

# Consensus financial estimates

HSBC Investor Relations

16 November 2021



# HSBC Group financial estimates<sup>1</sup>

As at 16 November 2021

	2021	2022	2023
<b>Group reported income statement, \$m</b>			
Net interest income	26,352	27,969	30,484
Other income	23,354	23,728	24,606
<b>Net operating income*</b>	<b>49,706</b>	<b>51,697</b>	<b>55,089</b>
ECL <sup>2</sup>	1,361	(2,296)	(3,359)
Operating expenses excl. bank levy	(34,538)	(36,131)	(33,114)
Bank levy	(318)	(309)	(306)
<b>Total operating expenses</b>	<b>(34,856)</b>	<b>(36,440)</b>	<b>(33,420)</b>
Share of profit in associates and joint ventures	2,922	2,582	2,854
<b>Profit/(loss) before tax</b>	<b>19,133</b>	<b>15,543</b>	<b>21,165</b>
Tax expense	(4,311)	(3,764)	(4,585)
<b>Profit/(loss) for the period</b>	<b>14,822</b>	<b>11,778</b>	<b>16,580</b>
Profit attributable to non-controlling interests	913	989	979
Dividends / coupons on preference shares / capital securities	1,362	1,378	1,393
Profit attributable to the ordinary shareholders of the parent company	12,547	9,411	14,207
<b>Group adjusted income statement<sup>3</sup>, \$m</b>			
Net interest income	26,351	27,969	30,484
Other income	23,775	24,560	24,742
<b>Net operating income</b>	<b>50,126</b>	<b>52,529</b>	<b>55,226</b>
ECL <sup>2</sup>	1,361	(2,289)	(3,359)
Operating expenses excl. bank levy	(31,996)	(32,057)	(32,320)
Bank levy	(318)	(309)	(306)
<b>Total operating expenses</b>	<b>(32,314)</b>	<b>(32,366)</b>	<b>(32,626)</b>
Share of profit in associates and joint ventures	2,902	2,757	2,858
<b>Profit/(loss) before tax</b>	<b>22,075</b>	<b>20,632</b>	<b>22,098</b>
<b>Significant items, \$m</b>			
Revenue	(420)	(832)	(136)
ECL	-	(7)	-
Costs	(2,542)	(4,075)	(794)
Associates	20	(175)	(4)
<b>Total</b>	<b>(2,942)</b>	<b>(5,089)</b>	<b>(934)</b>

	2021	2022	2023
<b>Group balance sheet and capital, \$bn</b>			
Customer accounts	1,688.9	1,723.0	1,770.3
Loans and advances to customers (net)	1,059.2	1,097.6	1,134.1
Total assets	3,002.5	3,067.5	3,146.2
Risk-weighted assets	855.7	899.1	933.1
Total leverage ratio exposure	2,961.1	3,042.6	3,121.9
Common equity tier 1 capital	131.8	130.1	134.0
Tier 1 capital (end point)	155.3	153.9	157.9
Tangible net asset value	158.1	159.6	163.6
Net asset value	176.6	178.1	179.7
<b>Key financial metrics</b>			
Net Interest Margin, %	1.20%	1.24%	1.31%
Basic earnings per ordinary share, \$	0.62	0.48	0.73
Dividends per ordinary share, \$	0.24	0.28	0.34
Return on average tangible equity, %	8.0%	5.9%	8.8%
Return on average ordinary shareholders' equity, %	7.2%	5.5%	7.9%
Common equity tier 1 ratio, %	15.4%	14.5%	14.4%
Leverage ratio, %	5.2%	5.0%	5.1%
Tangible net asset value per ordinary share, \$	7.90	8.12	8.45
Net asset value per ordinary share, \$	8.83	9.08	9.33
Number of shares (excl. treasury shares), bn	20.02	19.66	19.36
Weighted average number of ordinary shares outstanding, bn	20.14	19.80	19.47

\* Of the 14 analyst estimates used to calculate consensus, 10 include an estimate of the impact of IFRS 17 in 2023. The impact of IFRS 17 estimates on 2023 consensus reported net operating income is \$(950)m. The impact of IFRS 17 estimates on adjusted net operating income is \$(829)m. The average of only the 10 analyst estimates that include an estimate of the impact of IFRS 17 is \$(1.3)bn (with a minimum estimate of \$1.0bn and a maximum estimate of \$1.7bn).

