HSBC

HSBC Holdings plc

Overseas Regulatory Announcement

The attached announcement has been released to the other stock exchanges on which HSBC Holdings plc is listed.

The Board of Directors of HSBC Holdings plc as at the date of this announcement comprises: Mark Tucker*, Noel Quinn, Geraldine Buckingham†, Rachel Duan†, Georges Elhedery, Carolyn Julie Fairbairn†, James Anthony Forese†, Steven Guggenheimer†, José Antonio Meade Kuribreña†, Kalpana Morparia†, Eileen K Murray† and David Nish†.

* Non-executive Group Chairman
† Independent non-executive Director

Hong Kong Stock Code: 5

HSBC Holdings plc
Registered Office and Group Head Office:
8 Canada Square, London E14 5HQ, United Kingdom
Web: www.hsbc.com
Incorporated in England with limited liability. Registered in England: number 617987

HSBC

1 August 2023

HSBC HOLDINGS PLC
INTERIM RESULTS 2023
WEBCAST AND CONFERENCE CALL

HSBC will be holding a webcast presentation and conference call today for investors and analysts. The speakers will be Noel Quinn (Group Chief Executive) and Georges Elhedery (Group Chief Financial Officer).

A copy of the presentation to investors and analysts is attached and is also available to view and download at https://www.hsbc.com/investors/results-and-announcements/all-reporting/group.

Full details of how to access the conference call appear below and details of how to access the webcast can also be found at www.hsbc.com/investors/results-and-announcements.

Time: 7.30am (London); 2.30pm (Hong Kong); and 2.30am (New York).

Webcast: https://streamstudio.world-television.com/768-1961-33211/en

Conference call access numbers:
Restrictions may exist when accessing freephone/toll-free numbers using a mobile telephone.

Passcode: 6173686

	Toll-free	Toll
UK	0800 917 6808	
US	866 844 9413	
Hong Kong		+852 3001 3802
International		+1 210 795 0512

Replay access details from 1 August 2023 10.00am BST – 31 August 2023 11.00am BST

Passcode: 4012

	Toll-free	Toll
UK	0800 3765 741	+44 20 3430 8988
US	+1 888 568 0701	+1 203 369 4584
Hong Kong		+852 3018 4311
International		+1 203 369 4584

Note to editors:

HSBC Holdings plc
HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 62 countries and territories. With assets of US$3,041bn at 30 June 2023, HSBC is one of the world's largest banking and financial services organisations.

ends/all

HSBC Holdings plc 2Q23 Results

Presentation to Investors and Analysts

HSBC

Strategic progress

Noel Quinn
Group Chief Executive

HSBC

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

Our purpose	**Opening up a world of opportunity**			
Our ambition	To be the preferred **international** financial partner for our clients			
Our values	**We value difference**	**We succeed together**	**We take responsibility**	**We get it done**
Our strategy	**Focus** on our strengths	**Digitise** at scale	**Energise** for growth	**Transition** to net zero

Summary of our performance in 1H23 (vs. 1H22)

1H23 results	**Reported PBT** of $21.7bn, up $12.9bn. Up $13.3bn on a constant currency basis (158%) vs. 1H22 **Revenue** of $36.9bn, up $13.2bn (56%) on a constant currency basis. NII of $18.3bn, up $5.4bn (42%). Non-NII of $18.6bn, up $7.8bn (72%) **Annualised RoTE** of 22.4%, 18.5% excluding the provisional gain on acquisition of SVB UK and the reversal of France impairment **Reported costs** down $0.7bn (4.2%). On a FY23 cost target[1] basis, costs were up $0.6bn (4.3%), including severance of $0.2bn **ECL** charge of $1.3bn, with $0.3bn associated with our mainland China commercial real estate portfolio
Business performance	**CMB revenue** increased by 73% YoY[2]; **WPB** by 61%[3]; **GBM** by 14% (constant currency basis)
Capital and buybacks	**CET1 ratio** of 14.7%[4] **Second interim dividend per share of $0.10**; total for 1H23 of $0.20 per share Completed $2bn buyback. Announced a further up to $2bn **share buyback**, with the intention to complete in around 3 months
Revised RoTE guidance	Targeting a **RoTE in the mid-teens** for 2023 and 2024, up from previous guidance of 12%+ from 2023[5]

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

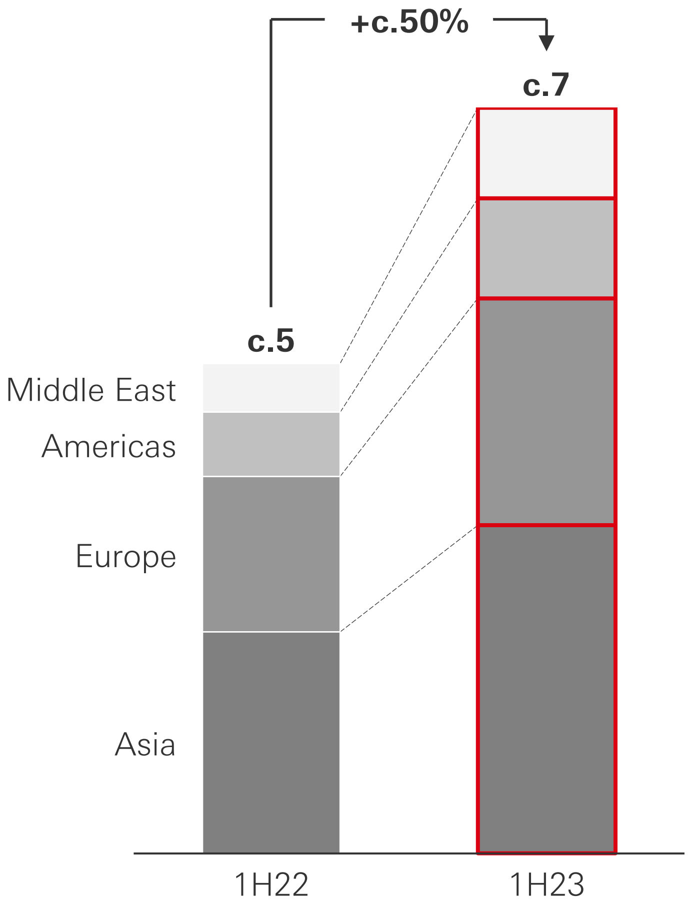
We are making good progress in delivering our strategy, supported by a strong balance sheet and capital generation

International connectivity	◆ Grow and protect our leading position in international connectivity, leveraging our deep liquidity pools in the UK and HK
Capital deployment	◆ Reposition our portfolio by exiting unprofitable, sub-scale or less internationally connected portfolios and investing in growth areas
Diversification of revenue	◆ Diversify revenue streams with a focus on growing Wealth, fee income streams and collaborating across our businesses
Cost discipline	◆ Retain strong cost discipline in a high inflationary environment, creating capacity for growth
Investment in digitisation	◆ Continue to invest in digitisation to improve customer journeys, automate processes and deliver innovation
Transition to net zero	◆ Build on our position as an enabler of the net zero transition by supporting our customers' transition

We continue to leverage our strong international connectivity

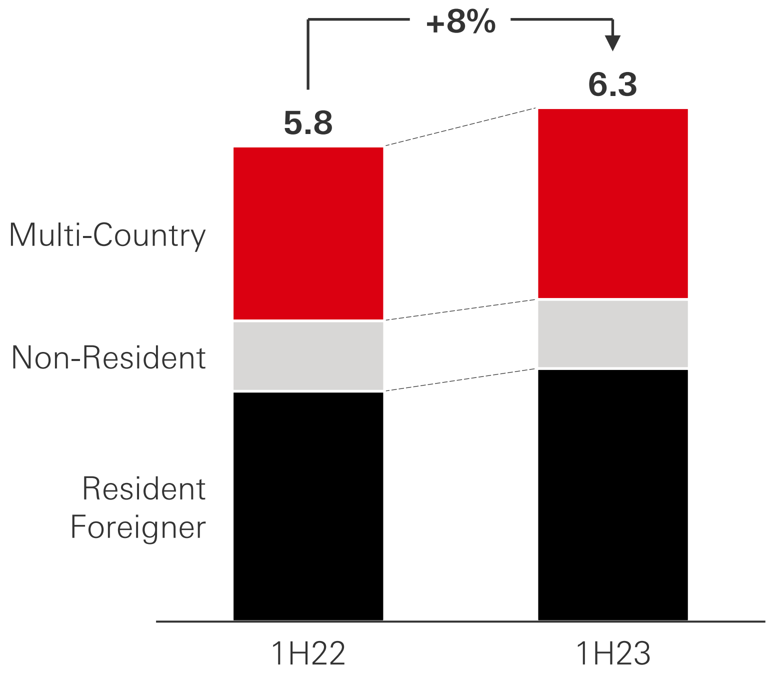
Strong growth in Wholesale cross-border client business

Wholesale cross-border client business[6], $bn



Sustained growth in WPB international business

International WPB customers[7], #m

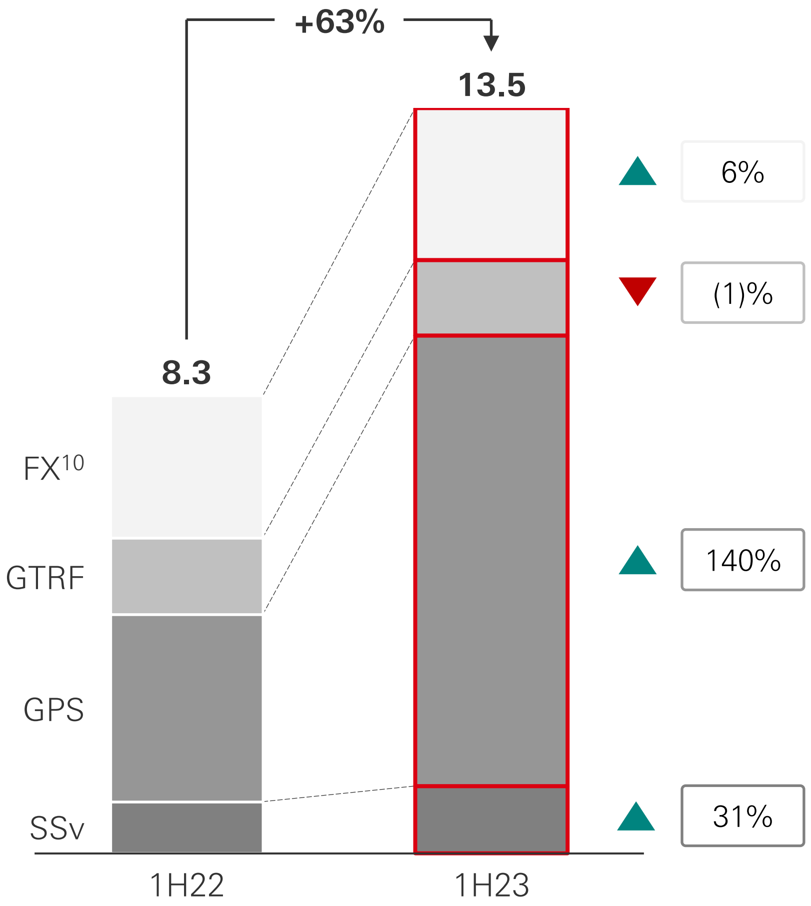


c.2.5x **International customer revenue** vs. domestic customers[7,8]

+34% YoY **New-to-bank international customers**[7,9]

Continued momentum in Transaction Banking revenue

Wholesale transaction banking revenue, $bn



We continue to redeploy capital to further reposition our portfolio

Disposals in the pipeline

France

- **Planned sale** of retail banking operations to My Money Group
- Aim to complete on 1 January 2024
- Pre-tax loss of up to c.$2.2bn at the point of reclassification to held for sale; RWA reduction of c.$2.5bn

Canada

- **Agreed sale** to RBC under way
- Targeting closure in 1Q24
- $5.3bn expected gain (including the recycling of the FX translation reserve loss of $0.4bn)

Other markets

- Completed sale of our branch operations in **Greece**
- Planned sale of our business in **Russia**
- Planned divestment of our majority owned subsidiary, and establishment of a new wholesale banking branch in **Oman**
- Planned wind-down of our WPB business in **New Zealand**

Portfolio repositioning

Asia wealth

- **Pinnacle:** c.1.4k Personal Wealth planners now digitally enabled; positive momentum in VNB growth[11]
- **India GPB:** launched in July 2023 to serve high-net-worth (HNW) and ultra-high-net-worth (UHNW) clients onshore
- **Diversification of business:** continue to diversify with >35% of Asia NNIA originating outside Hong Kong

SVB

- Announced acquisition of SVB UK in March 2023
- Acquisition strengthens our CMB franchise and enhances our ability to serve firms in New Economy sectors

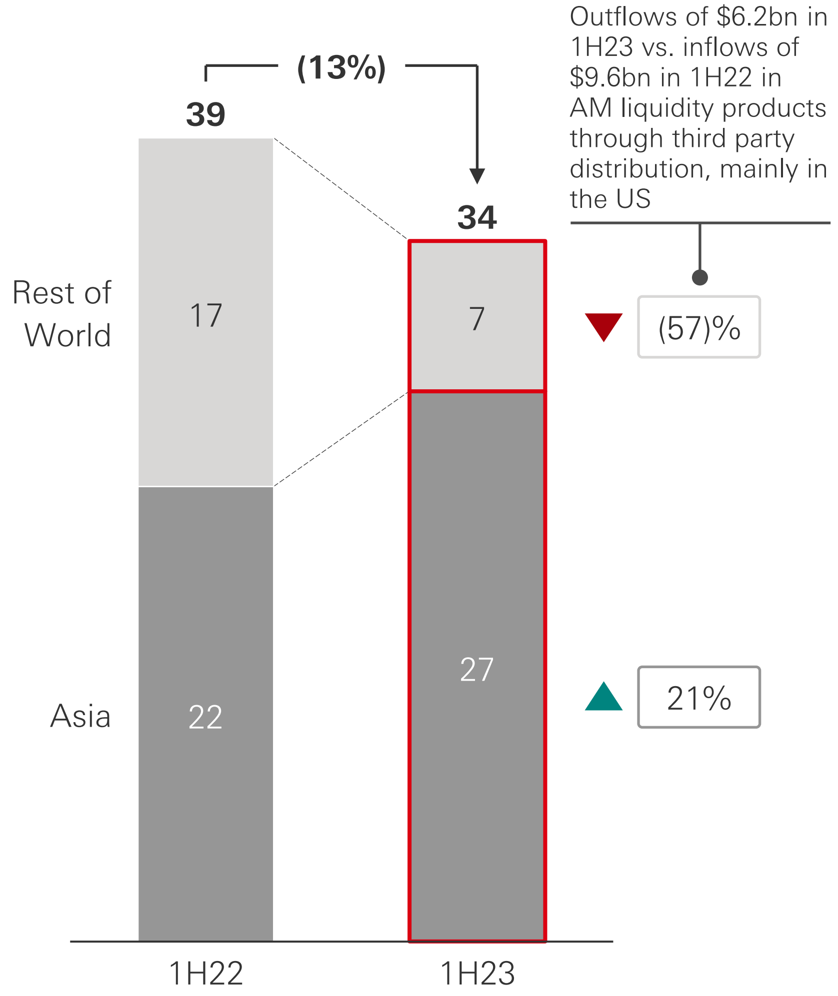
Innovation Banking

- Build HSBC Innovation Banking into a global brand with over 800+ employees across the Group in the US, the UK, HK and Israel
- Bridge people, product and proposition across WPB, GBM, Innovation Banking to drive synergies and cross-sell

Our revenue base continues to be diversified with growth from fee income and collaboration revenues

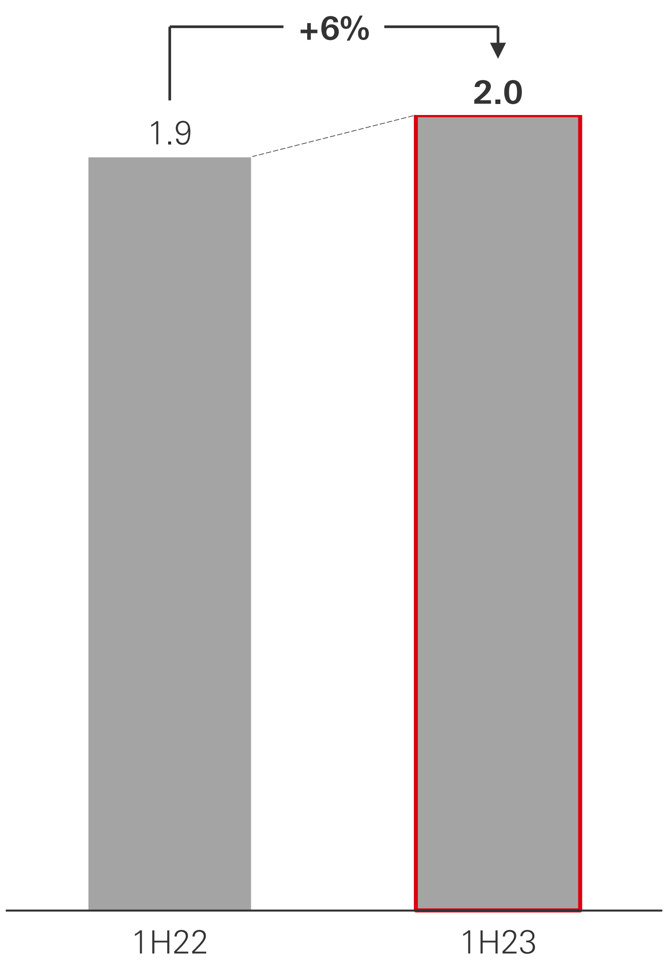
NNIA in Asia grew by 21%; NNIA in RoW lower due to liquidity outflows in the US

