Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of UBS AG, acting through its London branch, the Certificates, or the Company (as defined below).

10,000,000 European Style Cash Settled Short Certificates relating to

the ordinary shares of HSBC Holdings plc

with a Daily Leverage of -5x

UBS AG
(Incorporated with limited liability in Switzerland)
acting through its London Branch

Issue Price: S$0.75 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by UBS AG (the "**Issuer**") acting through its London branch, and is supplemental to and should be read in conjunction with a base listing document dated 28 June 2024 (the "**Base Listing Document**"), including its supplements and addenda as executed from time to time, for the purpose of giving information with regard to the Issuer and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer. Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in the United States, the United Kingdom, the European Economic Area, Singapore and Hong Kong (see "Placing and Sale" contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer and/or any of its affiliates may from time to time purchase the Certificates or sell additional

Certificates on the market, the Issuer and/or any of its affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate an inverse leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

For the purpose of section 309B(1) of the Securities and Futures Act 2001 of Singapore (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Certificates are classified as capital markets products other than prescribed capital markets products[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

Prospective purchasers should therefore ensure that they understand the nature of the Certificates and carefully study the risk factors set out in the Base Listing Document and pages 5 to 10 of this document before they invest in the Certificates.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 4 July 2024.

As at the date hereof, the Issuer's long term credit rating by S&P Global Ratings Europe Limited is A+, by Moody's Investors Service Ltd. is Aa2 and by Fitch Ratings Ireland Limited is A+.

The Issuer is regulated by, among others, the Swiss Federal Banking Commission. In the United Kingdom, it is authorised by the Prudential Regulatory Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulatory Authority.

3 July 2024

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[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer accepts full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to itself and the Certificates. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which it accepts responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer accepts responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer.

No persons have been authorised to give any information or to make any representation save as contained in this document or otherwise authorised by the Issuer in connection with the Certificates and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or its subsidiaries and associates since the date hereof.

This document does not constitute an offer or solicitation by or on behalf of the Issuer to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer requires persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Certificates, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Certificates, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer and/or any of its affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer and/or any of its affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following risk factors are relevant to the Certificates:-

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer will be unable to satisfy its obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute direct, general and unsecured contractual obligations of the Issuer and if you purchase the Certificates you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against any other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against the Company which has issued the Underlying Stock (as defined below). The Issuer has substantially no obligation to a Certificate Holder (as defined in the Conditions) other than to pay amounts in accordance with the terms thereof as set forth herein and in the Base Listing Document. The Issuer does not in any respect underwrite or guarantee the performance of any Certificate. Any profit or loss realised by a Certificate Holder in respect of a Certificate upon exercise or otherwise due to changes in the value of such Certificate or the Underlying Stock is solely for the account of such Certificate Holder. In addition, the Issuer shall have the absolute discretion to put in place any hedging transaction or arrangement which it deems appropriate in connection with any Certificate or the Underlying Stock. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer by any one of its rating agencies could result in a reduction in the trading value of the Certificates;

(c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has risen sharply;

(d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry and the creditworthiness of the Issuer;

(e) fluctuations in the price of the Underlying Stock will affect the price of the Certificates but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Certificates to hedge their market risk associated with investing in the Underlying Stock which may be specified herein, should recognise the complexities of utilising the Certificates in this manner;

(f) a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(g) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;

(h) investors should note that the Issuer's obligations to pay amounts in accordance with the terms thereof as set forth herein shall be discharged by delivery of the aggregate Cash Settlement Amount (if positive) to all Certificate Holders in accordance with the agreement with the Warrant Agent;

(i) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(j) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions;

(k) the Certificates are only exercisable on the expiry date and may not be exercised by Certificate Holders prior to such expiry date. Accordingly, if on such expiry date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(l) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(m) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy (as described below) including the Stock Borrowing Cost (as defined below) and the Rebalancing Cost (as defined below);

(n) investors should note that there may be an exchange rate risk where the Cash Settlement Amount may be converted from a foreign currency into Singapore dollars. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;

(o) investors should note that there are leveraged risks because the Certificates integrate an inverse leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(p) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the inverse performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(q) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);

(r) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(s) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight rise in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when the market (in respect of which the Underlying Stock is listed) opens the following day (including pre-opening session or opening auction, as the case may be) or (ii) a sharp intraday rise in the Underlying Stock of 20% or greater during the observation period compared to the reference price, being: (a) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (b) if one or more air bag events have been previously triggered on the same day, the latest new observed price. Investors may refer to pages 41 to 42 of this document for more information;

(t) certain events may, pursuant to the terms and conditions of the Certificates, trigger (A) the implementation of methods of adjustment or (B) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (A) general market conditions and (B) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to Condition 13 on pages 28 to 29 of this document for more information;

(u) investors should note that it is not possible to predict the price at which the Certificates will trade in the secondary market or whether such market will be liquid or illiquid. To the extent Certificates of a particular issue are exercised, the number of Certificates of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Certificates of such issue. A decrease in the liquidity of an issue of Certificates may cause, in turn, an increase in the volatility associated with the price of such issue of Certificates. The Issuer may, but is not obligated to, at any time, purchase Certificates at any price in the open market or by tender or private agreement. Any Certificates so purchased may be held or resold or surrendered for cancellation. To the extent that an issue of Certificates becomes illiquid, an investor may have to exercise such Certificates to realise value;

(v) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(w) investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors should refer to the Taxation Section in the Base Listing Document;

(x) investors should note that the Issuer may enter into discount, commission or fee arrangements with brokers and/or any of its subsidiaries or affiliates with respect to the primary or secondary market in the Certificates. The arrangements may result in the benefit to investors in Certificates buying and selling Certificates through nominated brokers by reducing or eliminating the commission payable by such Certificate Holders. In the event that the commission payable by Certificate Holders is eliminated, fee arrangements between the Issuer and brokers and/or any of its subsidiaries or affiliates will continue to apply. Investors in the Certificates should note that any brokers with whom the Issuer has a commission arrangement does not, and cannot be expected to, deal exclusively in the Certificates, therefore any broker and/or any of its subsidiaries or affiliates may from time to time engage in transactions involving the Underlying Stock and/or structured products of other issuers over the Underlying Stock as the Certificates for their proprietary accounts and/or accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the Certificates and present certain conflicts of interests;

(y) various potential and actual conflicts of interest may arise from the overall activities of the Issuer and any of its subsidiaries and affiliates.

The Issuer and any of its subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer and any of its subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer and any of its subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer and any of its subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(z) in the ordinary course of their business, including without limitation in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer and any of its respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock and/or related derivatives. In addition, in connection with the offering of any Certificates, the Issuer and any of its respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock and/or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and any of its respective subsidiaries and its affiliates, the Issuer and any of its respective subsidiaries and affiliates may enter into transactions in the Underlying Stock and/or related derivatives which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(aa) the value of the Certificates depends on the Leverage Inverse Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Inverse Strategy last closing level and a calculation tool available to the investors on a website;

(bb) certain risks relating to the Issuer's operating environment and strategy, including those as set out in Appendix 2 of the Base Listing Document, may impact the Issuer's ability to execute its strategy and directly affect its business activities, financial condition, results of operations and prospects. As a broad-based international financial services firm, the Issuer is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which it is not presently aware or which it currently does not consider to be material could also materially affect its business activities, financial condition, results of operations and prospects. The sequence in which the risk factors are set out in Appendix 2 of the Base Listing Document is not indicative of their likehood of occurrence or the potential magnitude of their financial consequences;

(cc) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):-

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the website of the SGX-ST. Investors will need to check the website of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(dd) Generally, investing in the Certificates may involve risks related to the discontinuance, changes or adjustments to benchmarks generally

Discontinuance of, or changes to, benchmarks may require adjustments to the Issuer's agreements, systems and processes. The interbank offered rate(s) and other interest rate, equity, commodity, foreign exchange and other types of indices which are deemed to be "benchmarks", are the subject of national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be or may be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks or any of the international or national reforms in making any investment decision with respect to any Certificates referencing a benchmark; and (ee) Specifically, the reform of HIBOR may adversely affect the value of the Certificates

The Hong Kong Inter-bank Offered Rate ("**HIBOR**") benchmark is referenced in the Leverage Inverse Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	10,000,000 European Style Cash Settled Short Certificates relating to the ordinary shares of HSBC Holdings plc traded in HKD (the "**Underlying Stock**" or the "**Underlying**")
ISIN:	CH1227876815
Company:	HSBC Holdings plc (RIC: 0005.HK)
Underlying Price[3] and Source:	HK$68.15 (Bloomberg)
Calculation Agent:	UBS AG acting through its London Branch
Strike Level:	Zero
Daily Leverage:	-5x (within the Leverage Inverse Strategy as described below)
Notional Amount per Certificate:	SGD 0.75
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	7.00%, is a hedging cost against extreme market movements overnight.
Stock Borrowing Cost[6]:	The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily inverse performance of the Underlying Stock.
Launch Date:	26 June 2024
Closing Date:	3 July 2024

[3] These figures are calculated as at, and based on information available to the Issuer on or about 3 July 2024. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 3 July 2024.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Inverse Strategy. Please note that the Stock Borrowing Cost may be changed on giving 5 Business Days' notice to investors. Any change in the Stock Borrowing Cost will be announced on the SGXNET.

Expected Listing Date:	4 July 2024
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 19 June 2025
Expiry Date:	26 June 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	25 June 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 33 to 47 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from Expected Listing Date to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where:

"**t**" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

An "**Underlying Stock Business Day**" is a day on which The Stock Exchange of Hong Kong Limited (the "**HKEX**") is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 33 to 47 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Inverse Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Inverse Strategy is set out in the "Specific Definitions relating to the Leverage Inverse Strategy" section on pages 15 to 19 below.

Initial Exchange Rate[3]: 0.1736294684

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.

Air Bag Mechanism: The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Inverse Strategy and which is designed to reduce the Leverage Inverse Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock rises by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times inverse leverage), the Air Bag Mechanism is triggered and the Leverage Inverse Strategy is adjusted intra-day. The Air Bag Mechanism reduces the

	impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Leverage Inverse Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Air Bag Mechanism" section on page 19 below and the "Description of Air Bag Mechanism" section on pages 39 to 40 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	Singapore Dollar ("**SGD**")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited ("**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day, Settlement Business Day and Exchange Business Day:	A "**Business Day**" or a "**Settlement Business Day**" is a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore. An "**Exchange Business Day**" is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.

Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy including the Stock Borrowing Cost and the Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at http://dlc.ubs.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Inverse Strategy

Description of the Leverage Inverse Strategy

The Leverage Inverse Strategy is designed to track a 5 times daily leveraged inverse exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Inverse Strategy to the Underlying Stock is reset within the Leverage Inverse Strategy in order to retain a daily leverage of 5 times the inverse performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Inverse Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Inverse Strategy Formula

$\mathbf{LSL_t}$ means the Leverage Inverse Strategy Level as of the Leverage Reset Time (t), calculated in accordance with the following formulae:

On Leverage Reset Time(1):

$\mathrm{LSL_1} = 1000$

On each subsequent Leverage Reset Time(t):

$$\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{r(t)}} \times \left(1 + \mathrm{LR_{r(t),t}} - \mathrm{FC_{r(t),t}} - \mathrm{SB_{r(t),t}} - \mathrm{RC_{r(t),t}}\right), 0\right]$$

Leverage Reset Time (t) means

1) the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date; and

2) end of any Intraday Restrike Event Observation Period.

Leverage Reset Time (1) is the scheduled close for the Relevant Stock Exchange for the Underlying Stock on Issue Date.

Leverage Reset Time r(t) means the Leverage Reset Time immediately preceding the Leverage Reset Time (t).

$\mathbf{LR_{r(t),t}}$ means the Leveraged Return of the Underlying Stock between Leverage Reset Time r(t) and Leverage Reset Time (t), calculated as follows:

$$\mathrm{LR_{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right)$$

$\mathbf{FC_{r(t),t}}$ means, the Funding Cost between the Leverage Reset Time r(t) (included) and the Leverage Reset Time (t) (excluded) calculated as follows:

If the Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date,

$$\mathrm{FC_{r(t),t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{r(t)}} \times \mathrm{ACT(r(t), t)}}{\mathrm{DayCountBasisRate}}$$

Otherwise, $\mathrm{FC_{r(t),t}} = 0$

$\mathbf{SB_{r(t),t}}$ means the Stock Borrowing Cost between the Leverage Reset Time r(t) (included) and the Leverage Reset Time (t) (excluded) calculated as follows:

If the Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date,

$$\mathrm{SB_{r(t),t}} = -\mathrm{Leverage} \times \frac{\mathrm{CB} \times \mathrm{ACT(r(t), t)}}{\mathrm{DayCountBasisRate}}$$

Otherwise, $\mathrm{SB_{r(t),t}} = 0$

CB means the Cost of Borrowing applicable that is equal to: 3.00%

$\mathbf{RC_{r(t),t}}$	means the Rebalancing Cost of the Leverage Inverse Strategy as at Leverage Reset Time (t), calculated as follows : $\mathrm{RC_{r(t),t}} = \text{ Leverage } \times (\text{Leverage} - 1) \times \left(\left| \frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1 \right| \right) \times \mathrm{TC}$
TC	means the Transaction Costs applicable as determined by the Calculation Agent (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to : 0.10% "Stamp Duty" refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.
Leverage	-5
$\mathbf{S_t}$	means the Underlying Stock Price as of Leverage Reset Time (t) computed as follows, subject to the adjustments and provisions of the Conditions: If the Leverage Reset Time (t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date, S_t is the Closing Price of the Underlying Stock as of such Observation Date. Otherwise, S_t is the highest price of the Underlying Stock during the respective Intraday Restrike Observation Period.
$\mathbf{Rfactor_t}$	means an amount determined by the Calculation Agent, according to the following formula, subject to the adjustments and provisions of the Conditions: If in respect of the Leverage Reset Time (t), the immediately preceding Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date, $\mathrm{Rfactor_t} = 1 - \frac{\mathrm{Div_t}}{\mathbf{S_{r(t)}}}$ Otherwise, $\mathrm{Rfactor_t} = 1$ Where Div_t is the dividend to be paid out in respect of the Underlying Stock on the Observation Date of the Leverage Reset Time (t) if such Observation Date is an ex-dividend date, otherwise is zero. The dividend shall be considered gross of any applicable withholding taxes.
$\mathbf{Rate_t}$	means, in respect of the Observation Date of Leverage Reset Time (t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing,

as published on Reuters RIC HIHKDOND= or any successor page, being the rate as of day (t), provided that if such rate is not available, then the rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Benchmark Event means:

(a) the relevant reference rate has ceased to be published on the relevant screen page as a result of such benchmark ceasing to be calculated or administered; or

(b) a public statement by the administrator of the relevant reference rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such reference rate) it has ceased publishing such reference rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or

(c) a public statement by the supervisor of the administrator of the relevant reference rate that such reference rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or

(d) a public statement by the supervisor of the administrator of the relevant reference rate as a consequence of which Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used, or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Certificates; or

(e) a public statement by the supervisor of the administrator of the relevant reference rate that, in the view of such supervisor, such reference rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or the methodology to calculate such reference rate has materially changed; or

(f) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any holder of the Certificates using the relevant reference rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the subparagraphs above, where the relevant Benchmark Event is a public statement within subparagraphs (b), (c), (d) or (e) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

ACT(r(t),t) ACT (r(t),t) means the number of calendar days between the Observation Date of the Leverage Reset Time r(t) (included) and the Observation Date of the Leverage Reset Time (t) (excluded).

DayCountBasisRate 365

Air Bag Mechanism

Intraday Restrike Event means in respect of an Observation Date, the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the amount of $S_{r(t)} \times \mathrm{Rfactor}_t$ where r(t) means the immediately preceding Leverage Reset Time prior to such Calculation Time.

Calculation Time means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Inverse Strategy Level.

TimeReferenceOpening means the scheduled opening time (including pre-opening session or opening auction, as the case may be) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

TimeReferenceClosing means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

Intraday Restrike Event Observation Period means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes of continuous trading after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

Intraday Restrike Event Time means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 28 June 2024, made by UBS AG (the "**Issuer**") acting through its London Branch; and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time on or before the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The Certificate Holders (as defined below) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

(b) *Status*. The Certificates constitute direct, general and unsecured contractual obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise and, in particular, the Certificates will not be secured by any underlying assets. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

(c) *Transfer*. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

2. Certificate Rights and Exercise Expenses

(a) *Certificate Rights*. Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{Final\ Reference\ Level\ \times Final\ Exchange\ Rate}{Initial\ Reference\ Level\ \times Initial\ Exchange\ Rate} - Strike\ Level\right) \times Hedging\ Fee\ Factor$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

(i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Final Reference Level or the relevant closing level by having regard to the manner in which futures contracts relating to the Underlying Stock are calculated.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange, if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the Warrant Agent who will then pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be dispatched by the Warrant Agent as soon as practicable and no later than five Settlement Business Days (as defined in the relevant Supplemental Listing Document) following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined above) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment to the Warrant Agent in accordance with the Master Warrant Agent Agreement or Warrant Agent Agreement.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

(a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions. "Potential Adjustment Event" means any of the following:*

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions.* "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Subdivision or Consolidation of the Certificates*. The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(f) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Conditions 6(a) to 6(e)) occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) and irrespective of, in substitution for, or in addition to the provisions contemplated in Conditions 6(a) to 6(e) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or as the case may be, amendment provided that such adjustment or as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(g) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given notice as soon as practicable of any adjustment and of the date from which such adjustment is effective in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer or its related corporations may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

(a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

(a) *Documents*. All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the website of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the website of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates.

12. Delisting

(a) *Delisting*. If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) *Issuer's Determination*. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

(a) *Early Termination for Illegality etc.* The Issuer shall have the right to terminate the Certificates if it shall have determined in its absolute discretion that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control its performance thereunder shall have become unlawful in whole or in part under any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power ("**Applicable Law**").

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or any of its affiliates involved in the issue of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"**Change in Law**" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

(b) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(c) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction).

(c) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by the Applicable Law, pay to each Certificate Holder in respect of each Certificate held by such Certificate Holder an amount calculated by it as the fair market value of the Certificate immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Certificate Holder in such manner as shall be notified to the Certificate Holder in accordance with Condition 9.

14. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore.

15. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

16. Contracts (Rights of Third Parties) Act 2001 of Singapore

Unless otherwise expressly provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	UBS AG acting through its London Branch
Company:	HSBC Holdings plc
The Certificates:	European Style Cash Settled Short Certificates relating to the Underlying Stock
Number:	10,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 28 June 2024 (the "**Master Instrument**") and executed by the Issuer and a master warrant agent agreement dated 27 February 2008 (the "**Master Warrant Agent Agreement**") and made between the Issuer and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 4 July 2024.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 4 Shenton Way #02-01 SGX Centre 2 Singapore 068807
Further Issues:	Further issues which will form a single series with the Certificates will be permitted.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO

THE EUROPEAN STYLE CASH SETTLED SHORT CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Short Certificates on Single Equities?