1. Consensus estimates are based on the mean average of brokers providing estimates for the specific item, calculated on a line-by-line basis and may not be additive. Where brokers do not provide estimates for specific items, these are excluded from the average
2. Change in expected credit losses and other credit impairment charges
3. Adjusted income statement excludes significant items

# HSBC Group financial estimates<sup>1</sup>

As at 16 November 2021

	FY21			FY22			FY23		
Group adjusted income statement, \$m	Low	Average	High	Low	Average	High	Low	Average	High
Net interest income	26,189	26,351	26,546	26,757	27,969	28,641	29,302	30,484	31,681
Other income	23,031	23,775	24,198	23,844	24,560	25,303	22,869	24,742	27,431
<b>Net operating income</b>	<b>49,296</b>	<b>50,126</b>	<b>50,655</b>	<b>51,285</b>	<b>52,529</b>	<b>53,854</b>	<b>53,326</b>	<b>55,226</b>	<b>57,152</b>
ECL <sup>2</sup>	903	1,361	1,614	(3,108)	(2,289)	(1,668)	(4,425)	(3,359)	(2,785)
Operating expenses excl. bank levy	(32,344)	(31,996)	(31,544)	(32,211)	(32,057)	(31,928)	(32,902)	(32,320)	(31,999)
Bank levy	(411)	(318)	(300)	(400)	(309)	(279)	(400)	(306)	(250)
<b>Total operating expenses</b>	<b>(32,644)</b>	<b>(32,314)</b>	<b>(31,955)</b>	<b>(32,549)</b>	<b>(32,366)</b>	<b>(32,228)</b>	<b>(33,152)</b>	<b>(32,626)</b>	<b>(32,299)</b>
Share of profit in associates and joint ventures	2,590	2,902	3,067	2,317	2,757	3,211	2,346	2,858	3,411
<b>Profit/(loss) before tax</b>	<b>21,642</b>	<b>22,075</b>	<b>22,810</b>	<b>19,340</b>	<b>20,632</b>	<b>22,248</b>	<b>20,089</b>	<b>22,098</b>	<b>24,037</b>
Total significant items	(4,009)	(2,942)	(2,246)	(6,300)	(5,089)	(1,800)	(3,231)	(934)	-
<b>Reported profit/(loss) before tax</b>	<b>18,547</b>	<b>19,133</b>	<b>19,810</b>	<b>13,340</b>	<b>15,543</b>	<b>18,320</b>	<b>18,658</b>	<b>21,165</b>	<b>23,749</b>
Tax expense	(4,826)	(4,311)	(3,895)	(4,715)	(3,764)	(2,758)	(5,070)	(4,585)	(4,061)
<b>Profit/(loss) for the period</b>	<b>14,363</b>	<b>14,822</b>	<b>15,123</b>	<b>9,549</b>	<b>11,778</b>	<b>14,106</b>	<b>14,412</b>	<b>16,580</b>	<b>18,762</b>
