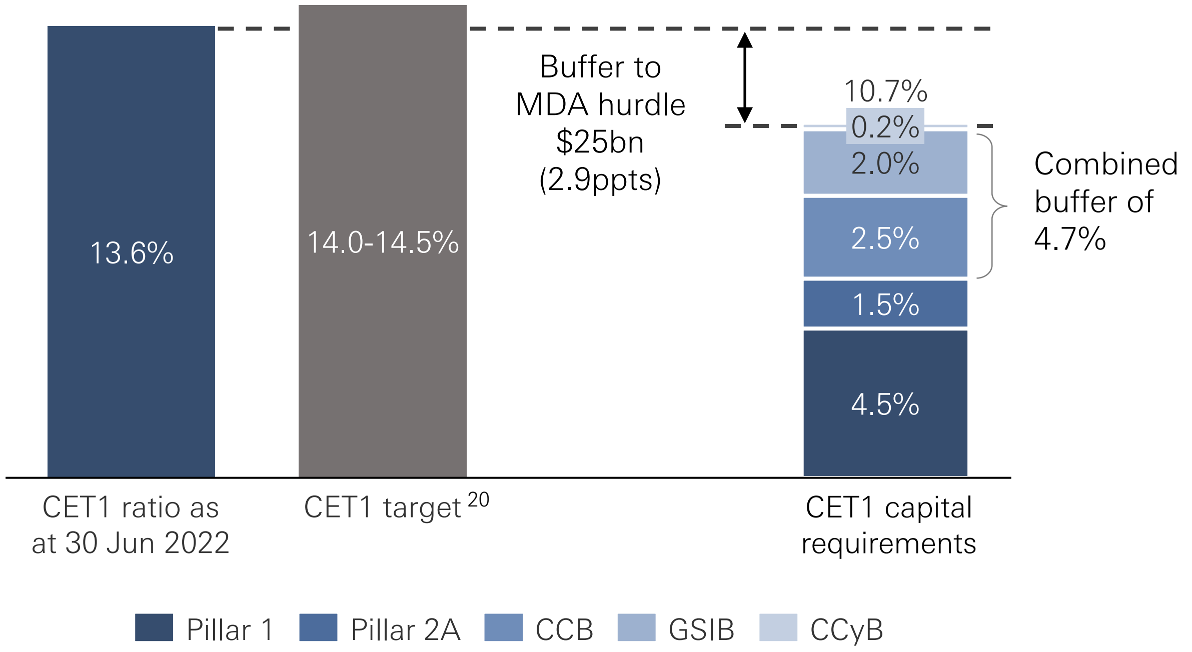


Profit attributable to ordinary shareholders, $bn



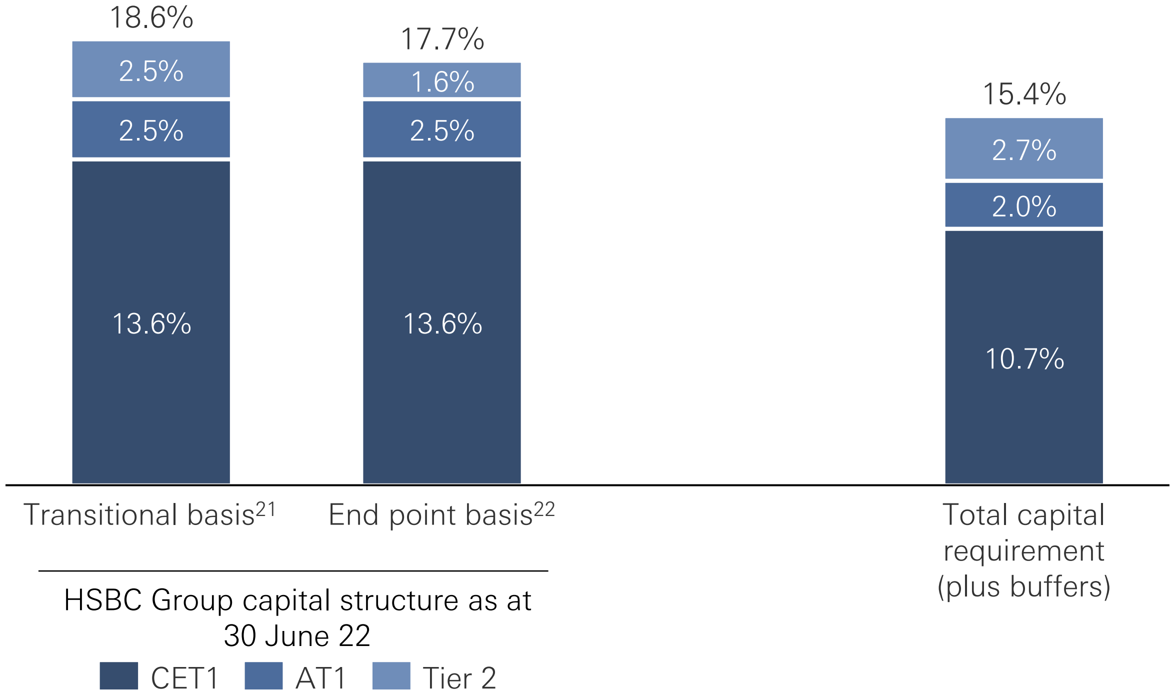
Capital position versus requirements

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



- **Pillar 2A set at 2.6% of RWAs**, of which 1.5% must be held in CET1
- **UK CCyB** due to increase from 0% to 1%, effective Dec-22 with a further increase from 1% to 2% due in July 23. Each 1pp increase in the UK CCyB increases HSBC Group's CCyB by c.0.2pps

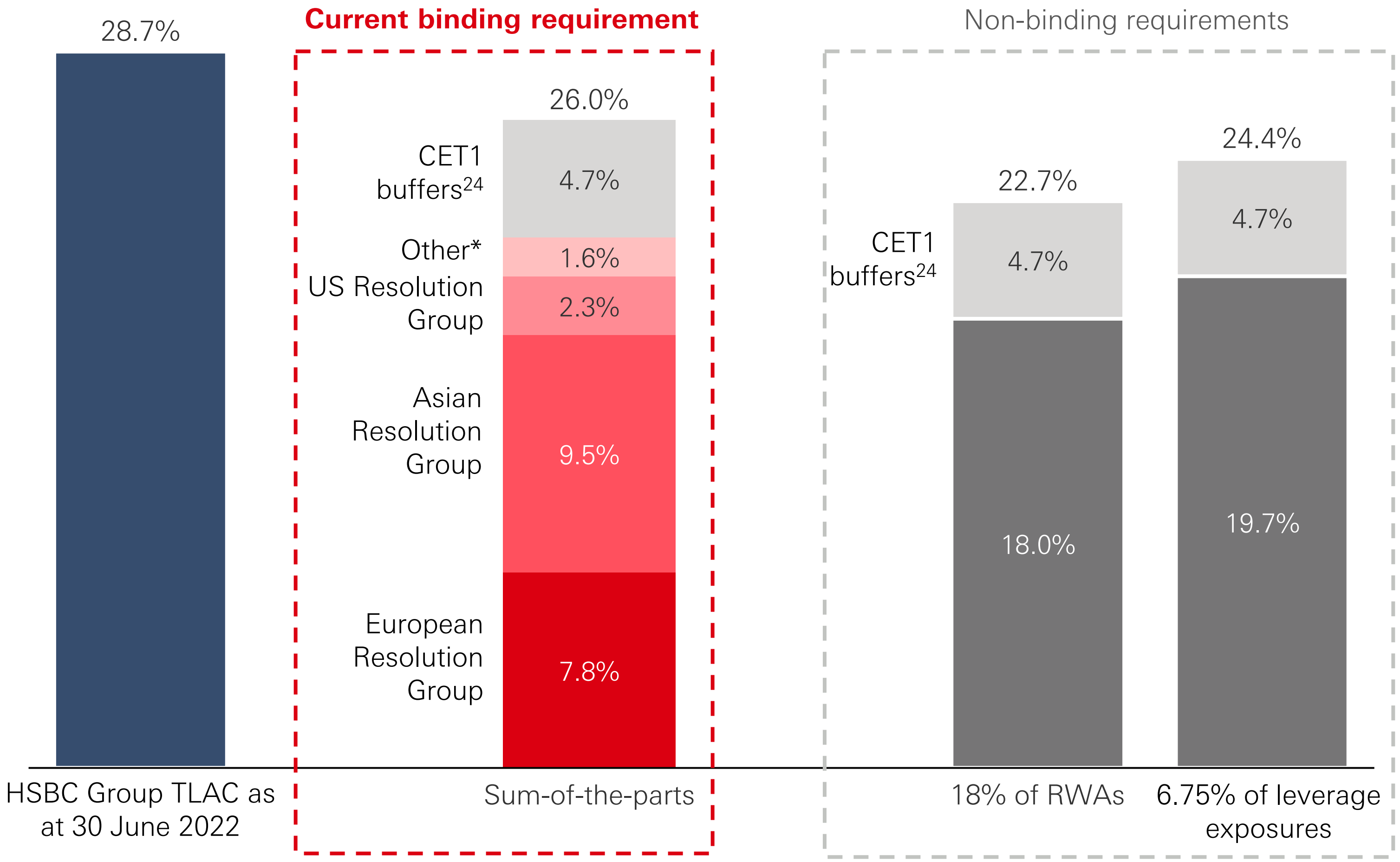
Regulatory capital vs. regulatory requirements as a % of RWAs