Net new invested assets, $bn



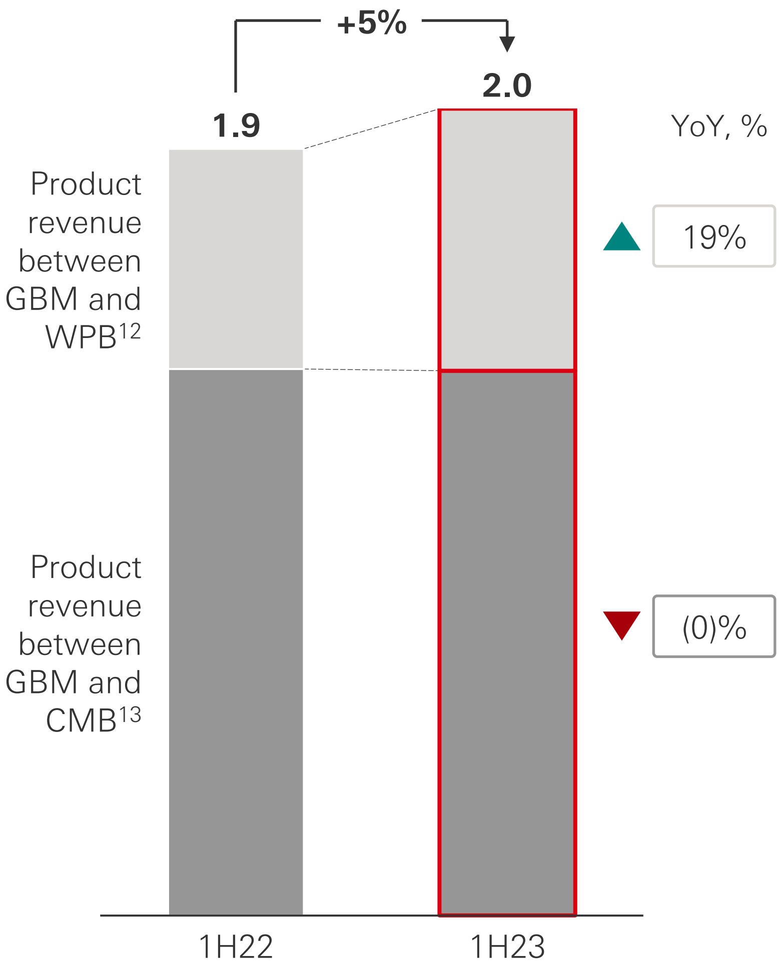
Good momentum in CMB fee income

CMB fee income, $bn



Strong cross-sell of GBM products to WPB clients

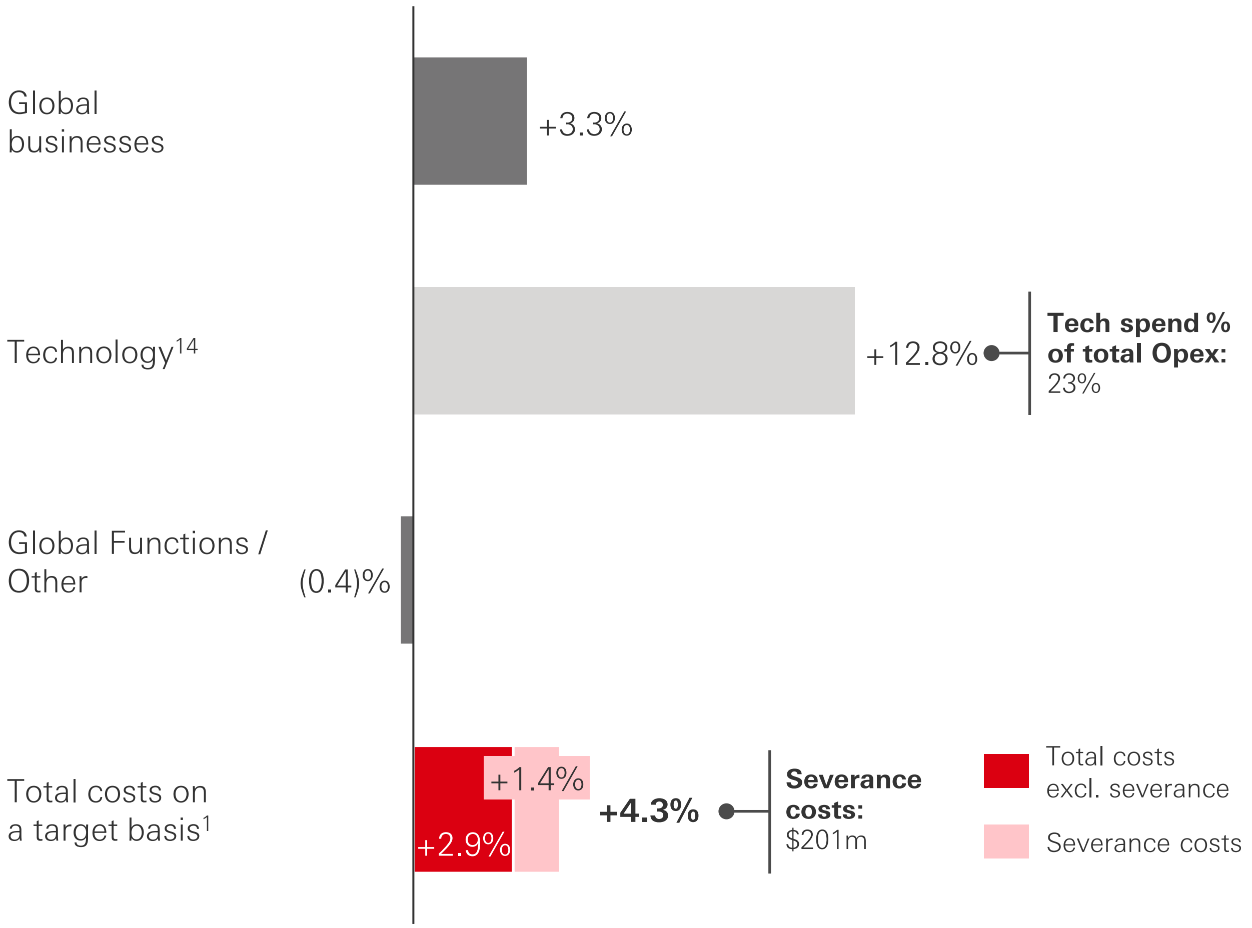
GBM collaboration revenue, $bn



We have retained strong cost discipline whilst investing in digitisation

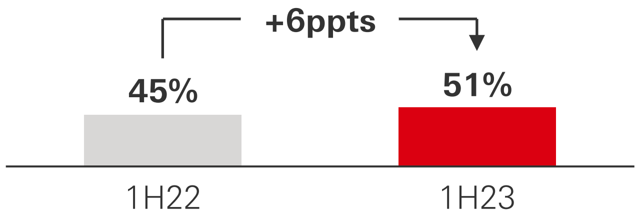
Managed costs whilst increasing tech spend

1H22 to 1H23 cost movements, %



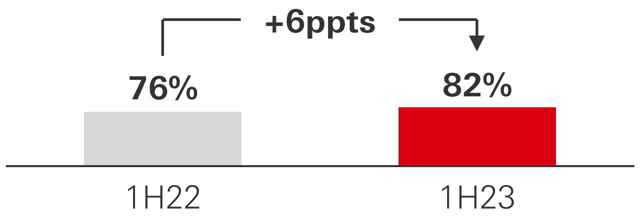
Mobile active WPB customers crossed half of our client base

Mobile active WPB customers[15], %



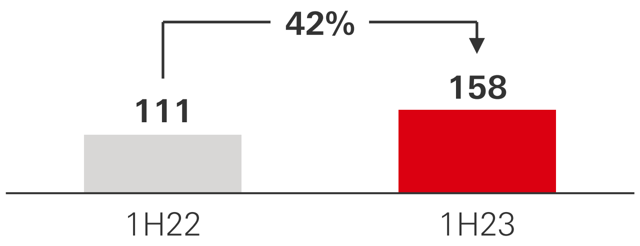
Digitally active CMB customers more than 80% of our client base

Digitally active CMB customers[16],%



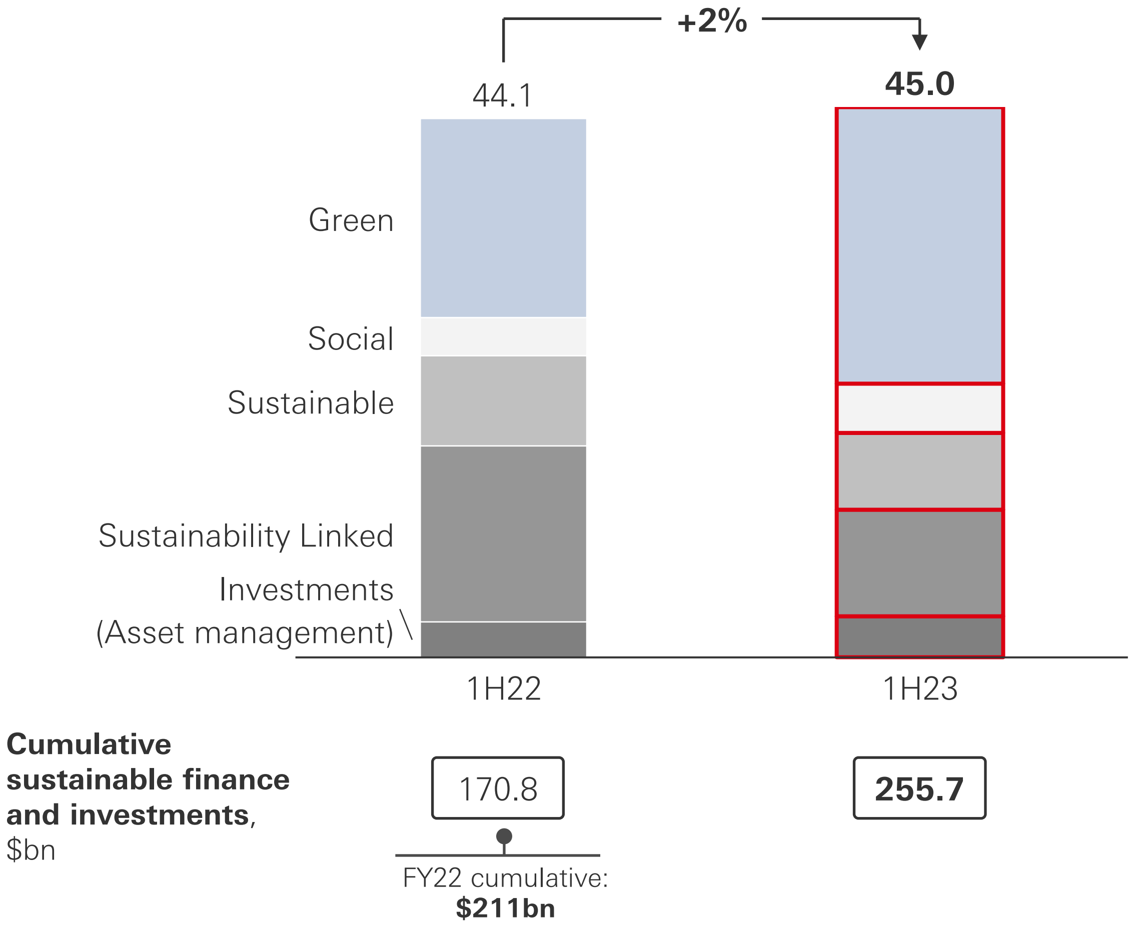
Improvement in product release frequency, and more to come

Product release frequency per year[17], #



Continued to build on our position as an enabler of the net zero transition by supporting our customers' transition

Sustainable finance and investments, $bn[18]



Transition to net zero

- **Top tier underwriter of GSSS bonds globally** in 1H23, taking a 4.4% market share[18]
- Played a leading role in the **HKSAR Government's $5.75bn and $6.0bn Institutional Green Bond** Offerings. Both multi-currency bonds were the largest ESG bond issuances in Asia at the time of issuance
- **HSBC China** launched RMB30bn **Green Credit Fund** with exclusive credit approval channels and preferential interest rates to help support the low-carbon transition of its CMB customers
- Played a leading role in the **Abu Dhabi National Energy Company's ('TAQA') inaugural green bond** offering, which was undertaken under the Company's newly established Green Finance Framework
- Deployed capital through **HSBC's Climate Tech Venture Capital** strategy, including investing in **Chargetrip**, a European start-up developing electric vehicle routing and range technology

2Q23 results update

Georges Elhedery
Group Chief Financial Officer

HSBC

2Q23 results summary

$m	2Q23	2Q22	Δ
NII	9,305	6,758	38%
Non-NII	7,400	5,318	39%
Revenue	**16,705**	**12,076**	**38%**
ECL	(913)	(442)	>(100)%
Costs	(7,871)	(7,821)	(1)%
Associates	850	754	13%
Constant currency PBT	**8,771**	**4,567**	**92%**
FX translation	—	69	—
Reported PBT	**8,771**	**4,636**	**89%**
Tax	(1,726)	863	>(100)%
Profit attributable to ordinary shareholders	**6,639**	**5,211**	**27%**
Earnings per share, $	0.34	0.26	$0.08
EPS excluding material notable items, $	0.34	0.16	$0.18
Dividend per share, $	0.10	0.09	$0.01
RoTE (YTD, annualised), %	22.4	10.6	11.8ppts
Memo: notable items	*(251)*	*(1,036)*	*76%*

$bn	2Q23	1Q23	Δ
Customer loans	960	969	(1)%
Customer deposits	1,596	1,614	(1)%
Reported RWAs	860	854	1%
CET1 ratio[4], %	14.7	14.7	0.0ppts
TNAV per share, $	7.84	8.08	$0.24

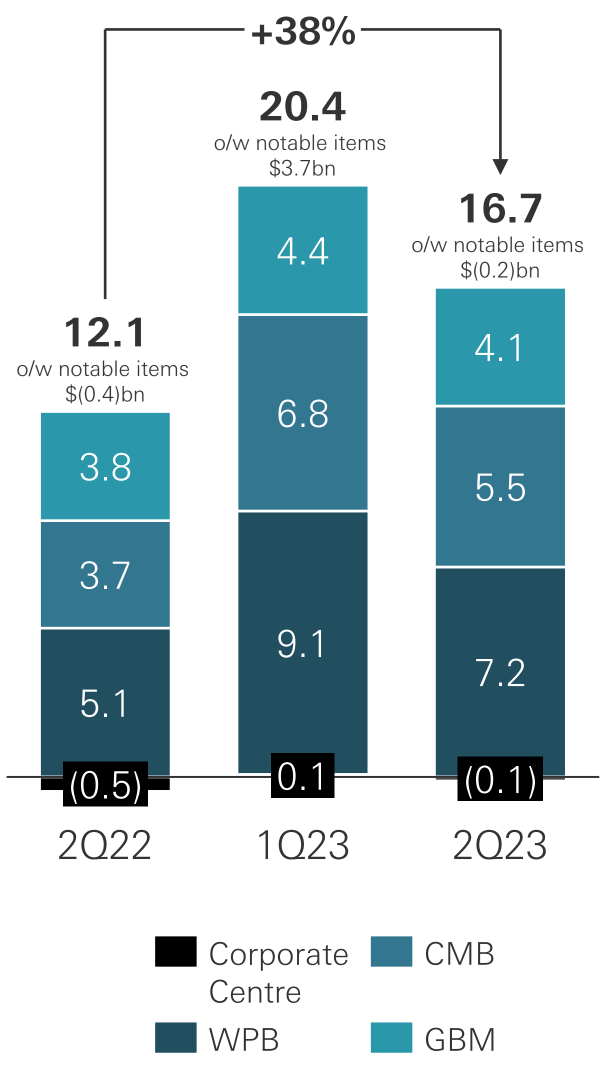
- **NII of $9.3bn, up $2.5bn (38%**) vs. 2Q22 and **up $0.3bn vs. 1Q23** due to rising interest rates
- **Non-NII of $7.4bn**, up $2.1bn (39%), primarily due to the revenue offset into non-NII from the central costs of funding GBM trading activity and a strong insurance performance in Hong Kong
- **ECL of $0.9bn** including $0.3bn relating to mainland China CRE and $0.3bn relating to the UK RFB
- **Costs up 1%**; up 6% on a cost target basis[1] including $0.2bn of severance costs
- **Customer loans down $9bn** (1%) vs. 1Q23 due to lower loan demand from GBM clients in HSBC Bank plc as a result of rising interest rates and $4bn of loans moved to held-for-sale (HFS) primarily in Oman
- **Customer deposits down $18bn** (1%) vs. 1Q23, primarily due to lower GBM balances in HSBC Bank plc as customers used deposits to pay down loans and $5bn of deposits in Oman moved to HFS
- CET1 ratio of **14.7%**; TNAV per share of **$7.84**, down $0.24 including **$6bn** dividend payments ($0.33 per share impact) and the **$2bn** share buyback ($0.04 per share impact)

Variances on this slide are vs. 2Q22 unless otherwise stated

Revenue performance

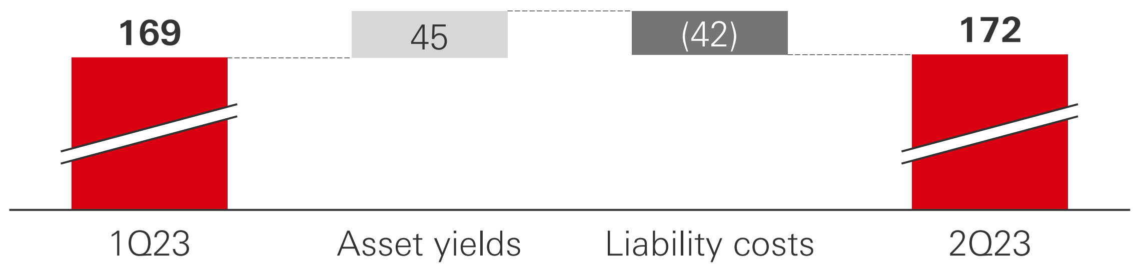
	2Q23 revenue					2Q23 vs. 2Q22	
WPB	**$7,217m**	▲	41%	Wealth	**$1,960m**	312	19%
				Personal Banking	**$5,250m**	1,783	51%
				Other	**$7m**	11	>100%
CMB	**$5,541m**	▲	49%	GTRF	**$516m**	(18)	(3)%
				Credit and Lending	**$1,381m**	(95)	(6)%
				GPS	**$3,056m**	1,693	>100%
				Other	**$588m**	253	76%
GBM	**$4,061m**	▲	8%	MSS	**$2,205m**	(179)	(8)%
				of which: FX	**$1,006m**	(113)	(10)%
				Banking	**$2,141m**	528	33%
				of which: GPS	***$1,122m***	*538*	*92%*
				of which: Capital Markets & Advisory	***$252m***	*103*	*69%*
				Other	**$(285)m**	(44)	(18)%
Corp. Centre	**$(114)m**	▲	77%			385	
Group	**$16,705m**	▲	38%			4,629	