Profit attributable to non-controlling interests	844	913	1,001	861	989	1,241	754	979	1,266
Dividends / coupons on preference shares / capital securities	1,300	1,362	1,518	1,300	1,378	1,564	1,300	1,393	1,610
Profit attributable to the ordinary shareholders of the parent company	12,118	12,547	12,903	7,319	9,411	11,885	11,853	14,207	16,541
Significant items, \$m	Low	Average	High	Low	Average	High	Low	Average	High
Revenue	(600)	(420)	(252)	(3,000)	(832)	-	(1,731)	(136)	-
ECL	-	-	-	(100)	(7)	-	-	-	-
Costs	(3,522)	(2,542)	(2,042)	(6,000)	(4,075)	(1,800)	(2,100)	(794)	-
Associates	-	20	275	(2,450)	(175)	-	(50)	(4)	-
<b>Total</b>	<b>(4,009)</b>	<b>(2,942)</b>	<b>(2,246)</b>	<b>(6,300)</b>	<b>(5,089)</b>	<b>(1,800)</b>	<b>(3,231)</b>	<b>(934)</b>	<b>-</b>
Group balance sheet and capital, \$bn	Low	Average	High	Low	Average	High	Low	Average	High
Customer accounts	1,632.1	1,688.9	1,711.9	1,668.2	1,723.0	1,777.0	1,671.9	1,770.3	1,845.1
Loans and advances to customers (net)	1,045.4	1,059.2	1,074.1	1,078.1	1,097.6	1,123.2	1,103.9	1,134.1	1,186.1
Total assets	2,871.6	3,002.5	3,073.7	2,837.6	3,067.5	3,227.4	2,921.8	3,146.2	3,301.1
Risk-weighted assets	850.2	855.7	861.6	885.1	899.1	916.8	899.5	933.1	990.7
Key financial metrics	Low	Average	High	Low	Average	High	Low	Average	High
Net Interest Margin, %	1.19%	1.20%	1.24%	1.20%	1.24%	1.30%	1.24%	1.31%	1.39%
Basic earnings per ordinary share, \$	0.61	0.62	0.64	0.37	0.48	0.60	0.62	0.73	0.84
Dividends per ordinary share, \$	0.22	0.24	0.26	0.24	0.28	0.30	0.30	0.34	0.38
Return on average tangible equity, %	7.7%	8.0%	8.3%	4.6%	5.9%	7.4%	7.4%	8.8%	9.9%
Return on average ordinary shareholders' equity, %	6.1%	7.2%	9.4%	4.1%	5.5%	8.3%	6.1%	7.9%	10.0%
Common equity tier 1 ratio, %	15.0%	15.4%	15.7%	14.1%	14.5%	14.9%	13.9%	14.4%	15.0%
Leverage ratio, %	5.0%	5.2%	5.4%	4.8%	5.0%	5.4%	4.8%	5.1%	5.4%
Tangible net asset value per ordinary share, \$	7.71	7.90	8.17	7.88	8.12	8.44	7.62	8.45	8.84
Net asset value per ordinary share, \$	8.72	8.83	9.08	8.93	9.08	9.34	8.84	9.33	9.79