- **Total capital ratio** down 2.6pps reflecting lower CET1 ratio and the loss of regulatory capital value for certain legacy securities due to CRR1 grandfathering cessation on 1 January 2022
- **Distributable reserves were $33.6bn**, up from $32.2bn at 31 Dec 2021

MREL / TLAC position

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



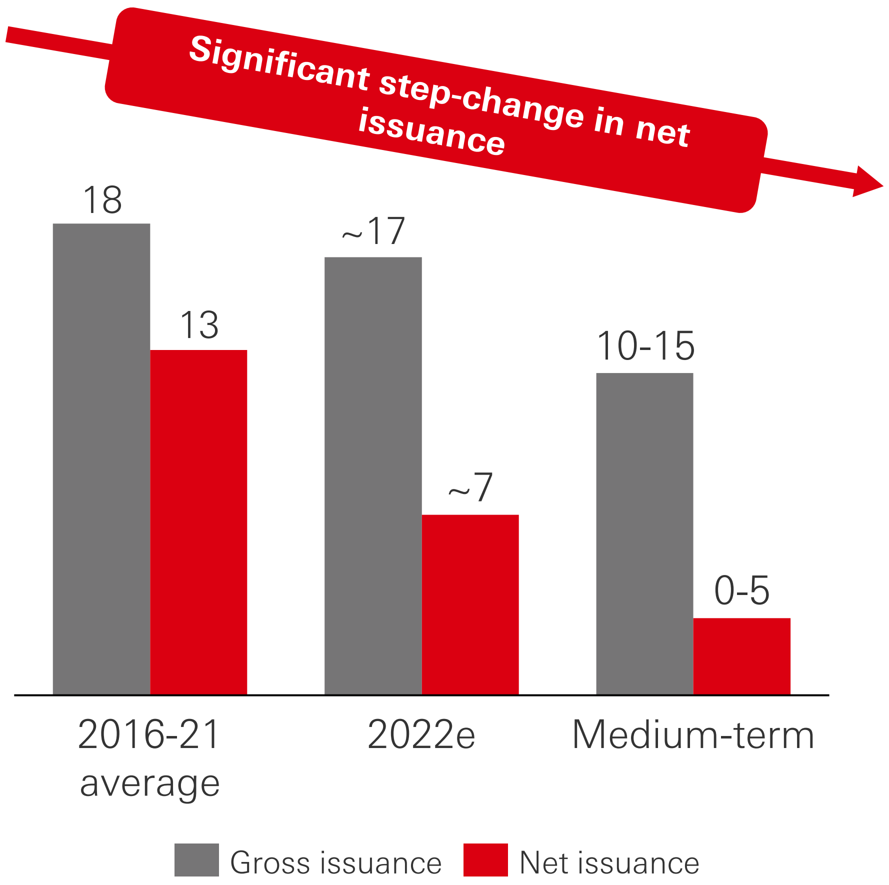
- **2.7pps / $23bn buffer** to current requirement
- HSBC Group's MREL requirement is the greater of:
  - 18% of RWAs
  - 6.75% of leverage exposures
  - The sum of each resolution group's local regulatory requirements and other group entities' capital requirements (the 'sum-of-the-parts')
- Of the three requirements, the sum-of-the-parts is the current binding constraint
- Expect to maintain a **prudent management buffer** above MREL requirement

* Capital or TLAC requirements relating to other Group entities

Issuance plan – MREL build complete

Limited net new issuance going forward

HoldCo Senior gross and net issuance, $bn-equivalent



2H22 issuance plan

Modest additional issuance expected versus original plan driven by market moves impacting bond liability fair values

HoldCo Senior	~$8bn gross, ~$6bn net
Tier 2	~$2bn gross / net
AT1	Unlikely to refinance any 2022 redemptions
OpCo	Expect certain subsidiaries to issue senior and secured debt in local markets to meet funding and liquidity requirements

2022 YTD issuance

2022 issuance and redemptions

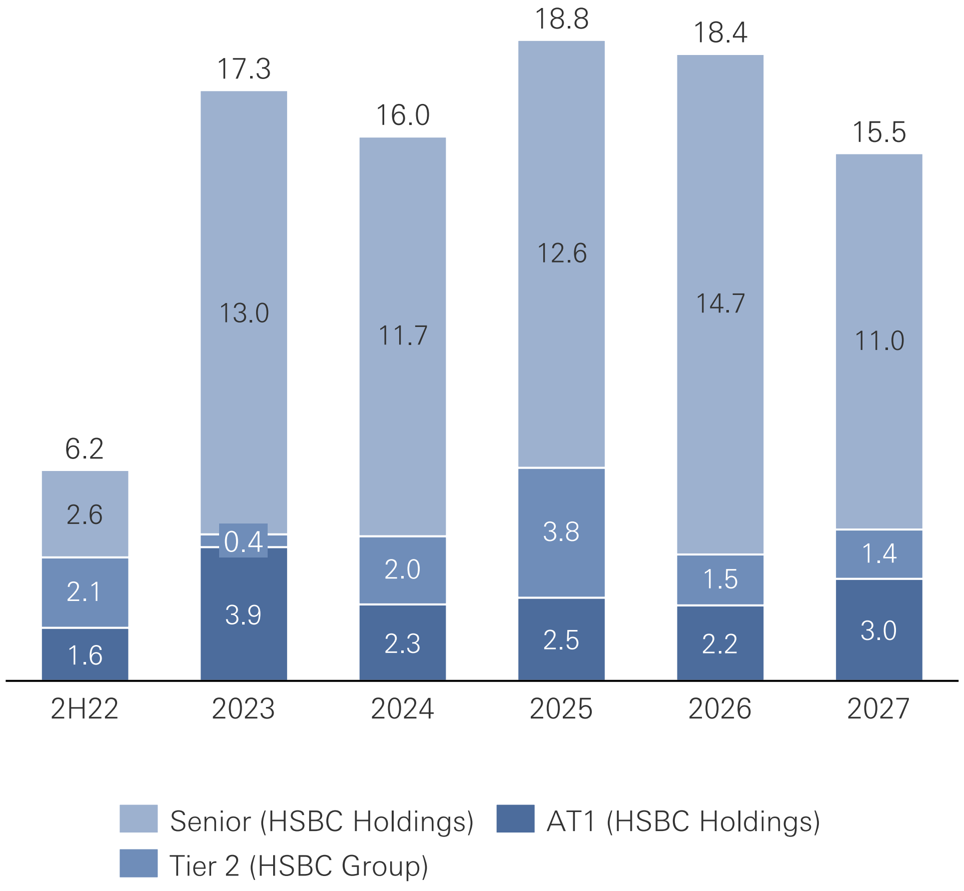
	Revised 2022 issuance plan	Issued YTD	Redeemed YTD	Maturities/calls in 2H22
HoldCo Senior	~$17bn gross	$8.4bn	$7.8bn	$2.6bn
Tier 2	~$5bn gross	$2.6bn	—	—
AT1	Unlikely to refinance any 2022 redemptions	—	$0.7bn	$1.6bn

- Additional 2022 issuance of ~$7bn expected in Senior Holdco versus original plan
  - Significant rises in rates and USD strength have reduced the value of our Tier 2 and MREL liabilities by ~$7bn in 1H22
  - Fair value impacts will unwind as bonds reach maturity, likely reducing future issuance needs
- No AT1 issuance expected to refinance any 2022 redemption options
- Making conscious effort to further diversify currency mix of issuance:
  - Further diversify the investor base
  - Reduce load on USD market (~75-85% of issuance in recent years)
  - Capitalise on name recognition, notably in Asian markets