Revenue by global business, $bn

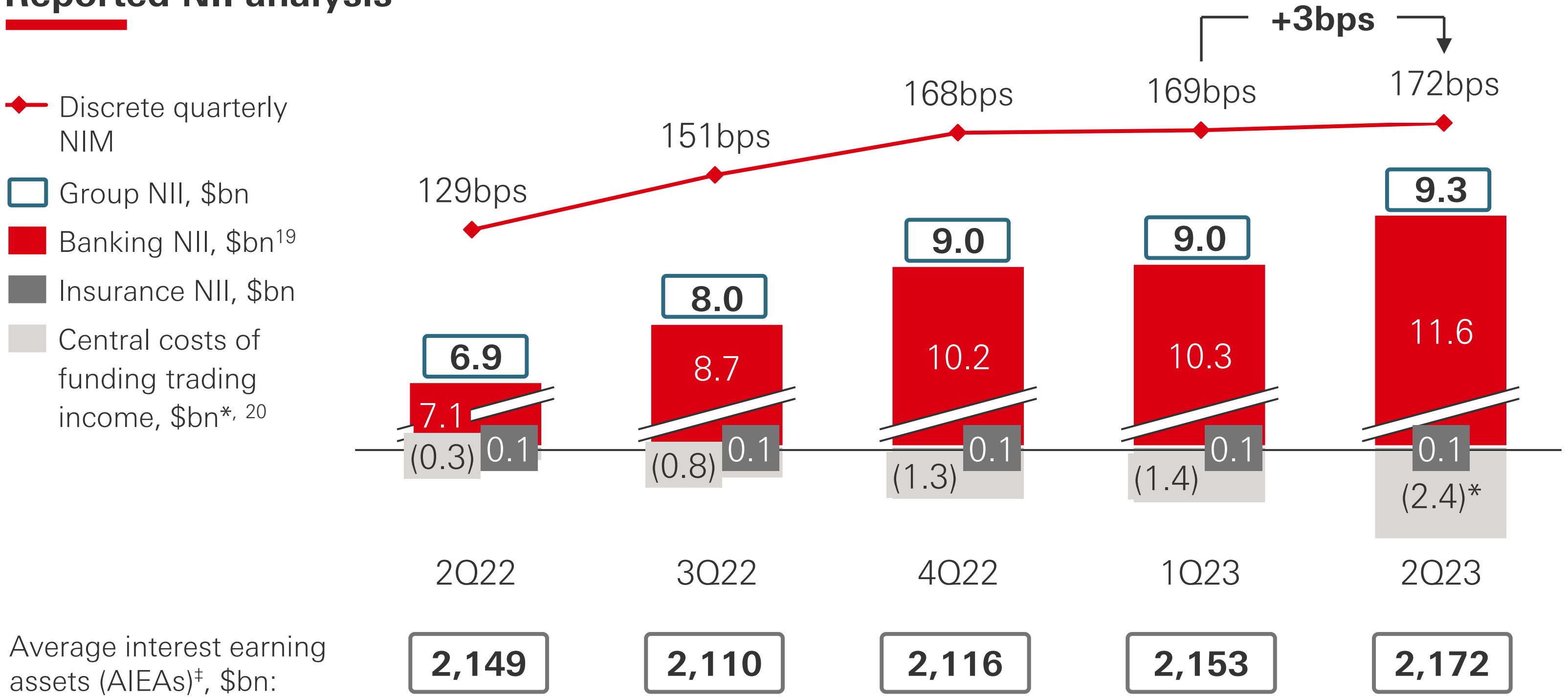


Net interest income and margin

NIM progression, bps



Reported NII analysis



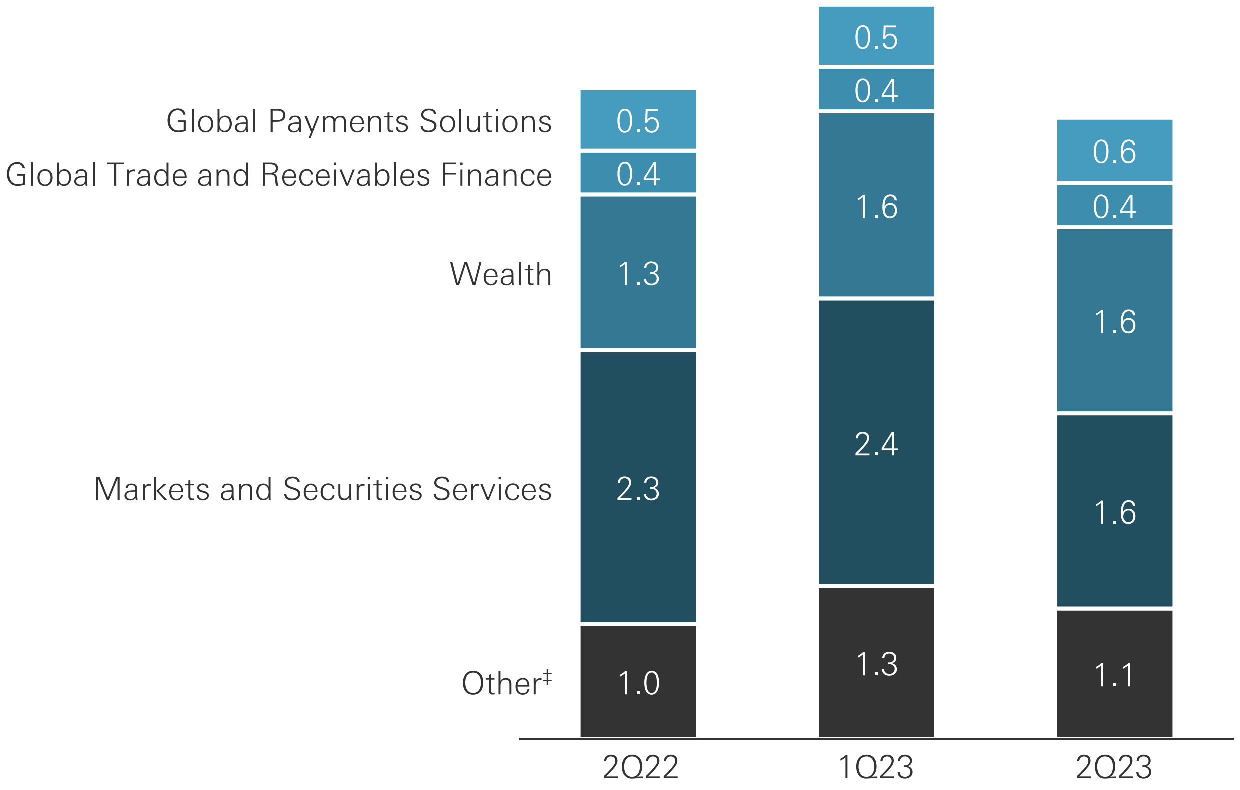
- **Reported NII of $9.3bn**, **up $0.3bn (4%)** vs. 1Q23 due to rising interest rates and higher interest earning assets
  - **$11.6bn Banking NII**[19], up $1.3bn vs. 1Q23
  - **$2.4bn** interest expense representing centrally allocated funding costs primarily associated with funding GBM trading income*. This was offset by $2.4bn reported in Corporate Centre trading income
- **NIM of 1.72%**, up 3bps vs. 1Q23, primarily driven by the UK
- Group 1 year NII sensitivity to a 100bps downward parallel shift in rates has reduced from $4bn at 4Q22 to $2.6bn. See further detail on slide 24
  - There is further interest rate sensitivity in non-NII relating to the central costs of funding trading income. Simplistically, a 100bps parallel downshift would reduce Corporate Centre non-NII by $1.3bn
- **Expect FY23 NII of >$35bn** and the revenue offset into non-NII from the central costs of funding GBM trading activity to be **at least $7bn**

* Funding is for trading and fair value income, primarily relating to GBM. 2Q23 includes $0.4bn reflecting the year-to-date impact of methodology changes
‡ 2Q23 includes: c.$19bn insurance AIEAs and c.$130bn trading, fair value and associated net asset balances

Non-NII

Group non-NII, $bn

	2Q22	1Q23	2Q23	
Constant currency non-NII:	**5.3**	**11.4**	**7.4**	vs. 2Q22 **+39%**
Notable items and FX:	(0.5)	3.7	(0.2)	
Offset from central costs of funding trading income:	0.3	1.4	2.4*	

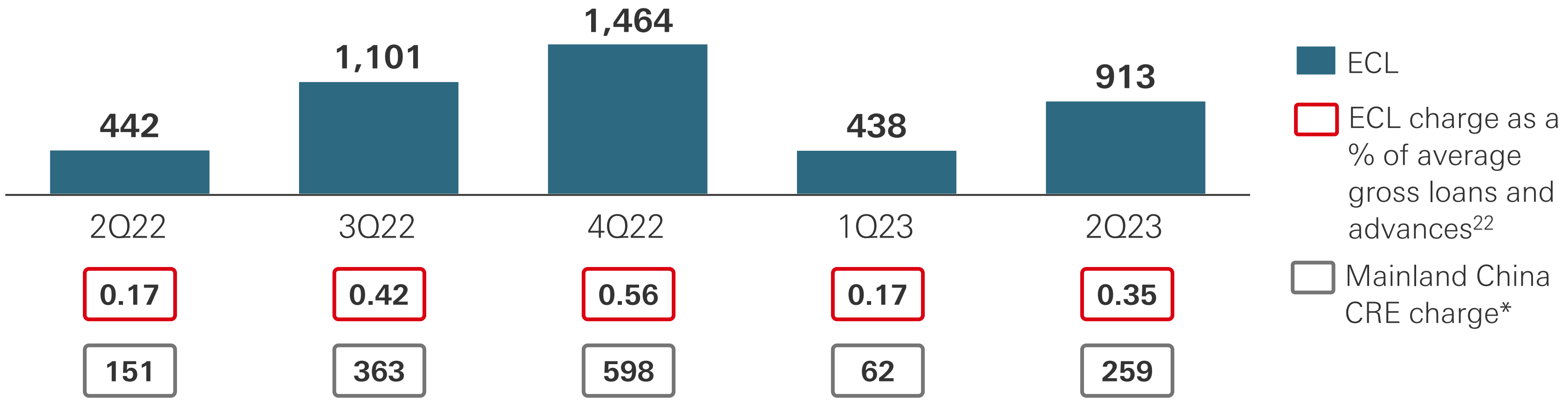


- **Constant currency non-NII up $2.1bn** (39%) vs. 2Q22, primarily due to the offset into non-NII from the central costs of funding GBM trading activity
- **Strong Wealth performance, up $0.3bn** (19%) primarily due to a $0.2bn increase in life insurance income in Hong Kong
- **MSS down $0.6bn** due to lower client activity and a change in methodology for the central costs of funding trading income in 2Q23 which reduced non-NII by $0.4bn*
- Other up **$0.1bn** including FX gains in Corporate Centre
- **Fees up $0.1bn** (3%), primarily in Personal Banking and CMB

Product splits are shown on a reported FX basis
* 2Q23 includes $0.4bn reflecting the year-to-date impact of methodology changes
‡ Other includes WPB Personal Banking, WPB Other, CMB Credit & Lending, CMB Other, GBM Banking (ex. GPS and GTRF), GBM Other and Corporate Centre (ex. offset from central costs of funding trading income)

Credit performance

ECL charge trend, $m



ECL charge / (release) by entity, $m

	2Q23	1Q23
Asia (HBAP)	389	65
o/w: Hong Kong	450	44
UK RFB (HBUK)	257	166
HSBC Bank plc (HBEU)	55	19
USA (HNAH)	33	29
Canada (HBCA)	10	1
Mexico (HBMX)	136	136
HSBC Middle East (HBME)	7	(7)
Other[21]	26	29
Total	**913**	**438**

ECL charge by stage, $bn

	Stage 1-2	Stage 3	Total
Wholesale	0.1	0.5	0.7‡
Personal	0.1	0.1	0.2
Total	**0.2**	**0.7‡**	**0.9**

- **$0.9bn** charge, including $0.3bn relating to mainland China CRE and $0.3bn relating to the UK RFB
- Stage 3 balances of **$20bn** (2.1% of total loans), stable vs. prior quarter
- **FY23 ECL guidance unchanged at ~40bps[22]**

* 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. Stage 3 charge includes POCI

Mainland China commercial real estate update

Mainland China CRE exposures by booking location and credit quality

At 30 June 2023

$m	*Memo: Hong Kong at 4Q22*	Hong Kong	Mainland China	RoW	Total
Total	*9,378*	**8,076**	**5,164**	**1,039**	**14,279**
Strong	*1,425*	1,161	1,836	205	3,202
Good	*697*	747	908	355	2,010
Satisfactory	*1,269*	973	1,756	252	2,981
Sub-standard	*2,887*	1,891	456	214	2,561
Credit impaired	*3,100*	3,304	208	13	3,525
Allowance for ECL	*(1,746)*	**(1,981)**	**(191)**	**(5)**	**(2,177)**

Hong Kong booked sub-standard and credit impaired exposures

$m	Total exposure	Of which not secured	ECL allowance*
Sub-standard	1,891	1,587	(174)
Credit impaired	3,304	2,549	(1,742)
Total	**5,195**	**4,137**	**(1,915)**

c.68% coverage ratio against not secured, credit impaired exposures

- Total mainland China CRE exposure **$14.3bn**, **down $2.5bn** vs. 4Q22, reflecting ongoing de-risking measures and repayments in the China onshore and Hong Kong booked portfolios

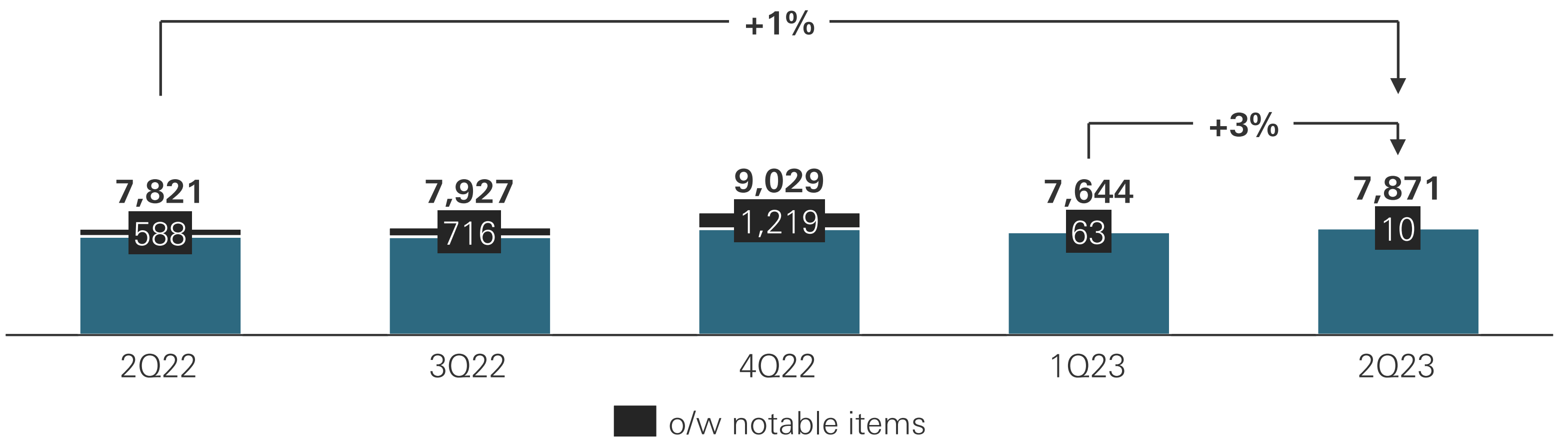
Hong Kong booked exposures:

- **$8.1bn, down $1.3bn** vs. 4Q22; $7.8bn drawn loans & advances
- **$5.2bn** (c.65%) is classed as sub-standard and credit impaired: $4.1bn not secured; $1.1bn secured
- Total ECL allowance of **$2.0bn**, substantially all against the $4.1bn of not secured exposures; ECL allowance on secured exposures is minimal due to the nature of security held
- Our coverage ratio against not secured, credit impaired exposures is **c.68%** (FY22: c.55%)
- Our plausible downside scenario was c.$1bn as set out at FY22; this has reduced due to the 1H23 charge
- Property market stress has continued throughout 1H23, despite the policy measures introduced. We expect market and credit conditions to remain challenging throughout 2H23

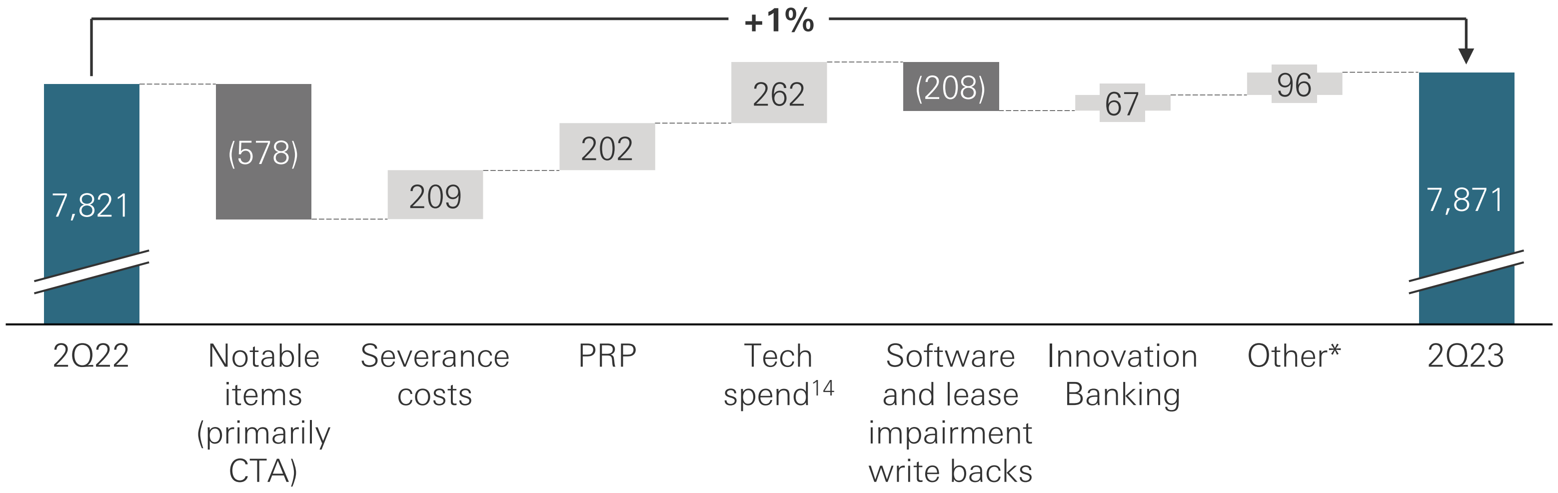
* On not secured exposures

Costs

Operating expenses trend, $m



2Q23 vs. 2Q22 (constant currency), $m



Constant currency basis:

- **2Q23 constant currency costs of $7.9bn, up 1%** vs. 2Q22. Lower notable items and impairment write-backs were offset by higher technology spending, higher performance-related pay accrual and severance costs

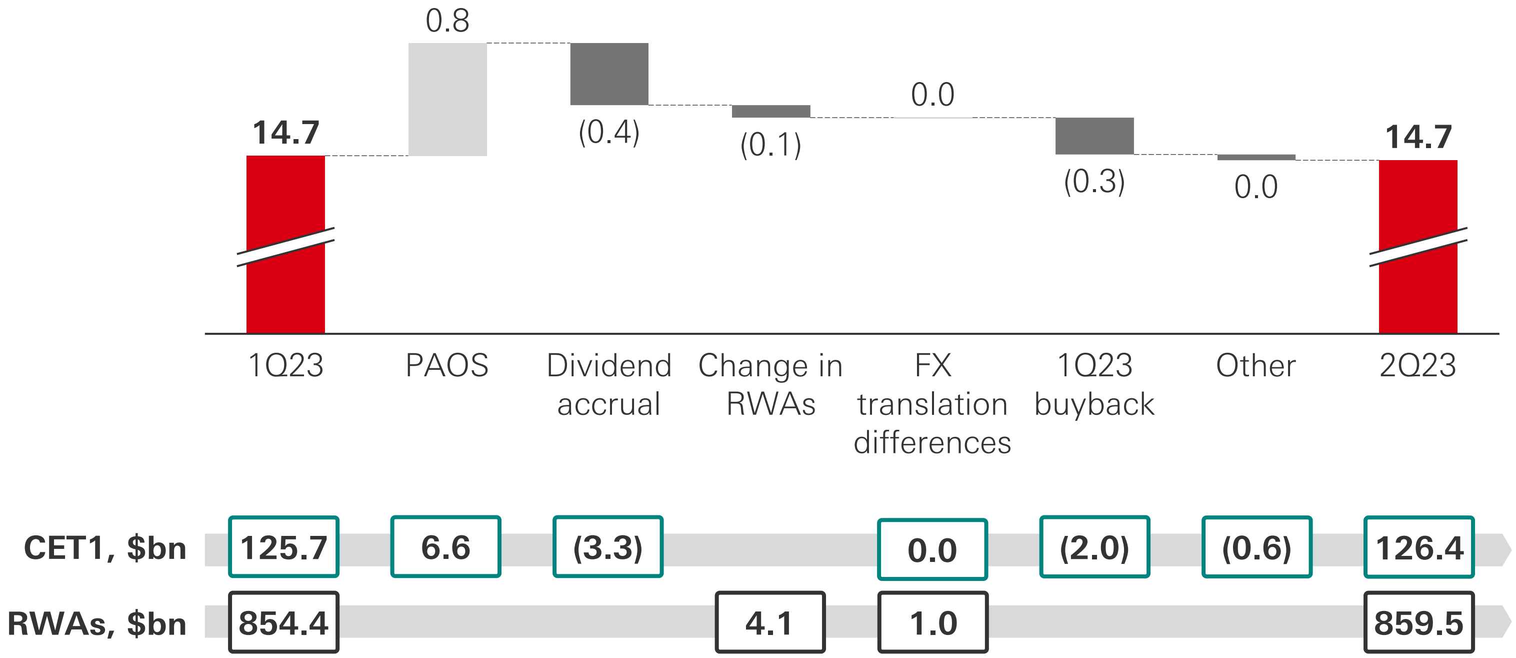
Target basis:

- **Continue to target c.3% cost growth in FY23**[1]. Reconciliation on slide 26. On this basis:
  - 2Q23 costs up **6%** vs. 2Q22, of which the severance costs flagged at 4Q22 accounted for 2.8ppts
  - YTD costs up **4%** vs. 1H22, of which severance costs accounted for 1.4ppts
- Expect the acquisition of SVB UK and related international investments to increase costs by an **additional 1%**

* Includes $92m for the FX re-translation of 2Q22 costs in hyperinflationary economies

Capital adequacy

CET1 ratio[23], %



Capital progression[4]

	2Q23	1Q23	2Q22
Common equity tier 1 capital, $bn	126	126	116
Risk-weighted assets, $bn	860	854	852
CET1 ratio, %	14.7	14.7	13.6
Leverage exposure, $bn	2,498	2,486	2,484
Leverage ratio, %	5.8	5.8	5.5

- **CET1 ratio** remained stable as profit generation was offset by dividend accrual and the share buyback announced at 1Q23
- Dividend accrued in respect of 1H23 **$6.9bn** ($0.35 per share) of which **$2.0bn** paid out ($0.10 per share)
- Completed the $2bn buyback announced at 1Q23. **Announced a further buyback of up to $2bn** with an intention to complete this in around 3 months
  - We anticipate the further share buyback to impact the CET1 ratio by **c.25bps** in 3Q23

Summary

1 **PBT up 92%** vs. 2Q22, **NII up $0.3bn vs. 1Q23**

2 **$0.9bn ECL charge**, of which **$0.3bn relates China CRE**. FY23 guidance of **c.40bps** of average loans[22] unchanged

3 **On track to meet FY23 cost growth target of 3%**[1]

4 **Revised guidance**: now expect **FY23 NII >$35bn** and targeting a **mid-teens RoTE for 2023 and 2024**[5]

5 Completed $2bn buyback. Announced a **further share buyback of up to $2bn** with an intention to complete this in around 3 months

Appendix

Group guidance summary

Revised guidance

	Previous guidance	Revised guidance
NII	FY23 NII ≥$34bn. NII guidance assumes the interest expense for centrally allocated funding costs associated with funding GBM's trading activities will be around the annualised 4Q22/1Q23 run-rate	FY23 NII >$35bn and the revenue offset into non-NII from the central costs of funding GBM trading activities to be at least $7bn
RoTE	Targeting 12%+ from FY23	Targeting a RoTE in the mid-teens for 2023 and 2024[5]