European style cash settled short certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Inverse Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will decrease and are seeking short-term leveraged inverse exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Inverse Strategy including the Stock Borrowing Cost and the Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor = Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment** 1 – Management Fee x ACT (t-1;t) / 360 x **Daily Gap Premium Adjustment** 1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

		t[7]=0		t=1		t=2		t=i
Value of Certificates	=	Notional Amount	x	Leverage Inverse Strategy daily performance[8] x Daily Fees	x	Leverage Inverse Strategy daily performance x Daily Fees	x …	Leverage Inverse Strategy Daily performance x Daily Fees

		t=0		**Product of the daily Leverage Inverse Strategy Performance**		**Product of the Daily Fees (Hedging Fee Factor)**
Value of Certificates	=	Notional Amount	x	Leverage Inverse Strategy daily performance x Leverage Inverse Strategy daily performance	x	Daily Fees x Daily Fees

		t=0				
Final Value of Certificates	=	Notional Amount	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

[7] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Inverse Strategy daily performance is computed as the Leverage Inverse Strategy Level on Business Day (t) divided by the Leverage Inverse Strategy Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	**Ordinary shares of HSBC Holdings plc traded in HKD**
Expected Listing Date:	**01/02/2021**
Expiry Date:	**16/02/2021**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.75 SGD**
Notional Amount per Certificate:	**0.75 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**7.00%**
Strike Level:	**Zero**

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\text{HFF (1)} = \text{HFF (0)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t} - 1;\text{t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t} - 1;\text{t)}}{360}\right)$$

$$\text{HFF (1)} = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 7.00\% \times \frac{1}{360}\right)$$

$$\text{HFF (1)} = 100\% \times 99.9989\% \times 99.9806\% \approx 99.9794\%$$

Assuming 2^{nd} Underlying Stock Business Day falls 3 Calendar Days after 1^{st} Underlying Stock Business Day:

$$\text{HFF (2)} = \text{HFF (1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t} - 1;\text{t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t} - 1;\text{t)}}{360}\right)$$

$$\text{HFF (2)} = 99.9794\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 7.00\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9794\% \times 99.9967\% \times 99.9417\% \approx 99.9178\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\text{HFF (n)} = \text{HFF (n} - 1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t} - 1;\text{t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t} - 1;\text{t)}}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.6921% as illustrated below:

Date	HFF
2/1/2021	100.0000%
2/2/2021	99.9794%
2/3/2021	99.9589%
2/4/2021	99.9383%
2/5/2021	99.9178%
2/8/2021	99.8562%
2/9/2021	99.8357%
2/10/2021	99.8151%
2/11/2021	99.7946%
2/12/2021	99.7741%
2/15/2021	99.7126%
2/16/2021	99.6921%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

= [(1200 x 1) / (1000 x 1) – 0] x 99.6921%

= 119.63%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

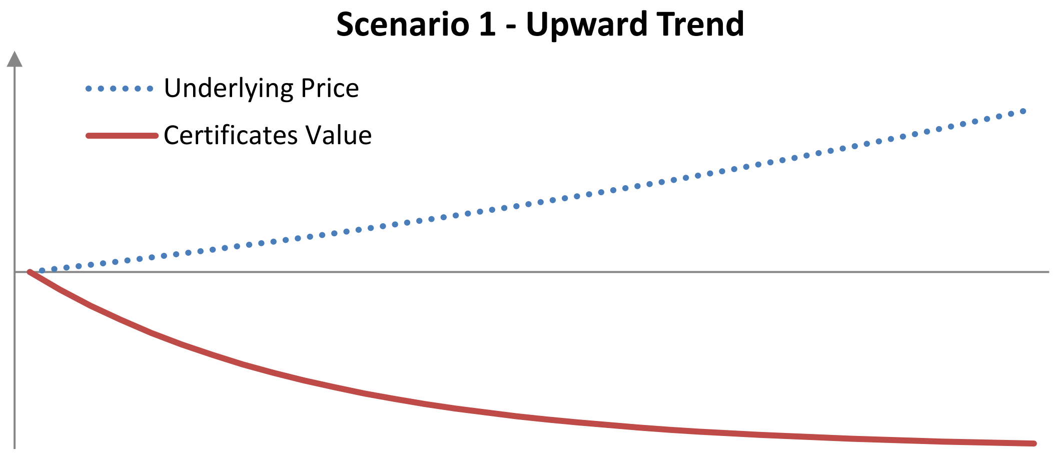
= 119.63%x 0.75 SGD

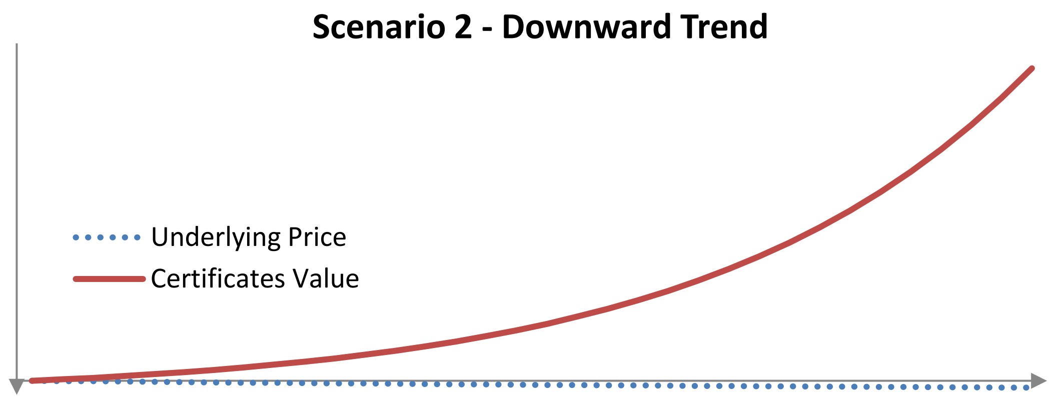
= 0.897 SGD

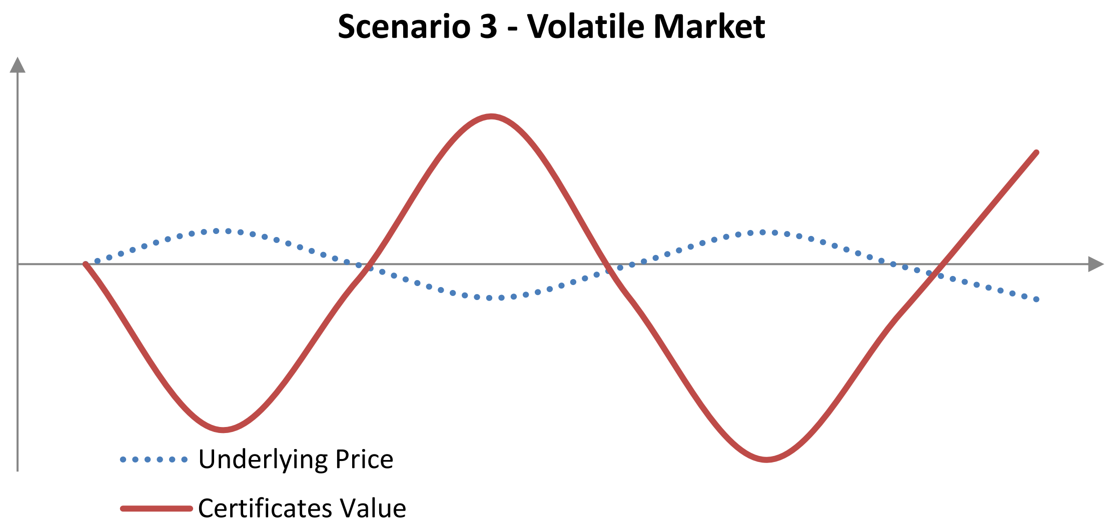
Illustration on how returns and losses can occur under different scenarios

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. <u>Illustrative examples</u>







2. Numerical Examples

Scenario 1 – Upward Trend

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	2.00%	2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	10,404.00	10,612.08	10,824.32	11,040.81
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Price at end of day	0.75	0.68	0.61	0.55	0.49	0.44
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 2 – Downward Trend

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
Value at end of day	10,000.00	9,800.00	9,604.00	9,411.92	9,223.68	9,039.21
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		10.00%	10.00%	10.00%	10.00%	10.00%
Price at end of day	0.75	0.83	0.91	1.00	1.10	1.21
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 3 – Volatile Market

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	-2.00%	-2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	9,996.00	9,796.08	9,992.00	10,191.84
Accumulated Return		2.00%	-0.04%	-2.04%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-10.00%	10.00%	10.00%	-10.00%	-10.00%
Price at end of day	0.75	0.68	0.74	0.82	0.74	0.66
Accumulated Return		-10.00%	-1.00%	8.90%	-1.99%	-11.79%

Description of Air Bag Mechanism

The Certificates integrate an "Air Bag Mechanism" which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

In accordance with the Air Bag Mechanism timeline below, when the Air Bag triggers, the following typically occurs:

- Observation Period: the price of the Underlying Stock is observed and its maximum price is recorded (i) during 15 minutes of continuous trading after the Air Bag is triggered, or (ii) until Market Close if there is 15 minutes (or less) of continuous trading until Market Close when the Air Bag is triggered; and

- Reset Period: thereafter, the Leverage Inverse Strategy is reset using the maximum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Inverse Strategy.

During the Observation Period and Reset Period, trading of Certificates is suspended for a period of at least 30 minutes of continuous trading after the Air Bag is triggered, and such suspension will be based on instructions provided by the Issuer to the SGX-ST for suspension of trading. Investors cannot sell or purchase any Certificates during this period.

The performance of the Leverage Inverse Strategy will be the inverse of the Underlying Stock.

For the avoidance of doubt, if the Air Bag Mechanism was triggered with more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST's approval to resume trading. If the Air Bag Mechanism was triggered between 45 minutes and 60 minutes of continuous trading before Market Close, trading of Certificates may or may not resume the same trading day after the Reset Period has elapsed. If the Air Bag Mechanism was triggered with only 45 minutes (or less) of continuous trading before Market Close, trading of Certificates resumes on the next trading day.

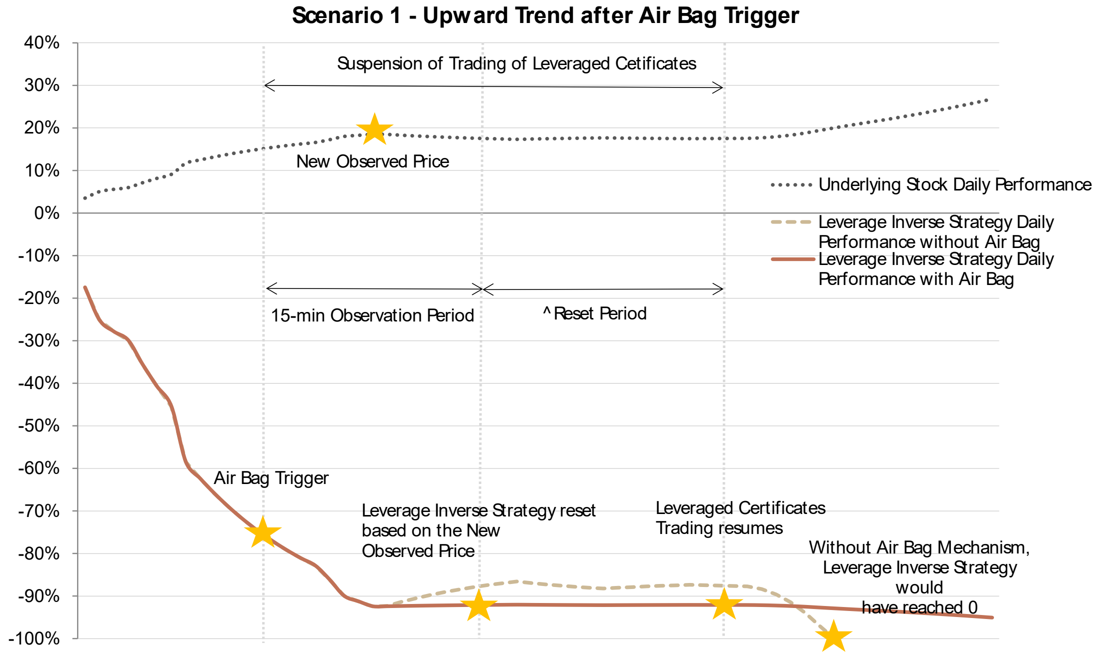
The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Issuer will provide at least 15 minutes' notice of the resumption of trading by making an SGXNET announcement.

With **Market Close** defined as:

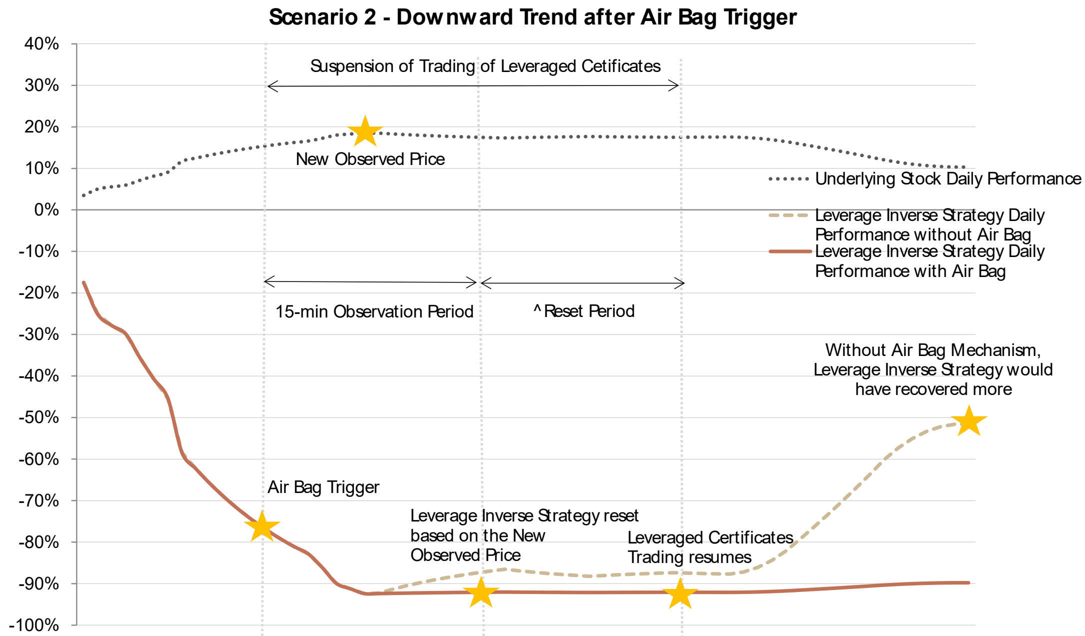
- the Underlying Stock closing time, including the closing auction session, with respect to the Observation Period; and

- the sooner of (i) the Underlying Stock closing time for continuous trading and (ii) the SGX-ST closing time, with respect to the Resumption of Trading

Illustrative examples of the Air Bag Mechanism[9]



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

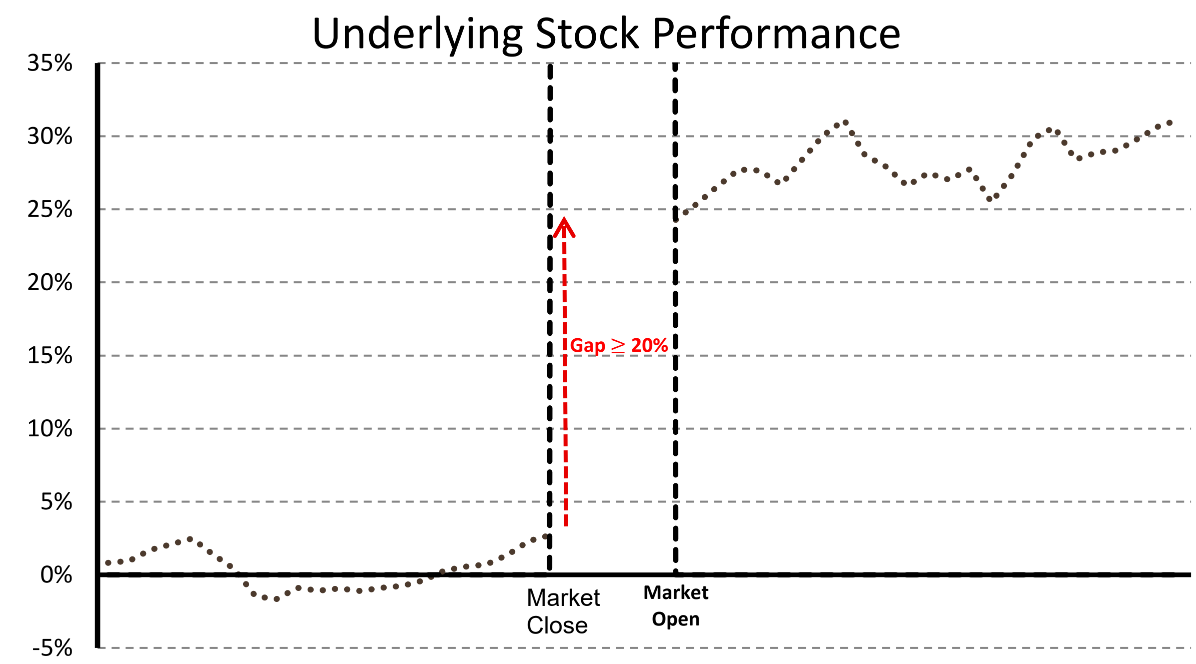
[9] The illustrative examples are not exhaustive.

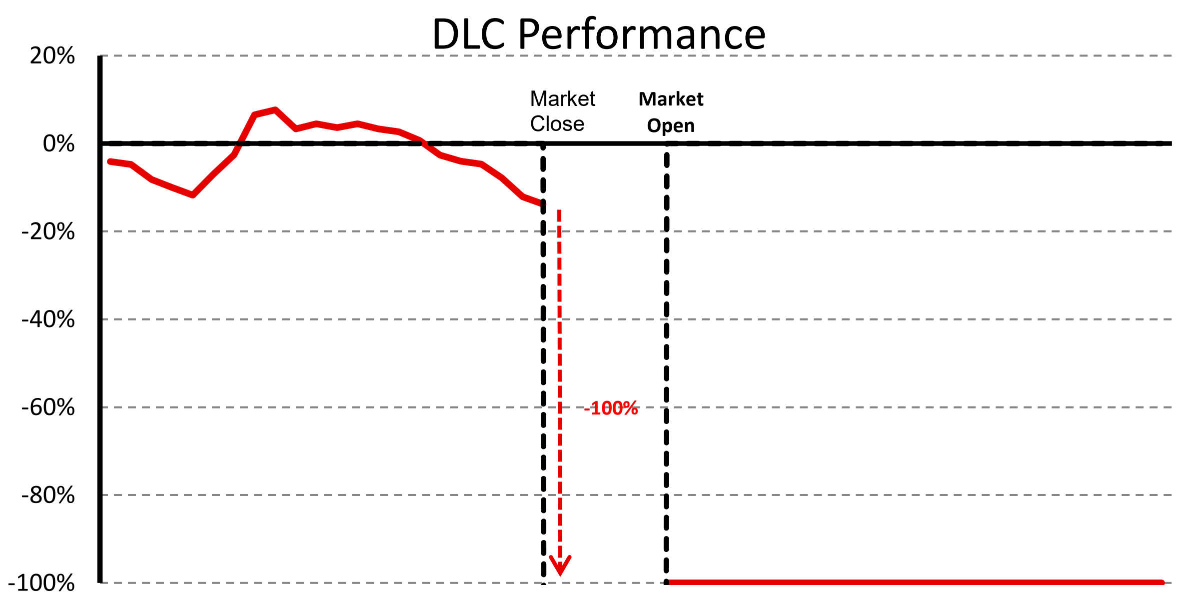
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

Scenario 1 – Overnight rise of the Underlying Stock

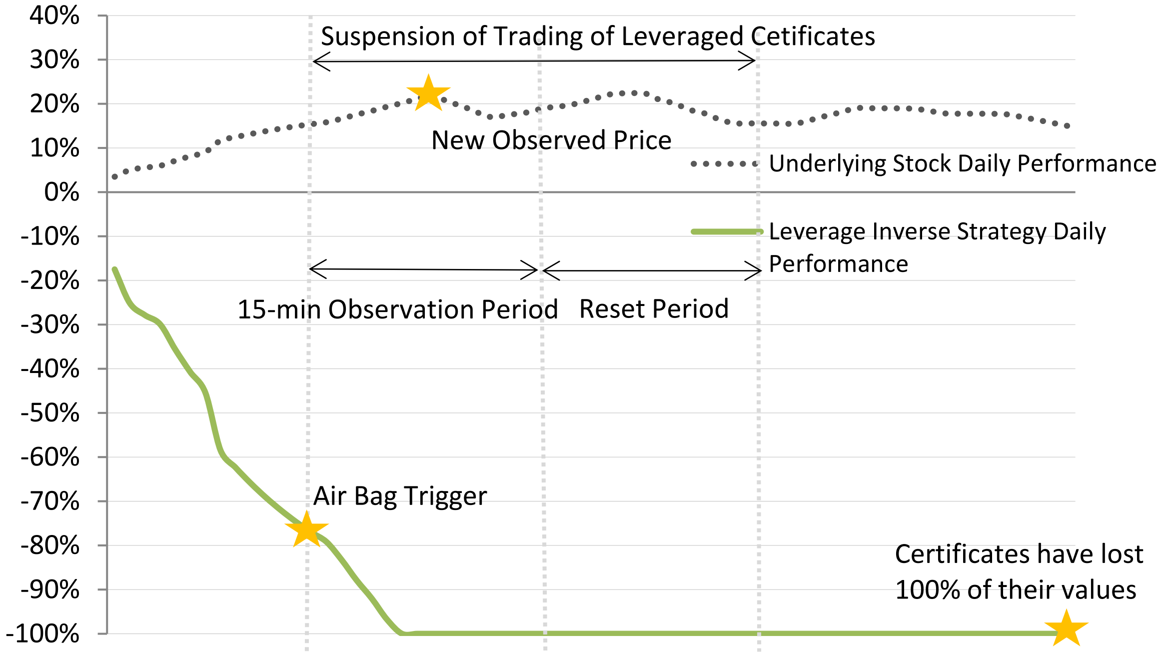
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more above the previous day closing price, the Air Bag Mechanism would only be triggered when the market (in respect of which the Underlying Stock is listed) opens the following day (including pre-opening session or opening auction, as the case may be), and the Certificates would lose their entire value in such event.





Scenario 2 – Sharp intraday rise of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock rises by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag events have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event the Observation Date of the Leverage Reset Time(t) is an ex-date with respect to a corporate action related to the Underlying Stock, and the immediately preceding Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto), the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Leverage Reset Time (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{\mathrm{S}_{\mathrm{r(t)}}}\right] \times \frac{1}{1+M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price rises by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$\mathrm{DivExc_t}$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$\mathrm{S_{r(t)}}$ = \$100

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0)}{100}\right] \times \frac{1}{1 + 1} = 50\%$$

As a consequence:

$$\mathrm{LR_{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{51}{100 \times 50\%} - 1\right) = -10\%$$

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.75	0.675	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $57.5, which is 15% above $50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$\mathrm{S_{r(t)}}$ = $100

$\mathrm{S_t}$ = $202

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0)}{100}\right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$\mathrm{LR_{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{202}{100 \times 200\%} - 1\right) = -5\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.75	0.7125	-5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $230, which is 15% above $200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of $40.

$S_{r(t)}$ = $100

S_t = $84

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100}\right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$\mathrm{LR}_{r(t),t} = \mathrm{Leverage} \times \left(\frac{S_t}{S_{r(t)} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = -25\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.75	0.5625	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $92, which is 15% above $80, the Underlying Stock Reference Price.