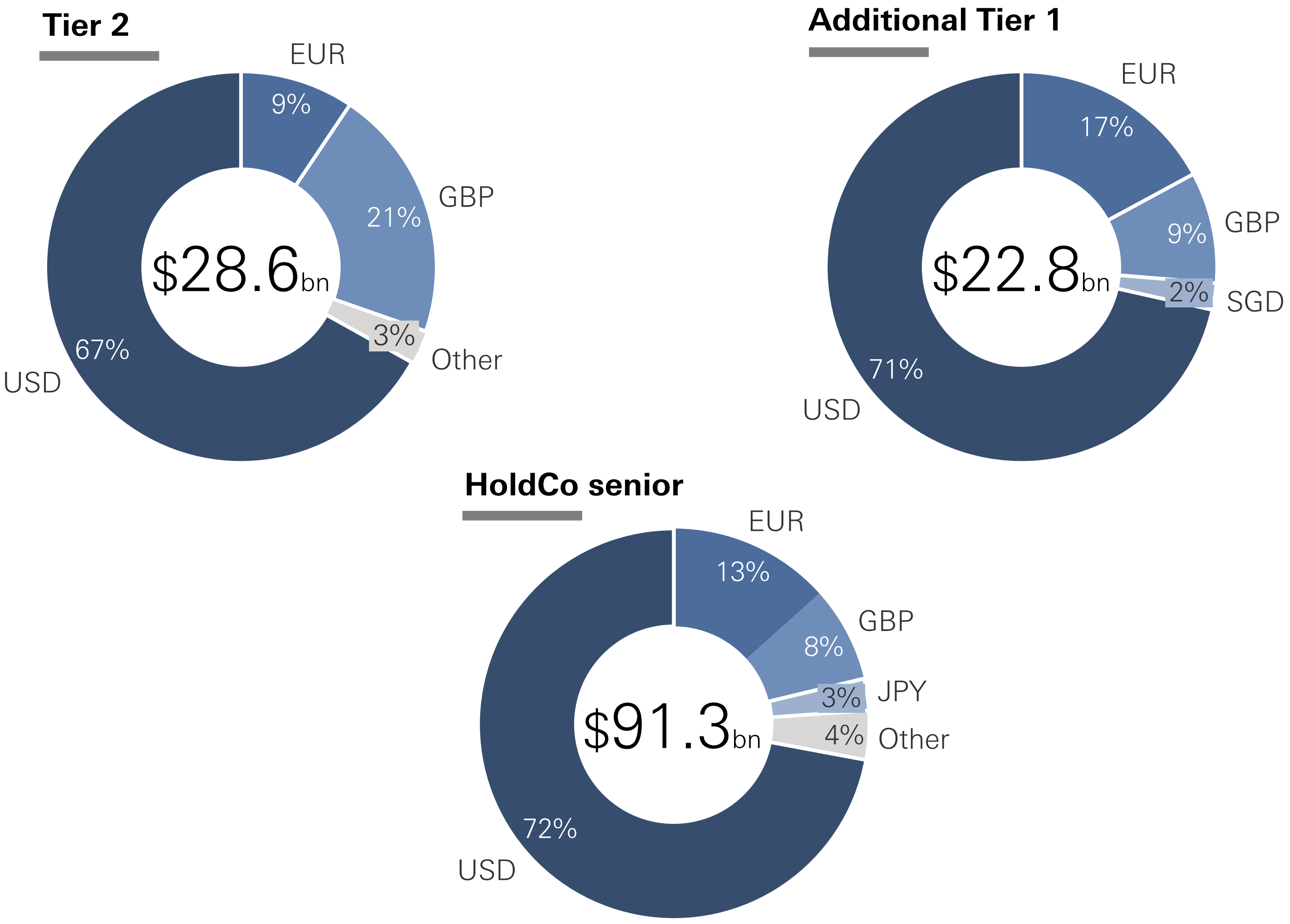
Portfolio instruments

Maturity profile at 1H22[25]

$bn-equivalent



Outstanding instruments by currency (notional) at 1H22



Legacy securities

Total legacy securities of $15bn[26]

	Capital tier eligibility at issuance	
Issuer	**AT1**	**Tier 2**
HSBC Holdings plc	$0.9bn*	$6.7bn
o/w fully ineligible	*$0.9bn**	-
*o/w fully eligible to 2025, no regulatory capital or TLAC / MREL value thereafter^*	-	*$6.7bn*
HSBC Bank plc	$0.9bn*	$4.3bn
o/w fully ineligible	*$0.9bn**	*$0.4bn*
o/w zero TLAC / MREL value but eligible as Tier 2 to 2025	-	*$1.9bn*
o/w zero TLAC / MREL value but fully eligible as Tier 2	-	*$2.0bn*
HSBC USA, Inc / HSBC Bank USA, NA	-	$1.7bn
o/w zero TLAC / MREL value but permanently eligible as Tier 2 in US	-	*$1.7bn*
Hongkong & Shanghai Banking Corp Ltd	-	$0.4bn
o/w zero TLAC / MREL value but eligible as Tier 2 to 2025 (no Tier 2 value locally)	-	*$0.4bn*

* Indirect issuance via special purpose vehicles. ^ Fully eligible as MREL post 2025 but are expected to be subject to voluntary derecognition which will mean these securities are not expected to be eligible as MREL after losing their Tier 2 treatment in 2025.

- We are conscious of the Bank of England's view on legacy instruments and **we are committed to reducing our portfolio of legacy instruments** over time.
- Historic accounting and hedging decisions will have an impact on when (or if) it may become economically rational to take action on our legacy portfolio stock.
- When considering any potential actions to reduce the portfolio, we evaluate these opportunities against a desire to ensure that we **take decisions which present a reasonable economic cost to us**.
- Any decision would be taken in the context of the Bank of England's position on legacy securities, noting their stated view that taking steps to reduce legacy instrument portfolios should be **appropriate and proportionate**.
- Changes in prevailing interest rates and credit spreads will alter these economic calculations over time and also, **where securities present a significant economic cost to exit early, this cost will generally diminish as the securities near their maturity or first call date**.

Liability Management Exercise for Subordinated Notes

Exchange Offers for Subordinated Notes: Background

- $6.7bn of notes targeted across five series, which were issued before the implementation of the BRRD
- The terms of the Original Notes are governed by New York law and do not include a contractual provision recognising UK bail-in power
- This transaction represent the inaugural liability management transaction targeting HSBC Holdings plc's legacy securities
- The Exchange Offers are being conducted to introduce contractual bail-in recognition (CBR)
  - in addition, ancillary changes being made to certain other provisions to reflect legislative and regulatory developments
- We note the comments made by the Bank of England in the recent *Resolvability assessment of major UK banks* publication, stating that CBR: "…can help improve certainty and timeliness in the implementation of resolution actions…"
- Overview of the Exchange Offers:
  - Exchange Notes will retain the same ranking, interest rate, payment dates and maturity date as the Original Notes
  - Participating holders will be eligible to receive a Participation Cash Incentive of $3.5 per $1k (0.35%) of the principal amount
  - Expiration expected on 29th August 2022
  - Concurrent cash tender offer for retail holders^ on two series of the Original Notes up to a maximum aggregate principal amount of $70m

CUSIP	ISIN	Existing Subordinated Notes	Aggregate principal amount outstanding
404280AE9	US404280AE90	7.350% due 2032*	$222,042,000
404280AF6	US404280AF65	7.625% due 2032*	$483,613,000
404280AD1	US404280AD18 (144A), USG4634UAV47 (Reg S)	7.625% due 2032*	$4,300,000
404280AG4	US404280AG49	6.500% due 2036	$2,000,000,000
404280AH2	US404280AH22	6.500% due 2037	$2,500,000,000
404280AJ8	US404280AJ87	6.800% due 2038	$1,500,000,000
			$6,709,955,000

* Notes subject to concurrent cash tender offer

^ Holders that are not "qualified institutional buyers" as defined in Rule 144A under the Securities Act; and hold an aggregate principal amount of less than $200k

IBOR – regulatory capital & MREL securities

Consent solicitation completed

GBP English law securities

- Consent **exercise passed** in September 2021 to alter reference rate for post-call coupons on a number of bonds issued by a number of group entities
- Used established market convention - GBP LIBOR substituted with SONIA plus credit spread adjustment
- Added fallbacks that consider the new reference rate

SGD English law securities

- Consent **exercise failed** in September 2021 due to lack of quorum
- All SGD English law securities remain fixed rate until their first call date, utilisation of IBOR only arises if HSBC chooses not to exercise its call option
- Of the two failed securities, one was redeemed in June 2022
- Continue to evaluate whether there are any further options to remediate

Remaining securities – USD, JPY, and GBP (NY law) securities

- **We remain committed in seeking to remediate or mitigate relevant risks relating to IBOR-demise**, as appropriate, on our outstanding regulatory capital and MREL instruments before the relevant calculation dates, which may occur post cessation of the relevant IBOR rate or rates
- Evaluating legislative solutions, fallbacks, and any other relevant options for USD New York law securities
- GBP New York law securities remain difficult to remediate fully given lack of consent option and no current legislative solution to transition these securities
- Continue to evaluate options for USD English law and JPY Japanese law securities