Other Group guidance

CET1	Manage in 14-14.5% target range in the medium term; aim to manage range down further longer term
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	Targeting c.3% cost growth vs. FY23 on a target basis, full reconciliation on slide 26[1]. The target does not include the acquisition of SVB UK and related international investments which are expected to add c.1% to Group operating expenses
ECL	FY23 ECL charge of around 40bps[22]; through-the-cycle planning range of 30-40bps
Asia as a % of Group TE[24]	c.50% medium to long term[25]
Dividends	Dividend payout ratio of 50% for 2023 and 2024[26]

Key financial metrics

Reported results, $m	**2Q23**	**1Q23**	**2Q22**
NII	9,305	8,959	6,910
Other Income	7,400	11,212	5,330
Revenue	**16,705**	**20,171**	**12,240**
ECL	(913)	(432)	(447)
Costs	(7,871)	(7,586)	(7,949)
Associate income	850	733	792
Profit before tax	**8,771**	**12,886**	**4,636**
Tax	(1,726)	(1,860)	863
Profit after tax	**7,045**	**11,026**	**5,499**
Profit attributable to ordinary shareholders ('PAOS')	6,639	10,327	5,211
Basic EPS, $	0.34	0.52	0.26
Diluted EPS, $	0.34	0.52	0.26
DPS (in respect of the period), $	0.10	0.10	0.09
Net interest margin (annualised), %	1.72	1.69	1.29

Reported balance sheet, $bn	**2Q23**	**1Q23**	**2Q22**
Total assets	3,041	2,990	2,970
Net loans and advances to customers	960	963	1,027
Customer accounts	1,596	1,604	1,651
Quarterly average interest-earning assets	2,172	2,153	2,149
Reported loan/deposit ratio, %	60.1	60.1	62.2
Ordinary shareholders' equity ('NAV')	165	171	157
Tangible ordinary shareholders' equity ('TNAV')	153	159	146
NAV per share, $	8.44	8.65	7.94
TNAV per share, $	7.84	8.08	7.39

Alternative performance measures, $m	**2Q23**	**1Q23**	**2Q22**
Constant currency NII	9,305	8,999	6,758
Constant currency other income	7,400	11,355	5,318
Constant currency revenue	**16,705**	**20,354**	**12,076**
Constant currency ECL	(913)	(438)	(442)
Constant currency costs	(7,871)	(7,644)	(7,821)
Constant currency associate income	850	717	754
Constant currency profit before tax	**8,771**	**12,989**	**4,567**
PAOS excl. goodwill and other intangible impairment	6,650	10,345	5,244
Return on average tangible equity (annualised), %	17.1	27.4	14.0
Return on average equity (annualised), %	15.9	25.5	13.0
Constant currency net loans and advances to customers, $bn	960	969	1,038
Constant currency customer accounts, $bn	1,596	1,614	1,671
Cost efficiency ratio, %	47.1	37.6	64.8
ECL charge as a % of average gross loans and advances to customers, annualised *(including held-for-sale balances)*	0.38 *(0.35)*	0.18 *(0.17)*	0.17 *(0.17)*

Capital, leverage and liquidity[4]	**2Q23**	**1Q23**	**2Q22**
Risk-weighted assets, $bn	860	854	852
CET1 ratio, %	14.7	14.7	13.6
Total capital ratio (transitional), %	19.8	19.8	18.6
Leverage ratio, %	5.8	5.8	5.5
High-quality liquid assets (liquidity value), $bn	631	635	676
Liquidity coverage ratio, %	132	132	135

Share count, m	**2Q23**	**1Q23**	**2Q22**
Basic number of ordinary shares outstanding	19,534	19,736	19,819
Basic number of ordinary shares outstanding and dilutive potential ordinary shares	19,679	19,903	19,949
Quarterly average basic number of ordinary shares outstanding	19,662	19,724	19,884

Notable items (reported basis)

$m	2Q23	1Q23	4Q22	3Q22	2Q22
Revenue	**(241)**	**3,577**	**(320)**	**(2,691)**	**(471)**
o/w: Disposals, acquisitions and related costs	*(241)*	*3,562*	*(71)*	*(2,378)*	*(288)*
o/w: Fair value movements on financial instruments	—	*15*	*35*	*(282)*	*(171)*
o/w: Restructuring and other related costs	—	—	*(284)*	*(31)*	*(12)*
Costs	**(10)**	**(61)**	**(1,169)**	**(691)**	**(589)**
o/w: Disposals, acquisitions and related costs	(57)	(61)	*(9)*	*(9)*	—
o/w: Restructuring and other related costs	*47*	—	*(1,160)*	*(682)*	*(589)*
Total	**(251)**	**3,516**	**(1,489)**	**(3,382)**	**(1,060)**
Memo: Notable items on a constant currency basis	*(251)*	*3,591*	*(1,535)*	*(3,535)*	*(1,036)*

Tax notable items: 1Q23 included a $0.5bn tax charge recorded on the $2.1bn reversal of impairment loss relating to the planned sale of our retail banking operations in France and the release of a $0.4bn uncertain tax provision relating to the UK

Interest rate sensitivity

1 year NII sensitivity

At 30 June 2023, assumes a static balance sheet (no assumed migration from current account to time deposits), no management actions from Global Treasury and a simplified 50% pass-through

	Currency					
	USD $m	**HKD** $m	**GBP** $m	**EUR** $m	**Other** $m	**Total** $m
+25bps	(187)	125	140	147	325	550
-25bps	187	(132)	(173)	(165)	(332)	(615)
+100bps	(747)	471	575	596	1,273	2,168
-100bps	695	(556)	(703)	(657)	(1,383)	(2,604)

5 year NII sensitivity

At 30 June 2023, assumes a static balance sheet (no assumed migration from current account to time deposits), no management actions from Global Treasury and a simplified 50% pass-through

	Year 1 $m	**Year 2** $m	**Year 3** $m	**Year 4** $m	**Year 5** $m	**Total** $m
+25bps	550	854	1,172	1,409	1,595	5,580
-25bps	(615)	(892)	(1,221)	(1,450)	(1,647)	(5,825)
+100bps	2,168	3,307	4,523	5,444	6,185	21,627
-100bps	(2,604)	(3,909)	(5,310)	(6,188)	(6,936)	(24,947)

- The reduction in NII sensitivity to a (100)bps parallel shift in interest rates, from $(4.0)bn at FY22 to $(2.6)bn at 2Q23 is due to balance sheet evolution, increased structural interest rate hedging and model improvements

Revenue offset into non-NII from the central costs of funding trading income

- The interest expense associated with the central costs of funding trading income is fully offset by trading and fair value income reported in Corporate Centre
- The NII sensitivity tables **incorporate changes in this interest expense** relating to the central costs of funding (i.e. the expense incurred by the banking book in funding trading and fair value activities)
- **Not included are the offsetting changes in trading income** reported in Corporate Centre, **adding additional interest rate sensitivity in non-NII** (shown in Banking NII[19] on slide 13)
- At 2Q23, **c.$130bn of net trading assets*** were centrally funded, predominantly at proxy overnight and short term interest rates in our major currencies. Simplistically, a 100bps parallel shift upwards in interest rates would result in +$1.3bn in funding costs, with an offsetting benefit in Corporate Centre non-NII‡ of +$1.3bn and vice versa for a 100bps parallel downward shift
- We expect to enhance our Banking NII[19] sensitivity disclosure in due course

* Trading, fair value and associated net asset balances
‡ Trading and fair value income

Net interest margin

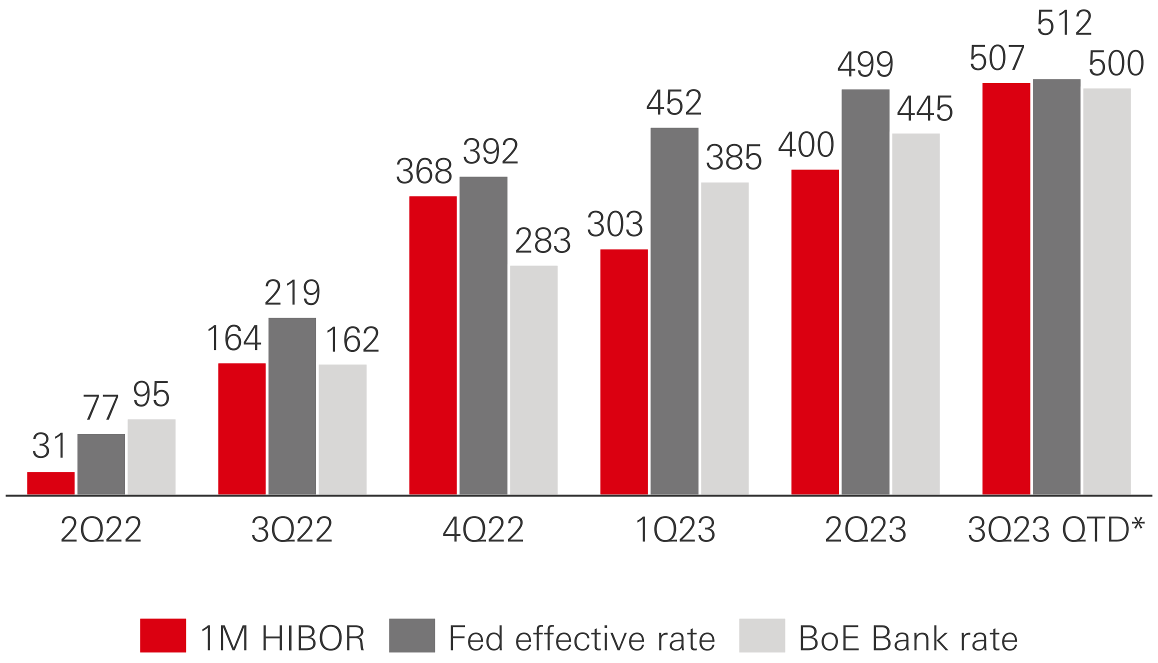
Quarterly NIM by key legal entity

	2Q22	3Q22	4Q22	1Q23	2Q23	% of 2Q23 Group NII	% of 2Q23 Group AIEA
The Hongkong and Shanghai Banking Corporation (HBAP)*	1.32%	1.66%	1.94%	1.83%	1.83%	45%	43%
HSBC Bank plc	0.57%	0.44%	0.50%	0.59%	0.60%	8%	22%
HSBC UK Bank plc (UK RFB)	1.77%	1.99%	2.19%	2.33%	2.49%	27%	19%
HSBC North America Holdings, Inc	1.05%	1.16%	1.16%	1.15%	1.01%	5%	8%

* In 1H23, c.60% of the interest expense relating to the central costs of trading income was booked in HBAP

Key rates (quarter averages), bps

Source: Bloomberg
* At 31 July 2023



Cost target basis reconciliation

$m	2Q23	1Q23	4Q22	3Q22	2Q22	1H23	1H22	FY22
Reported	**7,871**	**7,586**	**8,781**	**7,793**	**7,949**	**15,457**	**16,127**	**32,701**
Currency impact	—	58	248	134	(128)	—	(595)	(195)
Constant currency	**7,871**	**7,644**	**9,029**	**7,927**	**7,821**	**15,457**	**15,532**	**32,506**
Notable items	(10)	(63)	(1,219)	(716)	(588)	(71)	(1,009)	(2,948)
Impact of retranslating 2022 results of hyperinflationary economies at constant currency	—	—	78	95	92	—	160	347
SVB UK and related investments	(67)	—	—	—	—	(67)	—	—
Target basis	**7,794**	**7,581**	**7,888**	**7,306**	**7,325**	**15,319**	**14,683**	**29,905**

Note: Table uses 2Q23 average FX rates for all quarters, 1H23 average rates for 1H22 and FY22

FY23 cost target basis:

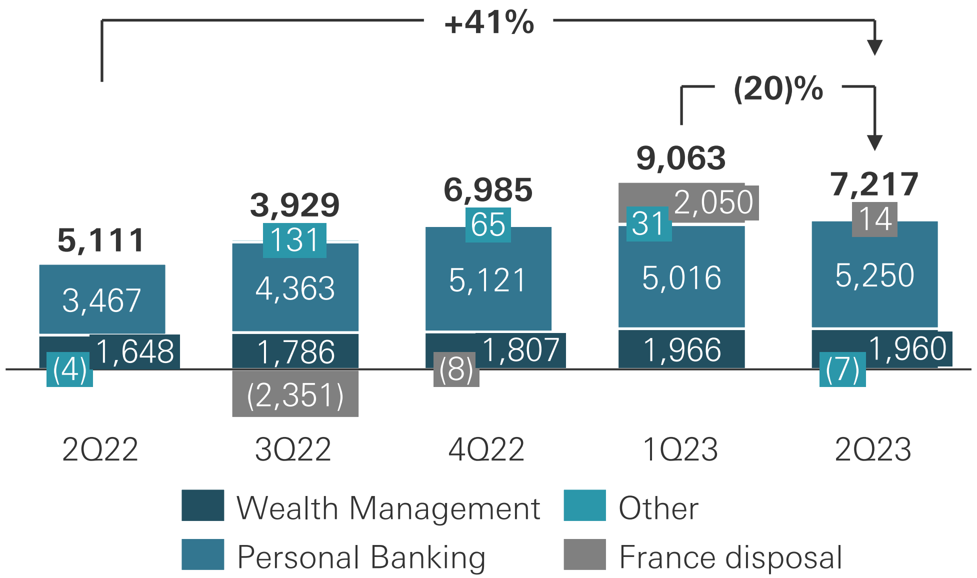
- Targeting **c.3% cost growth** on a constant currency basis, excluding notable items and the impact of retranslating 2022 results in hyperinflationary economies at constant currency. The target also does not include the acquisition of SVB UK and related international investments which are expected to **add c.1%** to Group operating expenses. On this basis, the FY22 comparative is **$29.9bn**

Wealth and Personal Banking

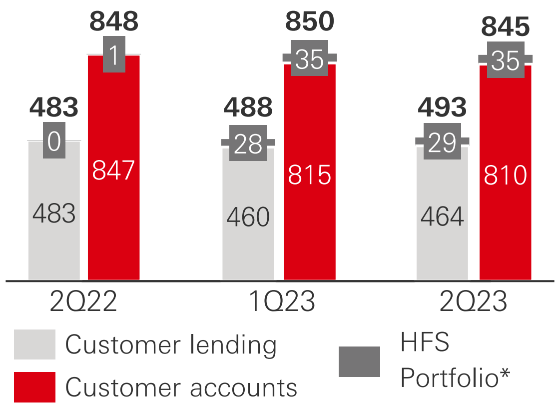
2Q23 financial highlights

Revenue	**$7.2bn**	▲	41% (2Q22: $5.1bn)
ECL	**$(0.3)bn**	▲	(5)% (2Q22: $(0.2)bn)
Costs	**$(3.7)bn**	▲	(5)% (2Q22: $(3.5)bn)
PBT	**$3.3bn**	▲	>100% (2Q22: $1.4bn)
RoTE[27]	**43.1%**	▲	31.6ppts (2Q22: 11.5%)

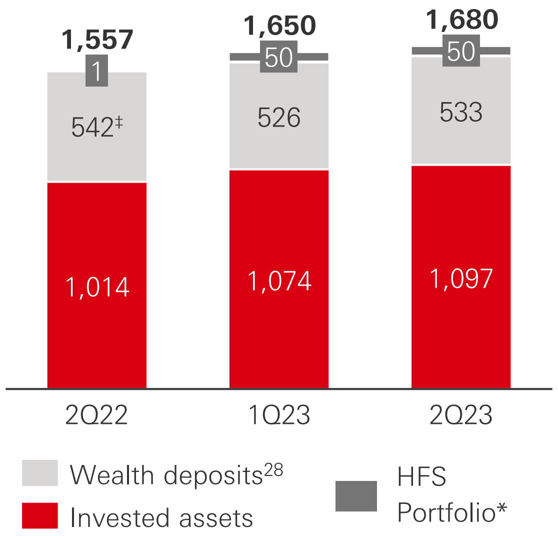
Revenue performance, $m



Balance sheet, $bn



Reported Wealth Balances, $bn



2Q23 vs. 2Q22

- **Revenue** up $2.1bn (41%). Personal Banking up $1.8bn (51%) primarily due to higher NII. Wealth up $0.3bn (19%) due to growth across all products, particularly Life Insurance (up $0.2bn)
- **Customer lending and accounts** were both down 4%, mainly due to HFS transfers*, excl. the impact of HFS:
  - Lending up $10bn (2%). Mortgages up $10bn ($5bn Asia, $5bn UK), unsecured lending up 7% ($3bn split between $2bn Asia, $1bn Mexico) partially offset by deleveraging in Private Banking ($4bn)
  - Deposits down $3bn. Outflows in the UK (impact of increasing cost of living) and US partially offset by growth in Asia, Mexico and the Middle East
- **Wealth balances** up 5%. Excl. HFS impact, balances up 8% supported by NNIA of $75bn since 2Q22, wealth deposit growth of $15bn and favourable market level and FX impacts of $33bn

2Q23 vs. 1Q23

- **Revenue** down $1.8bn (20%) due to $2.0bn France impairment reversal in 1Q23. Excluding this, revenue was up $0.2bn due to higher NII in Personal Banking
- **Customer lending and accounts** excl. impact of HFS*:
  - Lending up $5bn. Mortgages up $4bn ($3bn Asia, $1bn UK) and unsecured lending up $1bn
  - Deposits down $5bn with outflows in Asia, the UK and US
- **Wealth balances** up 2% supported by NNIA of $12bn, wealth deposit growth of $7bn and favourable market level and FX impacts of $11bn

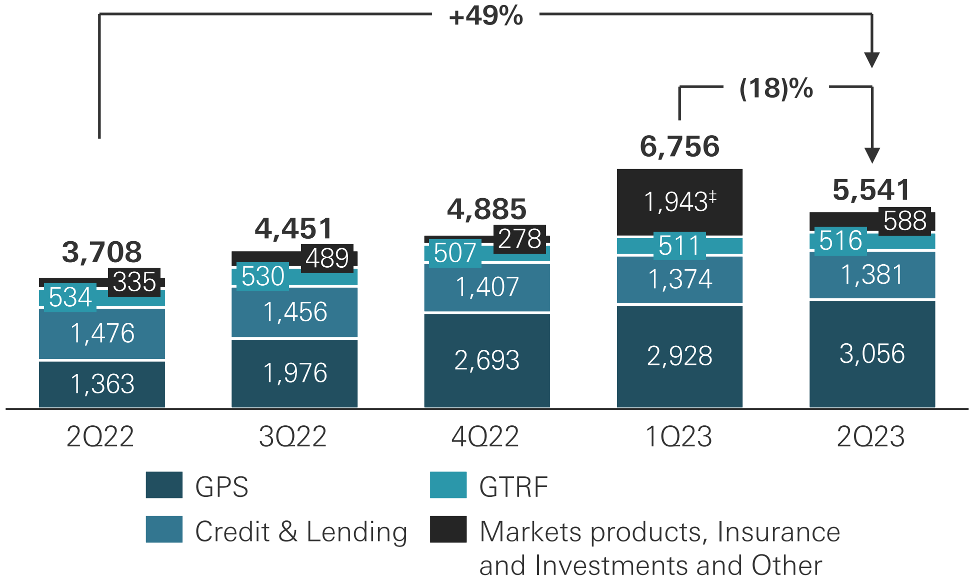
* Held-for-sale transfers relate to the agreed sale of businesses in Canada and Oman and the sale of our branch operations in Greece
‡ o/w Canada $22bn

Commercial Banking

2Q23 financial highlights

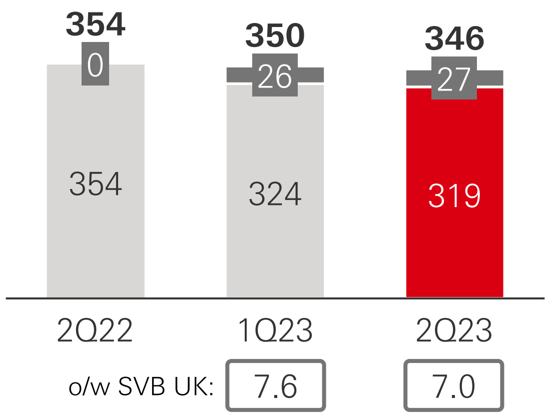
Revenue	**$5.5bn**	▲	49% (2Q22: $3.7bn)
ECL	**$(0.6)bn**	▲	(94)% (2Q22: $(0.3)bn)
Costs	**$(1.9)bn**	▲	(12)%* (2Q22: $(1.7)bn)
PBT	**$3.1bn**	▲	77% (2Q22: $1.8bn)
RoTE[29]	**28.8%**	▲	16.6ppts (2Q22: 12.2%)