4. <u>Bonus Issues</u>

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$S_{r(t)}$ = $100

S_t = $85

$Div_t = \$0$

$DivExc_t = \$0$

R = $0

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100}\right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left(\frac{S_t}{S_{r(t)} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = -10\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.75	0.675	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $95.83, which is 15% above $83.33, the Underlying Stock Reference Price.

5. <u>Extraordinary Dividend</u>

Assuming there is an extraordinary dividend of $20 (net of taxes) paid in respect of each stock.

$S_{r(t)}$ = $100

S_t = $84

$Div_t = \$0$

$DivExc_t = \$20$

R = $0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1+0} = 80\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = -25\%$$

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.75	0.5625	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $92, which is 15% above $80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the "**HKExCL**") at http://www.hkex.com.hk and/or the Company's web-site at http://www.hsbc.com. The Issuer has not independently verified any of such information.*

HSBC Holdings plc (the "**Company**") is a banking and financial services company. The Company's segments include Wealth and Personal Banking (WPB), Commercial Banking (CMB) and Global Banking and Markets (GBM). WPB provides a range of retail banking and wealth management services, including insurance and investment products, global asset management services, investment management and private wealth solutions for customers. CMB offers a range of products and services to serve the needs of commercial customers, including small and medium-sized enterprises, mid-market enterprises and corporates. These include credit and lending, international trade and receivables finance, commercial insurance and investments. GBM provides tailored financial solutions to government, corporate and institutional clients and private investors worldwide. The Company operates across various geographical regions, which include Europe, Asia-Pacific, Middle East and North Africa, North America, and Latin America.

The information set out in the Appendix to this document relates to the unaudited earning release of the Company and its subsidiaries for the quarter ended 31 March 2024 and has been extracted and reproduced from an announcement by the Company dated 30 April 2024 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

UBS AG, acting through its London Branch, has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	(i) when the best bid price of the Certificate is S$10 and below: 10 ticks or S$0.20 whichever is greater; and (ii) when the best bid price of the Certificate is above S$10: 5% of the best bid price of the Certificate.
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;

(iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;

(v) where the Certificates are suspended from trading for any reason;

(vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;

(vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

(x) if the stock market experiences exceptional price movement and volatility;

(xi) when it is a public holiday in Singapore and/or Hong Kong and the SGX-ST and/or the HKEX is not open for dealings; and

(xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

United Kingdom

In relation to each tranche of Certificates, the Issuer has represented, warranted and agreed that:

(a) No deposit-taking: in relation to any Certificates having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Certificates other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Certificates would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;

(b) Financial Promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not or would not, if the Issuer was not an authorised person, apply to the Issuer; and

(c) General Compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not offered, sold or otherwise made available such Certificates to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to the public in the United Kingdom except that it may make an offer of such Certificates to the public in the United Kingdom:

a) if the Supplemental Listing Document in relation to the Certificates specifies an offer of those Certificates may be made other than pursuant to Article 1(4) of the UK Prospectus Regulation in the United Kingdom (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Certificates which either (i) has been approved by the UK Financial Conduct Authority ("**FCA**"), or (ii) is to be treated as if it had been approved by the FCA in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation); or

d) at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Certificates to the public referred to in (a) to (c) above shall require the publication of a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation,

provided that no such offer of Certificates referred to in (b) to (d) above shall require the Issuer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Certificates to the public" in relation to any products in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates, and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

United States of America

The Certificates have not been, and will not be, registered under the Securities Act. Subject to certain exceptions, Certificates, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Certificates, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. The Certificates will not be offered, sold or delivered within the United States or to U.S. persons. As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) any citizen or resident of the United States, including any corporation, partnership or other entity created or organised in or under the laws of the United States or of any political subdivision thereof, (ii) any estate or trust the income of which is subject to United States income taxation regardless of its source, (iii) "U.S. person" as such term is defined in (a) Regulation S under the Securities Act or (b) the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the U.S. Commodity Futures Trading Commission ("**CFTC**") pursuant to the U.S. Commodity Exchange Act of 1936, as amended, or (iv) a person other than a "Non-United States Person" as defined in CFTC Rule 4.7, in each case, as such definition is amended, modified or supplemented from time to time.

Prohibition of Sales to European Economic Area

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**");

(ii) a customer within the meaning of Directive 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates.

PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS REGULATION

If the Supplemental Listing Document specifies "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", in relation to each member state of the European

Economic Area (each, a "**Relevant State**"), the Issuer has represented, warranted and agreed that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to the public in that Relevant State except that it may make an offer of such Certificates to the public in that Relevant State:

(a) Approved listing document: if the Supplemental Listing Document in relation to the Certificates specifies that an offer of those Certificates may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a listing document in relation to such Certificates which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such listing document has subsequently been completed by the Supplemental Listing Document contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such listing document or Supplemental Listing Document, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) Fewer than 150 offered: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Issuer for any such offer; or

(d) Other exempt offers: at any time in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of Certificates referred to in (b) to (d) above shall require the Issuer to publish a listing document pursuant to Article 3 of the Prospectus Regulation or supplement a listing document pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Certificates to the public**" in relation to any Certificates in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates, as the same may be varied in that Relevant State by any measure implementing the Prospectus Regulation in that Relevant State.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

Hong Kong

No person, other than a person permitted to do so under the securities laws of Hong Kong, has issued, or had in its possession for the purposes of issue, or will issue, or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Certificates, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong and any rules made thereunder.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 268 of the Base Listing Document.

1. Save as disclosed in the Base Listing Document and herein, there is no litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates to which the Issuer is a party nor, to the best of its knowledge and belief, is there any threatened litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates which would in either case jeopardise its ability to discharge its obligations in respect of the Certificates.

2. UBS AG, Singapore Branch at 9 Penang Road, Singapore 238459, has been authorised to accept, on behalf of the Issuer, service of process and any other notices required to be served on the Issuer. Any notices required to be served on the Issuer should be sent to UBS AG, Singapore Branch at the above address for the attention of Han-Kiat Tan, Legal & Compliance.

3. Settlement of trades done on a normal "ready basis" on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in board lots of 100 Certificates in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed "Summary of the Issue" above.

4. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

5. There has been no adverse change, material in the context of the issue of the Certificates, in the financial position of the Issuer since 31 March 2024.

6. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and may be material to the issue of the Certificates:

   (a) the Master Instrument; and

   (b) the Master Warrant Agent Agreement.

   None of the directors of the Issuer has any direct or indirect interest in any of the above contracts.

7. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Allen & Gledhill LLP at One Marina Boulevard #28-00, Singapore 018989, during the period of 14 days from the date of this document:

(a) the articles of association of the Issuer;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the Base Listing Document; and

(d) this document.

APPENDIX

REPRODUCTION OF THE UNAUDITED EARNING RELEASE FOR THE QUARTER ENDED 31 MARCH 2024 OF HSBC HOLDINGS PLC AND ITS SUBSIDIARIES

HSBC

30 April 2024

(Hong Kong Stock Code: 5)

HSBC Holdings plc

1Q24 EARNINGS RELEASE

The attached announcement is being released to all the stock exchanges on which HSBC Holdings plc is listed.

For and on behalf of
HSBC Holdings plc

Aileen Taylor
Group Company Secretary and Chief Governance Officer

The Board of Directors of HSBC Holdings plc as at the date of this announcement comprises: Mark Edward Tucker*, Noel Paul Quinn, Geraldine Joyce Buckingham†, Rachel Duan†, Georges Bahjat Elhedery, Dame Carolyn Julie Fairbairn†, James Anthony Forese†, Ann Frances Godbehere†, Steven Craig Guggenheimer†, Dr José Antonio Meade Kuribreña†, Kalpana Jaisingh Morparia†, Eileen K Murray†, Brendan Robert Nelson†, David Thomas Nish† and Swee Lian Teo†.

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

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

30 APRIL 2024

HSBC HOLDINGS PLC

1Q24 EARNINGS RELEASE

Noel Quinn, Group Chief Executive, said:

"I'm pleased with our start to 2024. We completed the sale of our Canada business and agreed the sale of our Argentina business, both of which allow us to focus on markets with higher value international opportunities. Our good profit performance of $12.7bn in the first quarter has enabled us to continue the trend of rewarding our shareholders. We have announced a total of $8.8bn of distributions, consisting of a first interim dividend for 2024 of $0.10 per share, a special dividend of $0.21 per share from the Canada sale proceeds, and a new share buy-back of up to $3bn. Our 2024 guidance remains unchanged, including a mid-teens return on average tangible equity and continued cost discipline."

Financial performance (1Q24 vs. 1Q23)

- **Profit before tax decreased by $0.2bn to $12.7bn.** This included a $4.8bn gain following the completion of the disposal of our banking business in Canada, inclusive of fair value gains on the hedging of the sale proceeds, partly offset by a $1.1bn impairment recognised in 1Q24 following the classification of our business in Argentina as held for sale. The reduction in profit before tax also reflected the non-recurrence of a $2.1bn reversal in 1Q23 of an impairment relating to the sale of our retail banking operations in France, which was subsequently reinstated in 4Q23 prior to completion, and a $1.5bn gain recognised in 1Q23 on the acquisition of Silicon Valley Bank UK Limited ('SVB UK').
- **On a constant currency basis, profit before tax decreased by $0.3bn to $12.7bn. Reported profit after tax decreased by $0.2bn to $10.8bn.**
- **Revenue increased by $0.6bn or 3% to $20.8bn,** including the acquisition and disposal impacts of the strategic transactions described above. Revenue growth also reflected the impact of higher customer activity in our Wealth products in Wealth and Personal Banking ('WPB'), and in Equities and Securities Financing in Global Banking and Markets ('GBM'), which in part mitigated a reduction in Foreign Exchange revenue, compared with a strong 1Q23.
- **Net interest income ('NII') of $8.7bn fell by $0.3bn,** primarily reflecting deposit migration. **Non-interest income increased by $0.9bn,** reflecting a rise in trading income of $1.3bn, mainly in GBM. The associated funding costs reported in NII grew by $1.3bn. In addition, fee income grew by 5%. **On a constant currency basis, revenue rose by 3% to $20.8bn.**
- **Net interest margin ('NIM') of 1.63%** decreased by 6 basis points ('bps') compared with 1Q23. NIM increased by 11bps compared with 4Q23, reflecting the impact of hyperinflation and currency devaluation in Argentina, partly offset by higher funding costs of liabilities.
- **ECL of $0.7bn were $0.3bn higher than in 1Q23.** The 1Q24 charge primarily comprised stage 3 charges in both WPB and our wholesale businesses, while the 1Q23 charge reflected a favourable change in economic assumptions and lower stage 3 charges. Annualised ECL as a percentage of gross loans and advances to customers was 30bps in 1Q24, including held for sale balances.
- **Operating expenses of $8.2bn were $0.6bn or 7% higher than in 1Q23.** The growth was primarily due to continued investment in technology, the impacts of inflation and a higher performance-related pay accrual which reflected a change in the expected quarterly phasing of the performance-related pay pool relative to 1Q23. **While target basis operating expenses rose by 7%, we are reconfirming our cost growth guidance of approximately 5% for 2024 compared with 2023 on this basis.** Target basis operating expenses are measured on a constant currency basis, excluding notable items, the impact of retranslating the results of hyperinflationary economies at constant currency, and the direct costs from the sales of our France retail banking operations and our banking business in Canada.
- **Customer lending balances decreased by $5bn compared with 4Q23. On a constant currency basis, lending balances increased by $5bn,** including growth in Commercial Banking ('CMB') and GBM, notably in HSBC Bank plc, while mortgage balances increased in WPB in HSBC UK.
- **Customer accounts decreased by $41bn compared with 4Q23. On a constant currency basis, customer accounts fell by $24bn,** mainly in our legal entity in Hong Kong, notably reflecting the impact of customer deleveraging and competitive pressures in CMB and GBM, and outflows into wealth products in WPB.
- **Common equity tier 1 ('CET1') capital ratio of 15.2% increased by 0.4 percentage points compared with 4Q23,** driven by capital generation, the net beneficial impact of strategic transactions on CET1 and risk-weighted assets ('RWAs'), partly offset by the foreseeable dividend accrual, including the special dividend of $0.21 per share following the completion of the sale of our banking business in Canada, and the share buy-back announced at our 2023 year-end results.
- The Board has approved a **first interim dividend of $0.10 per share.** In addition, following the completion of the sale of our banking business in Canada, the Board has approved a special dividend of $0.21 per share, payable in June 2024, alongside the first interim dividend. After completing the $2bn buy-back announced at our full year 2023 results, we now intend to initiate a **share buy-back of up to $3bn,** which we expect to have a 0.4 percentage point impact on the CET1 capital ratio. We plan for this buy-back to commence shortly after the annual general meeting ('AGM') in May 2024.

Outlook

- **Our guidance remains unchanged from that set out at our full-year results on 21 February 2024.** We continue to target a return on average tangible equity ('RoTE'), excluding the impact of notable items, in the mid-teens for 2024, with banking net interest income ('banking NII') of at least $41bn, dependent on the path of interest rates globally. We are reconfirming our cost growth guidance of approximately 5% for 2024 compared with 2023, on a target basis, and ECL charges as a percentage of average gross loans of around 40bps in 2024.
- Our guidance reflects our current outlook for the global macroeconomic environment, including customer and financial markets activity. This includes our modelling of a number of market dependent factors, such as market-implied interest rates (as of early April 2024), as well as customer behaviour and activity levels.
- We intend to manage our CET1 capital ratio within our medium-term target range of 14% to 14.5%, with a dividend payout ratio target of 50% for 2024, excluding material notable items and related impacts.

Note: we do not reconcile our forward guidance on RoTE excluding notable items, target basis operating expense, dividend payout ratio excluding material notable items and related impacts or banking NII to their reported equivalent measures.

Contents

Presentation to investors and analysts

HSBC Holdings plc will be conducting a trading update conference call with analysts and investors today to coincide with the publication of its Earnings Release. The call will take place at 07.45am BST. Details of how to participate in the call and the live audio webcast can be found at www.hsbc.com/investors.

About HSBC

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. With assets of $3.0tn at 31 March 2024, HSBC is one of the world's largest banking and financial services organisations.

Business highlights

Our strategy

HSBC's purpose is 'Opening up a world of opportunity'. We continue to implement our strategy across four strategic pillars aligned to our purpose, values and ambition. Our strategic pillars remain:

- Focus – maintain leadership in scale markets, double-down on international connectivity, diversify our revenue and maintain cost discipline and reshape our portfolio;
- Digitise – deliver seamless customer experience, ensure resilience and security, embrace disruptive technologies and partner with innovators, and automate and simplify at scale;
- Energise – inspire leaders to drive performance and delivery, unlock our edge to enable success, deliver a unique and exceptional colleague experience and prepare our workforce for the future;
- Transition – support our customers, embed net zero into the way we operate, partner for systemic change, become net zero in our own operations and supply chain by 2030, and our financed emissions by 2050.

The Group continues to target a RoTE in the mid-teens for 2024, excluding notable items. However, we are mindful of the interest rate cycle and subsequent impact on NII and are focused on actions and initiatives to reduce the sensitivity of our earnings to interest rate movements. These include a number of growth opportunities within our strategy that play to our strengths.

These opportunities include further growing our international businesses, diversification of our revenue, including building our wealth business, especially in Asia, continuing to grow in our home markets in Hong Kong and the UK, and also the diversification of our profit generation across the other markets in which we operate. We have continued to demonstrate progress during 1Q24. We generated $6.7bn from transaction banking during 1Q24, which was 1% higher than in 1Q23, driven by revenue growth in Global Payments Solutions ('GPS') in both CMB and GBM, across both NII and fees, which was broadly offset by lower revenue in Global Foreign Exchange in the context of a strong 1Q23. At 31 March 2024, wealth balances were $1.8tn, an increase of 10% compared with the same period last year. Within this we have attracted net new invested assets of $27bn in the first three months of 2024, with $19bn booked in Asia. In addition, our insurance business continued to grow, with insurance manufacturing new business contractual service margin in WPB of $0.8bn, up 87% compared with 1Q23. In Hong Kong and the UK, we grew mortgage lending balances by a combined $9bn since 31 March 2023.

We remain focused on maintaining tight cost discipline and generating cost savings that will help enable us to invest in technology to improve customer experience while also increasing efficiency. We also have an ambition to build a stronger performance culture, improving our colleague experience and preparing our workforce for the future. Finally, we also see significant commercial opportunities in helping to finance the new economy and in supporting the significant investment needs of our customers in the transition to net zero, as well as the importance of helping to mitigate the rising financial and wider societal risks posed by climate change.

We continue to make good progress on our strategic transactions. In 1Q24, we completed the sales of our retail banking operations in France and our banking business in Canada, as we reshape the organisation to focus on our international customer base. In addition, we announced the planned sales of our business in Argentina and our operations in Armenia, and we expect to complete the planned sale of our business in Russia in the second quarter of 2024.

For further details of these transactions, see 'Disposal groups and business acquisitions' on page 4.

ESG update

In January 2024, we published our first net zero transition plan, which is an important milestone in our journey to achieving our net zero ambition – helping our people, customers, investors and other stakeholders to understand our long-term vision, the challenges, uncertainties and dependencies that exist, the progress we are making and what we plan to do in the future. The plan includes details on our approach to sector transitions, and on our implementation plan to embed net zero across key areas of our organisation.

Financial summary

Key financial measures: basis of preparation

Return on average tangible equity

From 1 January 2024, we have revised the adjustments made to RoTE in 2023 from excluding the impact of strategic transactions and the impairment of our investment in Bank of Communications Co., Limited ('BoCom'), to excluding all notable items in 2024. This is intended to improve alignment with the treatment of notable items in our other income statement disclosures. The calculation for RoTE excluding notable items adjusts the 'profit attributable to the ordinary shareholders, excluding goodwill and other intangible assets impairment' for the post-tax impact of notable items. It also adjusts the 'average tangible equity' for the post-tax impact of notable items in each period, which remain as adjusting items for all relevant periods within that calendar year. For a reconciliation from reported RoTE to RoTE excluding notable items, see page 32. On this basis, we continue to target a RoTE in the mid-teens for 2024. We do not reconcile our forward RoTE guidance to the equivalent reported measure.

Target basis operating expenses

Target basis operating expenses is computed by excluding the direct cost impact of our France retail banking operations and Canada banking business disposals from the 2023 baseline. It is measured on a constant currency basis and excludes notable items and the impact of retranslating the prior year results of hyperinflationary economies at constant currency, which we consider to be outside of our control. We consider target basis operating expenses to provide useful information to investors by quantifying and excluding the notable items that management considered when setting and assessing cost-related targets. For a reconciliation from reported operating expenses to target basis operating expenses, see page 33.

In 2024, we will target growth of approximately 5% compared with 2023 on a target basis. This target reflects our current business plan for 2024, and includes an increase in staff compensation, higher technology spend and investment for growth and efficiency, in part mitigated by cost savings from actions taken during 2023. We do not reconcile our forward target basis operating expenses guidance to the reported operating expenses.

Dividend payout ratio target basis

Given our current returns trajectory, we are targeting a dividend payout ratio of 50% for 2024. For the purposes of computing our dividend payout ratio target, we exclude from earnings per share material notable items and related impacts. Material notable items are a subset of notable items for which categorisation is dependent on the nature of each item in conjunction with the financial impact on the Group's income statement. Material notable items comprise the impacts of the sales of our banking business in Canada and our retail banking operations in France, the gain following the acquisition of SVB UK, and the impacts of the planned sale of our business in Argentina. We also exclude HSBC Bank Canada's financial results from the 30 June 2022 net asset reference date until completion, as the gain on sale was recognised through a combination of the consolidation of HSBC Bank Canada's results in the Group's results since this date, and the remaining gain on sale was recognised at completion, inclusive of the recycling of related reserves and fair value gains on related hedges. Following the completion of the sale of our banking business in Canada, the Board has approved a special dividend of $0.21 per share, payable in June 2024, alongside the first interim dividend.

For the planned sale of our business in Argentina, there is a mechanism by which the loss on sale will vary by changes in the net asset value of HSBC Argentina, and in the fair value of consideration including price adjustments and migration costs (see page 4 for details). No additional related impacts have been identified, and the ongoing profits from HSBC Argentina will not be excluded from our dividend payout ratio target basis.

For a reconciliation of basic earnings per share to basic earnings per share excluding material notable items and related impacts, see page 34. We do not reconcile our forward dividend payout ratio, excluding material notable items and related impacts guidance to the reported dividend payout ratio.

Notes

- Income statement comparisons, unless stated otherwise, are between the quarter ended 31 March 2024 and the quarter ended 31 March 2023. Balance sheet comparisons, unless otherwise stated, are between balances at 31 March 2024 and the corresponding balances at 31 December 2023.
- The financial information on which this Earnings Release 1Q24 is based is unaudited. It has been prepared in accordance with our material accounting policies as described on pages 341 to 354 of our Annual Report and Accounts 2023.

Constant currency performance

Constant currency performance is computed by adjusting reported results for the effects of foreign currency translation differences, which distort period-on-period comparisons.

We consider constant currency performance to provide useful information for investors by aligning internal and external reporting, and reflecting how management assesses period-on-period performance.

Foreign currency translation differences

Foreign currency translation differences reflect the movements of the US dollar against most major currencies. We exclude them to derive constant currency data, allowing us to assess balance sheet and income statement performance on a like-for-like basis and to better understand the underlying trends in the business.

Foreign currency translation differences for 1Q24 are computed by retranslating into US dollars for non-US dollar branches, subsidiaries, joint ventures and associates:

- the income statements for 4Q23 and 1Q23 at the average rate of exchange for 1Q24;
- the closing prior period balance sheets at the prevailing rates of exchange at 31 March 2024.