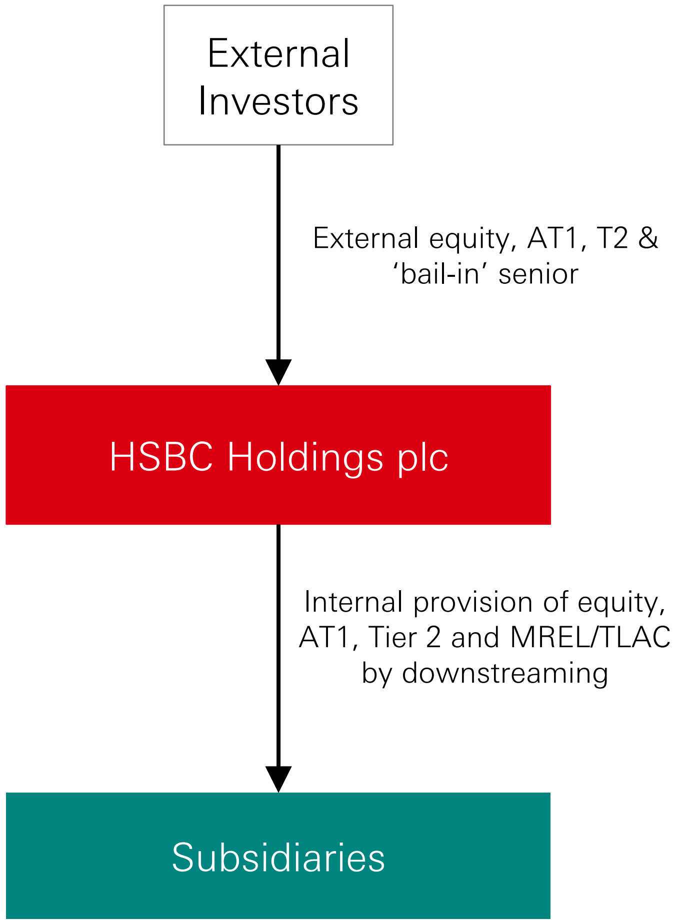
Appendix

MREL/TLAC position

	HSBC Group	US Resolution Group	Europe Resolution Group (Including HSBC Holdings)[32]	Asia Resolution Group
TLAC position at 1H22	**Total TLAC: $245bn** Of which: non-regulatory capital: $87bn	**Total TLAC: $26bn** Of which: non-regulatory capital: $8bn	**Total TLAC: $88bn** Of which: non-regulatory capital: $51bn	**Total TLAC: $103bn** Of which: non-regulatory capital: $29bn
Balance sheet at 1H22	RWAs: $852bn Leverage exposure: $2,484bn	RWAs: $110bn Average assets: $221bn	RWAs: $272bn Leverage exposure: $909bn	RWAs: $415bn Leverage exposure: $1,200bn
Requirement	The greater of: ▪ 18% of RWAs ▪ 6.75% of UK leverage exposures ▪ Sum-of-the-parts*	TLAC[34]: the greater of: ▪ 18% of RWAs ▪ 9% of average assets Long-Term Debt: the greater of: ▪ 6% of RWAs ▪ 3.5% of average assets	The greater of: ▪ 18% of RWAs ▪ 6.75% of UK leverage exposures ▪ 2 x (P1 + P2A)	Firm specific requirement, subject to TLAC floor of the greater of: ▪ 18% of RWAs ▪ 6.75% of leverage exposures

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

Approach to issuance



HSBC Holdings plc

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

Internal Capital and MREL/TLAC

- Proceeds of external debt issued by HSBC Holdings is predominantly used to acquire capital and internal MREL/TLAC instruments issued by its subsidiaries
- HSBC Holdings does not generally provide funding to subsidiaries for day-to-day liquidity needs
- HSBC Holdings retains proceeds for its own liquidity and capital management (>$18bn at 30 June)

External debt issued by subsidiaries

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

Key financial metrics

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

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

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

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

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

Reconciliation of reported PBT and adjusted profit after tax

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

* Primarily comprises losses associated with RWA reduction commitments

Certain items included in adjusted revenue

Certain items included in adjusted revenue highlighted in management commentary, $m	2Q22	1Q22	4Q21	3Q21	2Q21	1H22	1H21
Insurance manufacturing market impacts in WPB	(378)	(276)	127	(42)	324	(654)	392
of which: Asia WPB insurance manufacturing market impacts	*(401)*	*(363)*	*88*	*(52)*	*268*	*(768)*	*187*
Gain on Insurance policyholder funds on deposit in WPB	294	—	—	—	—	294	—
Credit and funding valuation adjustments in GBM	25	(30)	41	(44)	3	(7)	35
Legacy Credit in Corporate Centre	25	(20)	(13)	(34)	6	4	15
Valuation differences on long-term debt and associated swaps in Corporate Centre	(32)	5	(10)	(35)	(27)	(28)	(54)
Turkey hyperinflation[39]	(113)	—	—	—	—	(113)	—
Total	**(179)**	**(321)**	**145**	**(155)**	**306**	**(504)**	**388**

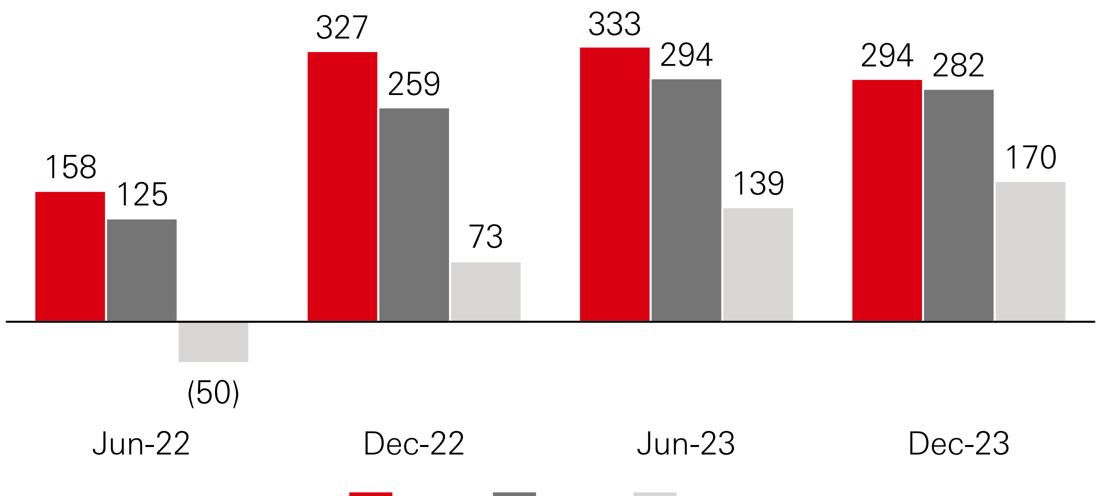
Net interest margin supporting information