Revenue performance, $m

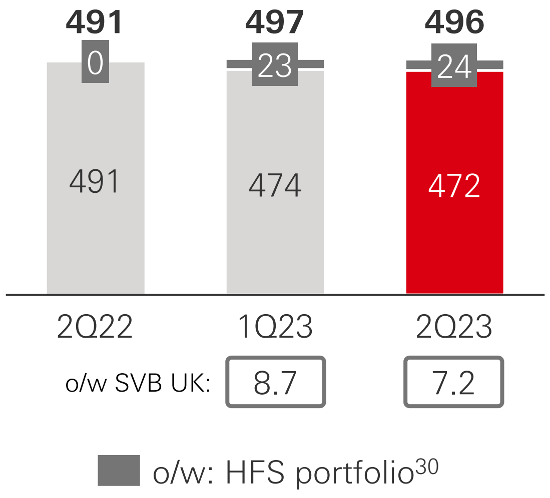


Balance sheet, $bn

Customer lending



Customer accounts



2Q23 vs. 2Q22

- **Revenue** up $1.8bn (49%)[31] with growth across all our main legal entities, notably in Asia and the UK RFB. GPS was up $1.7bn due to higher interest rates and business repricing actions, GBM Collaboration revenue was up 10% and fees were up 8%. This was partly offset by lower C&L due to lower balances and higher funding costs
- **Customer lending and accounts** of $319bn and $472bn were down 10% and 4%, mainly due to HFS transfers, excl. which:
  - Lending down $8bn (2%), as higher interest rates and softening economic conditions led to reduced loan demand in Hong Kong, the UK and mainland China. This was partly offset by the acquisition of SVB UK
  - Deposits up $5bn (1%) as market-wide reductions in the UK were offset by the acquisition of SVB UK and inflows in the US
  - Balance sheet movements also included the transfer of clients and balances from GBM to CMB in Asia[32]

2Q23 vs. 1Q23

- **Revenue:** 1Q23 included a $1.5bn provisional gain on the acquisition of SVB UK. Excluding this, revenue was up $0.3bn (6%), mainly in GPS due to higher interest rates and business repricing actions
- **Customer lending** down $4bn (1%) due to lower C&L balances in Hong Kong and UK RFB and the transfer of Oman balances to HFS
- **Customer accounts** broadly stable outside the UK RFB

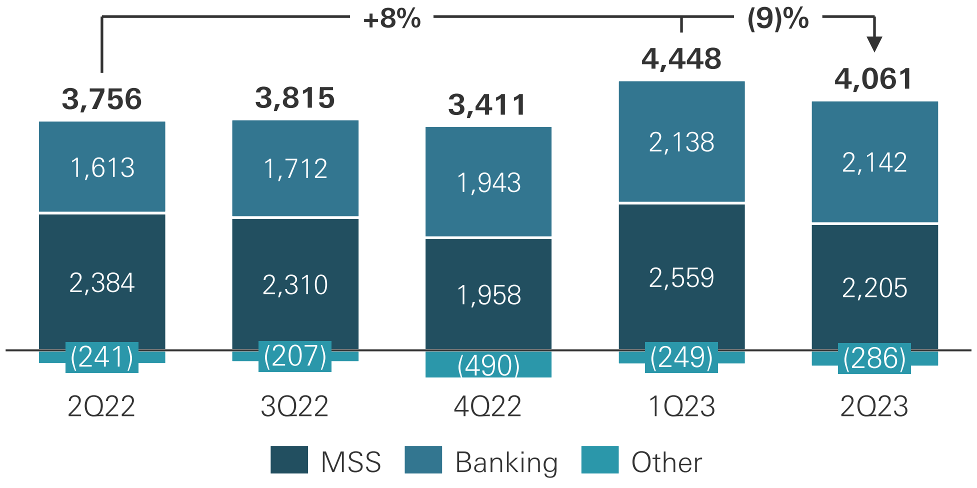
* Costs were up $201m due to higher performance-related pay accrual, SVB UK and higher technology costs
‡ o/w $1.5bn provisional gain on acquisition of SVB UK

Global Banking and Markets

2Q23 financial highlights

Revenue	**$4.1bn**	▲	8% (2Q22: $3.8bn)
ECL	**$(0.1)bn**	▲	>(100)% (2Q22: $0.1bn)
Costs	**$(2.4)bn**	▲	(8)% (2Q22: $(2.2)bn)
PBT	**$1.5bn**	▼	(4)% (2Q22: $1.6bn)
RoTE[33]	**14.2%**	▲	2.7ppts (2Q22: 11.5%)

Revenue performance, $m



Management view of revenue

$m	2Q23	Δ2Q22
MSS	**2,205**	**(8)%**
Securities Services	635	34%
Global Debt Markets	238	5%
Global FX	1,006	(10)%
Equities	93	(53)%
Securities Financing	252	2%
XVAs	(19)	>(100)%
Banking	**2,141**	**33%**
GTRF	162	(4)%
GPS	1,122	92%
Credit & Lending	489	(20)%
Capital Markets & Advisory	252	69%
Other	116	21%
GBM Other	**(285)**	**(18)%**
Principal Investments	17	(19)%
Other	(302)	(15)%
Revenue	**4,061**	**8%**

Key indicators

	2Q23	Δ2Q22
Cost-income ratio, %	60	0ppts
Gross Capital Markets and Advisory revenue[34], $m	374	38%
Customer lending[35], $bn	176	(12)%
Customer deposits[36], $bn	313	(6)%
Assets under custody, $tn	8.7	1.6%
RWAs, $bn	227	(2)%

2Q23 vs. 2Q22

- **Revenue** of $4.1bn, up $0.3bn (8%)[31]
- MSS revenue of $2.2bn, down $0.2bn (8%):
  - Global FX continued to perform well, with strong client and trading activity, despite being down YoY due to exceptional market volatility driving client flows in 2Q22
  - Securities Services growth driven by global interest rate increases
  - Equities down due to lower client activity as a result of low market volatility
- Banking revenue of $2.1bn, up $0.5bn (33%):
  - GPS up from higher global interest rate environment
  - Credit and Lending revenue down largely due to weaker client demand and a focus on returns
  - Capital Markets and Advisory up primarily due to higher debt capital markets volume and growth in Issuer Services from higher interest rates

2Q23 vs. 1Q23

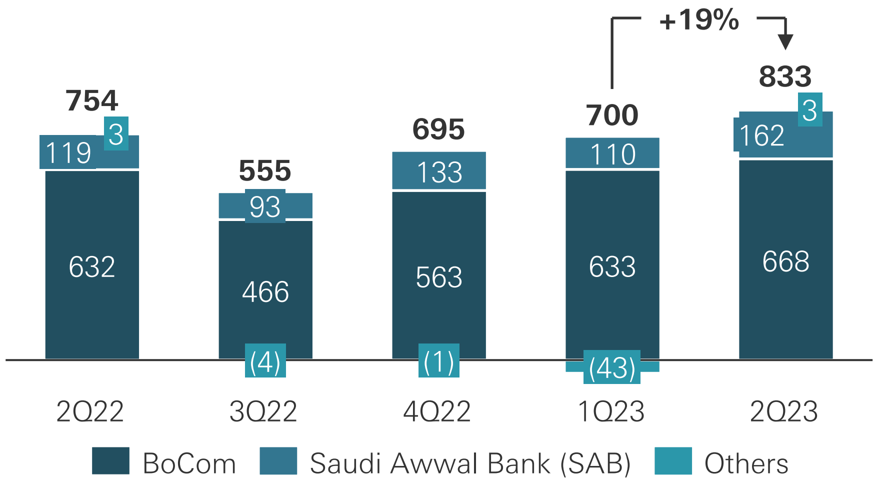
- **Revenue** down $0.4bn (9%)
  - MSS down $0.4bn (14%) vs. a strong 1Q23, largely due to Global FX as market conditions normalised
  - Banking revenue stable. Higher NII in GPS was offset by lower Capital Markets & Advisory activity

Corporate Centre

2Q23 financial highlights

Revenue	**$(114)m**	▲	(77)% (2Q22: $(499)m)
ECL	**$0m**	▼	0% (2Q22: $(0)m)
Costs	**$64m**	▼	>100% (2Q22: $(430)m)
Associates	**$833m**	▲	10% (2Q22: $754m)
PBT	**$783m**	▲	>100% (2Q22: $(175)m)
RoTE[33]	**8.0%**	▲	0.7ppts (2Q22: 7.3%)

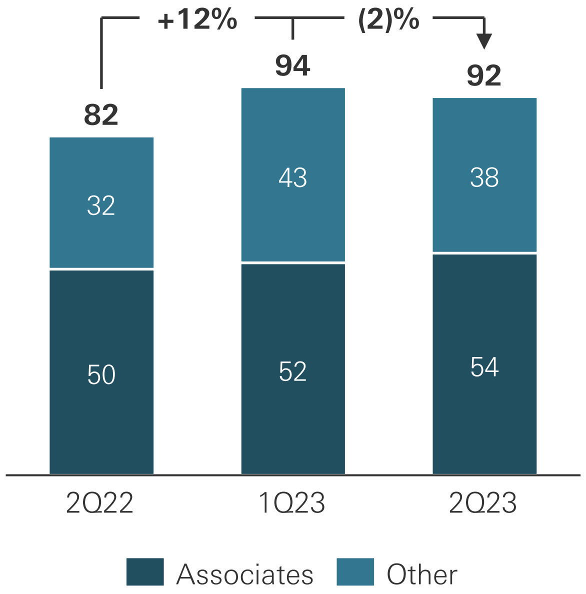
Associate income detail, $m



Revenue performance, $m

	2Q22	3Q22	4Q22	1Q23	2Q23
Central Treasury	(189)	(352)	(12)	101	(20)
Legacy Portfolios	25	(7)	(175)	(2)	(9)
Other	(335)	(236)	(195)	(12)	(85)
Total	**(499)**	**(595)**	**(382)**	**87**	**(114)**
Not included in Corporate Centre revenue: Markets Treasury revenue allocated to global businesses	350	343	288	233	207

RWAs (constant currency), $bn



2Q23 vs. 2Q22

- **Revenue** up $385m, primarily in Central Treasury reflecting the non-recurrence of adverse FV movements on non-qualifying hedges in 2Q22, FX valuation gains and the non-recurrence of losses related to the planned disposal of Russia and the disposal of our branch operations in Greece. This was partly offset by FV losses on FX hedges related to the agreed sale of our banking business in Canada
- **RWAs** up $10bn (12%), including RWAs on FX hedges related to the agreed Canada sale and higher associate RWAs

2Q23 vs. 1Q23

- **Revenue** down $201m, reflecting adverse valuation differences in Central Treasury, adverse FV movements on FX hedges related to the agreed sale of our banking business in Canada and a 1Q23 reversal of the France impairment. This was partly offset by FX valuation gains

Insurance manufacturing

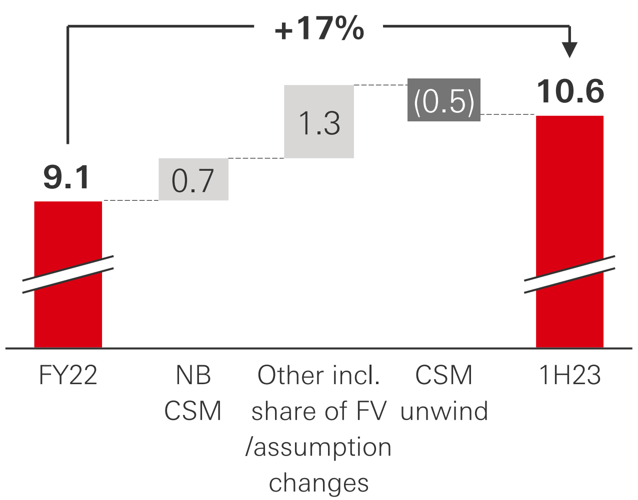
Insurance manufacturing*

Income statement, $m	1H23	1H22		Δ
Revenue	**780**	**556**	▲	**40%**
Of which: NII	*155*	*187*	▼	*(17)%*
CSM unwind	*524*	*431*	▲	*22%*
Onerous contracts	*13*	*(104)*	▲	*>100%*
Net investment returns	*—*	*(128)*	▲	*100%*
ECL	(3)	(4)	▼	25%
Operating expenses	(270)	(250)	▲	(8)%
Associates	28	3	▲	>100%
Profit before tax	**535**	**305**	▲	**75%**
Memo: Insurance equity + CSM liability (net of tax), $bn	**16.3**	**14.7**	▲	**11%**

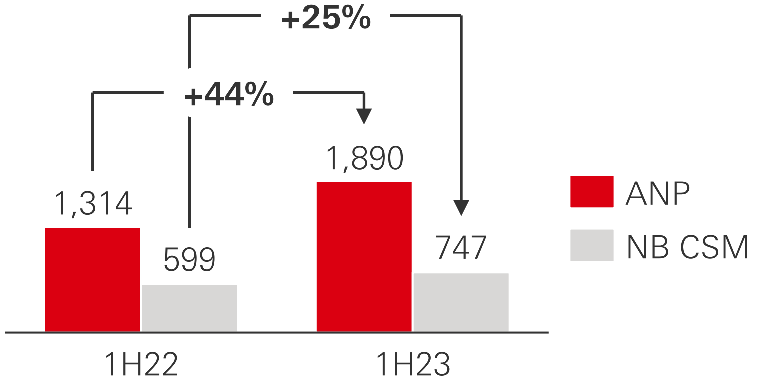
1H23 highlights:

- 1H23 **revenue of $0.8bn**, up $0.2bn (40%) vs. 1H22, primarily due to higher CSM unwind, onerous contract loss reversals and higher net investment return
- 1H23 ANP **up 44%** and 1H23 new business (NB) CSM **up 25%**, supported by border reopening in Hong Kong
- Further growth in insurance distribution: **c.1,400** Personal Wealth Planners in Pinnacle, expansion of agency in Singapore and the introduction of an insurance specialist model in Mexico
- **c.260k member registrations** on our digital health and wellness platforms in Hong Kong vs. c.50k at FY21

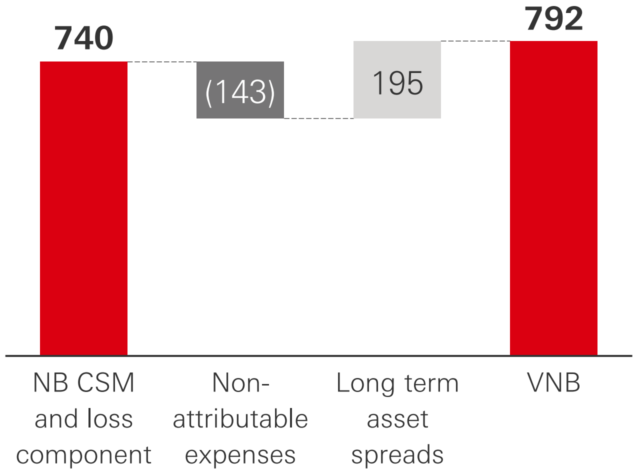
Reported CSM liability walk, $bn



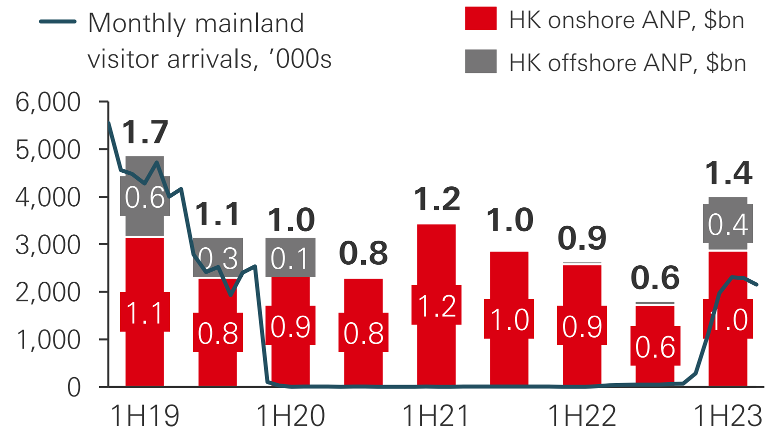
ANP and NB CSM, $m



1H23 NB CSM to VNB walk, $m



Hong Kong reopening[37]

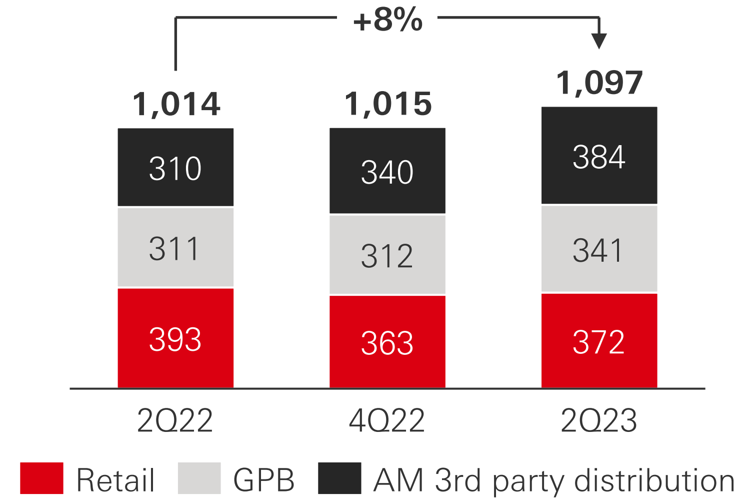


* Insurance manufacturing results are presented for all global businesses

Wealth and Personal Banking: Global invested assets

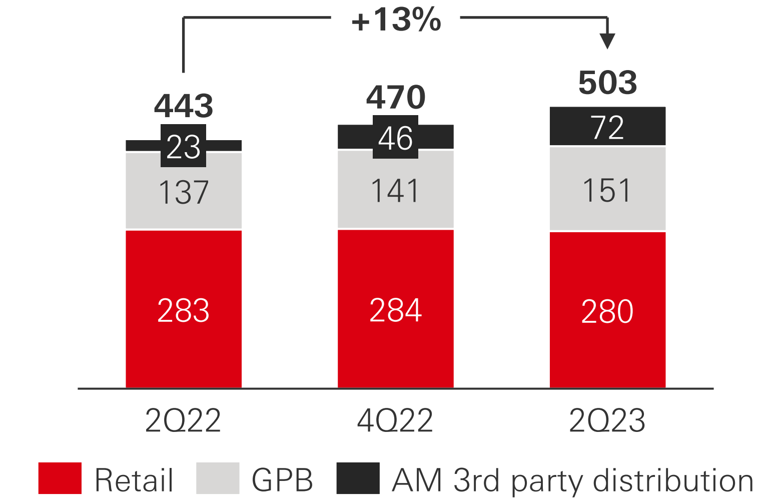
Global reported invested assets

$bn



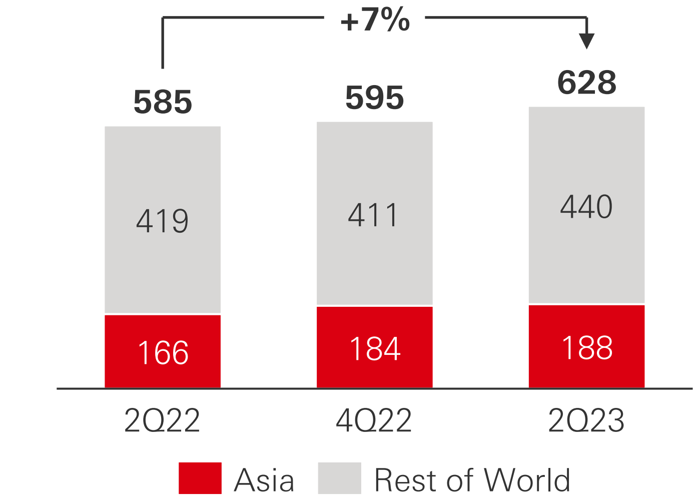
Asia reported invested assets

$bn



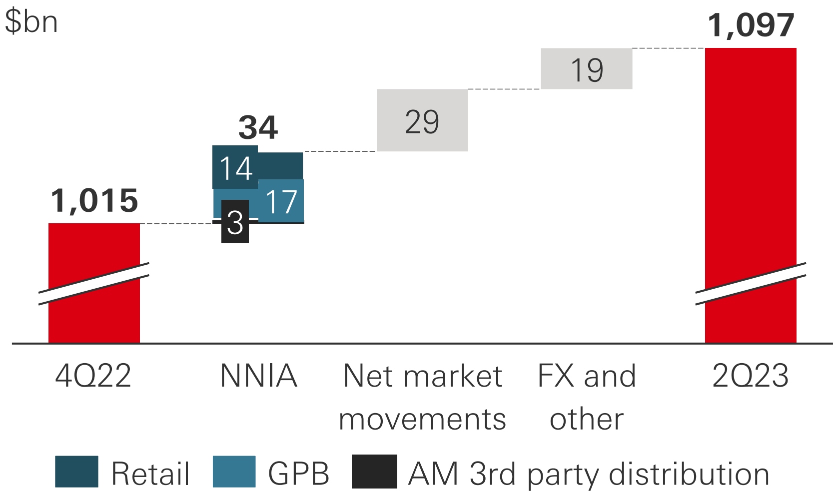
Reported invested assets managed by AM

$bn



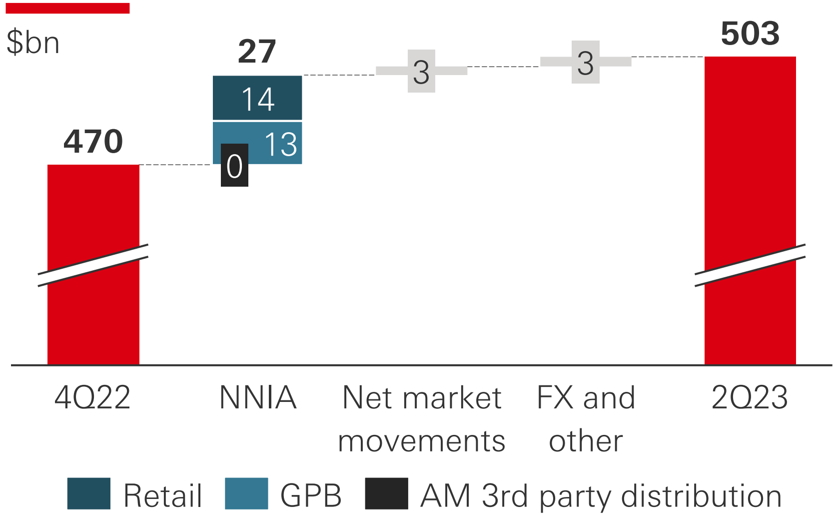
Global reported invested assets evolution