No adjustment has been made to the exchange rates used to translate foreign currency-denominated assets and liabilities into the functional currencies of any HSBC branches, subsidiaries, joint ventures or associates. The constant currency data of HSBC's Argentina subsidiaries and operating entity in Türkiye has not been adjusted further for the impacts of hyperinflation. When reference is made to foreign currency translation differences in tables or commentaries, comparative data reported in the functional currencies of HSBC's operations have been translated at the appropriate exchange rates applied in the current period on the basis described above.

Notable items

We separately disclose 'notable items', which are components of our income statement that management would consider as outside the normal course of business and generally non-recurring in nature. Certain notable items are classified as 'material notable items', which are a subset of notable items. Categorisation as a material notable item is dependent on the nature of each item in conjunction with the financial impact on the Group's income statement. We exclude material notable items when computing our dividend payout ratio target basis.

The tables on pages 23 to 29 detail the effects of notable items on each of our global business segments and legal entities during 1Q24, 4Q23 and 1Q23.

Global business performance

The Group Chief Executive, supported by the rest of the Group Executive Committee ('GEC'), is considered to be the Chief Operating Decision Maker ('CODM') for the purposes of identifying the Group's reportable segments.

The Group Chief Executive and the rest of the GEC review operating activity on a number of bases, including by global business and legal entities. Our global businesses – Wealth and Personal Banking, Commercial Banking and Global Banking and Markets – along with Corporate Centre – are our reportable segments under IFRS 8 'Operating Segments'. Global business results are assessed by the CODM on the basis of constant currency performance, which removes the effects of currency translation impacts from reported results. Therefore, we present these results on a constant currency basis.

As required by IFRS 8, reconciliations of the constant currency results to the Group's reported results are presented on page 22. Supplementary reconciliations of constant currency to reported results by global business are presented on pages 23 to 25 for information purposes.

Management view of revenue on a constant currency basis

Our global business segment commentary includes tables that provide breakdowns of revenue on a constant currency basis by major product. These reflect the basis on which revenue performance of the businesses is assessed and managed.

Disposal groups and business acquisitions

France retail banking operations

On 1 January 2024, HSBC Continental Europe completed the sale of its retail banking operations in France to CCF, a subsidiary of Promontoria MMB SAS ('My Money Group'). The sale also included HSBC Continental Europe's 100% ownership interest in HSBC SFH (France) and its 3% ownership interest in Crédit Logement.

Upon completion and in accordance with the terms of the sale, HSBC Continental Europe received a €0.1bn ($0.1bn) profit participation interest in the ultimate holding company of My Money Group. The associated impacts on initial recognition of this stake at fair value were recognised as part of the pre-tax loss on disposal in 2023, upon the reclassification of the disposal group as held for sale. In accordance with the terms of the sale, HSBC Continental Europe retained a portfolio of €7.1bn ($7.8bn) consisting of home and certain other loans, in respect of which it may consider on-sale opportunities at a suitable time, and the CCF brand, which it licensed to the buyer under a long-term licence agreement. Additionally, HSBC Continental Europe's subsidiaries, HSBC Assurances Vie (France) and HSBC Global Asset Management (France), have entered into distribution agreements with the buyer. Ongoing costs associated with the retention of the home and certain other loans, net of income on distribution agreements and the brand licence, are estimated to have an after-tax loss impact of €0.1bn ($0.1bn) in 2024 based on expected funding rates.

The customer lending balances and associated income statement impacts of the portfolio of retained loans, together with the profit participation interest and the licence agreement of the CCF brand, were reclassified from WPB to Corporate Centre, with effect from 1 January 2024.

Canada banking business

On 28 March 2024, HSBC Overseas Holdings (UK) Limited, a direct subsidiary of HSBC Holdings plc, completed the sale of HSBC Bank Canada to the Royal Bank of Canada.

The completion of the transaction resulted in a gain on sale of $4.8bn inclusive of recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn in other reserves losses. The gain on sale also included $0.3bn in fair value gains recognised on the related foreign exchange hedges in the first quarter of 2024. There was no tax on the gain recognised at completion due to the substantial shareholding exemption rule in the UK.

Following the completion of this transaction, the Board has approved a special dividend of $0.21 per share, payable in June 2024 alongside the first interim dividend.

Argentina business

On 9 April 2024, HSBC Latin America B.V. entered into a binding agreement to sell its business in Argentina to Grupo Financiero Galicia ('Galicia').

Galicia will acquire all of HSBC Argentina's business covering banking, asset management and insurance, together with $100m of subordinated debt issued by HSBC Argentina and held by HSBC Latin America Holdings (UK) Limited for a base consideration of $550m. The consideration will be adjusted for the results of the business and fair value gains or losses on HSBC Argentina's securities portfolios during the period between 31 December 2023 and closing.

HSBC expects to receive the purchase consideration in a combination of cash, loan notes and Galicia's American Depositary Receipts ('ADRs'), with ADRs accounting for around half of the consideration received and representing less than a 10% economic interest in Galicia. The transaction is subject to conditions, including regulatory approval, and is expected to be completed within the next 12 months.

At 31 March 2024, given the advanced stage of agreement on deal terms and that completion was expected within 12 months, our investment in HSBC Argentina met the criteria to be classified as held for sale in accordance with IFRS 5. As a result, we classified total assets of $5.1bn and total liabilities of $3.5bn to held for sale, and recognised a $1.1bn pre-tax loss in the first quarter of 2024. There was no tax deduction on the loss recognised. At closing, cumulative foreign currency translation reserves and other reserves will recycle to the income statement. At 31 March 2024, foreign currency translation reserve losses stood at $4.9bn and other reserve gains at $0.1bn.

Between signing and closing, the loss on sale will vary by changes in the net asset value of the disposed business and associated hyperinflation and foreign currency translation, and the fair value of consideration including price adjustments and migration costs.

Other disposals

On 30 June 2022, following a strategic review of our business in Russia, HSBC Europe BV (a wholly-owned subsidiary of HSBC Bank plc) entered into an agreement for the sale of its wholly-owned subsidiary HSBC Bank (RR) (Limited Liability Company). As at 31 December 2023, following US sanctions designation of the buyer, the sale had become less certain. As a result, the business was no longer classified as held for sale, the previously recognised loss has been reversed, and a broadly offsetting charge relating to recoverability was recognised in the fourth quarter of 2023. During the first quarter of 2024, following the receipt of government and regulatory approvals, the held for sale classification was reinstated. The reinstatement of held for sale did not have a material impact. The transaction is now expected to complete in the second quarter of 2024 and at completion, foreign currency translation reserve losses of approximately $0.1bn will be recognised in the income statement.

On 6 February 2024, following a strategic review of our operations in Armenia, HSBC Europe BV reached an agreement for the sale of HSBC Bank Armenia to Ardshinbank. This resulted in a loss on classification to held for sale of $0.1bn. The transaction is subject to regulatory approvals. As part of this transaction, all staff members of HSBC Armenia will transfer to Ardshinbank at completion, and the transfer will include all customer relationships held by HSBC Armenia at that time. The transaction is expected to complete within 12 months.

On 13 November 2023, the Hongkong and Shanghai Banking Corporation Limited (acting through its Mauritius branch) entered into an agreement with ABSA Bank (Mauritius) Limited, a wholly-owned subsidiary of ABSA Bank Group Limited, to sell its Wealth and Personal Banking business. The sale is expected to complete in the second half of 2024 subject to regulatory approvals.

Acquisitions

In March 2023, HSBC UK Bank plc acquired SVB UK. In June 2023, we changed its legal entity name to HSBC Innovation Bank Limited and launched HSBC Innovation Banking ('IVB') to deliver a globally connected, specialised banking proposition to support innovation businesses and their investors. The acquisition was funded from existing resources and brought the staff, assets and liabilities of SVB UK into the HSBC portfolio. On acquisition, we performed a preliminary assessment of the fair value of the assets and liabilities purchased. We established an opening balance sheet on 13 March 2023 and applied the result of the fair value assessment, which resulted in a reduction in net assets of $0.2bn. We recognised a provisional gain on acquisition of $1.5bn in 1Q23, based on rates of foreign exchange prevailing in 1Q23, representing the difference between the consideration paid of £1 and the net assets acquired. Subsequently, further due diligence was performed post-acquisition and we recognised an additional gain of $0.1bn at 30 September 2023, as required by IFRS 3 'Business Combinations', resulting in a gain on acquisition for the year ended 31 December 2023 of $1.6bn. No further adjustments were made to the gain on acquisition during the first quarter of 2024, which is now final.

In October 2023, HSBC Global Asset Management Singapore Limited entered into an agreement to acquire 100% of the shares of Silkroad Property Partners Pte Ltd ('Silkroad') and for HSBC Global Asset Management Limited to acquire Silkroad's affiliated General Partner entities. Silkroad is a Singapore headquartered Asia-Pacific-focused, real estate investment manager. The acquisition was completed on 31 January 2024.

In October 2023, HSBC Bank (China) Company Limited, a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, entered into an agreement to acquire Citibank China's retail wealth management portfolio in mainland China. The portfolio comprises assets under management and deposits and the associated wealth customers. Upon completion, the acquired business will be integrated into HSBC Bank China's Wealth and Personal Banking operations. The transaction is expected to complete in the first half of 2024.

Impact of strategic transactions

To aid the understanding of our results, we separately disclose, in selected tables, the impact of strategic transactions classified as material notable items on the results of the Group and our global businesses. Material notable items are a subset of notable items and categorisation is dependent on the financial impact on the Group's income statement. At 1Q24, the disclosure includes the impacts of the disposal of our retail banking operations in France, our banking business in Canada and the planned sale of our business in Argentina. The disclosure also includes the impact of our acquisition of SVB UK and income statement results of IVB. The impacts quoted include the gains or losses on classification to held for sale or acquisition and all other related notable items. Once a transaction has completed, the impact will also include the operating income statement results of each business, which are not classified as notable items, where there are results in one period but not in another, providing the impact of the acquisition or disposal on the results. We have also included strategic transaction supplementary analysis on page 30.

Key financial metrics

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
Reported results			
Profit before tax ($m)	**12,650**	977	12,886
Profit after tax ($m)	**10,837**	222	11,026
Cost efficiency ratio (%)	**39.3**	66.4	37.6
Net interest margin (%)	**1.63**	1.52	1.69
Basic earnings per share ($)	**0.54**	(0.01)	0.52
Diluted earnings per share ($)	**0.54**	(0.01)	0.52
Dividend per ordinary share (in respect of the period) ($)[1]	**0.10**	0.31	0.10
Alternative performance measures			
Constant currency profit before tax ($m)	**12,650**	863	12,931
Constant currency cost efficiency ratio (%)	**39.3**	66.9	37.4
Expected credit losses and other credit impairment charges (annualised) as % of average gross loans and advances to customers (%)	**0.31**	0.40	0.18
Expected credit losses and other credit impairment charges (annualised) as % of average gross loans and advances to customers, including held for sale (%)	**0.30**	0.38	0.17
Basic earnings per share excluding material notable items and related impacts ($)	**0.34**	0.25	0.36
Return on average ordinary shareholders' equity (annualised) (%)	**24.0**	(0.4)	25.5
Return on average tangible equity (annualised) (%)	**26.1**	(0.4)	27.4
Return on average tangible equity excluding notable items (annualised) (%)	**16.4**	12.8	18.4
Target basis operating expenses ($m)	**7,939**	8,415	7,394

	At		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
Balance sheet			
Total assets ($m)	**3,000,517**	3,038,677	2,989,696
Net loans and advances to customers ($m)	**933,125**	938,535	963,394
Customer accounts ($m)	**1,570,164**	1,611,647	1,604,099
Average interest-earning assets, year to date ($m)	**2,140,446**	2,164,324	2,152,893
Loans and advances to customers as % of customer accounts (%)	**59.4**	58.2	60.1
Total shareholders' equity ($m)	**191,186**	185,329	190,095
Tangible ordinary shareholders' equity ($m)	**162,008**	155,710	159,458
Net asset value per ordinary share at period end ($)	**9.28**	8.82	8.65
Tangible net asset value per ordinary share at period end ($)	**8.67**	8.19	8.08
Capital, leverage and liquidity			
Common equity tier 1 capital ratio (%)[2]	**15.2**	14.8	14.7
Risk-weighted assets ($m)[2,3]	**832,633**	854,114	854,434
Total capital ratio (%)[2,3]	**20.7**	20.0	19.8
Leverage ratio (%)[2,3]	**5.7**	5.6	5.8
High-quality liquid assets (liquidity value) ($m)[3,4]	**645,789**	647,505	634,889
Liquidity coverage ratio (%)[3,4]	**136**	136	132
Share count			
Period end basic number of $0.50 ordinary shares outstanding (millions)	**18,687**	19,006	19,736
Period end basic number of $0.50 ordinary shares outstanding and dilutive potential ordinary shares (millions)	**18,838**	19,135	19,903
Average basic number of $0.50 ordinary shares outstanding (millions)	**18,823**	19,130	19,724

For reconciliation and analysis of our reported results on a constant currency basis, including lists of notable items, see page 22. Definitions and calculations of other alternative performance measures are included in 'Alternative performance measures' on page 31.

1 *The amount for the quarter ended 31 March 2024 excludes the special dividend of $0.21 per ordinary share arising from the proceeds of the sale of our banking business in Canada to Royal Bank of Canada.*
2 *Unless otherwise stated, regulatory capital ratios and requirements are based on the transitional arrangements of the Capital Requirements Regulation in force at the time. 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.*
3 *Regulatory numbers and ratios are as presented at the date of reporting. Small changes may exist between these numbers and ratios and those subsequently submitted in regulatory filings. Where differences are significant, we may restate in subsequent periods.*
4 *The liquidity coverage ratio is based on the average value of the preceding 12 months.*

Summary consolidated income statement

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Net interest income	**8,653**	8,284	8,959
Net fee income	**3,146**	2,757	3,004
Net income from financial instruments held for trading or managed on a fair value basis[1]	**5,406**	4,097	4,112
Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**1,292**	6,149	3,894
Insurance finance expense	**(1,327)**	(6,106)	(3,912)
Insurance service result	**306**	382	284
Gain on acquisition[2]	**—**	(2)	1,511
Net gain/(impairment) on sale of business operations[3]	**3,417**	(1,980)	2,130
Other operating (expense)/income	**(141)**	(560)	189
Net operating income before change in expected credit losses and other credit impairment charges[4]	**20,752**	13,021	20,171
Change in expected credit losses and other credit impairment charges	**(720)**	(1,031)	(432)
Net operating income	**20,032**	11,990	19,739
Total operating expenses excluding impairment of goodwill and other intangible assets	**(8,150)**	(8,635)	(7,588)
(Impairment)/reversal of impairment of goodwill and other intangible assets	**(1)**	(10)	2
Operating profit	**11,881**	3,345	12,153
Share of profit in associates and joint ventures	**769**	632	733
Impairment of interest in associate	**—**	(3,000)	—
Profit before tax	**12,650**	977	12,886
Tax expense	**(1,813)**	(755)	(1,860)
Profit after tax	**10,837**	222	11,026
Attributable to:			
– ordinary shareholders of the parent company	**10,183**	(153)	10,327
– other equity holders	**401**	125	418
– non-controlling interests	**253**	250	281
Profit after tax	**10,837**	222	11,026
	$	$	$
Basic earnings per share	**0.54**	(0.01)	0.52
Diluted earnings per share	**0.54**	(0.01)	0.52
Dividend per ordinary share (paid in the period)	**—**	0.10	—
	%	%	%
Return on average ordinary shareholders' equity (annualised)	**24.0**	(0.4)	25.5
Return on average tangible equity (annualised)	**26.1**	(0.4)	27.4
Cost efficiency ratio	**39.3**	66.4	37.6

1 *Includes a $255m gain (4Q23: $245m loss; 1Q23: $57m loss) on the foreign exchange hedging of the proceeds from the sale of our banking business in Canada.*

2 *Gain recognised in respect of the acquisition of SVB UK. In December 2023, a true-up adjustment was made which resulted in a decrease in the gain.*

3 *In the first quarter of 2024, a gain of $4.6bn inclusive of the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves recycling losses on the sale of our banking business in Canada, and an impairment loss of $1.1bn relating to the planned sale of our business in Argentina was recognised. In the first quarter of 2023, the $2.1bn reversal of the held for sale classification was recognised which was largely offset by an impairment loss of $2.0bn recognised in the fourth quarter of 2023 relating to the sale of our retail banking operations in France.*

4 *Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.*

Distribution of results by global business and legal entity

Distribution of results by global business

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Constant currency revenue[1]			
Wealth and Personal Banking	**7,164**	4,253	9,013
Commercial Banking[2]	**5,532**	5,095	6,709
Global Banking and Markets[2]	**4,455**	3,666	4,402
Corporate Centre[3]	**3,601**	(270)	101
Total	**20,752**	12,744	20,225
Constant currency profit/(loss) before tax			
Wealth and Personal Banking	**3,181**	180	5,324
Commercial Banking[2]	**3,280**	2,454	4,883
Global Banking and Markets[2]	**2,025**	955	1,990
Corporate Centre[3]	**4,164**	(2,726)	734
Total	**12,650**	863	12,931

1 *Constant currency net operating income before change in expected credit losses and other credit impairment charges including the effects of foreign currency translation differences, also referred to as constant currency revenue.*
2 *In the first quarter of 2023, following an internal review to assess which global businesses were best suited to serve our customers' respective needs, a portfolio of our customers within our markets in Latin America was transferred from GBM to CMB for reporting purposes. Comparative data have been re-presented accordingly.*
3 *With effect from 1 January 2024, following the sale of our retail banking business in France, we have prospectively reclassified the portfolio of retained loans, profit participation interest and licence agreement of the CCF brand from WPB to Corporate Centre.*

Distribution of results by legal entity

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Reported profit/(loss) before tax			
HSBC UK Bank plc	**1,811**	1,701	3,131
HSBC Bank plc	**697**	(1,766)	2,714
The Hongkong and Shanghai Banking Corporation Limited	**5,457**	1,167	5,849
HSBC Bank Middle East Limited	**283**	216	377
HSBC North America Holdings Inc.	**253**	(368)	307
HSBC Bank Canada	**186**	176	239
Grupo Financiero HSBC, S.A. de C.V.	**186**	147	215
Other trading entities[1]	**390**	619	493
– of which: other Middle East entities (including Oman, Türkiye, Egypt and Saudi Arabia)	***214***	*206*	*139*
– of which: Saudi Awwal Bank	***145***	*147*	*110*
Holding companies, shared service centres and intra-Group eliminations	**3,387**	(915)	(439)
Total	**12,650**	977	12,886
Constant currency profit/(loss) before tax			
HSBC UK Bank plc	**1,811**	1,739	3,266
HSBC Bank plc	**697**	(1,786)	2,756
The Hongkong and Shanghai Banking Corporation Limited	**5,457**	1,155	5,776
HSBC Bank Middle East Limited	**283**	216	377
HSBC North America Holdings Inc.	**253**	(368)	307
HSBC Bank Canada	**186**	178	239
Grupo Financiero HSBC, S.A. de C.V.	**186**	152	236
Other trading entities[1]	**390**	488	411
– of which: other Middle East entities (including Oman, Türkiye, Egypt and Saudi Arabia)	***214***	*184*	*130*
– of which: Saudi Awwal Bank	***145***	*148*	*110*
Holding companies, shared service centres and intra-Group eliminations[2]	**3,387**	(911)	(437)
Total	**12,650**	863	12,931

1 *Other trading entities includes the results of entities located in Oman (pre merger with Sohar International Bank SAOG in August 2023), Türkiye, Egypt and Saudi Arabia (including our share of the results of Saudi Awwal Bank) which do not consolidate into HSBC Bank Middle East Limited. Supplementary analysis is provided on page 29 for a fuller picture of the Middle East, North Africa and Türkiye ('MENAT') regional performance.*
2 *Includes a $4.8bn gain on disposal of our banking business in Canada, inclusive of a $0.3bn gain on the foreign exchange hedging of the sale proceeds, the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves recycling losses. This is partly offset by a $1.1bn impairment recognised in relation to the planned sale of our business in Argentina.*

Tables showing constant currency profit before tax by global business and legal entity are presented to support the commentary on constant currency performance on pages 10 and 12.

The tables on pages 23 to 29 reconcile reported to constant currency results for each of our global business segments and legal entities.