Group NII sensitivity to instantaneous change in yield curves

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

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

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

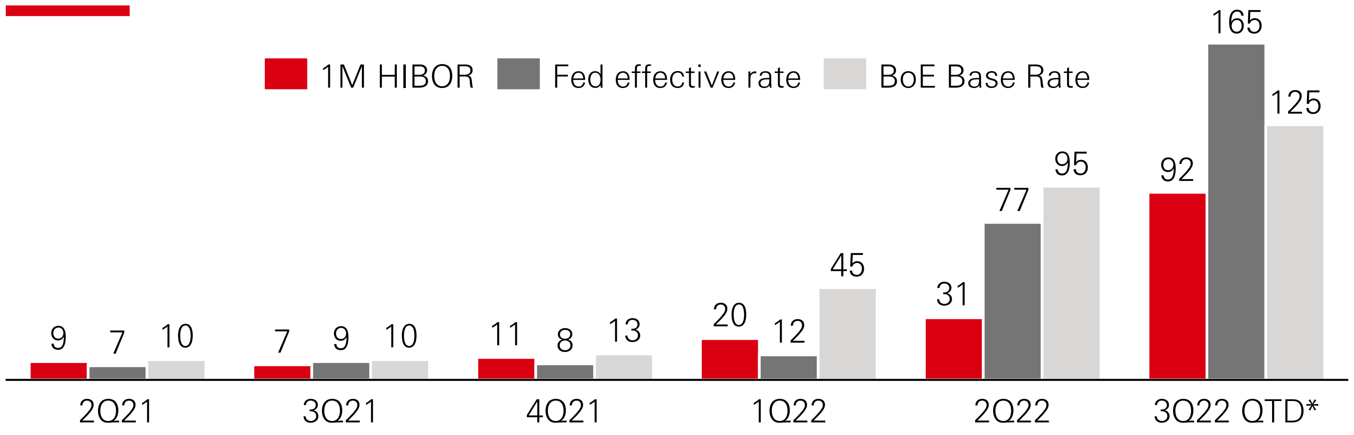


Source: Bloomberg

Quarterly NIM by key legal entity

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

Key rates (quarter averages), bps



Source: Bloomberg

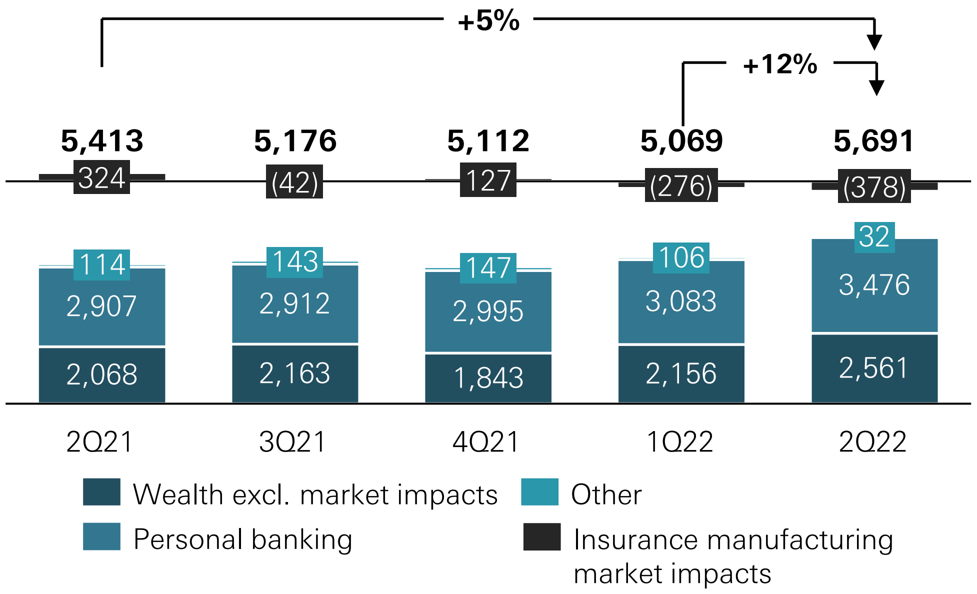
* At 29 July 2022

Wealth and Personal Banking

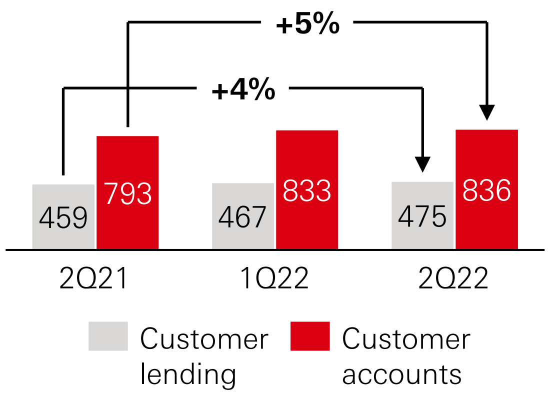
2Q22 financial highlights

Revenue	**$5.7bn**	▲	5% (2Q21: $5.4bn)
ECL	**$(0.2)bn**	▲	>(100)% (2Q21: $0.0bn)
Costs	**$(3.6)bn**	▲	(2)% (2Q21: $(3.6)bn)
PBT	**$1.8bn**	▼	(3)% (2Q21: $1.9bn)
RoTE[38]	**8.4%**	▼	(9.5)ppts (1H21: 17.9%)

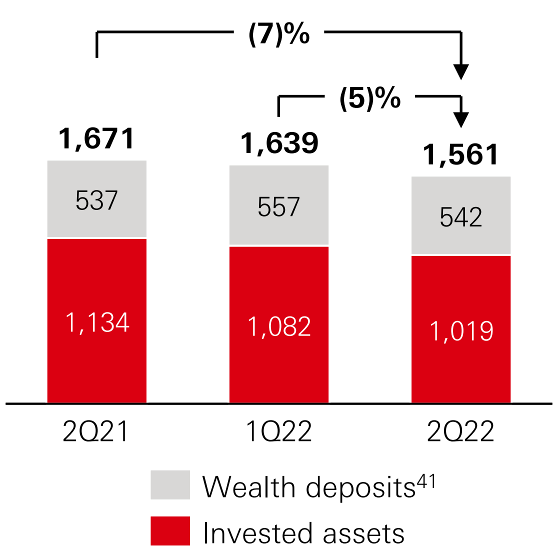
Revenue performance, $m



Balance sheet, $bn



Reported Wealth Balances, $bn



2Q22 vs. 2Q21

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

2Q22 vs. 1Q22

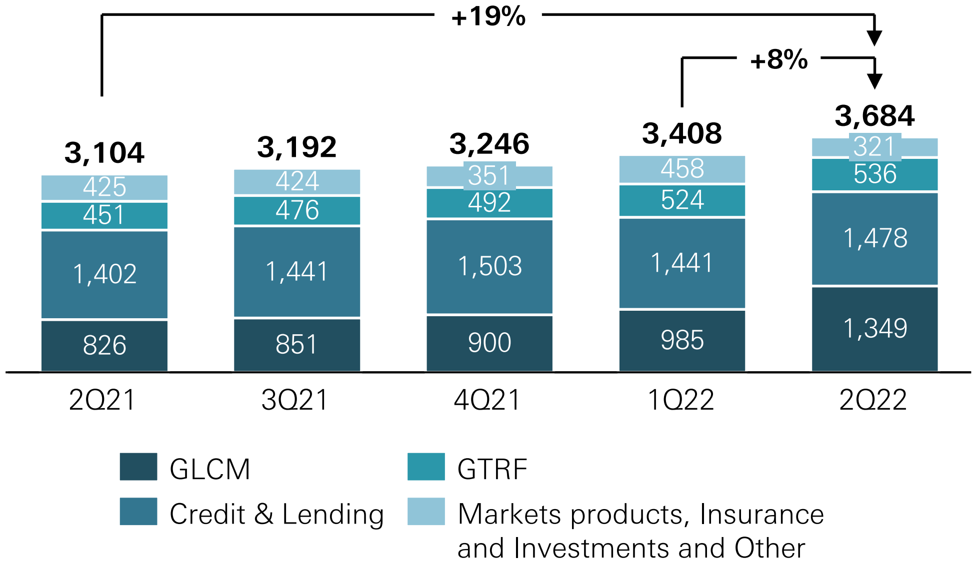
- **Revenue** up $622m (12%). Wealth up $303m (16%) mainly Insurance (VNB up $55m and a gain of $294m on policyholder funds on deposit). Personal banking up $393m (13%) due to interest rate rises and balance sheet growth
- **Customer lending** up $8bn (2%), mainly mortgages ($5bn) across most markets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

Commercial Banking

2Q22 financial highlights

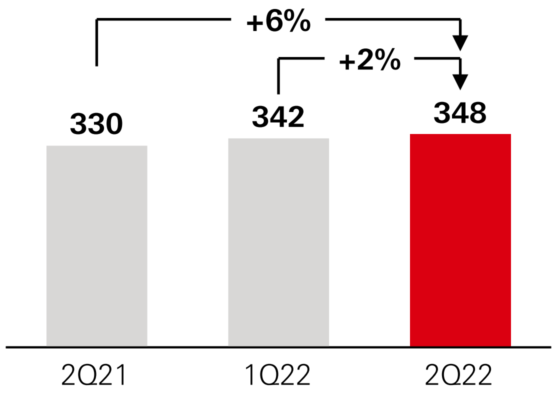
Revenue	**$3.7bn**	▲	19% (2Q21: $3.1bn)
ECL	**$(0.3)bn**	▲	>(100)% (2Q21: $0.0bn)
Costs	**$(1.6)bn**	▼	2% (2Q21: $(1.7)bn)
PBT	**$1.8bn**	▲	21% (2Q21: $1.5bn)
RoTE[38]	**12.6%**	▲	1.5ppts (1H21: 11.1%)

Revenue performance, $m

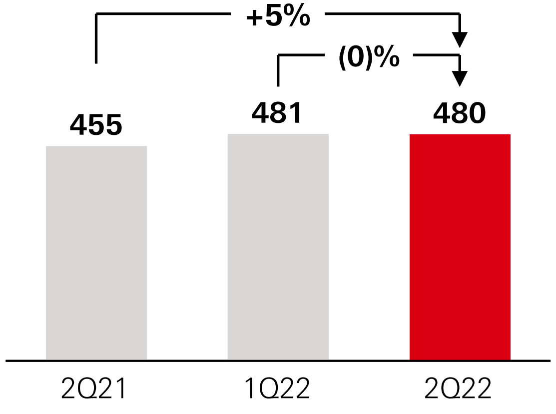


Balance sheet, $bn

Customer lending



Customer accounts



2Q22 vs. 2Q21

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

2Q22 vs. 1Q22

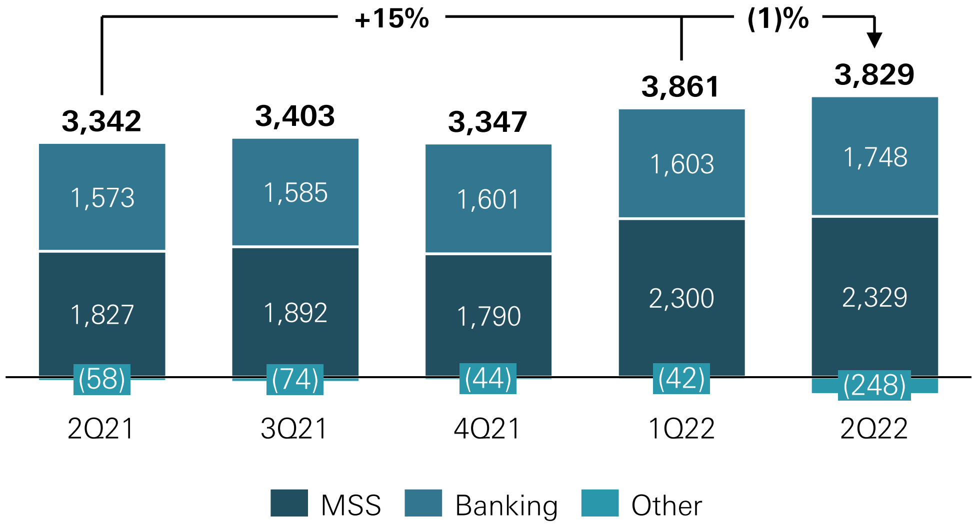
- **Revenue** up $276m (8%) across all core CMB products notably GLCM (up 37%) reflecting higher margins and fees (up 12%), notably in Asia and the UK, continued asset growth partly offset by hyperinflation accounting impact, seasonality in Trade and GBM collaboration fees
- **Customer lending** up $7bn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