$bn



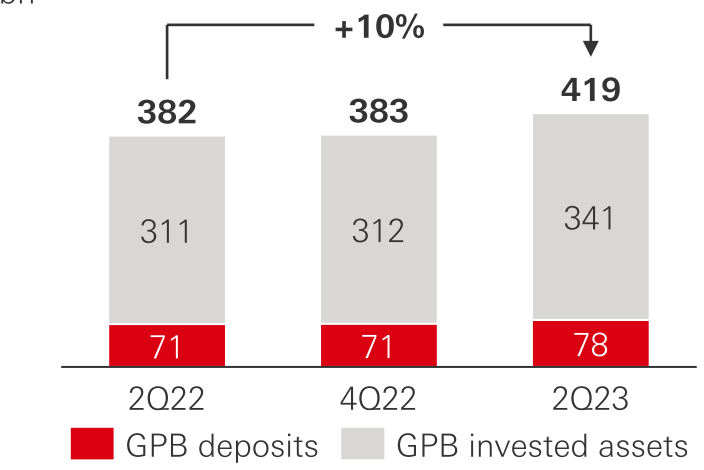
Asia reported invested assets evolution

$bn



GPB reported client balances

$bn



Asia refers to our primary legal entity in Asia, The Hongkong and Shanghai Banking Corporation (HBAP)

2Q23 vs. 1Q23 equity drivers

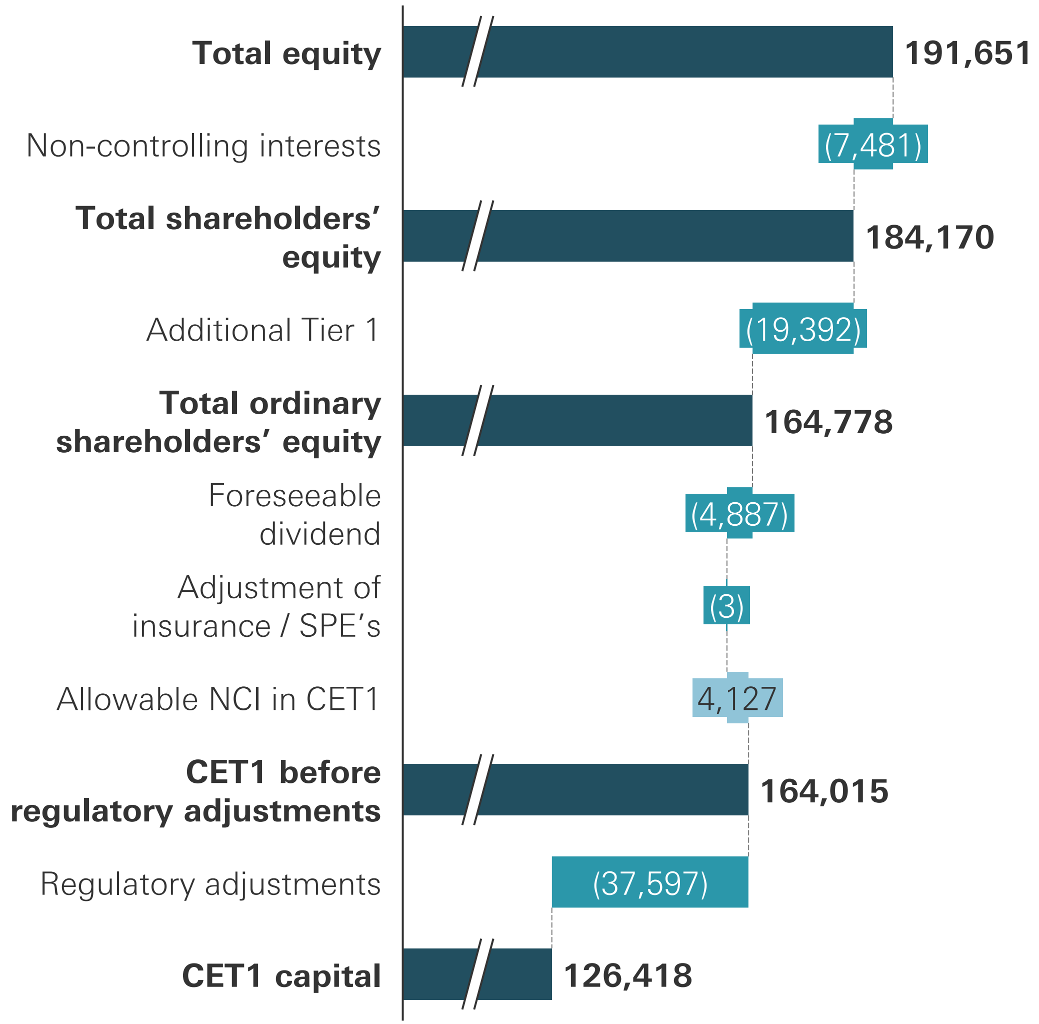
	Shareholders' equity, $bn	Tangible equity, $bn	TNAV per share, $	Basic number of ordinary shares, millions
At 31 March 2023	**190.1**	**159.5**	**8.08**	**19,736**
Profit attributable to:	6.8	7.0	0.35	—
Ordinary shareholders[38]	*6.6*	*7.0*	*0.35*	—
Other equity holders	*0.1*	—	—	—
Dividends	(6.7)	(6.6)	(0.33)	—
On ordinary shares	*(6.6)*	*(6.6)*	*(0.33)*	—
On other equity instruments	*(0.1)*	—	—	—
FX[38]	(1.1)	(1.2)	(0.06)	—
Buyback	(2.0)	(2.0)	(0.04)	(158)
Purchase of shares	*(2.0)*	*(2.0)*	*(0.10)*	—
Cancellation of shares bought back up to 30th June 2023	—	—	*0.06*	*(158)*
Actuarial gains/(losses) on defined benefit plans	(0.4)	(0.4)	(0.02)	—
Cash flow hedge reserves	(1.8)	(1.8)	(0.09)	—
Fair value movements through 'Other Comprehensive Income'	(0.7)	(0.7)	(0.03)	—
Of which: changes in fair value arising from changes in own credit risk	*(0.6)*	*(0.6)*	*(0.03)*	—
Of which: Debt and Equity instruments at fair value through OCI	*(0.1)*	*(0.1)*	—	—
Other[38]	—	(0.6)	(0.02)	(44)
At 30 June 2023	**184.2**	**153.2**	**7.84**	**19,534**

- Average basic number of shares outstanding during 2Q23: 19,662
- **TNAV per share decreased to $7.84 per share**, including a reduction of $0.33 per share due to dividends paid and a net reduction of $0.04 per share from the share buyback

As at 30 June 2023, HSBC Holdings plc held 325,273,407 shares in treasury which were repurchased during the 2016 buy-back and were not cancelled at the time. All shares repurchased pursuant to subsequent buybacks have been cancelled. The Board intends to consider the cancellation of the treasury shares in due course

Total shareholders' equity to CET1 capital

2Q23 total equity to CET1 capital, $m



Total equity to CET1 capital walk[4], $m

	2Q23	1Q23	4Q22
Total equity (per balance sheet)	**191,651**	**197,523**	**185,197**
Non-controlling interests	(7,481)	(7,428)	(7,364)
Total shareholders' equity	**184,170**	**190,095**	**177,833**
Additional Tier 1	(19,392)	(19,392)	(19,746)
Total ordinary shareholders' equity	**164,778**	**170,703**	**158,087**
Foreseeable dividend	(4,887)	(8,132)	(4,436)
Adjustment for insurance / SPE's	(3)	(3)	(3)
Allowable NCI in CET1	4,127	4,192	4,444
CET1 before regulatory adjustments	**164,015**	**166,760**	**158,092***
Prudential valuation adjustment	(1,076)	(1,147)	(1,171)
Intangible assets	(12,875)	(12,593)	(12,141)
Deferred tax asset deduction	(3,947)	(4,343)	(4,235)
Cash flow hedge adjustment	4,686	2,904	3,601
Excess of expected loss	(1,813)	(1,618)	(1,248)
Own credit spread and debit valuation adjustment	290	(369)	(412)
Defined benefit pension fund assets	(5,790)	(5,948)	(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)	(724)	(720)	(220)
Threshold deductions	(16,308)	(17,200)	(17,487)
Regulatory adjustments	**(37,597)**	**(41,074)**	**(38,801)***
CET1 capital	**126,418**	**125,686**	**119,291**

* On adoption of IFRS 17 'Insurance Contracts', comparative data previously published under IFRS 4 'Insurance Contracts' have been restated from the 1 January 2022 transition date, with no impact on CET1 and total capital

Balance sheet

2Q23 funding mix

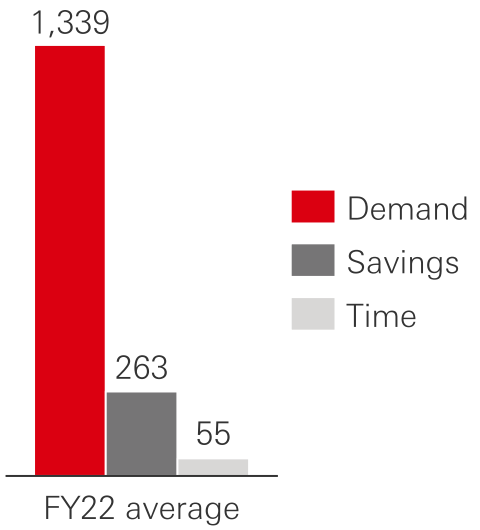
$1.6tn

Deposits (1Q23: $1.6tn)

60%

Loan to deposit ratio
(1Q23: 60%)

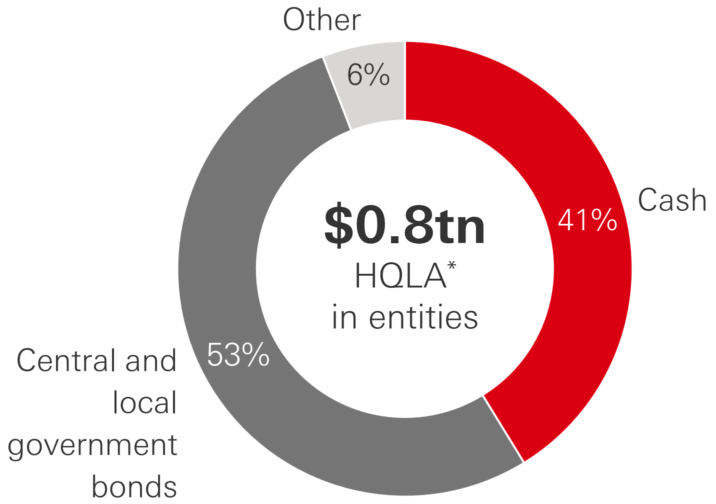
FY22 deposit mix, $bn



Strong liquidity base

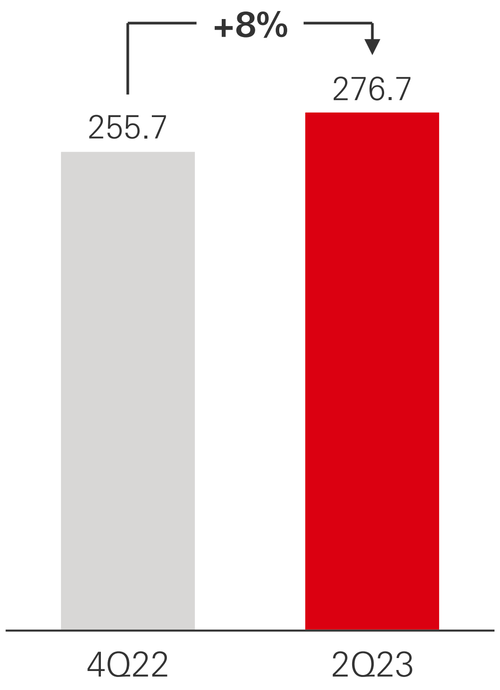
132%

Group liquidity coverage ratio (1Q23: 132%)



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

Debt instruments measured at amortised cost, $bn



- Cumulative financial assets at FVOCI reserve of **$(6.5)bn** vs. $(7.0)bn at FY22

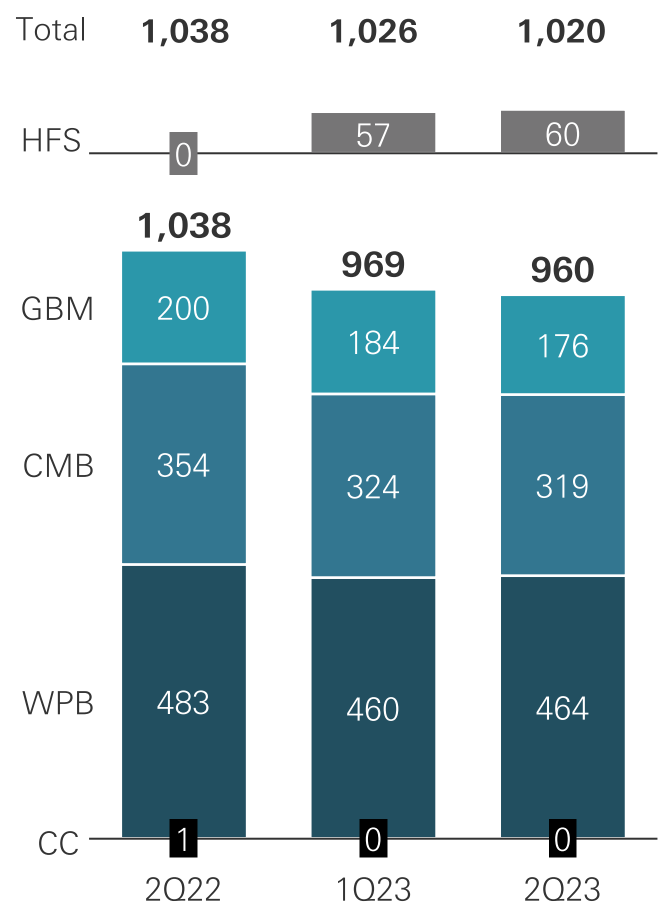
Financial investments measured at amortised cost

- As part of our interest rate hedging strategy, we hold a portfolio of debt instruments measured at amortised cost classified as hold-to-collect. These exclude insurance assets
- At 30 June 2023, there was a cumulative unrealised loss of $2.8bn related to this portfolio, excluding insurance assets. During 1H23 there was a $0.9bn deterioration in the unrealised loss balance

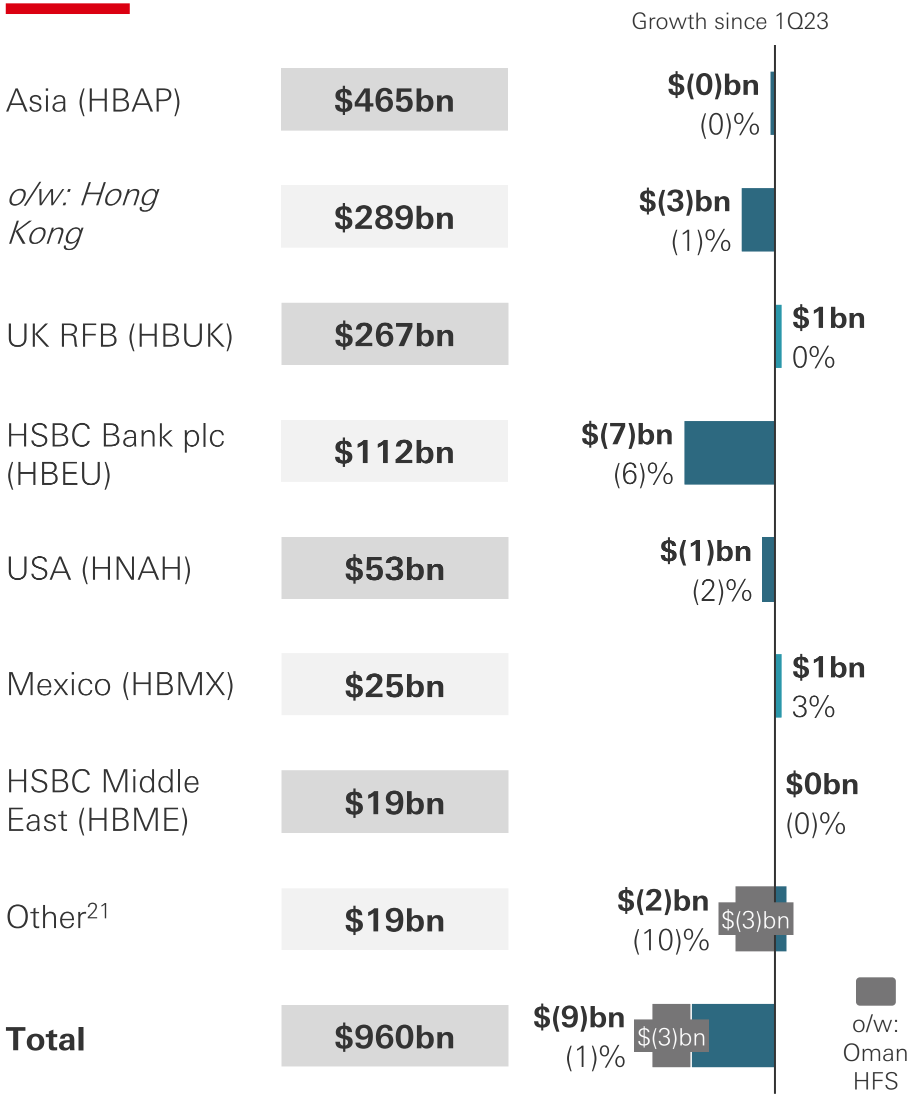
* HQLA is the period end value before the application of the Group adjustment for restrictions on the transfer of entity liquidity around the Group
1H23 HQLA shown on this slide differs from the HSBC Holdings plc Interim Report 2023 of $631bn, which is a 12 month average after the impact of the above restrictions