Income statement commentary

1Q24 compared with 1Q23 – reported results

Movement in reported profit compared with 1Q23

	Quarter ended				
			Variance		
			1Q24 vs. 1Q23		
	31 Mar 2024	31 Mar 2023			***of which strategic transactions[1]***
	$m	$m	**$m**	**%**	***$m***
Revenue	**20,752**	20,171	**581**	**3**	***260***
ECL	**(720)**	(432)	**(288)**	**(67)**	***20***
Operating expenses	**(8,151)**	(7,586)	**(565)**	**(7)**	***57***
Share of profit/(loss) from associates and JVs	**769**	733	**36**	**5**	***—***
Profit before tax	**12,650**	12,886	**(236)**	**(2)**	***337***
Tax expense	**(1,813)**	(1,860)	**47**	**3**	
Profit after tax	**10,837**	11,026	**(189)**	**(2)**	

1 *For details, see 'Impact of strategic transactions' on page 5.*

Notable items

	Quarter ended	
	31 Mar 2024	31 Mar 2023
	$m	$m
Revenue		
Disposals, acquisitions and related costs	**3,732**	3,562
Fair value movements on financial instruments[1]	**—**	15
Currency translation on revenue notable items	**—**	92
Operating expenses		
Disposals, acquisitions and related costs	**(63)**	(61)
Restructuring and other related costs	**13**	—
Currency translation on operating expenses notable items	**—**	(1)

1 *Fair value movements on non-qualifying hedges in HSBC Holdings.*

Reported profit

Reported profit before tax of $12.7bn was $0.2bn lower. The decrease included a $4.8bn gain on the disposal of our banking business in Canada, inclusive of fair value gains on the hedging of the sale proceeds, partly offset by a $1.1bn impairment recognised in 1Q24 following the classification of our business in Argentina as held for sale. The reduction in profit before tax also reflected the non-recurrence of a $2.1bn reversal in 1Q23 of an impairment relating to the sale of our retail banking operations in France, which was subsequently reinstated in 4Q23 prior to completion, and a $1.5bn gain recognised in 1Q23 on the acquisition of SVB UK. Reported ECL charges were $0.3bn higher than in 1Q23, with the charge in 1Q24 primarily comprising stage 3 charges. Reported operating expenses rose by 7% due to higher technology costs, the impacts of inflation and an increased performance-related pay accrual relative to 1Q23.

Reported profit after tax of $10.8bn was $0.2bn lower than in 1Q23.

Reported revenue

Reported revenue of $20.8bn was $0.6bn or 3% higher. The increase included a $4.8bn gain on the disposal of our banking business in Canada, inclusive of fair value gains on the hedging of the sale proceeds, which was broadly offset by the period-on-period impacts of a $1.1bn impairment recognised in 1Q24 following the classification of our business in Argentina as held for sale, the non-recurrence of a $2.1bn reversal in 1Q23 of an impairment relating to the sale of our retail banking operations in France, and a $1.5bn gain recognised in 1Q23 on the acquisition of SVB UK, as described above.

The remaining increase in revenue reflected higher wealth revenue in WPB, notably from a strong performance in Global Private Banking, as well as revenue growth in Equities and Securities Financing in GBM, as market sentiment improved. These factors were partly offset by a reduction in revenue in Global Foreign Exchange in GBM, which compared with a strong 1Q23.

NII also fell compared with 1Q23, reflecting the impact of customers migrating their deposits to higher interest-bearing term and savings accounts. This was in part mitigated by higher NII in Markets Treasury due to the impact of the repositioning actions in relation to our hedging portfolio carried out in 2023. Markets Treasury revenue is allocated to our global businesses.

Reported ECL

Reported ECL of $0.7bn were $0.3bn higher than in 1Q23. In 1Q24, ECL primarily comprised stage 3 charges in both WPB and our wholesale businesses. ECL in WPB included a $0.2bn charge in Mexico, which was $0.1bn higher than in 1Q23, reflecting growth in lending during 2023. The ECL charge in 1Q23 reflected a favourable change in economic assumptions and lower stage 3 charges.

For further details of the calculation of ECL, including the measurement uncertainties and significant judgements applied to such calculations, the impact of the economic scenarios and management judgemental adjustments, see pages 38 to 44.

Reported operating expenses

Reported operating expenses of $8.2bn were $0.6bn or 7% higher. This mainly reflected continued investment in technology, the impacts of inflation, as well as a higher performance-related pay accrual, which reflects a change in the expected quarterly phasing of the performance-related pay pool relative to 1Q23. In addition, 1Q24 included a rise of $0.1bn due to the additional costs of IVB, a $0.1bn increase relating to the

Bank of England levy and the incremental cost of the Federal Deposit Insurance Corporation ('FDIC') special assessment in the US to reflect the FDIC's revised estimated losses. These increases were partly offset by the effects of our continued cost discipline.

Reported share of profit from associates and JVs

Reported share of profit from associates and joint ventures of $0.8bn was $36m or 5% higher. This included a higher share of profit from Saudi Awwal Bank ('SAB'), formerly The Saudi British Bank.

Tax expense

Tax in 1Q24 was a charge of $1.8bn, representing an effective tax rate of 14.3%, which was 0.1 percentage points lower than the effective tax rate of 14.4% for 1Q23. The effective tax rate for 1Q24 was reduced by the non-taxable gain on the sale of our banking business in Canada and increased by the non-deductible loss recorded on the planned sale of the Group's business in Argentina. The effective rate for 1Q24 was below the Pillar 2 Global Minimum Tax ('GMT') rate of 15% because the gain on the sale of our banking business in Canada is excluded when calculating the Group's GMT liability. The effective rate for 1Q23 was reduced by the release of provisions for uncertain tax positions and by the non-taxable provisional gain on the acquisition of SVB UK. Excluding these items, the effective tax rates were 19.5% for 1Q24 and 20.9% for 1Q23.

First interim dividend for 2024 and special dividend

On 30 April 2024, the Board announced a first interim dividend for 2024 of $0.10 per ordinary share. In addition, following the completion of the sale of our banking business in Canada, the Board has approved a special dividend of $0.21 per ordinary share, payable in June 2024, alongside the first interim dividend. For further details, see page 50.

1Q24 compared with 1Q23 – constant currency basis

Movement in profit before tax compared with 1Q23 – on a constant currency basis

	Quarter ended				
			Variance		
			1Q24 vs. 1Q23		
	31 Mar 2024	31 Mar 2023			***of which strategic transactions*[1]**
	$m	$m	**$m**	**%**	***$m***
Revenue	**20,752**	20,225	**527**	**3**	***171***
ECL	**(720)**	(428)	**(292)**	**(68)**	***22***
Operating expenses	**(8,151)**	(7,568)	**(583)**	**(8)**	***59***
Share of profit from associates and JVs	**769**	702	**67**	**10**	***—***
Profit before tax	**12,650**	12,931	**(281)**	**(2)**	***252***

1 *For details, see 'Impact of strategic transactions' on page 5.*

Profit before tax of $12.7bn was $0.3bn lower than in 1Q23, on a constant currency basis, as growth in revenue was more than offset by higher operating expenses and a rise in ECL charges.

Revenue increased by $0.5bn or 3%, and included a $4.8bn gain on the disposal of our banking business in Canada, inclusive of fair value gains on the hedging of the sale proceeds. This gain was broadly offset by the period-on period impacts of a $1.1bn impairment recognised in 1Q24 following the classification of our business in Argentina as held for sale, the non-recurrence of a $2.1bn reversal in 1Q23 of an impairment relating to the sale of our retail banking operations in France, and a $1.6bn gain recognised on the acquisition of SVB UK. The remaining increase reflected revenue growth in Wealth in WPB and in Equities and Securities Financing in GBM, partly offset by lower revenue in Global Foreign Exchange and a reduction in NII.

ECL charges of $0.7bn were $0.3bn higher, with the 1Q24 charge primarily related to stage 3 charges in both WPB, notably in Mexico, and in our wholesale businesses.

Operating expenses increased by $0.6bn or 8%, mainly driven by continued investment in technology, the impacts of inflation and a higher performance-related pay accrual, as well as a $0.1bn increase from the Bank of England levy and an incremental cost associated with the FDIC special assessment in the US. It also included a rise of $0.1bn due to the additional costs of IVB. The impact of retranslating the prior year results of our operations in hyperinflationary economies at 1Q24 average rates of foreign exchange resulted in cost growth of $0.1bn.

1Q24 compared with 4Q23 – reported results

Movement in reported profit compared with 4Q23

	Quarter ended				
			Variance		
			1Q24 vs. 4Q23		
	31 Mar 2024	31 Dec 2023			***of which strategic transactions*[1]**
	$m	$m	**$m**	**%**	***$m***
Revenue	**20,752**	13,021	**7,731**	**59**	***5,983***
ECL	**(720)**	(1,031)	**311**	**30**	***—***
Operating expenses	**(8,151)**	(8,645)	**494**	**6**	***136***
Share of profit from associates and JVs less impairment	**769**	(2,368)	**3,137**	**>100**	***—***
Profit before tax	**12,650**	977	**11,673**	**>100**	***6,119***
Tax expense	**(1,813)**	(755)	**(1,058)**	**>(100)**	
Profit after tax	**10,837**	222	**10,615**	**>100**	

1 *For details, see 'Impact of strategic transactions' on page 5.*

Notable items

	Quarter ended	
	31 Mar 2024 $m	31 Dec 2023 $m
Revenue		
Disposals, acquisitions and related costs	**3,732**	(2,333)
Fair value movements on financial instruments[1]	**—**	(1)
Disposal losses on Markets Treasury repositioning	**—**	(399)
Currency translation on revenue notable items	**—**	(23)
Operating expenses		
Disposals, acquisitions and related costs	**(63)**	(124)
Restructuring and other related costs	**13**	59
Currency translation on operating expenses notable items	**—**	1
Share of profit in associates and joint ventures		
Impairment of interest in associate	**—**	(3,000)
Currency translation on associate notable items	**—**	(17)

1 *Fair value movements on non-qualifying hedges in HSBC Holdings.*

Reported profit

Reported profit before tax of $12.7bn was $11.7bn higher. The increase reflected higher revenue, which included a $4.8bn gain on the disposal of our banking business in Canada, inclusive of fair value gains on the hedging of the sale proceeds, and the impact of the non-recurrence of a $2.0bn impairment loss in 4Q23 relating to the sale of our retail banking operations in France, which were partly offset by a $1.1bn impairment recognised in 1Q24 following the classification of our business in Argentina as held for sale. Reported share of profit from associates and JVs also increased as 4Q23 included an impairment charge of $3.0bn relating to our investment in BoCom due to a reduction to the accounting value-in-use of the investment. In addition, reported operating expenses and reported ECL decreased.

Reported profit after tax of $10.8bn was $10.6bn higher than in 4Q23.

Reported revenue

Reported revenue of $20.8bn was $7.7bn or 59% higher, which included a gain on the disposal of our banking business in Canada and the non-recurrence of an impairment loss in 4Q23 relating to the sale of our retail banking operations in France, partly offset by an impairment recognised in 1Q24 following the classification of our business in Argentina as held for sale, as described above.

The growth also reflected higher NII, mainly due to the impact of hyperinflation in Argentina. There was a good performance in Wealth in WPB, including in our insurance business, Global Private Banking and investment distribution, in part due to a seasonal increase in the first quarter. Revenue increased in GBM, notably in Equities and Global Debt Markets, as market sentiment and client activity improved.

Revenue increased in Markets Treasury mainly due to the non-recurrence of losses on asset disposals of $0.4bn in 4Q23 relating to repositioning and risk management activities in our hold-to-collect-and-sell portfolio in certain key legal entities.

Reported ECL

Reported ECL charges of $0.7bn were $0.3bn lower. This included lower stage 3 charges, notably in CMB, reflecting a reduction in charges relating to the commercial real estate sector in mainland China. ECL in WPB included a $0.2bn charge in Mexico, with our credit metrics remaining stable.

Reported operating expenses

Reported operating expenses of $8.2bn were $0.5bn or 6% lower, including favourable foreign currency translation differences between the periods of $0.1bn. The reduction reflected lower levies, as 4Q23 included the UK bank levy charge of $0.3bn, which included adjustments relating to prior years, and a $0.2bn charge in the US relating to the FDIC special assessment. This compared with a $0.1bn aggregate charge in 1Q24 which related to the Bank of England levy and an incremental FDIC special assessment charge. There was also a reduction in the performance-related pay accrual, although technology spend increased.

The number of employees expressed in full-time equivalent staff ('FTE') at 31 March 2024 was 214,400, a decrease of 6,461 compared with 31 December 2023, primarily reflecting the completion of the sale of our banking business in Canada and our retail banking operations in France. The number of contractors at 31 March 2024 was 4,263, a decrease of 413.

Reported share of profit from associates and JVs

Reported share of profit from associates and joint ventures of $0.8bn was $3.1bn higher, as 4Q23 included an impairment charge of $3.0bn relating to our investment in BoCom due to a reduction in the accounting value-in-use of the investment.

1Q24 compared with 4Q23 – constant currency basis

Movement in profit before tax compared with 4Q23 – on a constant currency basis

	Quarter ended				
			Variance		
			1Q24 vs. 4Q23		
	31 Mar 2024	31 Dec 2023			***of which strategic transactions*[1]**
	$m	$m	**$m**	**%**	***$m***
Revenue	**20,752**	12,744	**8,008**	**63**	***6,004***
ECL	**(720)**	(968)	**248**	**26**	**—**
Operating expenses	**(8,151)**	(8,530)	**379**	**4**	***139***
Share of profit from associates and JVs less impairment	**769**	(2,383)	**3,152**	**132**	**—**
Profit before tax	**12,650**	863	**11,787**	**>200**	***6,143***

1 *For details, see 'Impact of strategic transactions' on page 5.*

Profit before tax of $12.7bn was $11.8bn higher than in 4Q23 on a constant currency basis.

Revenue increased by $8.0bn or 63%, and included a $4.8bn gain on the disposal of our banking business in Canada, inclusive of fair value gains on the hedging of the sale proceeds, and the non-recurrence in 4Q23 of a $2.1bn impairment loss relating to the sale of our retail banking operations in France, partly offset by a $1.1bn impairment recognised in 1Q24 following the classification of our business in Argentina as held for sale. Revenue also reflected growth in NII, including the impact of hyperinflation in Argentina, compounded by the impact of retranslating the results of hyperinflationary economies at constant currency.

Share of profit from associates and JVs increased by $3.2bn, as 4Q23 included an impairment charge of $3.0bn relating to our investment in BoCom due to a reduction in the accounting value-in-use of the investment. Operating expenses decreased by $0.4bn, primarily as 4Q23 included the UK bank levy charge and the impact of the FDIC special assessment in the US. There was also a reduction in the performance-related pay accrual, although technology spend increased. ECL charges were $0.2bn lower, primarily due to a reduction in stage 3 charges in CMB, from lower charges in relation to the commercial real estate sector in mainland China.

Net interest income

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Interest income	**28,265**	26,714	22,092
Interest expense	**(19,612)**	(18,430)	(13,133)
Net interest income	**8,653**	8,284	8,959
Average interest-earning assets	**2,140,446**	2,164,324	2,152,893
	%	%	%
Gross interest yield[1]	**5.31**	4.90	4.16
Less: gross interest payable[1]	**(4.10)**	(3.83)	(2.91)
Net interest spread[2]	**1.21**	1.07	1.25
Net interest margin[3]	**1.63**	1.52	1.69

1 *Gross interest yield is the average annualised interest rate earned on average interest-earning assets ('AIEA'). Gross interest payable is the average annualised interest cost as a percentage of average interest-bearing liabilities.*
2 *Net interest spread is the difference between the average annualised interest rate earned on AIEA, net of amortised premiums and loan fees, and the average annualised interest rate payable on average interest-bearing funds.*
3 *Net interest margin is net interest income expressed as an annualised percentage of AIEA.*

Net interest income

NII in 1Q24 was $8.7bn, up $0.4bn compared with 4Q23, and down $0.3bn compared with 1Q23. The increase of $0.4bn was predominantly due to non-recurrence of the adverse impact in 4Q23 from devaluation of the Argentinian peso and the reclassification related to cash flow hedge in the first nine months of 2023. Excluding the impact of these items, there was a decrease in NII due to higher interest expense across our liabilities. The decrease of $0.3bn compared with 1Q23 was predominantly driven by our main legal entities in Asia and Europe where higher interest expense across our liabilities included the impact of deposit migration, partly offset by HSBC UK where interest income grew by more than interest expense.

Net interest margin

NIM in 1Q24 of 1.63% was up 11bps compared with 4Q23, and down 6bps compared with 1Q23. The increase compared with 4Q23 was predominantly due to non-recurrence of the adverse impact from devaluation of the Argentinian peso and the reclassification related to cash flow hedge in the first nine months of 2023. Excluding the impact of these items, there was a decrease in NIM predominantly driven by our main legal entities in Asia and Europe, partly offset by an increase in NIM in HSBC UK. The decrease of 6bps compared with 1Q23 was predominantly driven by the impact of higher funding costs across our liabilities, which included the impact of deposit migration in our main legal entities in Asia and Europe.

Interest income and interest expense

Interest income in 1Q24 of $28.3bn increased by $1.6bn compared with 4Q23 and increased by $6.2bn compared with 1Q23. The increase of $1.6bn was predominantly due to the non-recurrence of the one-off items mentioned above in the NII section and a rise in yield on AIEA, offset by a decline in AIEA balances. The increase of $6.2bn compared with 1Q23 was predominantly driven by the impact of higher market interest rates.

The change in interest income in 1Q24 compared with 1Q23 included an adverse impact of foreign currency translation differences of $0.2bn. After excluding foreign currency translation differences, interest income increased by $6.4bn.

Interest expense in 1Q24 of $19.6bn increased by $1.2bn compared with 4Q23 and increased by $6.5bn compared with 1Q23. The increase of $1.1bn was due to a rise in yield on average interest-bearing liabilities ('AIBL') along with an increase in AIBL balances. The increase of $6.5bn compared with 1Q23 was mainly due to the impact of higher interest rates on our liabilities which included the impact of deposit migration, notably in Asia and Europe.

The rise in interest expense in 1Q24 compared with 1Q23 included the favourable effects of foreign currency translation differences of $0.1bn. Excluding foreign currency translation differences, interest expense increased by $6.6bn.

Banking net interest income

Banking NII is an alternative performance measure, and is defined as Group NII after deducting:

- 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;
- the funding costs 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; and
- third-party NII in our insurance business.

In our segmental disclosures, the funding costs of trading and fair value net assets are predominantly recorded in GBM in 'net income from financial instruments held for trading or managed on a fair value basis'. On consolidation, this funding is eliminated in Corporate Centre, resulting in an increase in the funding costs reported in NII with an equivalent offsetting increase in 'net income from financial instruments held for trading or managed on a fair value basis' in this segment. In the consolidated Group results, the cost to fund these trading and fair value net assets is reported in NII.

Banking NII was $11.3bn in 1Q24. The funding costs associated with generating trading and fair value income were $2.7bn, an increase of $1.3bn compared with 1Q23, notably due to higher interest rates. Banking NII also deducts third-party NII related to our insurance business, which was $0.1bn in 1Q24, broadly stable compared with 1Q23.

The internally allocated funding costs incurred in 1Q24 to generate trading and fair value income related to trading, fair value and associated net asset balances predominantly in GBM. At 31 March 2024, these stood at approximately $187bn.

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$bn	$bn	$bn
Net interest income	**8.7**	8.3	9.0
Banking book funding costs used to generate 'net income from financial instruments held for trading or managed on a fair value basis'	**2.7**	2.5	1.4
Third-party net interest income from insurance	**(0.1)**	(0.1)	(0.1)
Banking net interest income	**11.3**	10.7	10.3

Summary consolidated balance sheet

	At	
	31 Mar 2024 $m	31 Dec 2023 $m
Assets		
Cash and balances at central banks	**275,943**	285,868
Trading assets	**321,540**	289,159
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**113,478**	110,643
Derivatives	**229,713**	229,714
Loans and advances to banks	**121,456**	112,902
Loans and advances to customers	**933,125**	938,535
Reverse repurchase agreements – non-trading	**250,496**	252,217
Financial investments	**457,592**	442,763
Assets held for sale	**5,158**	114,134
Other assets	**292,016**	262,742
Total assets	**3,000,517**	3,038,677
Liabilities		
Deposits by banks	**77,982**	73,163
Customer accounts	**1,570,164**	1,611,647
Repurchase agreements – non-trading	**226,168**	172,100
Trading liabilities	**77,263**	73,150
Financial liabilities designated at fair value	**144,803**	141,426
Derivatives	**231,218**	234,772
Debt securities in issue	**101,444**	93,917
Insurance contract liabilities	**122,496**	120,851
Liabilities of disposal groups held for sale	**4,588**	108,406
Other liabilities	**246,014**	216,635
Total liabilities	**2,802,140**	2,846,067
Equity		
Total shareholders' equity	**191,186**	185,329
Non-controlling interests	**7,191**	7,281
Total equity	**198,377**	192,610
Total liabilities and equity	**3,000,517**	3,038,677

Balance sheet commentary

Balance sheet – 31 March 2024 compared with 31 December 2023

At 31 March 2024, our total assets of $3.0tn were $38bn lower on a reported basis and included unfavourable effects of foreign currency translation differences of $33bn. On a constant currency basis, total assets were broadly stable as the reduction in assets held for sale balances following the completion of the sale of our retail operations in France and the sale of our banking business in Canada were mostly offset by growth in trading assets, a seasonal increase in settlement accounts and higher financial investments balances.

Loans and advances to customers as a percentage of customer accounts were 59.4%, compared with 58.2% at 31 December 2023.

Combined view of customer lending and customer deposits

	At	
	31 Mar 2024 $m	31 Dec 2023 $m
Loans and advances to customers	**933,125**	938,535
Loans and advances to customers of disposal groups reported in 'Assets held for sale'	**1,855**	73,285
– banking business in Canada	**—**	56,129
– retail banking operations in France	**—**	16,902
– business in Argentina	**1,241**	—
– other	**613**	254
Non-current assets held for sale	**189**	92
Combined customer lending	**935,168**	1,011,912
Currency translation	**—**	(11,891)
Combined customer lending at constant currency	**935,168**	1,000,021
Customer accounts	**1,570,164**	1,611,647
Customer accounts reported in 'Liabilities of disposal groups held for sale'	**3,659**	85,950
– banking business in Canada	**—**	63,001
– retail banking operations in France	**—**	22,307
– business in Argentina	**2,559**	—
– other	**1,100**	643
Combined customer deposits	**1,573,823**	1,697,597
Currency translation	**—**	(19,525)
Combined customer deposits at constant currency	**1,573,823**	1,678,073

Loans and advances to customers

Loans and advances to customers of $0.9tn were $5bn lower on a reported basis. This included the adverse effects of foreign currency translation differences of $10bn, excluding which customer lending balances increased by $5bn. The increase primarily reflected growth in CMB, notably in HSBC Bank plc, and in GBM, while mortgage balances also increased in WPB in HSBC UK.