Global Banking and Markets

2Q22 financial highlights

Revenue	$3.8bn	▲	15% (2Q21: $3.3bn)
ECL	$0.1bn	▲	(62)% (2Q21: $0.2bn)
Costs	$(2.3)bn	▲	(0)% (2Q21: $(2.3)bn)
PBT	$1.6bn	▲	26% (2Q21: $1.3bn)
RoTE[38]	10.9%	▲	0.2ppts (1H21: 10.7%)

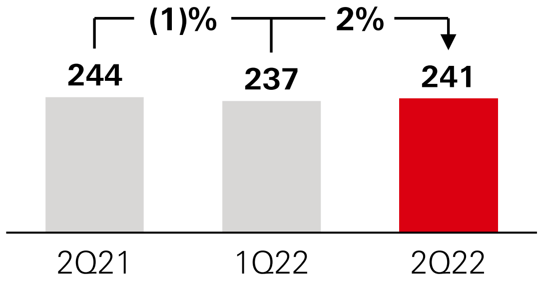
Revenue performance, $m



View of adjusted revenue

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

Adjusted RWAs[40], $bn



2Q22 vs. 2Q21

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

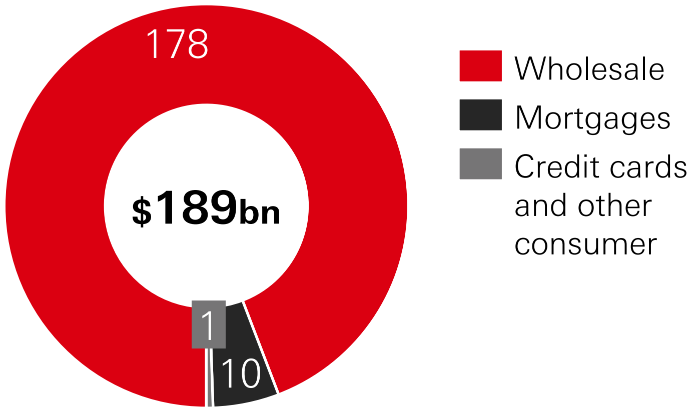
2Q22 vs. 1Q22

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

Mainland China drawn risk exposure

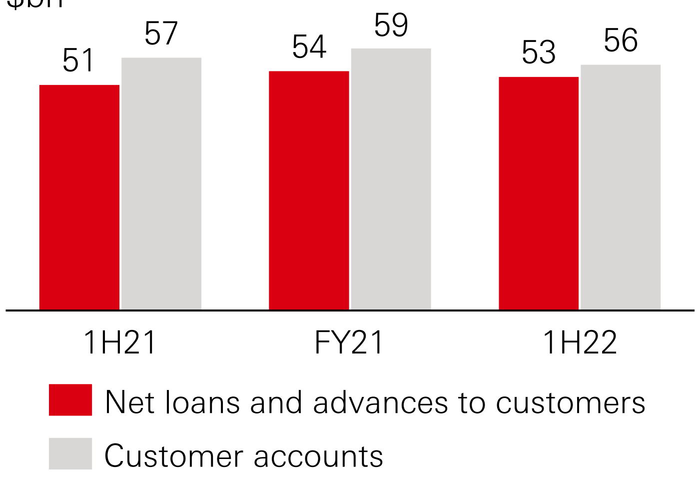
Mainland China drawn risk exposure

$bn



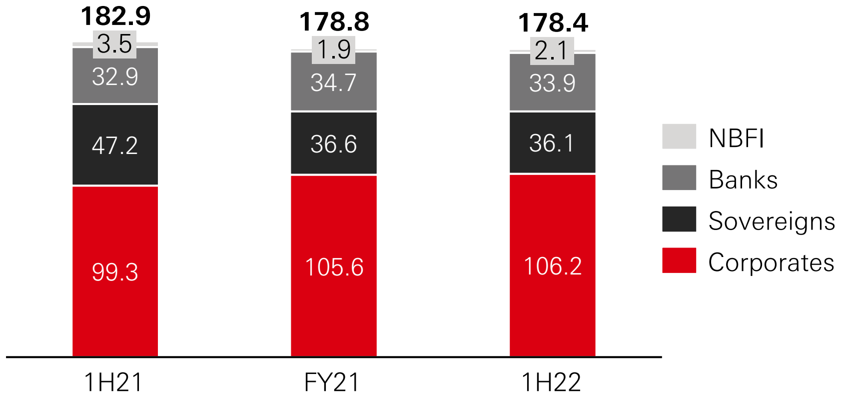
Reported balance sheet

$bn



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

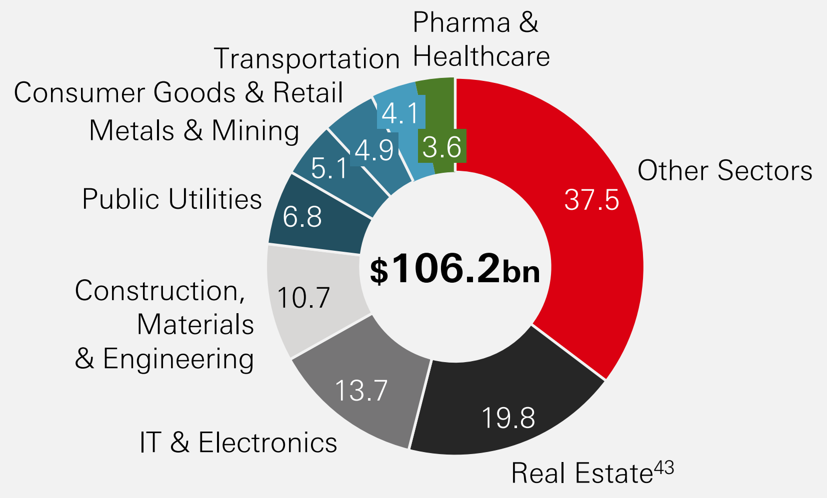
Wholesale lending analysis, $bn



Wholesale lending by counterparty type and credit risk rating:

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

Corporate lending by sector



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

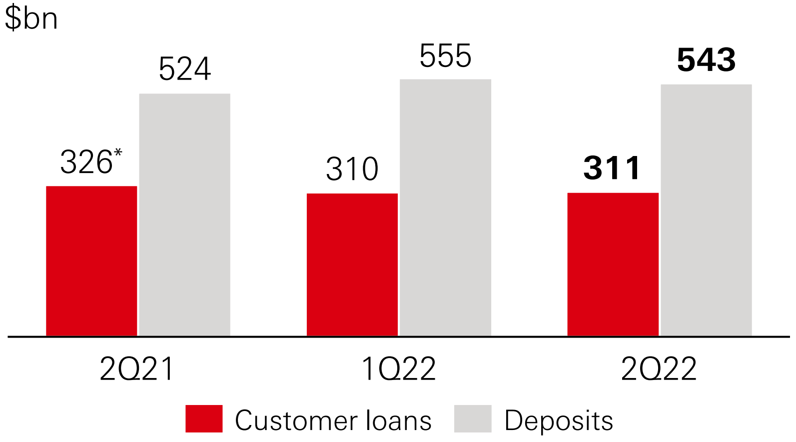
* Wholesale drawn risk exposure of $178bn includes on balance sheet lending as well as issued off balance sheet exposures

Hong Kong

Financial performance

$m	2Q22	2Q21		Δ
NII	2,067	1,775	▲	16%
Non-NII	1,653	1,874	▼	(12)%
Revenue	**3,720**	**3,649**	▲	**2%**
*o/w: Certain insurance items**	*(89)*	*261*		*n.m.*
ECL	(214)	(6)	▲	>(100)%
Costs	(1,971)	(1,839)	▲	(7)%
Associates	(2)	2	▼	>(100)%
PBT	**1,533**	**1,806**	▼	**(15)%**

Balance sheet



Regional highlights

Financials

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

19pt increase in WPB Hong Kong's NPS[44] vs. 2020, **now #1 amongst major banks**

Hong Kong trade assets market share of **22.3%, up 4.2ppts** vs. prior year[45]

Insurance market share[42] of **23.0%** at 1Q22, **up 3.0ppts** vs. 1Q21

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

PayMe peer-to-peer market share[46] **of 74%**; selected as a provider for **HKSAR Consumption Voucher Scheme**

Cards spend market share[47] of **51.3%** at 1Q22

$5bn GBA Sustainability Fund launched

#1 international bank[48] by funds invested in Wealth Management Connect, #4 overall

* Insurance market impacts and gain on policyholder funds on deposits; for further detail, please refer to the 'Certain items included in adjusted revenue' table on slide 33
** Includes $13bn of IPO loans