Balance sheet – customer lending

Balances by global business, $bn



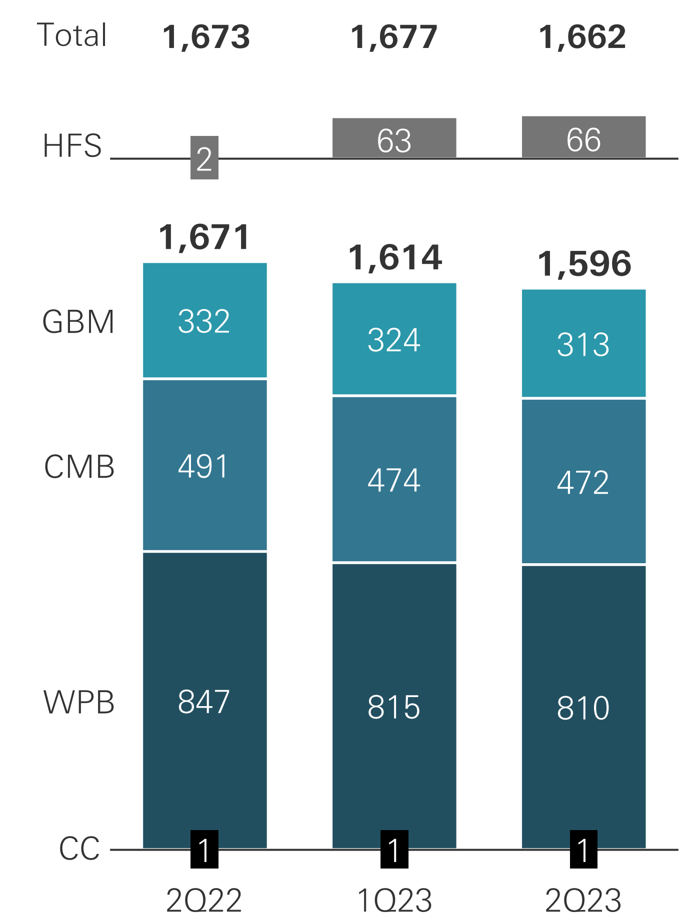
Balances by entity



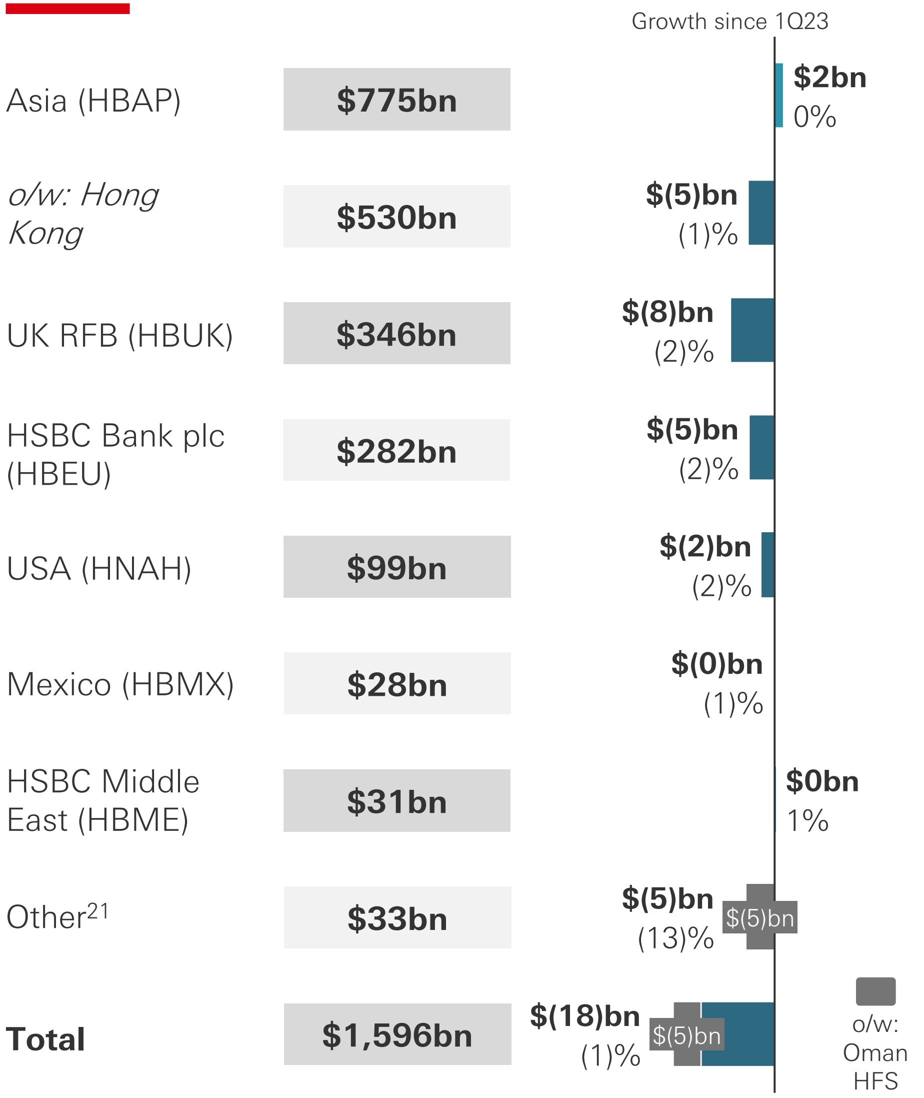
- **Customer lending of $960bn, down $9bn (1%)** vs. 1Q23, including the impact of $4bn loans moved to held-for-sale (HFS) in Oman and the US
- **WPB** up $4bn (1%) due primarily to growth in Hong Kong and the UK
- **CMB** down $5bn (2%), primarily due to softer loan demand in Hong Kong and the UK as a result of rising interest rates, and the transfer of $2bn loans to HFS
- **GBM** down $8bn (4%), primarily due to softer loan demand in Europe as a result of higher interest rates
- Cautious outlook on loan growth in the short term; expect mid-single digit percentage annual loan growth in the medium to long term

Balance sheet – customer accounts

Balances by global business, $bn



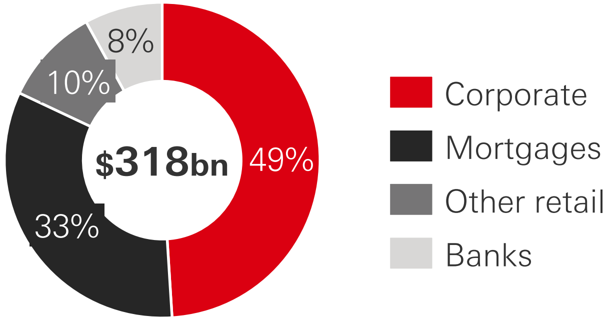
Balances by entity



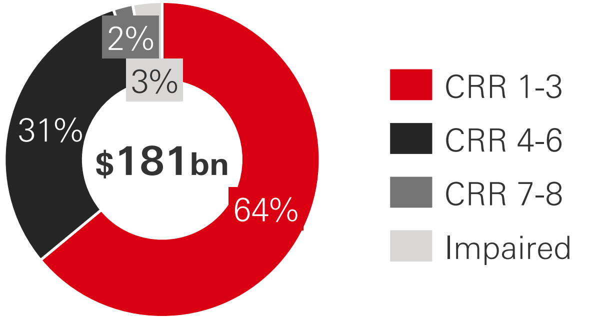
- **Customer accounts of $1,596bn, down $18bn (1%)** vs. 1Q23, including the impact of $5bn of deposits in Oman moved to held-for-sale (HFS)
- **WPB** down $5bn with modest reductions in Asia, the UK and the US
- **CMB** down $2bn, including the impact of $2bn deposits in Oman moved to HFS
- **GBM** down $10bn (3%) as customers in Europe used excess deposits to pay down loan balances
- **Average GPS balances** of $727bn were down $7bn (1%) vs. 1Q23

Hong Kong loans and advances

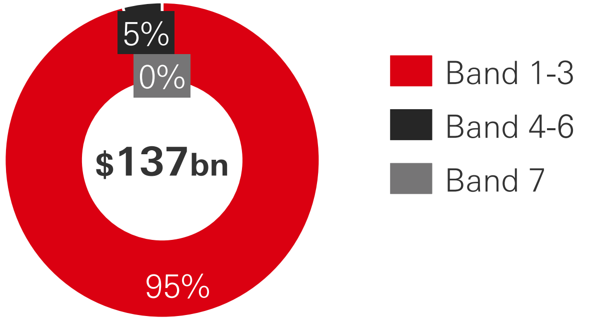
Hong Kong loans and advances



Wholesale credit quality



Personal credit quality

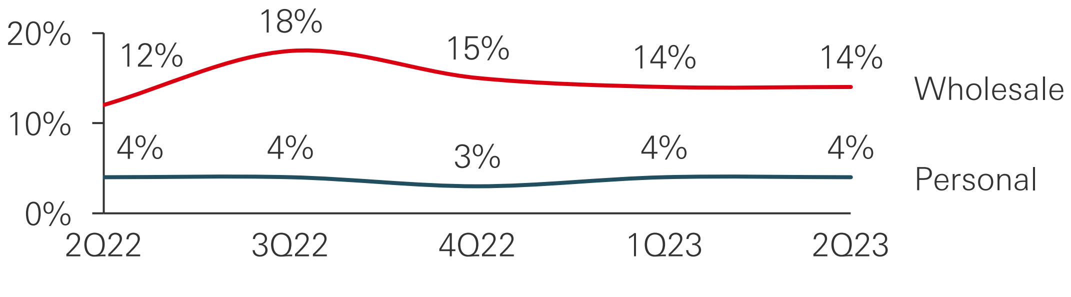


- Total gross loans and advances to customers and banks of **$318bn** (2Q22: $332bn) by booking location (wholesale: $181bn; personal: $137bn)
- 2Q23 average LTV on new retail mortgage lending was **67%** (2Q22: 59%); average LTV for the overall retail mortgage portfolio was 54% (2Q22: 50%)

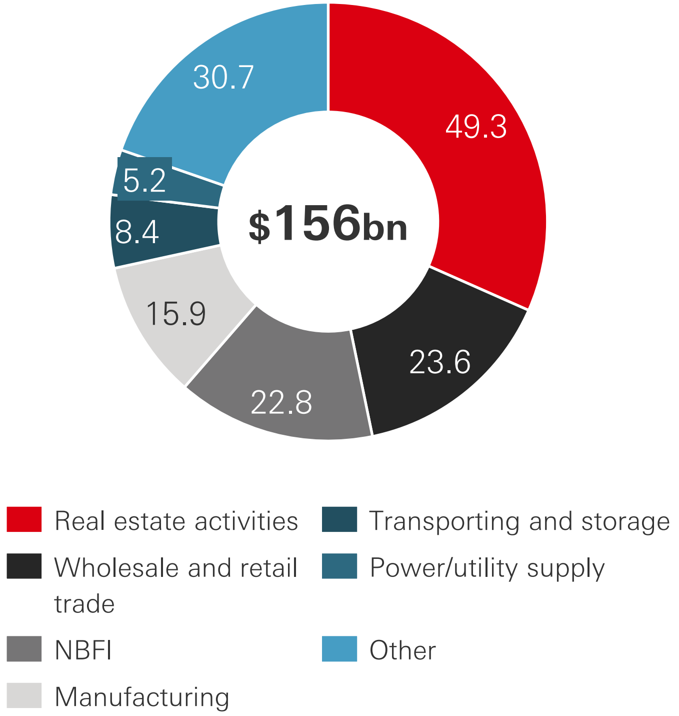
Gross loans and advances to customers and banks by IFRS 9 stage, $bn

	2Q23			2Q22		
	L&A	ECL allowance	ECL % L&A	L&A	ECL allowance	ECL % L&A
Stage 1	282.0	0.2	0.1%	297.7	0.1	0.0%
Stage 2	29.6	0.8	2.5%	29.8	0.7	2.3%
Stage 3*	5.9	2.6	44.0%	4.1	1.4	34.3%
POCI	0.2	0.1	52.2%	0.0	0.0	45.0%
Total	317.7	3.6		331.6	2.2	

Stage 2 loans as a % of total L&As to customers and banks



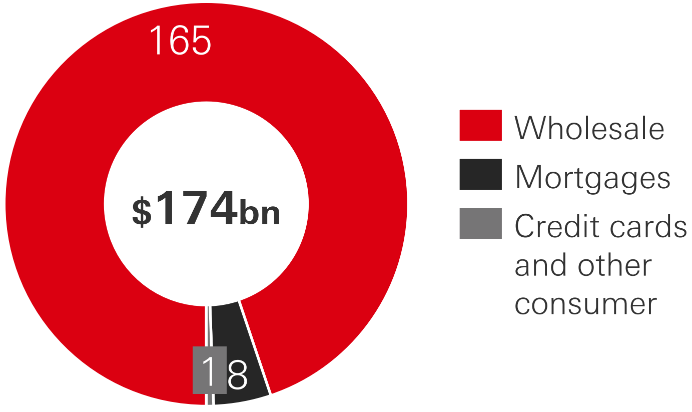
Corporate lending by sector, $bn



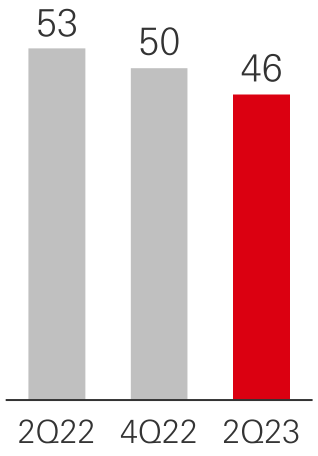
* Stage 3 loans includes c.$3.3bn of exposure relating to mainland China CRE

Mainland China risk exposure

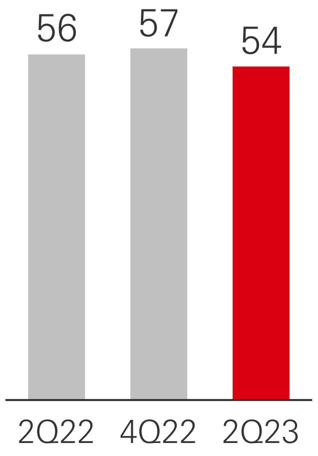
Mainland China risk exposure, $bn



Reported gross loans and advances to customers, $bn

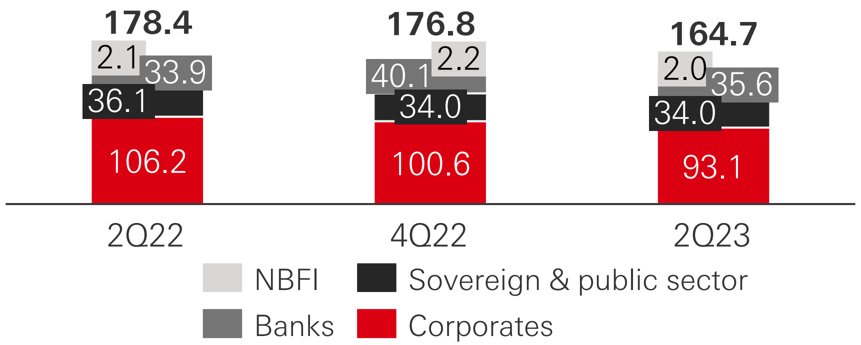


Reported customer deposits, $bn



- Mainland China risk exposure is defined as lending booked in mainland China plus wholesale lending booked offshore where the ultimate parent and beneficial owner is in mainland China
- Mainland China risk exposure (including Sovereign and public sector, Banks and NBFI and Corporates) of **$174bn** comprising: Wholesale $165bn* (of which 50% is onshore); Retail: $9bn. These amounts exclude MSS financing
- Gross loans and advances to customers of **$46bn** booked in mainland China (Wholesale: $37bn; Retail $9bn)

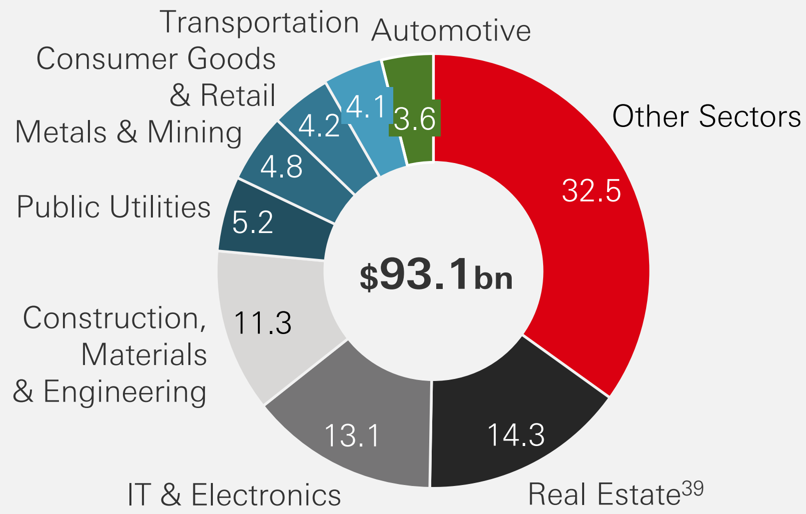
Wholesale lending analysis, $bn



Wholesale lending by counterparty type and credit quality, $bn

Customer risk rating	Strong	Good	Satisfactory	Sub-standard	Credit impaired	Total
NBFI	0	2	0	0	—	2
Banks	34	1	0	0	—	36
Sovereign & public sector	34	0	0	0	—	34
Corporates	34	28	24	4	4	93
Total	**102**	**31**	**24**	**4**	**4**	**165**

Corporate lending by sector, $bn



- **c.15%** of corporate lending is to foreign-owned enterprises
- **c.40%** of lending is to state-owned enterprises
- **c.45%** of lending is to private sector owned enterprises

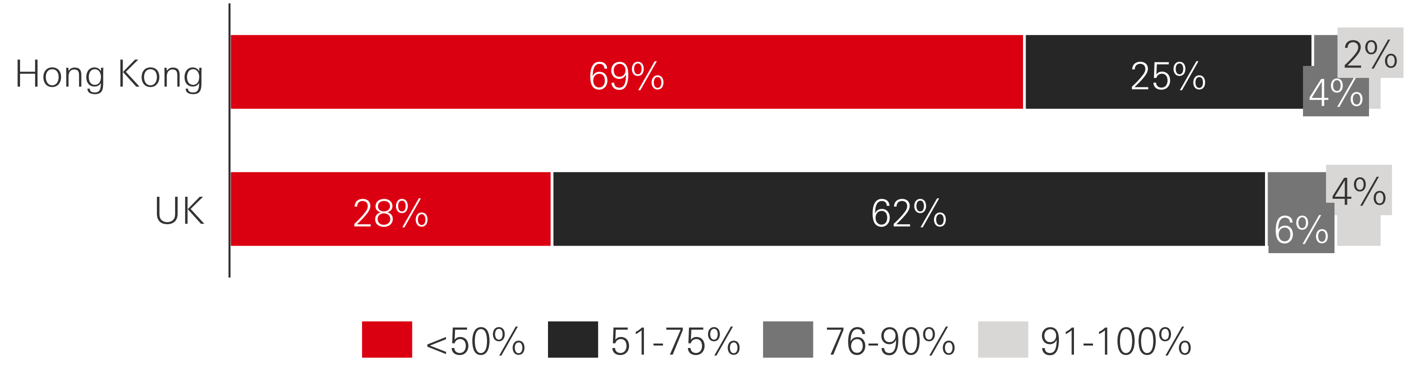
* Wholesale drawn risk exposure of $165bn includes on balance sheet lending as well as issued off balance sheet exposures, excludes unutilised commitments

Global CRE exposures

Commercial real estate exposure, $m[40]

	HBAP	*o/w HK*	HBUK	HBEU	HNAH	HBMX	HBME	Other	Total
Gross loans and advances	**59,560**	*44,068*	**14,805**	**5,045**	**4,643**	**976**	**1,604**	**928**	**87,561**
o/w stage 1	42,242	*30,218*	12,827	4,181	1,918	877	1,118	839	64,002
o/w stage 2	13,588	*10,447*	1,385	650	2,662	65	313	44	18,707
o/w stage 3*	3,730	*3,403*	593	214	63	34	173	45	4,852
Stage 3 as a % of loans	**6%**	*8%*	**4%**	**4%**	**1%**	**3%**	**11%**	**5%**	**6%**