1. Consensus estimates are based on the mean average of brokers providing estimates for the specific item, calculated on a line-by-line basis and may not be additive. Where brokers do not provide estimates for specific items, these are excluded from the average

2. Change in expected credit losses and other credit impairment charges

3. Adjusted income statement excludes significant items

# Average and spot foreign currency rates

Country	Avg FX Rates (US\$ per 1 LCY)							Spot FX Rates (US\$ per 1 LCY)							Spot FX <sup>1</sup>	
	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	FY20	15 Nov
UK	1.278	1.242	1.291	1.320	1.379	1.399	1.378	1.244	1.233	1.291	1.365	1.380	1.382	1.349	1.283	1.342
France	1.102	1.102	1.169	1.192	1.204	1.206	1.179	1.097	1.122	1.173	1.226	1.175	1.186	1.159	1.140	1.137
Germany	1.102	1.102	1.169	1.192	1.204	1.206	1.179	1.097	1.122	1.173	1.226	1.175	1.186	1.159	1.140	1.137
Turkey	0.164	0.146	0.138	0.127	0.135	0.119	0.117	0.152	0.146	0.129	0.135	0.121	0.115	0.113	0.142	0.099
Switzerland	1.033	1.038	1.087	1.106	1.104	1.099	1.089	1.038	1.053	1.085	1.135	1.063	1.080	1.070	1.066	1.081
Hong Kong	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.129	0.128	0.129	0.128
Australia	0.657	0.657	0.715	0.730	0.772	0.770	0.735	0.611	0.687	0.715	0.773	0.763	0.750	0.723	0.689	0.735
India	0.014	0.013	0.013	0.014	0.014	0.014	0.013	0.013	0.013	0.014	0.014	0.014	0.013	0.013	0.013	0.013
China	0.143	0.141	0.145	0.151	0.154	0.155	0.155	0.141	0.141	0.147	0.153	0.153	0.155	0.155	0.145	0.157
Malaysia	0.239	0.231	0.238	0.243	0.246	0.242	0.238	0.231	0.233	0.239	0.249	0.241	0.241	0.239	0.238	0.240
Singapore	0.722	0.709	0.727	0.743	0.750	0.751	0.739	0.702	0.716	0.732	0.757	0.745	0.744	0.736	0.725	0.739
Taiwan	0.033	0.033	0.034	0.035	0.036	0.036	0.036	0.033	0.034	0.035	0.036	0.035	0.036	0.036	0.034	0.036
Egypt	0.063	0.063	0.063	0.064	0.064	0.064	0.064	0.063	0.062	0.063	0.064	0.064	0.064	0.064	0.063	0.064
UAE	0.272	0.272	0.272	0.272	0.272	0.272	0.272	0.272	0.272	0.272	0.272	0.272	0.272	0.272	0.272	0.272
Saudi Arabia	0.266	0.266	0.267	0.267	0.267	0.267	0.267	0.266	0.267	0.267	0.267	0.267	0.267	0.267	0.266	0.267
Canada	0.744	0.722	0.750	0.767	0.790	0.815	0.794	0.703	0.732	0.748	0.786	0.797	0.808	0.788	0.746	0.799
Argentina	0.016	0.015	0.014	0.013	0.011	0.011	0.010	0.016	0.014	0.013	0.012	0.011	0.010	0.010	0.014	0.010
Mexico	0.050	0.043	0.045	0.049	0.049	0.050	0.050	0.042	0.043	0.045	0.050	0.049	0.050	0.049	0.047	0.049
Brazil	0.224	0.186	0.186	0.185	0.182	0.189	0.191	0.193	0.182	0.178	0.193	0.176	0.200	0.184	0.194	0.183

1. LCY: local currency
2. Source: Bloomberg

# Foreign exchange exposures

## Structural foreign exchange exposures as at 31 December 2020, \$m

Structural foreign exchange exposures represent net investments in subsidiaries, branches and associates, the functional currencies of which are currencies other than the US dollar. Exchange differences on structural exposures are recognised in 'Other comprehensive income'.

	2020
Hong Kong dollars	47,623
Pound sterling <sup>1</sup>	35,285
Chinese renminbi	32,165
Euros	15,672
Canadian dollars	5,123
Indian rupees	4,833
Mexican pesos	4,139
Saudi riyals	3,892
UAE dirhams	3,867
Malaysian ringgit	2,771
Singapore dollars	2,473
Australian dollars	2,357
Taiwanese dollars	2,036
Indonesian rupiah	1,726
Swiss francs	1,444
Korean won	1,368
Thai baht	991
Egyptian pound	889
Others, each less than \$700m	6,858
<b>At 31 December</b>	<b>175,512</b>

1. At 31 December 2020, we had forward foreign exchange contracts of \$11.2bn (2019: \$10.5bn) in order to manage our sterling structural foreign exchange exposure.

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Consensus figures in the tables above are line-by-line averages based on the estimates received by HSBC Holdings plc (“HSBC”) from analysts covering HSBC.

HSBC Investor Relations requested sell-side analysts that, to the best of HSBC’s knowledge, cover HSBC via written research reports on a regular basis to provide their estimates for each of the line items appearing in the tables above. In the tables above, estimates from 14 analysts have been used to calculate the full year consensus figures. HSBC excluded submissions where estimates have not been updated following the last reported quarterly results, have not been updated to reflect significant announcements or events or contain a manifest error. The selection of the analysts included in the consensus figures has not been made on the basis of the analysts’ opinions, forecasts, estimates, projections, predictions or recommendations in respect of HSBC.

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Consensus estimate presented as at: 16 November 2021.

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