UK ring-fenced bank

Business performance

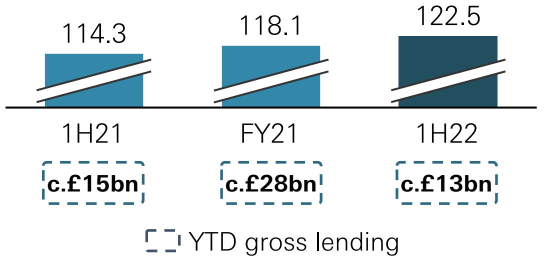
1H22 financial highlights

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

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

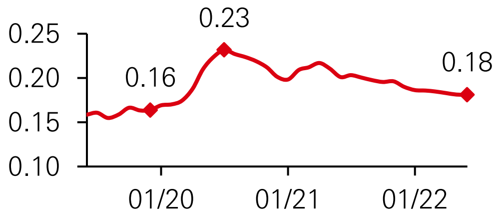
WPB

Personal gross mortgage balances, £bn



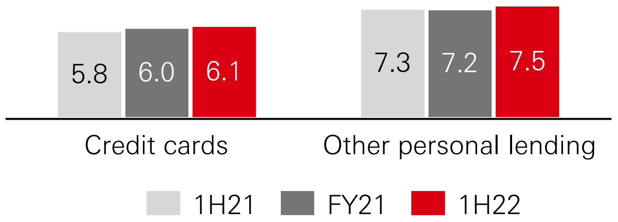
- Continued strength in mortgage lending: **7.6%** mortgage stock market share[50]; June YTD gross new lending share[50] of **8.9%**
- Buy-to-let mortgages of £3.3bn
- Mortgages on a standard variable rate of £2.5bn
- Interest-only mortgages of £18.8bn[27]
- New originations average LTV of 67%; average portfolio LTV of 49%, down 5ppts vs. 1H21

Mortgages:
90+ day delinquency trend[49], %



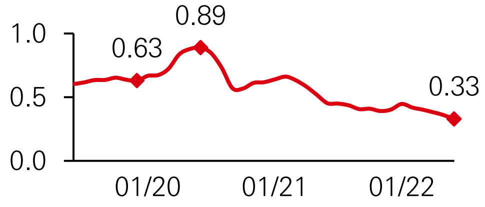
- Mortgage delinquencies remain slightly elevated vs. pre-pandemic as a result of a market-wide pause in litigation activities, now restarted

Personal unsecured lending balances, £bn



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

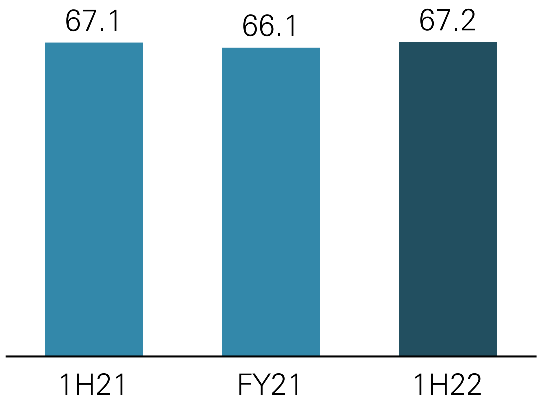
Credit cards:
90-179 day delinquency trend[49], %



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

CMB

Wholesale gross customer loans, £bn

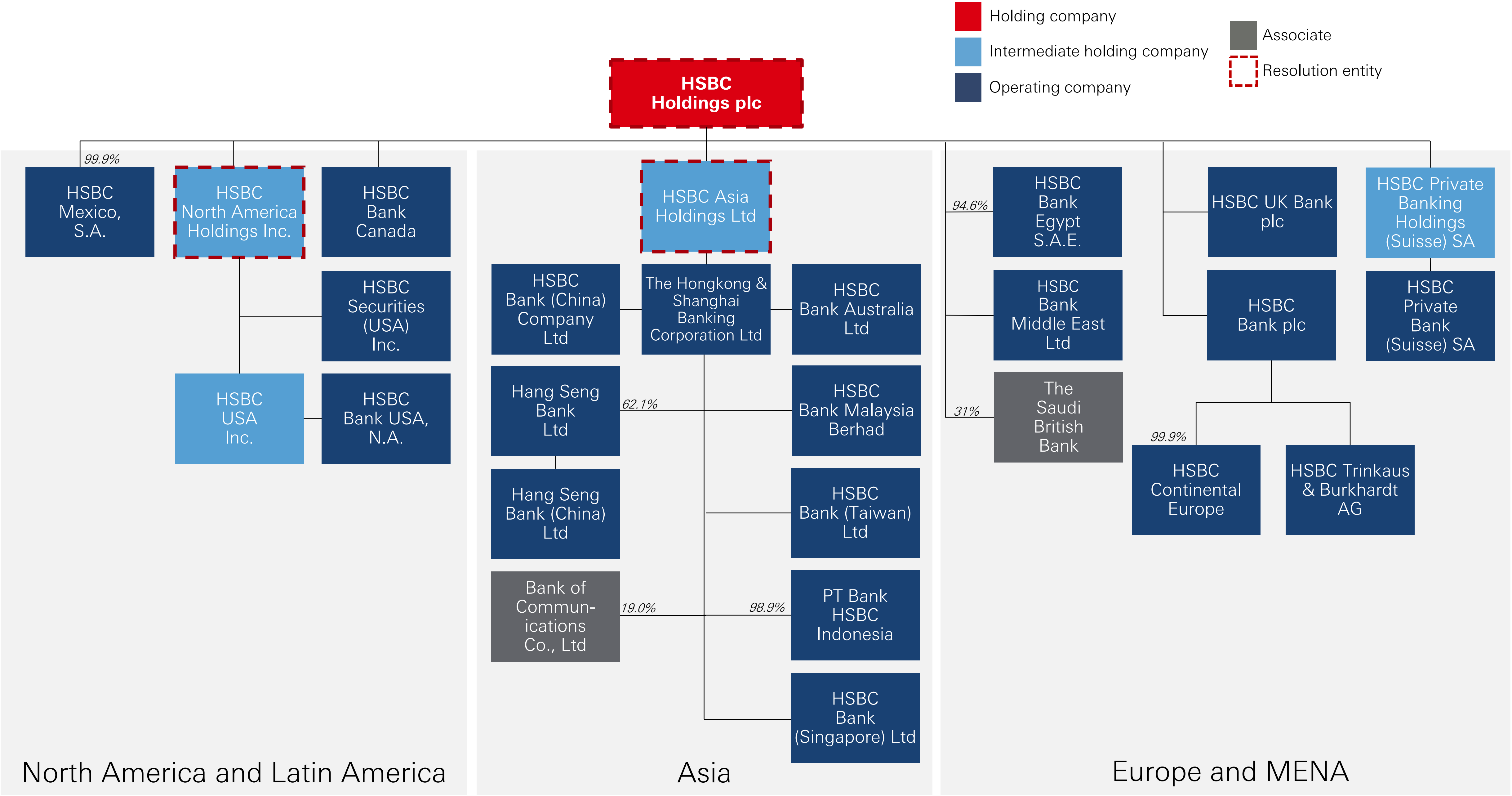


- Net lending to customers **up 3%** vs. FY21, despite roll-off of c.£0.9bn of government loan scheme balances
- Trade assets **up 57%** vs. 1H21
- Launched **£15bn SME fund** to provide support for British businesses to grow

Credit ratings for main issuing entities

Long term senior ratings as at 1 August 2022	S&P		Moody's		Fitch	
	Rating	**Outlook**	**Rating**	**Outlook**	**Rating**	**Outlook**
HSBC Holdings plc	A-	STABLE	A3	STABLE	A+	NEG
The Hongkong and Shanghai Banking Corporation Ltd	AA-	STABLE	Aa3	STABLE	AA-	NEG
HSBC Bank plc	A+	STABLE	A1	STABLE	AA-	NEG
HSBC UK Bank plc	A+	STABLE	A1	STABLE	AA-	NEG
HSBC Continental Europe (formerly HSBC France)	A+	STABLE	A1	STABLE	AA-	NEG
HSBC Bank USA NA	A+	STABLE	Aa3	STABLE	AA-	NEG
HSBC Bank Canada	A+	STABLE	A1	STABLE	A+	NEG

Simplified structure chart



Glossary

AIEA	Average interest earning assets
AM	Asset Management
ANP	Annualised new business premiums
APAC	Asia-Pacific
AT1	Additional Tier 1
BoCom	Bank of Communications Co. Limited, an associate of HSBC
Bps	Basis points. One basis point is equal to one-hundredth of a percentage point
CET1	Common Equity Tier 1
Corporate Centre	Corporate Centre comprises Central Treasury, our legacy businesses, interests in our associates and joint ventures and central stewardship costs
CMB	Commercial Banking, a global business
CRE	Commercial Real Estate
CTA	Costs to achieve
C&L	Credit & Lending
ECL	Expected credit losses. In the income statement, ECL is recorded as a change in expected credit losses and other credit impairment charges. In the balance sheet, ECL is recorded as an allowance for financial instruments to which only the impairment requirements in IFRS 9 are applied
EMEA	Europe, Middle East, and Africa
GBA	Guangdong-Hong Kong-Macau Greater Bay Area
GBM	Global Banking and Markets, a global business
GLCM	Global Liquidity and Cash Management
GPB	Global Private Banking
Group	HSBC Holdings plc and its subsidiary undertakings
GSSS	Green, Social, Sustainability and Sustainability-linked
GTRF	Global Trade and Receivables Finance
HIBOR	Hong Kong Interbank Offered Rate
IFRS	International Financial Reporting Standard