In WPB, customer lending decreased by $7bn. This primarily reflected the $8bn transfer to Corporate Centre of a portfolio of home and certain other loans retained following the sale of our retail banking operations in France. This was partly offset by growth in mortgage lending balances in HSBC UK of $1bn.

In CMB, customer lending increased by $3bn. This was driven by growth in term lending in HSBC Bank plc and in our legal entities in mainland China, Singapore, India, Mexico and Australia, as well as an increase in overdraft balances in HSBC Bank plc. This was partly offset by lower term lending balances in our legal entity in Hong Kong and also in HSBC UK.

In GBM, lending increased by $1bn, primarily reflecting higher overdraft balances, notably in HSBC Bank plc, and term lending growth in India and Singapore.

In Corporate Centre, the increase in customer lending balances of $8bn reflected the transfer of balances from WPB, as mentioned above.

We continue to expect mid-single digit annual percentage customer lending growth over the medium to long term. However, we expect demand to remain subdued in the near term.

Customer accounts

Customer accounts of $1.6tn reduced by $41bn on a reported basis. This included the adverse effects of foreign currency translation differences of $17bn, excluding which customer accounts fell by $24bn.

In WPB, customer accounts fell by $7bn, mainly due to decreases in our legal entity in Hong Kong which primarily reflected outflows into Wealth products due to an improvement in market sentiment, as well as a reduction in money market term deposit balances. In addition, we classified to 'assets held for sale' $1bn of customer accounts associated with the planned disposal of our business in Argentina. These reductions were partly offset by increases in term deposit balances in our legal entities in Singapore and mainland China, and in HSBC Bank plc. In HSBC UK, customer accounts were stable, as seasonal tax payments in January were offset by balance growth in February and March.

In CMB, the reduction in customer accounts of $14bn reflected net outflows in our legal entity in Hong Kong as customers deleverage and the impact of competitive pressures, lower balances in HSBC UK due to seasonality and market-wide tightening of liquidity, as well as the impact of repricing actions in our legal entity in the US. In addition, we classified to 'assets held for sale' $1bn of customer accounts associated with the planned disposal of our business in Argentina.

In GBM, customer accounts decreased by $3bn, primarily reflecting customer deleveraging and the impact of competitive pressures in our legal entity in Hong Kong, competitive pressures in mainland China and the impact of repricing actions in Singapore and the US.

Financial investments

As part of our interest rate hedging strategy, we hold a portfolio of debt instruments, reported within financial investments, which are classified as hold-to-collect-and-sell. As a result, the change in value of these instruments is recognised through 'debt instruments at fair value through other comprehensive income' in equity.

At 31 March 2024, we had recognised a pre-tax cumulative unrealised loss reserve through other comprehensive income of $4.1bn related to these hold-to-collect-and-sell positions. This reflected a $0.2bn pre-tax loss in 1Q24, inclusive of movements on related fair value hedges. Overall, the Group is positively exposed to rising interest rates through NII, although there is an adverse impact on our capital base in the early stages of a rising interest rate environment due to the fair value of hold-to-collect-and-sell instruments. Over time, these adverse movements will unwind as the instruments reach maturity, although not all will necessarily be held to maturity.

We also hold a portfolio of financial investments measured at amortised cost, which are classified as hold-to-collect. At 31 March 2024, there was a cumulative unrecognised loss of $2.6bn. Within this, $1.8bn related to debt instruments held to manage our interest rate exposure, representing a $0.8bn deterioration during 1Q24.

Risk-weighted assets – 31 March 2024 compared with 31 December 2023

Risk-weighted assets ('RWAs') reduced by $21.5bn during 1Q24. Excluding a decrease of $8.9bn from foreign currency translation differences, RWAs fell by $12.6bn, reflecting:

- a $36.2bn decline primarily due to a fall of $32.7bn from the disposal of our banking business in Canada, including the impact of foreign exchange hedges on the sale proceeds, and the sale of our retail banking operations in France.

This was partly offset by:

- a $14.4bn increase mainly driven by higher value at risk, increased corporate lending, notably in HSBC Bank plc and SAB, and a temporary increase from the Canada business sale proceeds. Additionally there was an increase due to higher securities financing exposures in counterparty credit risk;
- a $7.3bn increase mainly from unfavourable credit risk rating migrations and portfolio mix changes in CMB in Asia; and
- a $1.9bn increase due to methodology changes and credit risk parameter refinements notably in HSBC Bank plc and the Middle East.

Global businesses

Wealth and Personal Banking – constant currency basis

Results – on a constant currency basis

	Quarter ended					
				Variance		
				1Q24 vs. 1Q23		
	31 Mar 2024	31 Dec 2023	31 Mar 2023	**Total**		***of which strategic transactions[1]***
	$m	$m	$m	**$m**	**%**	***$m***
Revenue[1]	**7,164**	4,253	9,013	**(1,849)**	**(21)**	***(2,076)***
ECL	**(301)**	(289)	(243)	**(58)**	**(24)**	***—***
Operating expenses	**(3,695)**	(3,803)	(3,463)	**(232)**	**(7)**	***145***
Share of profit/(loss) from associates and JVs	**13**	19	17	**(4)**	**(24)**	***—***
Profit before tax	**3,181**	180	5,324	**(2,143)**	**(40)**	***(1,931)***

1 *4Q23 includes an impairment loss of $2.1bn relating to the sale of our retail banking operations in France. This largely offset the $2.0bn reversal of the held for sale classification recognised in 1Q23, which was subsequently reinstated in 4Q23 prior to completion. For further details, see 'Impact of strategic transactions' on page 5.*

Management view of revenue

	Quarter ended					
				Variance		
				1Q24 vs. 1Q23		
	31 Mar 2024	31 Dec 2023	31 Mar 2023			***of which strategic transactions***
	$m	$m	$m	**$m**	**%**	***$m***
Wealth	**2,192**	1,691	1,956	**236**	**12**	***(11)***
– investment distribution	**720**	567	636	**84**	**13**	***(11)***
– Global Private Banking	**672**	539	578	**94**	**16**	***—***
net interest income	**297**	281	298	**(1)**	**—**	***—***
non-interest income	**375**	258	280	**95**	**34**	***—***
– life insurance	**466**	255	437	**29**	**7**	***—***
– asset management	**334**	330	305	**29**	**10**	***—***
Personal Banking	**4,868**	4,971	4,986	**(118)**	**(2)**	***(44)***
– net interest income	**4,549**	4,613	4,678	**(129)**	**(3)**	***(28)***
– non-interest income	**319**	358	308	**11**	**4**	***(15)***
Other[1]	**104**	(2,409)	2,071	**(1,967)**	**(95)**	***(2,021)***
– of which: impairment (loss)/reversal relating to the planned sale of our retail banking operations in France	***53***	*(2,050)*	*2,044*	***(1,991)***	***(97)***	**(1,991)**
Net operating income[2]	**7,164**	4,253	9,013	**(1,849)**	**(21)**	***(2,076)***
RoTE (annualised)[3] (%)	**29.4**	28.5	50.2			

1 *'Other' includes Markets Treasury, HSBC Holdings interest expense and hyperinflation. It also includes the distribution and manufacturing (where applicable) of retail and credit protection insurance, disposal gains and other non-product-specific income.*
2 *'Net operating income' means net operating income before change in expected credit losses and other credit impairment charges (also referred to as 'revenue').*
3 *RoTE (annualised) in 1Q23 included a 21.3 percentage point favourable impact from the reversal of the impairment losses relating to the planned sale of our retail banking operations in France. RoTE for the 31 December 2023 period represents the full-year RoTE for 2023.*

Notable items

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Revenue			
Disposals, acquisitions and related costs	**53**	(2,030)	2,021
Disposal losses on Markets Treasury repositioning	**—**	(138)	—
Currency translation on revenue notable items	**—**	(20)	23
Operating expenses			
Disposals, acquisitions and related costs	**(1)**	(27)	(21)
Restructuring and other related costs	**2**	4	—
Currency translation on operating expenses notable items	**—**	—	—

1Q24 compared with 1Q23

Profit before tax of $3.2bn was $2.1bn lower than in 1Q23 on a constant currency basis. The reduction was driven by the non-recurrence of a $2.0bn reversal in 1Q23 of an impairment relating to the planned sale of our retail banking operations in France, although it was subsequently reinstated in 4Q23 and the sale completed on 1 January 2024. NII was stable compared with 1Q23, while fee income increased by 10%. Operating expenses grew by $0.2bn and there was an increase in ECL of $0.1bn.

Revenue of $7.2bn was $1.8bn or 21% lower on a constant currency basis. This included the non-recurrence of a $2.0bn reversal in 1Q23 mentioned above, included within 'Other'. Wealth performed strongly, up $0.2bn, mainly due to a rise of $0.1bn in Global Private Banking non-net interest income and $0.1bn in investment distribution, as well as growth in asset management and life insurance. This was partly offset by a reduction in Personal Banking NII of $0.1bn, primarily from margin compression, although there was balance sheet growth across a number of our entities.

In Wealth, revenue of $2.2bn was up $0.2bn or 12%.

- Global Private Banking revenue was $0.1bn or 16% higher due to strong performance in brokerage and trading in Asia.
- Investment distribution revenue grew by $0.1bn or 13% driven by mutual funds, structured products and bonds.
- Asset management revenue was $29m or 10% higher, driven by strong flows in 2023 and positive market movements, resulting in an 11% growth in assets under management.
- Life insurance revenue rose by $29m or 7%. The increase was mainly driven by an increase in contractual service margin ('CSM') earnings, largely due to growth in the CSM balance, reflecting increased sales during 2023 and into 1Q24. New business CSM of $0.8bn was 87% higher than in 1Q23, mainly in Hong Kong.

In Personal Banking, revenue of $4.9bn was down $0.1bn or 2%.

- NII was $0.1bn or 3% lower due to narrower margins and the disposal of our retail banking operations in France. Compared with 1Q23, lending balances fell due to the sale of our retail banking operations in France, partly offset by growth in HSBC UK and our main legal entities in Asia, Mexico and the US. Unsecured lending balances increased by $1bn, notably in the UK, Mexico, Hong Kong, Taiwan and India, partly offset by a reduction due to the sale of our retail banking operations in France and the divestment of our business in Oman. Deposit balances fell by $32bn, mainly due to the impact of the retail banking operations sale in France. Declines in HSBC UK and our main entity in Hong Kong were partly offset by growth in our main legal entities in mainland China, Singapore, Australia, Taiwan and the Channel Islands.

Other revenue decreased by $2.0bn, mainly due to the non-recurrence of a $2.0bn reversal in 1Q23 mentioned above. The reduction in revenue also included a $0.1bn adverse impact of hyperinflation.

ECL were $0.3bn, an increase of $0.1bn compared with 1Q23 on a constant currency basis. ECL in 1Q24 included a $0.2bn charge in Mexico, which was $49m higher than in 1Q23, reflecting growth in lending during 2023. Our credit metrics remained stable, despite continuing inflationary pressures.

Operating expenses of $3.7bn were 7% higher on a constant currency basis, reflecting continued investments, notably in wealth in Asia, higher technology spend, a higher performance-related pay accrual relative to 1Q23, and the impact of inflation. These were partly offset by ongoing cost discipline.

Commercial Banking – constant currency basis

Results – on a constant currency basis

	Quarter ended					
				Variance		
				1Q24 vs. 1Q23		
	31 Mar 2024	31 Dec 2023	31 Mar 2023	**Total**		***of which strategic transactions[1]***
	$m	$m	$m	**$m**	**%**	***$m***
Revenue	**5,532**	5,095	6,709	**(1,177)**	**(18)**	***(1,405)***
ECL	**(380)**	(665)	(149)	**(231)**	**>(100)**	***22***
Operating expenses	**(1,872)**	(1,976)	(1,677)	**(195)**	**(12)**	***(68)***
Share of profit/(loss) from associates and JVs	**—**	—	—	**—**	**—**	***—***
Profit before tax	**3,280**	2,454	4,883	**(1,603)**	**(33)**	***(1,451)***

1 1Q23 includes a gain of $1.6bn recognised in respect of the acquisition of SVB UK. For further details, see 'Impact of strategic transactions' on page 5.

Management view of revenue

	Quarter ended					
				Variance		
				1Q24 vs. 1Q23		
	31 Mar 2024	31 Dec 2023	31 Mar 2023			***of which strategic transactions***
	$m	$m	$m	**$m**	**%**	***$m***
Global Trade and Receivables Finance	**497**	477	499	**(2)**	**—**	***1***
Credit and Lending	**1,382**	1,248	1,352	**30**	**2**	***75***
Global Payments Solutions	**3,077**	3,171	2,885	**192**	**7**	***44***
GBM products, Insurance and Investments, and Other[1]	**576**	199	1,973	**(1,397)**	**(71)**	***(1,525)***
– *of which: share of revenue from Markets and Securities Services and Banking products*	***328***	*321*	*338*	***(10)***	***(3)***	***7***
– *of which: gain on the acquisition of Silicon Valley Bank UK Limited*	***—***	*(2)*	*1,577*	***(1,577)***	***(100)***	***(1,577)***
Net operating income[2]	**5,532**	5,095	6,709	**(1,177)**	**(18)**	***(1,405)***
– *of which: transaction banking[3]*	***3,808***	*3,899*	*3,628*	***180***	***5***	
RoTE (annualised)[4] (%)	**21.8**	23.4	36.1			

1 *Includes a gain on the acquisition of SVB UK and CMB's share of revenue from the sale of Markets and Securities Services and Banking products to CMB customers. GBM's share of revenue from the sale of these products to CMB customers is included within the corresponding lines of the GBM management view of revenue. Also includes allocated revenue from Markets Treasury, HSBC Holdings interest expense and hyperinflation.*

2 *'Net operating income' means net operating income before change in expected credit losses and other credit impairment charges (also referred to as 'revenue').*

3 *Transaction banking comprises Global Trade and Receivables Finance, Global Payments Solutions and CMB's share of Global Foreign Exchange (shown within 'share of revenue from Markets and Securities Services and Banking products').*

4 *RoTE (annualised) in 1Q23 included a 13.3 percentage point favourable impact of the provisional gain on the acquisition of Silicon Valley Bank UK Limited. RoTE for the 31 December 2023 period represents the full-year RoTE for 2023.*

Notable items

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Revenue			
Disposals, acquisitions and related costs	**—**	(2)	1,511
Disposal losses on Markets Treasury repositioning	**—**	(126)	—
Currency translation on revenue notable items	**—**	—	66
Operating expenses			
Disposals, acquisitions and related costs	**(1)**	(25)	—
Restructuring and other related costs	**1**	2	—
Currency translation on operating expenses notable items	**—**	—	—

1Q24 compared with 1Q23

Profit before tax of $3.3bn was $1.6bn lower than in 1Q23 on a constant currency basis. This was largely due to the non-recurrence of a $1.6bn gain recognised in 1Q23 on the acquisition of SVB UK, partly offset by incremental IVB revenue following the acquisition and integration of SVB UK.

Revenue of $5.5bn was $1.2bn or 18% lower on a constant currency basis.

- In GPS, revenue increased by $0.2bn, with growth in all main legal entities, including incremental IVB revenue. This was driven by an increase in margins reflecting interest rate rises and repricing actions. Average balances were marginally lower reflecting global tightening of liquidity, notably in our legal entities in the UK and Asia. There was also a 4% increase in fee income as business initiatives drove growth in transaction banking including higher volumes and international payments, notably in our main legal entities in the US and Asia.
- In Global Trade and Receivables Finance, revenue was stable reflecting improved margins which were offset by the impacts from the softer trade cycle in Asia.
- In Credit and Lending, revenue increased by $30m or 2%, primarily due to incremental IVB revenue. This was partly offset by margin compression and lower balances, notably in 2023, reflecting softer demand from customers, notably in our legal entity in Asia.
- In GBM products, Insurance and Investments, and Other, revenue decreased by $1.4bn, largely due to the non-recurrence of a $1.6bn gain recognised in 1Q23 on the acquisition of SVB UK and adverse impacts of hyperinflationary accounting of $0.2bn. These adverse impacts were partly offset by higher revenues from Markets Treasury and interest income on own capital.

ECL charges of $0.4bn were $0.2bn higher than in 1Q23 on a constant currency basis given benign credit conditions in 1Q23, including a net release of stage 1 and stage 2 allowances reflecting a favourable shift in economic assumptions, notably in our main legal entity in Asia.

Operating expenses of $1.9bn were $0.2bn or 12% higher than in 1Q23, on a constant currency basis. The increase reflected incremental costs in IVB of $0.1bn following the acquisition and integration of SVB UK, a higher performance-related pay accrual relative to 1Q23, ongoing investment in technology and inflationary impacts. These increases were in part mitigated by the impact of continued strategic cost-saving initiatives.

Global Banking and Markets – constant currency basis

Results – on a constant currency basis

	Quarter ended					
				Variance 1Q24 vs. 1Q23		
	31 Mar 2024 $m	31 Dec 2023 $m	31 Mar 2023 $m	**Total $m**	**%**	***of which strategic transactions[1] $m***
Revenue	**4,455**	3,666	4,402	**53**	**1**	**—**
ECL	**(33)**	(16)	(31)	**(2)**	**(6)**	**—**
Operating expenses	**(2,397)**	(2,695)	(2,381)	**(16)**	**(1)**	**—**
Share of profit/(loss) from associates and JVs	**—**	—	—	**—**	**—**	**—**
Profit before tax	**2,025**	955	1,990	**35**	**2**	**—**

1 *For further details, see 'Impact of strategic transactions' on page 5. There was no impact resulting from strategic transactions for GBM in 1Q24.*

Management view of revenue

	Quarter ended					
				Variance 1Q24 vs. 1Q23		
	31 Mar 2024 $m	31 Dec 2023 $m	31 Mar 2023 $m	**$m**	**%**	***of which strategic transactions[7] $m***
Markets and Securities Services	**2,454**	2,062	2,518	**(64)**	**(3)**	**—**
– Securities Services	**564**	565	558	**6**	**1**	**—**
– Global Debt Markets	**324**	77	354	**(30)**	**(8)**	**—**
– Global Foreign Exchange	**971**	963	1,201	**(230)**	**(19)**	**—**
– Equities	**257**	149	144	**113**	**78**	**—**
– Securities Financing	**367**	304	261	**106**	**41**	**—**
– Credit and funding valuation adjustments	**(29)**	4	—	**(29)**	**n/a**	**—**
Banking	**2,191**	2,110	2,127	**64**	**3**	**—**
– Global Trade and Receivables Finance	**176**	163	177	**(1)**	**(1)**	**—**
– Global Payments Solutions	**1,162**	1,157	1,073	**89**	**8**	**—**
– Credit and Lending	**453**	479	499	**(46)**	**(9)**	**—**
– Investment Banking[1]	**279**	223	310	**(31)**	**(10)**	**—**
– Other[2]	**121**	88	68	**53**	**78**	**—**
GBM Other	**(190)**	(506)	(243)	**53**	**22**	**—**
– Principal Investments	**(5)**	(18)	(5)	**—**	**—**	**—**
– Other[3]	**(185)**	(488)	(238)	**53**	**22**	**—**
Net operating income[4]	**4,455**	3,666	4,402	**53**	**1**	**—**
– *of which: transaction banking[5]*	***2,873***	*2,848*	*3,009*	***(136)***	***(5)***	
RoTE (annualised) (%)[6]	**15.1**	11.4	15.5			

1 *From 1 January 2024, we renamed 'Capital Markets and Advisory' as 'Investment Banking' to better reflect our purpose and offering.*
2 *Includes portfolio management, earnings on capital and other capital allocations on all Banking products.*
3 *Includes notional tax credits and Markets Treasury, HSBC Holdings interest expense and hyperinflation.*
4 *'Net operating income' means net operating income before change in expected credit losses and other credit impairment charges (also referred to as 'revenue').*
5 *Transaction banking comprises Securities Services, Global Foreign Exchange (net of revenue shared with CMB), Global Trade and Receivables Finance and GPS.*
6 *RoTE for the 31 December 2023 period represents the full-year RoTE for 2023.*
7 *There was no impact resulting from strategic transactions for GBM in 1Q24.*

Notable items

	Quarter ended		
	31 Mar 2024 $m	31 Dec 2023 $m	31 Mar 2023 $m
Revenue			
Disposal losses on Markets Treasury repositioning	**—**	(135)	—
Currency translation on revenue notable items	**—**	—	—
Operating expenses			
Disposals, acquisitions and related costs	**—**	—	3
Restructuring and other related costs	**2**	17	—
Currency translation on operating expenses notable items	**—**	1	—

1Q24 compared with 1Q23

Profit before tax of $2.0bn was $35m or 2% higher than in 1Q23 on a constant currency basis. Revenue increased marginally by 1% while operating expenses and ECL remained broadly stable compared with prior year.

In Markets and Securities Services ('MSS'), revenue was $0.1bn or 3% lower.