FY22 LTV analysis (fully collateralised exposure)[41]



- Actively reducing exposure in the USA; exposure of **$4.6bn** plus **$0.5bn** classified as held-for-sale
- 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 **$8.1bn**, which accounts for $3.3bn of the $3.4bn 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

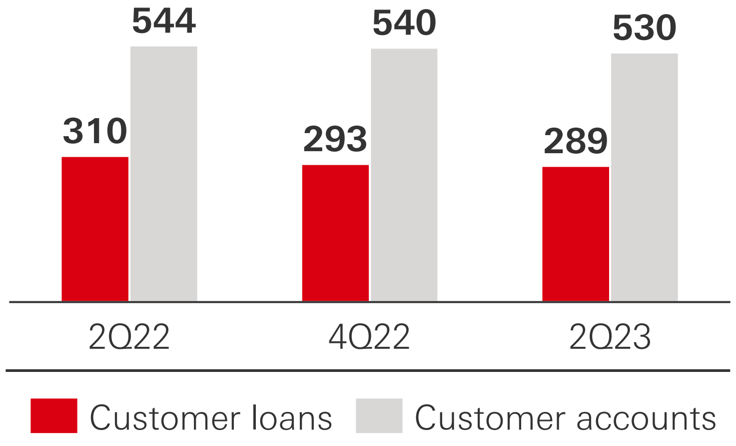
* Includes POCI

Hong Kong

1H23 financial performance

$m	1H23	1H22		Δ
NII	4,955	3,036	▲	63%
Non-NII	5,298	3,230	▲	64%
Revenue	**10,253**	**6,266**	▲	**64%**
ECL	(494)	(418)	▲	(18)%
Costs	(3,750)	(3,642)	▲	(3)%
Associates	16	(1)	▲	>100%
PBT	**6,025**	**2,207**	▲	**>100%**

Balance sheet, $bn



- **Revenue** up 64% vs. 1H22. Non-NII up $2.1bn, including $1.9bn offset into non-NII from the central costs of funding GBM trading activity and higher life insurance manufacturing revenue
- Muted balance sheet in context of higher USD rates; customer lending down $4bn vs. $4Q22 (WPB up $2bn, wholesale down $5bn), customer deposits down $10bn

#1 retail NPS amongst major banks[42]

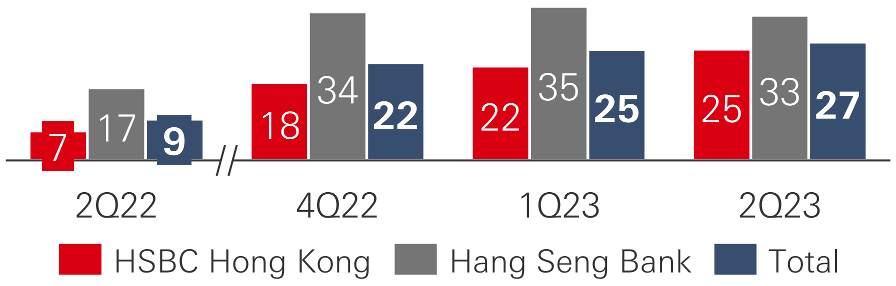
#1 in card spend; market share **48.4%**, up 1.4ppts vs. 4Q22[43]

c.2x new-to-bank non-resident Chinese onboarding vs. 2Q19[44]

ANP share **19.1%;** NBP share of **30.5%**[45]

#1 in trade finance; **22.3%** market share[46]

Time deposits as a % of customer accounts



- **CASAs are 73% of customer accounts**
- Time deposits are **27% of customer accounts**, up **2ppts** vs. 1Q23
  - Compared to 1Q23, HSBC Hong Kong up 3ppts; Hang Seng Bank down 2ppts
- Time deposits represent **54%** of system deposits, **up 16ppts** vs. May-22[46]

UK ring-fenced bank

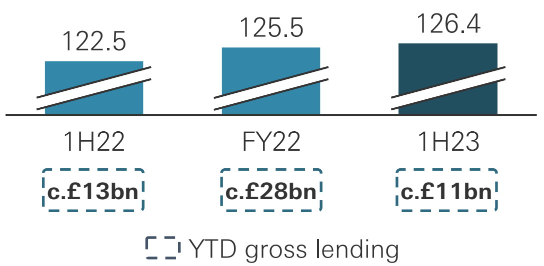
1H23 financial performance

Revenue	**£6.0bn**	▲	67% (1H22: £3.6bn)
o/w: WPB	**£2.4bn**	▲	24% (1H22: £2.0bn)
o/w: CMB	**£3.5bn**	▲	98% (1H22: £1.6bn)
ECL	**£(0.3)bn**	▲	>(100)% (1H22: £(0.0)bn)
Costs	**£(1.8)bn**	▼	2% (1H22: £(1.8)bn)
PBT	**£3.9bn**	▲	>100% (1H22: £1.8bn)
o/w: WPB	**£1.2bn**	▲	89% (1H22: £0.7bn)
o/w: CMB	**£2.6bn**	▲	>100% (1H22: £1.2bn)
Customer loans	**£209.6bn**	▲	3% (FY22: £204.1bn)
Reported RWAs	**£99.1bn**	▲	7% (FY22: £92.4bn)

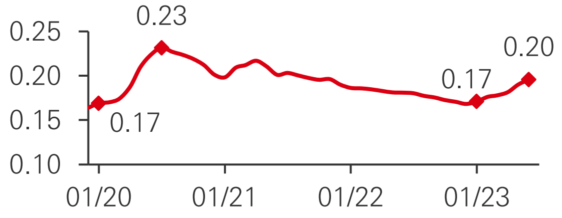
- **Revenue** up £2.4bn. WPB up £0.5bn (24%) vs. 1H22 and CMB up £2.0bn (>100%), including the £1.2bn provisional gain on the acquisition of SVB UK
- **ECL** up £0.3bn, primarily in CMB, split between stage 1-2 and stage 3 charges
- **Costs** down 2%, primarily due to the end of our restructuring programme, offset by technology spending, wage inflation and costs associated with HSBC Innovation Banking

WPB

Personal gross mortgage balances, £bn

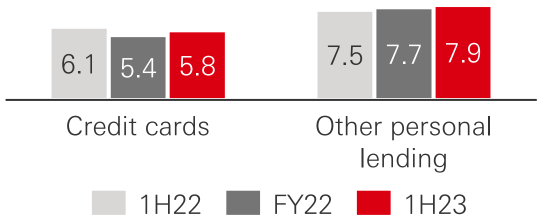


90+ day mortgages delinquency trend[47], %



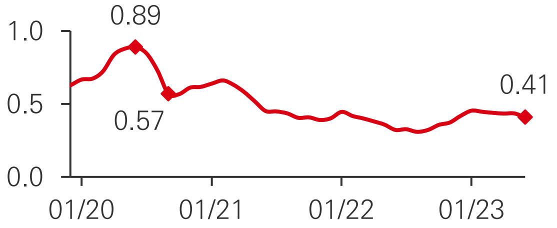
- **7.8%** mortgage stock market share[48]; gross new lending share of **9.7%**[49]
- Buy-to-let mortgages of **£3.9bn**, up £0.1bn vs. FY22
- Mortgages on a standard variable rate of **£2.6bn**
- Interest-only mortgages of **£18.8bn**[50]
- New originations average LTV of **64%**; average portfolio LTV of **52%**
- **Mortgage delinquencies remain low** in absolute terms

Personal gross unsecured lending balances, £bn



- **Credit card** balances down £0.3bn vs. 1H22. Excluding the roll-off from the John Lewis Portfolio, balances up c.£0.8bn

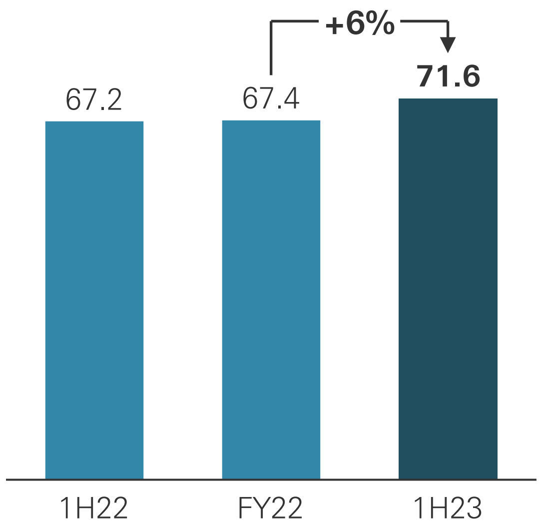
Credit cards 90-179 day delinquency trend[47], %



- Customers continue to show financial resilience, card delinquencies remain below pre-pandemic levels with only modest increases vs. the floor in 2022

CMB

Wholesale gross customer loans, £bn



- **Gross customer loans up £4.2bn**, including loans acquired from SVB UK
- Continued strength in transaction banking:
  - Receivables Finance Turnover market share of **27.8%**, up 0.8ppts vs. FY22
  - GPS revenue up +118% vs. 1H22, in part supported by 12% fee income growth

EPS excluding material notable items reconciliation

$m	2Q23	1Q23	2Q22	1H23
PAOS	**6,639**	**10,327**	**5,211**	**16,966**
Impact of acquisition of SVB UK	4	(1,511)	—	(1,507)
Reversal of impairment loss relating to France	—	(1,629)*	—	(1,629)*
Impact of agreed Canada sale	54	(108)	—	(54)
Recognition of a deferred tax asset from historical tax losses in HSBC Holdings	—	—	(2,082)	—
PAOS excluding material notable items	**6,697**	**7,079**	**3,129**	**13,776**
Basic number of ordinary shares (m)	19,662	19,724	19,884	19,693
Basic EPS	0.34	0.52	0.26	0.86
Basic EPS excluding material notable items	**0.34**	**0.36**	**0.16**	**0.70**

* Net of deferred tax of $501m

Legal entity financials

Reported PBT by legal entity, $m

	1H23	2Q23	1Q23	2Q22
HSBC UK Bank plc **(HBUK)**	4,791	1,660	3,131	1,100
HSBC Bank plc **(HBEU)**	3,498	784	2,714	275
The Hongkong and Shanghai Banking Corporation Limited **(HBAP)**	10,917	5,068	5,849	2,969
HSBC Bank Middle East Limited **(HBME)**	673	296	377	196
HSBC North America Holdings Inc. **(HNAH)**	701	394	307	114
HSBC Bank Canada **(HBCA)**	475	236	239	154
Grupo Financiero HSBC, S.A. de C.V. **(HBMX)**	436	221	215	126
Other trading entities[21]	1,282	789	493	270
– *of which: other Middle East entities (Oman, Türkiye, Egypt, Saudi Arabia)*	*420*	*281*	*139*	55
– *of which: Saudi Awwal Bank*	*272*	*162*	*110*	119
Holding companies, shared service centres and intra-group eliminations	(1,116)	(677)	(439)	(568)
Total	**21,657**	**8,771**	**12,886**	**4,636**

Group 1H23 profit of $21.7bn

Asia

$10.9bn PBT, o/w **$6bn** in Hong Kong, **c.$5bn** outside Hong Kong

c.$2bn mainland China

c.$0.7bn Singapore

c.$0.6bn India

UK RFB

$4.8bn PBT, incl. $1.5bn SVB UK provisional acquisition gain

Middle East[51]

$1.3bn PBT

HSBC Bank plc

$3.5bn PBT, incl. $2.1bn from reversal of France impairment

Mexico

$0.4bn PBT

USA

$0.7bn PBT

Glossary

AIEA	Average interest earning assets
AM	Asset management
ANP	Annualised new business premiums
Banking NII	Banking net interest income is defined as Group net interest income after deducting: (1) the internal cost to fund trading and fair value net assets for which associated revenue is reported in 'Net income from financial instruments held for trading or managed on a fair value basis', also referred to as 'trading and fair value income'. These funding costs reflect proxy overnight or term interest rates as applied by internal funds transfer pricing; (2) the funding cost of foreign exchange swaps in Markets Treasury, where an offsetting income or loss is recorded in trading and fair value income. These instruments are used to manage foreign currency deployment and funding in our entities; (3) third-party net interest income in our insurance business
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
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
FVOCI	Fair value through other comprehensive income
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
GSSS	Green, social, sustainability and sustainability-linked
GTRF	Global Trade and Receivables Finance

HFS	Held-for-sale
HKSAR	Hong Kong Special Administrative Region
HQLA	High-quality liquid assets
IFRS	International Financial Reporting Standard
IFRS 4	IFRS 4 'Insurance Contracts'
IFRS 17	IFRS 17 'Insurance Contracts'
LTV	Loan to value
MSS	Markets and Securities Services
NAV	Net asset value
NBFI	Non-bank financial institution
NBP	New business premium
NCI	Non-controlling interests
NII	Net interest income
NIM	Net interest margin
NNIA	Net new invested assets
PAOS	Profit attributable to ordinary shareholders
PBT	Profit before tax
POCI	Purchased originated credit impaired
Ppt	Percentage points
PRP	Performance related pay
SAB	Saudi Awwal Bank, an associate of HSBC
SVB UK	Silicon Valley Bank UK
RoTE	Return on average tangible equity
RWA	Risk-weighted asset
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. Our cost target reflects costs on constant currency, excluding notable items and the effect of re-translating prior periods in hyperinflationary economies. The target also excludes costs associated with our acquisition of SVB UK and related international investments. See reconciliation on slide 26
2. Includes a provisional gain on acquisition of SVB UK
3. Includes the reversal of France impairment
4. 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
5. RoTE target is subject to the current market-implied path for global policy rates. Excludes the impact of material acquisitions and disposals
6. 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.
7. WPB international customers comprises customers who are either multi-country, non-resident or resident foreigners within our International markets in the UK, Hong Kong, Canada, the US, India, Singapore, Malaysia, UAE, Australia, mainland China and CIIOM. Multi-country are those customers who bank with HSBC in more than one market; Non-Resident customers are those whose address is different from the market we bank them in; Resident Foreigners are customers whose nationality, or country of birth is different to the market we bank them in. Note, customers may be counted more than once when banked in multiple markets
8. Multiple as of May YTD
9. New to the bank customers: May YTD 2022 vs. May YTD 2023
10. GFX in GBM management view of income and GFX in CMB from cross sale of FX to CMB clients includes within 'Markets products, Insurance and Investments and Other'. GFX includes our emerging markets business
11. Regulatory approvals received for insurance broker branches in Shanghai, Guangdong and Beijing
12. GBM and WPB: Includes GM products to WPB customers
13. Between CMB and GBM: Includes Global Markets products to CMB customers and Global Banking products to CMB Customers
14. Difference in technology cost growth on a reported and target basis partially driven by non-inclusion of CTA spend in 1H22 on a target basis. Technology spending includes tech spend in the global business lines
15. % of WPB customers who have logged into a HSBC Mobile App at least once in the last 30 days; May YTD 2022 vs. May YTD 2023. The number disclosed at 1H22 results was 46.2% which related to June 2022 YTD
16. % of CMB customers who are active on Internet Banking Channels in the last 3 months; May YTD 2022 vs. May YTD 2023
17. Amount of software releases for a notional team of 10 people on a bank wide basis
18. The volume of sustainable finance and investments amounts stated include; capital markets/advisory activities, balance sheet related transactions that capture the limit of the facility at the time it was provided and the net new flows of sustainable investments (Assets under Management); Green, Social, Sustainability and Sustainability Linked labelled bonds that align to the International Capital Markets Association (ICMA) principles. Capital markets/advisory volumes are recorded as HSBC's proportional bookrunner value. GSSS market share sourced from Dealogic. Apportioned volume represents the portion of deal volume assigned to HSBC in deals where HSBC is marked as a lender. Market shares exclude self-mandated deals
19. Banking NII is defined as Group NII excluding the central costs of funding trading and fair value income and third party insurance NII. For full analysis, please see HSBC Holdings plc Interim Report
20. The centrally allocated funding costs associated with funding net income from financial instruments held for trading or managed on a fair value basis results in an interest expense to Group NII which is fully offset by non-NII which is reported in Corporate Centre
21. Including "of which Other Middle East Entities (Oman, Turkiye, Egypt and Saudi Arabia)" which do not consolidate into HSBC Bank Middle East Limited
22. Including held-for-sale balances
23. 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
24. 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)
25. Medium term is defined as 3-4 years from 1 January 2020; long term is defined as 5-6 years from 1 January 2020
26. In determining our dividend payout ratio we will exclude material notable items (including the agreed sale of our banking business in Canada) from reported earnings per share
27. RoTE (YTD annualised) for 2Q23 includes a 10.5 percentage point favourable impact of the reversal of the impairment losses relating to the planned sale of our retail banking operations in France
28. 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
29. RoTE (YTD annualised) for 2Q23 included a 6.2 percentage point favourable impact of the provisional gain on the acquisition of SVB UK
30. CMB HFS includes balances relating to Canada, Oman and US CRE
31. Comparative data in 2022 has been re-presented to reflect the transfer of a portfolio of Global Banking customers in Latin America from GBM to CMB in the first quarter of 2023
32. Balance sheet reductions 2Q23 vs. 2Q22 were partly offset by transfer of GBM clients into CMB in Australia and Indonesia ($3.4bn loans, $4.3bn deposits)
33. RoTE is YTD annualised
34. Includes revenue shared with Markets and Securities Services and CMB

Footnotes

35. Customer lending shown is as reported in loans and advances to external customers and does not include lending to financial institutions
36. Between 4Q22 and 1Q23, $4.3bn deposits were transferred from GBM to CMB in Australia and Indonesia. At 2Q23, c.$5bn GBM deposits were in held-for-sale relating to Canada
37. Source: Insurance Authority and Hong Kong Tourism Board
38. 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'
39. 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
40. Based on the loan purpose for on balance sheet exposures only
41. This disclosure is updated on an annual basis and is correct for FY22. Figures are based on the industry sector of the obligor / borrower including both on and off balance sheet exposures. Total for Hong Kong $36.2bn, UK $12.7bn
42. For HSBC Hong Kong 1H23. Peers include Citibank, Standard Chartered, Bank of China (Hong Kong), DBS, China Construction Bank (CCB), BEA / Bank of East Asia
43. Source: HKMA. Statistics of Payment Cards issued in Hong Kong, 1Q23
44. Internal MI based on the daily average of walk-in acquisitions for new-to-bank non-resident Chinese customers. Data compared is 2Q23 vs. 2Q19
45. Source: Hong Kong Insurance Authority 1Q23. NBP is a measure of new business written in the period, comprising annualised new business regular premiums plus new business single premiums. ANP is a measure of new business written in the period, comprising annualised new business regular premiums plus 10% of new business single premiums. Our difference in market share is largely due to HSBC underwriting more single premium policies
46. Data as at May 2023. Source: Hong Kong Monetary Authority
47. Excludes Private Bank
48. As at May 2023. Source: Bank of England.
49. Share for April and May 2023. Source: Bank of England
50. Includes offset mortgages in first direct, endowment mortgages and other products
51. Based on a regional view which includes the results of all the legal entities operating in the Middle East, North Africa and Türkiye, including our share of the results of Saudi Awwal Bank

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Forward-looking statements

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

Additional detailed information concerning important factors, including but not limited to ESG related factors, that could cause actual results to differ materially from this Presentation is available in our Annual Report and Accounts for the fiscal year ended 31 December 2022 filed with the Securities and Exchange Commission (the “SEC”) on Form 20-F on 22 February 2023 (the “2022 Form 20-F”), our 1Q 2023 Earnings Release furnished with the SEC on Form 6-K on 2 May 2023 (the “1Q 2023 Earnings Release”) and our Interim Financial Report for the six months ended 30 June 2023, which we expect to furnish with the SEC on Form 6-K on 1 August 2023 (the “2023 Interim Report”).

Alternative Performance Measures

This Presentation contains non-IFRS measures used by management internally that constitute alternative performance measures under European Securities and Markets Authority guidance and non-GAAP financial measures defined in and presented in accordance with SEC rules and regulations (“Alternative Performance Measures”). The primary Alternative Performance Measures we use are presented on a “constant currency” basis which is computed by adjusting comparative period reported results for the effects of foreign currency translation differences, which distort period-on-period comparisons.

Reconciliations between Alternative Performance Measures and the most directly comparable measures under IFRS are provided in our 1Q 2023 Earnings Release and our 2023 Interim Report, when filed, which is available at www.hsbc.com.
Information in this Presentation was prepared as at 1 August 2023.