IPO	Initial Public Offering
Legacy credit	A portfolio of assets including securities investment conduits, asset-backed securities, trading portfolios, credit correlation portfolios and derivative transactions entered into directly with monoline insurers
LTV	Loan to value ratio
MCU	Market conditions update. Insurance market impacts recognised in revenue
MENA	Middle East and North Africa
MREL	Minimum requirement for own funds and eligible liabilities
MSS	Markets and Securities Services
NBFI	Non-bank financial institution
NCI	Non-controlling interests
NII	Net interest income
NIM	Net interest margin
NNIA	Net new invested assets
NPS	Net promoter score
NRFB	Non ring-fenced bank in Europe and the UK
OCI	Other Comprehensive Income
PBT	Profit before tax
Ppt	Percentage points
PVIF	Present value of in-force insurance contracts
SABB	The Saudi British Bank, an associate of HSBC
UK RFB	HSBC UK, the UK ring-fenced bank, established July 2018 as part of ring fenced bank legislation
RoTE	Return on average tangible equity
RWA	Risk-weighted asset
SME	Small and medium sized enterprise
TNAV	Tangible net asset value
VNB	Value of new business written
WPB	Wealth and Personal Banking, a global business
XVAs	Credit and Funding Valuation Adjustments

Footnotes

1. Reported RoTE is computed by adjusting annualised reported results for PVIF and for impairment of goodwill and other intangible assets (net of tax), divided by average reported equity adjusted for goodwill, intangibles and PVIF for the period
2. Subject to the current market-implied path for global policy rates
3. We expect the quarterly dividend to initially be reinstated at a lower level than the historical quarterly dividend of 10¢ per share paid up to the end of 2019
4. Adjusted costs for 1H20 and 1H21 have been retranslated at average 1H22 FX rates
5. Unless otherwise stated, regulatory capital ratios and requirements are based on the transitional arrangements of the Capital Requirements Regulation in force at the time. These include the regulatory transitional arrangements for IFRS 9 'Financial Instruments'. The leverage ratio is calculated using the end point definition of capital and the IFRS 9 regulatory transitional arrangements, in line with the UK leverage rules that were implemented on 1 January 2022, and excludes central bank claims. Comparatives for 2021 are reported based on the disclosure rules in force at that time, and include claims on central banks. References to EU regulations and directives (including technical standards) should, as applicable, be read as references to the UK's version of such regulation and/or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018, and subsequently amended under UK law
6. Cumulative RWA saves under our transformation programs as measured from 1 January 2020, including $9.6bn of accelerated saves made over 4Q19
7. Only captures GBM RWA saves and includes $9.6bn of accelerated saves from 4Q19
8. Based on tangible equity ('TE') of the Group's major legal entities excluding associates, holding companies and consolidation adjustments
9. WPB TE as a share of TE allocated to the global businesses (excluding Corporate Centre). Excludes holding companies, and consolidation adjustments
10. Customer deposits minus net loans and advances over Tangible Ordinary Shareholder's Equity; on reported basis
11. Same peer set used as in HSBC Holdings plc's Annual Report and Accounts 2021; these comprise Barclays, Bank of America, UBS, Standard Chartered, Morgan Stanley, Lloyds Banking Group, BNP Paribas, Citi, Credit Suisse, DBS, Deutsche Bank, J.P. Morgan Chase. Source: CapIQ
12. Includes CMB's share of revenue from the sale of Markets and Securities Services and Banking products to CMB customers. GBM's share of revenue from the sale of these products to CMB customers is included within the corresponding lines of the GBM management view of adjusted revenue. Also includes allocated revenue from Markets Treasury, HSBC Holdings interest expense and hyperinflation
13. Net New Invested Assets ('NNIA'). Includes Retail Wealth (excl. deposits), GPB (excl. deposits), and AM 3rd party. Asia Retail Wealth NNIA includes only mainland China. Hong Kong, Singapore and Malaysia – representing 97% of invested assets in Asia
14. Other' includes Markets Treasury, HSBC Holdings interest expense and hyperinflation. It also includes the distribution and manufacturing (where applicable) of retail and credit protection insurance, disposal gains and other non-product specific income
15. Includes Principal Investments, notional tax credits and Markets Treasury, HSBC Holdings interest expense and hyperinflation
16. Between GBM and WPB: Includes GBM products to WPB customers
17. Between GBM and CMB: Includes GBM products to CMB customers
18. Client business differs from reported revenue as it relates to certain client specific income, and excludes certain products (including Principal Investments, GBM "other" and asset management), group allocations, recoveries and other non-client related and portfolio level revenue. It also excludes Hang Seng. GBM client business includes an estimation of client-specific day one trade specific revenue from MSS products, which excludes ongoing mark-to-market revenue and portfolio level revenue such as hedging. Cross-border client business represents the income earned from a client's entity domiciled in a different geography than where the client group's global relationship is managed. 'Booking location' represents the geography of the client's entity or transaction booking location where this is different from where the client group's global relationship is managed. Analysis is based on June FX
19. Technology costs in operating expenses trends include transformation saves and are presented on a net basis
20. Target: ≥14%, managing in the range of 14% to 14.5% in the medium term
21. Numbers presented under the transitional arrangements in CRR II for capital instruments
22. Numbers presented after the expiry of the transitional arrangements in CRR II for capital instruments
23. Data to end May 2022 only
24. Group CET1 buffers are shown in addition to the MREL requirements. The buffers shown in addition to the RWA, leverage and SoTP TLAC/MREL requirement are calculated in accordance with the PRA Supervisory statement 16/16 updated in December 2020
25. To next call date if callable; otherwise to maturity
26. Table excludes $175m of small or private placement securities issued by our French, German, Canadian and Malaysian subsidiaries
27. Includes offset mortgages in first direct, endowment mortgages and other products
28. Includes data costs in Digital Business Services ('DBS') function only
29. Includes Global Functions, centrally managed costs and other DBS
30. Operations personnel within DBS
31. 1H21 retranslated at 1H22 average rates and 2H21 retranslated at June average FX
32. Investments by the European resolution group in the regulatory capital or TLAC of other group companies are deducted
33. The calculation of NSFR on 30 June 2022 is based on the PRA rulebook, and the NSFR ratio at 31 December 2021 was following the Capital Requirements Regulation (CRR) regulation (EU) No 575/2013 requirement.
34. The TLAC requirements for our US business are calculated based on the greater of 1) a specified minimum percentage of risk weighted assets, including a buffer of 2.5% of risk weighted assets, and 2) a specified minimum percentage of average total consolidated assets (based on the U.S. tier 1 leverage ratio).
35. Source: Bloomberg. GBP: Sterling Overnight Index Average (SONIA); USD: Fed funds; EUR: Euro Overnight Index Average (EONIA). Implied rates for 31 December 2022, 30 June 2023 and 31 December 2023 based on the following as of 30 June 2022: 30 day Fed Funds futures, one month SONIA index future, one month EONIA index futures
36. Technology cost increases in quarterly walks are presented on a gross basis (excl. saves)
37. Profits less dividends accrued and paid, share buy-back announced in February 2022, and other adjustments and movements in CET1
38. YTD, annualised. RoTE by Global Business excludes significant items. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric. RoTE by Global Business considers AT1 Coupons on an accruals basis, vs. Reported RoTE where it is treated on a cash basis
39. From 1 June 2022, Turkey was deemed a hyperinflationary economy for accounting purposes
40. Data to reconcile components of reported RWAs to adjusted RWAs can be found in the 'HSBC Holdings plc 2Q 2022 Datapack'
41. 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
42. Source: Hong Kong Insurance Authority; market shares and ranking based on overall ANP for 1Q22
43. Mainland China reported Real Estate exposures comprises exposures booked in mainland China and offshore where the ultimate parent is based in mainland China, and all exposures booked on mainland China balance sheets; Commercial Real Estate refers to lending that focuses on commercial development and investment in real estate and covers commercial, residential and industrial assets; Real Estate for Self Use refers to lending to a corporate or financial entity for the purchase or financing of a property which supports overall operations of a business i.e. a warehouse for an e-commerce firm
44. June 2022, excludes Hang Seng. Source: InMoment
45. May 2022 vs. May 2021 - increases across HSBC Hong Kong (+2.6ppts) and Hang Seng (+1.6ppts). Source: Hong Kong Monetary Authority ('HKMA') Published Asset Balances
46. 1Q22 market share. Source: HKMA
47. Source: HKMA. Statistics of Payment Cards issued in Hong Kong
48. Source: People's Bank of China Shenzhen data release. 3 July 2022
49. Excludes Private Bank
50. At 30 June 2022. Source: BoE
51. On an IFRS 4 basis

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Important notice

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

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Forward-looking statements

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

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

Alternative Performance Measures

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

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

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