- Global Debt Markets revenue fell by $30m or 8%. Lower secondary client activity reflected market outlook uncertainty, partly offset by increased primary market activity at the beginning of the quarter.
- Global Foreign Exchange revenue fell by $0.2bn or 19% compared with a strong 1Q23, as the uncertain outlook affected client flows and risk management activity.
- Equities revenue increased by $0.1bn or 78% reflecting strong client activity as market sentiment improved. In contrast, 1Q23 had considerably weaker performance as increasing interest rates reduced clients' risk appetite.
- Securities Financing revenue increased by $0.1bn or 41%, driven by new clients on-boarding resulting in increased flows, including in prime finance.

In Banking, revenue increased by $0.1bn or 3%.

- GPS revenue increased by $0.1bn or 8%, driven by margin growth from rising global interest rates and business pricing actions.
- Investment Banking revenue, which includes Issuer Services, decreased by $31m or 10%, notably as the prior year included a small number of large transactions.
- Credit and Lending revenue decreased by $46m or 9% as the business continued to experience weaker client demand.

GBM Other revenue increased by $53m or 22% compared with prior year.

ECL of $33m in 1Q24 were broadly stable compared with 1Q23 on a constant currency basis.

Operating expenses of $2.4bn increased marginally by $16m or 1% on a constant currency basis due to the impact of inflation and a higher performance-related pay accrual relative to 1Q23, which were in part mitigated by business actions.

Corporate Centre – constant currency basis

Results – on a constant currency basis

	Quarter ended					
				Variance		
				1Q24 vs. 1Q23		
	31 Mar 2024	31 Dec 2023	31 Mar 2023	**Total**		***of which strategic transactions***[1]
	$m	$m	$m	**$m**	**%**	***$m***
Revenue	**3,601**	(270)	101	**3,500**	**>100**	***3,652***
ECL	**(6)**	2	(5)	**(1)**	**(20)**	**—**
Operating expenses	**(187)**	(56)	(47)	**(140)**	**>(100)**	***(18)***
Share of profit/(loss) from associates and JVs less impairment	**756**	(2,402)	685	**71**	**10**	**—**
Profit before tax	**4,164**	(2,726)	734	**3,430**	**>100**	***3,634***

1 *For further details, see 'Impact of strategic transactions' on page 5.*

Management view of revenue

	Quarter ended					
				Variance		
				1Q24 vs. 1Q23		
	31 Mar 2024	31 Dec 2023	31 Mar 2023			***of which strategic transactions***
	$m	$m	$m	**$m**	**%**	***$m***
Central Treasury[1]	**9**	1	101	**(92)**	**—**	**—**
Legacy portfolios	**10**	6	(2)	**12**	**>100**	**—**
Other[2,3]	**3,582**	(277)	2	**3,580**	**>100**	***3,652***
– *of which: gain on the sale of our banking business in Canada and associated hedges*[4]	***4,789***	*(245)*	*(57)*	***4,846***	***>100***	**4,846**
– *of which: impairment loss relating to the planned sale of our business in Argentina*	***(1,137)***	—	—	***(1,137)***	***>100***	**(1,137)**
Net operating income[5]	**3,601**	(270)	101	**3,500**	**>100**	***3,652***
RoTE (annualised) (%)[6]	**36.6**	(1.0)	11.1			

1 *Central Treasury comprises valuation differences on issued long-term debt and associated swaps and fair value movements on financial instruments.*
2 *Other comprises gains and losses on certain planned disposals, funding charges on property and technology assets, revaluation gains and losses on investment properties and property disposals, as well as consolidation adjustments and other revenue items not allocated to global businesses.*
3 *Revenue from Markets Treasury, HSBC Holdings net interest expense and hyperinflation are allocated out to the global businesses, to align them better with their revenue and expense. The total Markets Treasury revenue component of this allocation for 1Q24 was $484m (1Q23: $214m; 4Q23: $(142)m).*
4 *Includes fair value gains/(losses) on the foreign exchange hedging of the proceeds of the sale and the recycling of reserves.*
5 *'Net operating income' means net operating income before change in expected credit losses and other credit impairment charges (also referred to as 'revenue').*
6 *RoTE for the 31 December 2023 period represents the full-year RoTE for 2023.*

Notable items

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Revenue			
Disposals, acquisitions and related costs[1]	**3,679**	(301)	30
Fair value movements on financial instruments[2]	**—**	(1)	15
Currency translation on revenue notable items	**—**	(3)	3
Operating expenses			
Disposals, acquisitions and related costs	**(61)**	(72)	(43)
Restructuring and other related costs	**8**	36	—
Currency translation on operating expenses notable items	**—**	—	(1)
Share of profit in associates and joint ventures less impairment			
Impairment of interest in associate	**—**	(3,000)	—
Currency translation on associate notable items	**—**	(17)	—

1 *Includes fair value movements on the foreign exchange hedging of the proceeds of the sale of our banking business in Canada and recycling of reserves.*
2 *Fair value movements on non-qualifying hedges in HSBC Holdings.*

1Q24 compared with 1Q23

Profit before tax of $4.2bn was $3.4bn higher than in 1Q23 on a constant currency basis. This increase included a $4.8bn gain in 1Q24 following the sale of our banking business in Canada, inclusive of fair value gains on the hedging of the sale proceeds and recycling of related reserves. This was partly offset by a $1.1bn impairment recognised following the classification of our business in Argentina as held for sale.

Revenue of $3.6bn was $3.5bn higher on a constant currency basis, which included a $4.8bn gain on the sale of our banking business in Canada, as mentioned above. These factors were partly offset by a $1.1bn impairment recognised following the classification of our business in Argentina as held for sale, adverse fair value movements on financial instruments in Central Treasury and structural hedges, and the non-recurrence of a 1Q23 favourable impact following the reversal of an impairment related to the sale of our France retail banking operations. In addition, 1Q24 included an impairment of $0.1bn following the classification of our operations in Armenia to held for sale.

Operating expenses increased by $0.1bn on a constant currency basis, including a charge in the US related to the incremental cost of the FDIC special assessment, as well as an increase associated with disposals, acquisitions and related costs.

Share of profit from associates and joint ventures of $0.8bn increased by $0.1bn or 10% which included an increase in share of profit from SAB.

Supplementary financial information

Reported and constant currency results

Reported and constant currency results[1]

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Revenue[2]			
Reported	**20,752**	13,021	20,171
Currency translation		(277)	54
Constant currency	**20,752**	12,744	20,225
Change in expected credit losses and other credit impairment charges			
Reported	**(720)**	(1,031)	(432)
Currency translation		63	4
Constant currency	**(720)**	(968)	(428)
Operating expenses			
Reported	**(8,151)**	(8,645)	(7,586)
Currency translation		115	18
Constant currency	**(8,151)**	(8,530)	(7,568)
Share of profit in associates and joint ventures			
Reported	**769**	(2,368)	733
Currency translation		(15)	(31)
Constant currency	**769**	(2,383)	702
Profit before tax			
Reported	**12,650**	977	12,886
Currency translation		(114)	45
Constant currency	**12,650**	863	12,931
Profit after tax			
Reported	**10,837**	222	11,026
Currency translation		(51)	48
Constant currency	**10,837**	171	11,074
Loans and advances to customers (net)			
Reported	**933,125**	938,535	963,394
Currency translation		(10,055)	(85)
Constant currency	**933,125**	928,480	963,309
Customer accounts			
Reported	**1,570,164**	1,611,647	1,604,099
Currency translation		(17,361)	(1,379)
Constant currency	**1,570,164**	1,594,286	1,602,720

1 *In the current period, constant currency results are equal to reported as there is no currency translation.*
2 *Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.*

Notable items

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Revenue			
Disposals, acquisitions and related costs[1,2,3]	**3,732**	(2,333)	3,562
Fair value movements on financial instruments[4]	**—**	(1)	15
Disposal losses on Markets Treasury repositioning	**—**	(399)	—
Operating expenses			
Disposals, acquisitions and related costs	**(63)**	(124)	(61)
Restructuring and other related costs[5]	**13**	59	—
Impairment of interest in associate[6]	**—**	(3,000)	—
Tax			
Tax (charge)/credit on notable items	**8**	581	(492)
Uncertain tax positions	**—**	—	427

1 *Includes the impacts of the sale of our retail banking operations in France.*
2 *Includes a gain of $1.5bn recognised in respect of the acquisition of SVB UK.*
3 *Includes a $4.8bn gain on disposal of our banking business in Canada, inclusive of a $0.3bn gain on the foreign exchange hedging of the sale proceeds, the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves recycling losses. This is partly offset by a $1.1bn impairment recognised in relation to the planned sale of our business in Argentina.*
4 *Fair value movements on non-qualifying hedges in HSBC Holdings.*
5 *Relates to reversals of restructuring provisions recognised during 2022.*
6 *Relates to an impairment loss of $3.0bn recognised in respect of the Group's investment in BoCom.*

Global businesses

Supplementary analysis of constant currency results and notable items by global business

Constant currency results

	Quarter ended 31 Mar 2024				
	Wealth and Personal Banking	**Commercial Banking**	**Global Banking and Markets**	**Corporate Centre[1]**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**
Revenue[2]	**7,164**	**5,532**	**4,455**	**3,601**	**20,752**
ECL	**(301)**	**(380)**	**(33)**	**(6)**	**(720)**
Operating expenses	**(3,695)**	**(1,872)**	**(2,397)**	**(187)**	**(8,151)**
Share of profit in associates and joint ventures	**13**	**—**	**—**	**756**	**769**
Profit before tax	**3,181**	**3,280**	**2,025**	**4,164**	**12,650**
Loans and advances to customers (net)	**443,516**	**308,596**	**173,186**	**7,827**	**933,125**
Customer accounts	**790,715**	**456,286**	**322,773**	**390**	**1,570,164**

1 *With effect from 1 January 2024, following the sale of our retail banking business in France, we have prospectively reclassified the portfolio of retained loans, profit participation interest and licence agreement of the CCF brand from WPB to Corporate Centre.*
2 *Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.*

Notable items

	Quarter ended 31 Mar 2024				
	Wealth and Personal Banking	**Commercial Banking**	**Global Banking and Markets**	**Corporate Centre**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**
Revenue					
Disposals, acquisitions and related costs[1]	**53**	**—**	**—**	**3,679**	**3,732**
Operating expenses					
Disposals, acquisitions and related costs	**(1)**	**(1)**	**—**	**(61)**	**(63)**
Restructuring and other related costs[2]	**2**	**1**	**2**	**8**	**13**

1 *Includes a $4.8bn gain on disposal of our banking business in Canada, inclusive of a $0.3bn gain on the foreign exchange hedging of the sale proceeds, the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves recycling losses. This is partly offset by a $1.1bn impairment recognised in relation to the planned sale of our business in Argentina.*
2 *Relates to reversals of restructuring provisions recognised during 2022.*

Constant currency results (continued)

	Quarter ended 31 Mar 2023				
	Wealth and Personal Banking	Commercial Banking[1]	Global Banking and Markets[1]	Corporate Centre	Total
	$m	$m	$m	$m	$m
Revenue[2]					
Reported	8,983	6,675	4,440	73	20,171
Currency translation	30	34	(38)	28	54
Constant currency	9,013	6,709	4,402	101	20,225
ECL					
Reported	(246)	(151)	(32)	(3)	(432)
Currency translation	3	2	1	(2)	4
Constant currency	(243)	(149)	(31)	(5)	(428)
Operating expenses					
Reported	(3,483)	(1,712)	(2,368)	(23)	(7,586)
Currency translation	20	35	(13)	(24)	18
Constant currency	(3,463)	(1,677)	(2,381)	(47)	(7,568)
Share of profit in associates and joint ventures					
Reported	17	—	—	716	733
Currency translation	—	—	—	(31)	(31)
Constant currency	17	—	—	685	702
Profit before tax					
Reported	5,271	4,812	2,040	763	12,886
Currency translation	53	71	(50)	(29)	45
Constant currency	5,324	4,883	1,990	734	12,931
Loans and advances to customers (net)					
Reported	455,266	323,268	184,492	368	963,394
Currency translation	2,417	(1,149)	(1,350)	(3)	(85)
Constant currency	457,683	322,119	183,142	365	963,309
Customer accounts					
Reported	809,830	471,187	322,443	639	1,604,099
Currency translation	1,232	(590)	(2,025)	4	(1,379)
Constant currency	811,062	470,597	320,418	643	1,602,720

1 *In the first quarter of 2023, following an internal review to assess which global businesses were best suited to serve our customers' respective needs, a portfolio of our customers within our markets in Latin America was transferred from GBM to CMB for reporting purposes.*
2 *Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.*

Notable items (continued)

	Quarter ended 31 Mar 2023				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Revenue					
Disposals, acquisitions and related costs[1,2]	2,021	1,511	—	30	3,562
Fair value movements on financial instruments[3]	—	—	—	15	15
Operating expenses					
Disposals, acquisitions and related costs	(21)	—	3	(43)	(61)

1 *Includes the reversal of a $2.1bn impairment loss relating to the sale of our retail banking operations in France, recognised in 3Q22, which was no longer classified as held for sale in 1Q23.*
2 *Includes a gain of $1.5bn recognised in respect of the acquisition of SVB UK.*
3 *Fair value movements on non-qualifying hedges in HSBC Holdings.*

Constant currency results (continued)

	Quarter ended 31 Dec 2023				
	Wealth and Personal Banking	Commercial Banking[1]	Global Banking and Markets[1]	Corporate Centre	Total
	$m	$m	$m	$m	$m
Revenue[2]					
Reported	4,356	5,227	3,727	(289)	13,021
Currency translation	(103)	(132)	(61)	19	(277)
Constant currency	4,253	5,095	3,666	(270)	12,744
ECL					
Reported	(320)	(690)	(24)	3	(1,031)
Currency translation	31	25	8	(1)	63
Constant currency	(289)	(665)	(16)	2	(968)
Operating expenses					
Reported	(3,880)	(2,044)	(2,683)	(38)	(8,645)
Currency translation	77	68	(12)	(18)	115
Constant currency	(3,803)	(1,976)	(2,695)	(56)	(8,530)
Share of profit in associates and joint ventures					
Reported	19	—	—	(2,387)	(2,368)
Currency translation	—	—	—	(15)	(15)
Constant currency	19	—	—	(2,402)	(2,383)
Profit/(loss) before tax					
Reported	175	2,493	1,020	(2,711)	977
Currency translation	5	(39)	(65)	(15)	(114)
Constant currency	180	2,454	955	(2,726)	863
Loans and advances to customers (net)					
Reported	454,878	309,422	173,966	269	938,535
Currency translation	(4,724)	(3,351)	(1,976)	(4)	(10,055)
Constant currency	450,154	306,071	171,990	265	928,480
Customer accounts					
Reported	804,863	475,666	330,522	596	1,611,647
Currency translation	(7,233)	(4,931)	(5,191)	(6)	(17,361)
Constant currency	797,630	470,735	325,331	590	1,594,286

1 *In the first quarter of 2023, following an internal review to assess which global businesses were best suited to serve our customers' respective needs, a portfolio of our customers within our markets in Latin America was transferred from GBM to CMB for reporting purposes.*
2 *Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.*

Notable items (continued)

	Quarter ended 31 Dec 2023				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Revenue					
Disposals, acquisitions and related costs[1,2]	(2,030)	(2)	—	(301)	(2,333)
Fair value movements on financial instruments[3]	—	—	—	(1)	(1)
Disposal losses on Markets Treasury repositioning	(138)	(126)	(135)	—	(399)
Operating expenses					
Disposals, acquisitions and related costs	(27)	(25)	—	(72)	(124)
Restructuring and other related costs[4]	4	2	17	36	59
Impairment of interest in associate[5]	—	—	—	(3,000)	(3,000)

1 *Includes the impact of the sale of our retail banking operations in France.*
2 *Includes fair value movements on the foreign exchange hedging of the proceeds from the sale of our banking business in Canada.*
3 *Fair value movements on non-qualifying hedges in HSBC Holdings.*
4 *Amounts relate to reversals of restructuring provisions recognised during 2022.*
5 *Relates to an impairment loss of $3.0bn recognised in respect of the Group's investment in BoCom.*

Reconciliation of reported risk-weighted assets to constant currency risk-weighted assets

The following table reconciles reported and constant currency RWAs.

Reconciliation of reported risk-weighted assets to constant currency risk-weighted assets

	At 31 Mar 2024				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$bn	$bn	$bn	$bn	$bn
Risk-weighted assets					
Reported	**182.2**	**337.8**	**222.7**	**89.9**	**832.6**
Constant currency	**182.2**	**337.8**	**222.7**	**89.9**	**832.6**
	At 31 Dec 2023				
Risk-weighted assets					
Reported	192.9	354.5	218.5	88.2	854.1
Currency translation	(2.5)	(4.7)	(2.9)	(0.6)	(10.7)
Constant currency	190.4	349.8	215.6	87.6	843.4
	At 31 Mar 2023				
Risk-weighted assets					
Reported	181.4	353.1	225.2	94.7	854.4
Currency translation	(1.9)	(4.5)	(2.7)	(1.1)	(10.2)
Constant currency	179.5	348.6	222.5	93.6	844.2

Legal entities

Supplementary analysis of constant currency results and notable items by legal entity

Legal entity results[1]

	Quarter ended 31 Mar 2024									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities[2]	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue[3]	**3,091**	**2,307**	**8,469**	**620**	**1,086**	**462**	**888**	**790**	**3,039**	**20,752**
ECL	**(52)**	**(66)**	**(271)**	**(55)**	**7**	**(40)**	**(176)**	**(68)**	**1**	**(720)**
Operating expenses	**(1,228)**	**(1,554)**	**(3,352)**	**(282)**	**(840)**	**(236)**	**(530)**	**(477)**	**348**	**(8,151)**
Share of profit/(loss) in associates and joint ventures	**—**	**10**	**611**	**—**	**—**	**—**	**4**	**145**	**(1)**	**769**
Profit before tax	**1,811**	**697**	**5,457**	**283**	**253**	**186**	**186**	**390**	**3,387**	**12,650**
Loans and advances to customers (net)	**268,477**	**107,995**	**449,043**	**20,732**	**54,941**	**—**	**27,581**	**4,356**	**—**	**933,125**
Customer accounts	**333,416**	**290,613**	**776,288**	**33,397**	**95,407**	**—**	**31,244**	**9,726**	**73**	**1,570,164**

1 *In the current period, constant currency results are equal to reported, as there is no currency translation.*
2 *Other trading entities includes the results of entities located in Türkiye, Egypt and Saudi Arabia (including our share of the results of Saudi Awwal Bank) which do not consolidate into HSBC Bank Middle East Limited. These entities had an aggregated impact on Group reported profit before tax of $359m. Supplementary analysis is provided on page 29 to give a fuller picture of the MENAT regional performance.*
3 *Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.*

Notable items

	Quarter ended 31 Mar 2024									
	HSBC UK Bank plc	**HSBC Bank plc**	**The Hongkong and Shanghai Banking Corpo-ration Limited**	**HSBC Bank Middle East Limited**	**HSBC North America Holdings Inc.**	**HSBC Bank Canada**	**Grupo Financiero HSBC, S.A. de C.V.**	**Other trading entities**	**Holding companies, shared service centres and intra-Group eliminations**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue										
Disposals, acquisitions and related costs[1]	**—**	**(16)**	**—**	**—**	**—**	**—**	**—**	**—**	**3,748**	**3,732**
Operating expenses										
Disposals, acquisitions and related costs	**—**	**(5)**	**—**	**—**	**(7)**	**(36)**	**—**	**—**	**(15)**	**(63)**
Restructuring and other related costs[2]	**3**	**9**	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**13**

1 *Includes a $4.8bn gain on disposal of our banking business in Canada, inclusive of a $0.3bn gain on the foreign exchange hedging of the sale proceeds, the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves recycling losses. This is partly offset by a $1.1bn impairment recognised in relation to the planned sale of our business in Argentina.*
2 *Relates to reversals of restructuring provisions recognised during 2022.*

Legal entity results (continued)

	Quarter ended 31 Mar 2023									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities[1]	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue[2]										
Reported	4,275	4,432	8,334	624	1,083	500	748	932	(757)	20,171
Currency translation	184	85	(75)	—	—	1	73	(234)	20	54
Constant currency	4,459	4,517	8,259	624	1,083	501	821	698	(737)	20,225
ECL										
Reported	(161)	(18)	(67)	7	(29)	(1)	(128)	(35)	—	(432)
Currency translation	(7)	(2)	3	—	—	—	(13)	21	2	4
Constant currency	(168)	(20)	(64)	7	(29)	(1)	(141)	(14)	2	(428)
Operating expenses										
Reported	(983)	(1,657)	(3,084)	(254)	(747)	(260)	(407)	(512)	318	(7,586)
Currency translation	(42)	(41)	31	—	—	(1)	(40)	130	(19)	18
Constant currency	(1,025)	(1,698)	(3,053)	(254)	(747)	(261)	(447)	(382)	299	(7,568)
Share of profit/(loss) in associates and joint ventures										
Reported	—	(43)	666	—	—	—	2	108	—	733
Currency translation	—	—	(32)	—	—	—	1	1	(1)	(31)
Constant currency	—	(43)	634	—	—	—	3	109	(1)	702
Profit before tax										
Reported	3,131	2,714	5,849	377	307	239	215	493	(439)	12,886
Currency translation	135	42	(73)	—	—	—	21	(82)	2	45
Constant currency	3,266	2,756	5,776	377	307	239	236	411	(437)	12,931
Loans and advances to customers (net)										
Reported	258,758	117,858	468,924	18,829	54,374	—	22,728	21,923	—	963,394
Currency translation	5,511	320	(5,392)	16	—	—	1,943	(2,482)	(1)	(85)
Constant currency	264,269	118,178	463,532	18,845	54,374	—	24,671	19,441	(1)	963,309
Customer accounts										
Reported	343,803	281,557	778,853	30,994	101,537	—	27,153	40,041	161	1,604,099
Currency translation	7,322	2,480	(6,633)	28	—	—	2,321	(6,897)	—	(1,379)
Constant currency	351,125	284,037	772,220	31,022	101,537	—	29,474	33,144	161	1,602,720

1 *Other trading entities includes the results of entities located in Oman, Türkiye, Egypt and Saudi Arabia (including our share of the results of Saudi Awwal Bank) which do not consolidate into HSBC Bank Middle East Limited. These entities had an aggregated impact on Group reported profit before tax of $249m and constant currency profit before tax of $240m. Supplementary analysis is provided on page 29 to give a fuller picture of the MENAT regional performance.*
2 *Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.*

Notable items (continued)

	Quarter ended 31 Mar 2023									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue										
Disposals, acquisitions and related costs[1,2,3]	1,511	2,107	—	—	—	—	—	—	(56)	3,562
Fair value movements on financial instruments[4]	—	—	—	—	—	—	—	—	15	15
Operating expenses										
Disposals, acquisitions and related costs	(8)	(25)	—	—	(1)	(27)	—	—	—	(61)

1 *Includes the reversal of a $2.1bn impairment loss recognised in 3Q22 relating to the sale of our retail banking operations in France.*
2 *Includes a gain of $1.5bn recognised in respect of the acquisition of SVB UK.*
3 *Includes fair value movements on the foreign exchange hedging of the proceeds from the sale of our banking business in Canada.*
4 *Fair value movements on non-qualifying hedges in HSBC Holdings.*

Legal entity results (continued)

	Quarter ended 31 Dec 2023									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities[1]	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue[2]										
Reported	3,008	143	7,646	589	727	465	886	1,441	(1,884)	13,021
Currency translation	67	12	7	—	—	6	30	(418)	19	(277)
Constant currency	3,075	155	7,653	589	727	471	916	1,023	(1,865)	12,744
ECL										
Reported	(47)	(59)	(437)	(84)	(47)	(15)	(274)	(172)	104	(1,031)
Currency translation	(1)	—	—	—	—	(1)	(10)	73	2	63
Constant currency	(48)	(59)	(437)	(84)	(47)	(16)	(284)	(99)	106	(968)
Operating expenses										
Reported	(1,260)	(1,850)	(3,520)	(289)	(1,048)	(274)	(470)	(799)	865	(8,645)
Currency translation	(28)	(32)	(5)	—	—	(3)	(15)	214	(16)	115
Constant currency	(1,288)	(1,882)	(3,525)	(289)	(1,048)	(277)	(485)	(585)	849	(8,530)
Share of profit/(loss) in associates and joint ventures										
Reported	—	—	(2,522)	—	—	—	5	149	—	(2,368)
Currency translation	—	—	(14)	—	—	—	—	—	(1)	(15)
Constant currency	—	—	(2,536)	—	—	—	5	149	(1)	(2,383)
Profit/(loss) before tax										
Reported	1,701	(1,766)	1,167	216	(368)	176	147	619	(915)	977
Currency translation	38	(20)	(12)	—	—	2	5	(131)	4	(114)
Constant currency	1,739	(1,786)	1,155	216	(368)	178	152	488	(911)	863
Loans and advances to customers (net)										
Reported	270,208	95,750	455,315	20,072	54,829	—	26,410	15,951	—	938,535
Currency translation	(2,457)	(1,755)	(5,114)	—	—	—	490	(1,218)	(1)	(10,055)
Constant currency	267,751	93,995	450,201	20,072	54,829	—	26,900	14,733	(1)	928,480
Customer accounts										
Reported	339,611	274,733	801,430	31,341	99,607	—	29,423	35,326	176	1,611,647
Currency translation	(3,089)	(4,240)	(7,387)	—	—	—	546	(3,190)	(1)	(17,361)
Constant currency	336,522	270,493	794,043	31,341	99,607	—	29,969	32,136	175	1,594,286

1 *Other trading entities includes the results of entities located in Türkiye, Egypt and Saudi Arabia (including our share of the results of Saudi Awwal Bank) which do not consolidate into HSBC Bank Middle East Limited. These entities had an aggregated impact on Group reported profit before tax of $353m and constant currency profit before tax of $332m. Supplementary analysis is provided on page 29 to give a fuller picture of the MENAT regional performance.*
2 *Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.*

Notable items (continued)

	Quarter ended 31 Dec 2023									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue										
Disposals, acquisitions and related costs[1,2]	(2)	(2,112)	—	—	—	—	—	—	(219)	(2,333)
Fair value movements on financial instruments[3]	—	—	—	—	—	—	—	—	(1)	(1)
Disposal losses on Markets Treasury repositioning	—	—	(134)	(20)	(246)	—	—	—	1	(399)
Operating expenses										
Disposals, acquisitions and related costs	(16)	(43)	—	—	(6)	(34)	—	—	(25)	(124)
Restructuring and other related costs[4]	7	14	2	1	8	—	—	—	27	59
Impairment of interest in associate[5]	—	—	(3,000)	—	—	—	—	—	—	(3,000)

1 *Includes an impairment loss of $2.0bn recognised in relation to the sale of our retail banking operations in France.*
2 *Includes fair value movements on the foreign exchange hedging of the proceeds from the sale of our banking business in Canada.*
3 *Fair value movements on non-qualifying hedges in HSBC Holdings.*
4 *Balances relate to reversals of restructuring provisions recognised during 2022.*
5 *Includes an impairment loss of $3.0bn recognised in respect of the Group's investment in BoCom.*

Middle East, North Africa and Türkiye supplementary information

The following tables show the reported results of our Middle East, North Africa and Türkiye business operations on a regional basis (including results of all the legal entities operating in the region and our share of the results of Saudi Awwal Bank). They also show the profit before tax of each of the global businesses.

Middle East, North Africa and Türkiye regional performance

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Revenue[1]	**961**	940	899
Change in expected credit losses and other credit impairment charges	**(58)**	(117)	(8)
Operating expenses	**(407)**	(404)	(374)
Share of profit in associates and joint ventures	**145**	147	110
Profit before tax	**641**	566	627
Loans and advances to customers (net)[2]	**23,449**	22,766	25,160
Customer accounts[2]	**40,905**	40,708	45,830

1 *Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.*
2 *In the second quarter of 2023, loans and advances to customers of $2,975m were classified as 'Assets held for sale', and customer accounts of $4,878m were classified as 'Liabilities of disposal groups held for sale' in respect of the planned merger of our business in Oman. The merger was subsequently completed in August 2023.*

Profit before tax by global business

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Wealth and Personal Banking	**171**	126	141
Commercial Banking	**80**	31	119
Global Banking and Markets	**291**	283	296
Corporate Centre	**99**	126	71
Total	**641**	566	627

Strategic transactions supplementary analysis

The following table presents the selected impacts of strategic transactions to the Group and our global business segments. These comprise the strategic transactions where the financial impacts of the acquisition or disposal have qualified for material notable item treatment in our results. Material notable items are a subset of notable items and categorisation is dependent on the financial impact on the Group's income statement. At 1Q24, the disclosure includes the impacts of the disposal of our retail banking operations in France, our banking business in Canada and the planned sale of our business in Argentina. The disclosure also includes the impact of our acquisition of SVB UK and income statement results of IVB. The impacts quoted include the gains or losses on classification to held for sale or acquisition and all other related notable items. Once a transaction has completed, the impact will also include the operating income statement results of each business, which are not classified as notable items, where there are results in one period but not in another, providing the impact of the acquisition or disposal on the results.

Constant currency results

	Quarter ended 31 Mar 2024				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Revenue	**50**	**179**	**—**	**3,686**	**3,915**
ECL	**—**	**(3)**	**—**	**—**	**(3)**
Operating expenses	**(5)**	**(76)**	**—**	**(61)**	**(142)**
Share of profit in associates and joint ventures	**—**	**—**	**—**	**—**	**—**
Profit before tax	**45**	**100**	**—**	**3,625**	**3,770**
– HSBC Innovation Banking[1]	**—**	**100**	**—**	**—**	**100**
– Retail banking operations in France	**45**	**—**	**—**	**(1)**	**44**
– Banking business in Canada	**—**	**—**	**—**	**4,763**	**4,763**
– Business in Argentina	**—**	**—**	**—**	**(1,137)**	**(1,137)**
	Quarter ended 31 Mar 2023				
Revenue	2,125	1,584	—	34	3,743
ECL	—	(25)	—	—	(25)
Operating expenses	(150)	(8)	—	(43)	(201)
Share of profit in associates and joint ventures	—	—	—	—	—
Profit/(loss) before tax	1,975	1,551	—	(9)	3,517
– HSBC Innovation Banking[1]	—	1,551	—	(8)	1,543
– Retail banking operations in France	1,975	—	—	84	2,059
– Banking business in Canada	—	—	—	(85)	(85)
– Business in Argentina	—	—	—	—	—

1 *Includes the impact of our acquisition of SVB UK, which in June 2023 changed its legal entity name to HSBC Innovation Bank Limited.*

Alternative performance measures

Use of alternative performance measures

Our reported results are prepared in accordance with IFRS Accounting Standards as detailed in our financial statements starting on page 329 of our Annual Report and Accounts 2023. We use a combination of reported and alternative performance measures, including those derived from our reported results that eliminate factors that distort period-on-period comparisons. These are considered alternative performance measures (non-GAAP financial measures).

The following information details the adjustments made to the reported results and the calculation of other alternative performance measures. All alternative performance measures are reconciled to the closest reported performance measure.

Alternative performance measure definitions

Alternative performance measure	Definition
Return on average ordinary shareholders' equity ('RoE')	Profit attributable to the ordinary shareholders / Average ordinary shareholders' equity
Return on average tangible equity ('RoTE')	Profit attributable to the ordinary shareholders, excluding impairment of goodwill and other intangible assets / Average ordinary shareholders' equity adjusted for goodwill and intangibles
Return on average tangible equity ('RoTE') excluding notable items	Profit attributable to the ordinary shareholders, excluding impairment of goodwill, other intangible assets, and notable items[1] / Average ordinary shareholders' equity adjusted for goodwill and intangibles, and notable items[1]
Net asset value per ordinary share	Total ordinary shareholders' equity[2] / Basic number of ordinary shares in issue excluding treasury shares
Tangible net asset value per ordinary share	Tangible ordinary shareholders' equity[3] / Basic number of ordinary shares in issue excluding treasury shares
Expected credit losses and other credit impairment charges ('ECL') as % of average gross loans and advances to customers	Annualised constant currency ECL[4] / Constant currency average gross loans and advances to customers[4]
Expected credit losses and other credit impairment charges ('ECL') as % of average gross loans and advances to customers, including held for sale	Annualised constant currency ECL[4] / Constant currency average gross loans and advances to customers, including held for sale[4]
Target basis operating expenses	Reported operating expenses excluding notable items, foreign exchange translation and other excluded items[5]
Basic earnings per share excluding material notable items and related impacts	Profit attributable to ordinary shareholders excluding material notable items and related impacts[6] / Weighted average number of ordinary shares outstanding, excluding own shares held

1 *For details of notable items please refer to Supplementary financial information on page 22.*
2 *Total ordinary shareholders' equity is total shareholders' equity less non-cumulative preference shares and capital securities.*
3 *Tangible ordinary shareholders' equity is total ordinary shareholders' equity excluding goodwill and other intangible assets (net of deferred tax).*
4 *The constant currency numbers are derived by adjusting reported ECL and average loans and advances to customers for the effects of foreign currency translation differences.*
5 *Includes impact of re-translating comparative period financial information at the latest rates of foreign exchange in hyperinflationary economies, which we consider to be outside of our control, and the impact of the sale of our retail banking operations in France and banking business in Canada.*
6 *For details of material notable items and related impacts, please refer to page 34.*

Return on average ordinary shareholders' equity, return on average tangible equity and return on average tangible equity excluding notable items

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Profit/(loss) after tax			
Profit/(loss) attributable to the ordinary shareholders of the parent company	**10,183**	(153)	10,327
Impairment of goodwill and other intangible assets (net of tax)	**110**	7	18
Profit/(loss) attributable to the ordinary shareholders, excluding goodwill and other intangible assets impairment	**10,293**	(146)	10,345
Impact of notable items[1]	**(3,800)**	5,210	(3,469)
Profit attributable to the ordinary shareholders, excluding goodwill, other intangible assets impairment and notable items	**6,493**	5,064	6,876
Equity			
Average ordinary shareholders' equity	**170,539**	166,305	164,395
Effect of goodwill and other intangibles (net of deferred tax)	**(11,680)**	(11,726)	(11,202)
Average tangible equity	**158,859**	154,579	153,193
Average impact of notable items	**135**	2,212	(1,277)
Average tangible equity excluding notable items	**158,994**	156,791	151,916
Ratio	**%**	%	%
Return on average ordinary shareholders' equity (annualised)	**24.0**	(0.4)	25.5
Return on average tangible equity (annualised)	**26.1**	(0.4)	27.4
Return on average tangible equity excluding notable items (annualised)	**16.4**	12.8	18.4

1 *For details of notable items please refer to Supplementary financial information on page 22.*

From 2024, we have revised the adjustments made to return on average tangible equity ('RoTE') to exclude all notable items, improving alignment with the treatment of notable items in our other income statement disclosures. Comparatives have been re-presented. On this basis, we continue to target a RoTE in the mid-teens for 2024.

Return on average tangible equity by global business

	Quarter ended 31 Mar 2024				
	Wealth and Personal Banking	**Commercial Banking**	**Global Banking and Markets**	**Corporate Centre[1]**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**
Profit before tax	**3,181**	**3,280**	**2,025**	**4,164**	**12,650**
Tax expense	**(601)**	**(815)**	**(322)**	**(75)**	**(1,813)**
Profit after tax	**2,580**	**2,465**	**1,702**	**4,089**	**10,837**
Less attributable to: preference shareholders, other equity holders, non-controlling interests	**(247)**	**(132)**	**(232)**	**(43)**	**(655)**
Profit attributable to ordinary shareholders of the parent company	**2,333**	**2,333**	**1,470**	**4,046**	**10,183**
Other adjustments	**(100)**	**70**	**(77)**	**217**	**110**
Profit attributable to ordinary shareholders	**2,233**	**2,403**	**1,394**	**4,264**	**10,293**
Average tangible shareholders' equity	**30,561**	**44,396**	**37,007**	**46,895**	**158,859**
RoTE (%) (annualised)	**29.4**	**21.8**	**15.1**	**36.6**	**26.1**
	Quarter ended 31 Mar 2023				
Profit before tax	5,271	4,812	2,040	763	12,886
Tax expense	(1,172)	(792)	(465)	569	(1,860)
Profit after tax	4,099	4,020	1,575	1,332	11,026
Less attributable to: preference shareholders, other equity holders, non-controlling interests	(247)	(175)	(209)	(68)	(699)
Profit attributable to ordinary shareholders of the parent company	3,852	3,845	1,366	1,264	10,327
Other adjustments	3	92	132	(209)	18
Profit attributable to ordinary shareholders	3,855	3,937	1,498	1,055	10,345
Average tangible shareholders' equity	31,129	44,188	39,174	38,702	153,193
RoTE (%) (annualised)	50.2	36.1	15.5	11.1	27.4

1 *With effect from 1 January 2024, following the sale of our retail banking business in France, we have prospectively reclassified the portfolio of retained loans, profit participation interest and licence agreement of the CCF brand from WPB to Corporate Centre.*

Net asset value and tangible net asset value per ordinary share

	At		
	31 Mar	31 Dec	31 Mar
	2024	2023	2023
	$m	$m	$m
Total shareholders' equity	**191,186**	185,329	190,095
Preference shares and other equity instruments	**(17,719)**	(17,719)	(19,392)
Total ordinary shareholders' equity	**173,467**	167,610	170,703
Goodwill and intangible assets (net of deferred tax)	**(11,459)**	(11,900)	(11,245)
Tangible ordinary shareholders' equity	**162,008**	155,710	159,458
Basic number of $0.50 ordinary shares outstanding	**18,687**	19,006	19,736
Value per share	**$**	$	$
Net asset value per ordinary share	**9.28**	8.82	8.65
Tangible net asset value per ordinary share	**8.67**	8.19	8.08

ECL and other credit impairment charges as % of average gross loans and advances to customers, and ECL and other credit impairment charges as % of average gross loans and advances to customers, including held for sale

	Quarter ended		
	31 Mar	31 Dec	31 Mar
	2024	2023	2023
	$m	$m	$m
Expected credit losses and other credit impairment charges ('ECL')	**(720)**	(1,031)	(432)
Currency translation	**—**	63	4
Constant currency	**(720)**	(968)	(428)
Average gross loans and advances to customers	**946,835**	948,286	955,030
Currency translation	**(5,082)**	1,708	4,008
Constant currency	**941,753**	949,994	959,038
Average gross loans and advances to customers, including held for sale	**984,580**	1,013,178	1,023,531
Currency translation	**(6,004)**	707	4,198
Constant currency	**978,576**	1,013,885	1,027,729
Ratios	**%**	%	%
Expected credit losses and other credit impairment charges (annualised) as % of average gross loans and advances to customers	**0.31**	0.40	0.18
Expected credit losses and other credit impairment charges (annualised) as % of average gross loans and advances to customers, including held for sale	**0.30**	0.38	0.17

Target basis operating expenses

Target basis operating expenses for 2024 and for the 2023 comparative periods differ from what we disclosed in our 2023 results, when we were comparing against 2022 operating expenses. The 2023 target basis excluded the impact of incremental costs associated with the acquisition of SVB UK, and the related investments, whereas the 2024 target basis excludes the costs associated with our retail banking operations in France and our banking business in Canada. The exclusion of notable items and the impact of retranslating prior year results of hyperinflationary economies at constant currency are excluded in 2024, which is consistent with the 2023 basis of preparation. We consider target basis operating expenses to provide useful information to investors by quantifying and excluding the notable items that management considered when setting and assessing cost-related targets.

Target basis operating expenses

	Quarter ended		
	31 Mar	31 Dec	31 Mar
	2024	2023	2023
	$m	$m	$m
Reported operating expenses	**8,151**	8,645	7,586
Notable items	**(50)**	(65)	(61)
– Disposals, acquisitions and related costs	**(63)**	(124)	(61)
– Restructuring and other related costs	**13**	59	—
Excluding the impact of the sale of our retail banking operations in France and banking business in Canada[1]	**(162)**	(261)	(243)
Currency translation[2]		(115)	(18)
Excluding the impact of retranslating prior period costs of hyperinflationary economies at constant currency foreign exchange rate		211	130
Target basis operating expenses	**7,939**	8,415	7,394

1 *This represents the business as usual costs which are not classified as notable items relating to our retail banking operations in France and banking business in Canada. This does not include the disposal costs which relate to these transactions.*
2 *Currency translation on reported operating expenses, excluding currency translation on notable items.*

Basic earnings per share excluding material notable items and related impacts

Material notable items are a subset of notable items. Material notable items are components of our income statement that management would consider as outside the normal course of business and generally non-recurring in nature, which are excluded from our dividend payout ratio calculation and our earnings per share measure, along with related impacts. Categorisation as a material notable item is dependent on the nature of each item in conjunction with the financial impact on the Group's income statement.

Related impacts include those items that do not qualify for designation as notable items but whose adjustment is considered by management to be appropriate for the purposes of determining the basis for our dividend payout ratio calculation.

Material notable items in 1Q24 and in 2023 included the planned sale of our business in Argentina, the sale of our retail banking operations in France, the sale of our banking business in Canada, the gain following the acquisition of SVB UK and the impairment of our investment in BoCom. In determining this measure, we also excluded HSBC Bank Canada's financial results from the 30 June 2022 net asset reference date until completion of the sale, as the gain on sale was recognised through a combination of the consolidation of HSBC Bank Canada's results in the Group's results since this date, and the remaining gain on sale was recognised at completion. For the planned sale of our business in Argentina, there is a mechanism by which the loss on sale will vary by changes in the net asset value of HSBC Argentina, and in the fair value of consideration including price adjustments and migration costs (see page 4 for details). No additional related impacts have been identified, and the ongoing profits from HSBC Argentina will not be excluded from our basic earnings per share excluding material notable items and related impacts.

Basic earnings per share excluding material notable items and related impacts

	Quarter ended		
	31 Mar 2024	31 Dec 2023	31 Mar 2023
	$m	$m	$m
Profit attributable to shareholders of company	**10,584**	(28)	10,745
Coupon payable on capital securities classified as equity	**(401)**	(125)	(418)
Profit attributable to ordinary shareholders of company	**10,183**	(153)	10,327
Impairment of interest in associate[1]	**—**	3,000	—
Gain on acquisition of SVB UK	**—**	44	(1,511)
Impact of the sale of our retail banking operations in France (net of tax)	**(52)**	1,737	(1,636)
Impact of the sale of our banking business in Canada[2]	**(4,942)**	119	(109)
Impairment loss relating to the planned sale of our business in Argentina	**1,137**	—	—
Profit attributable to ordinary shareholders of company excluding material notable items and related impacts	**6,326**	4,747	7,071
Number of shares			
Weighted average basic number of ordinary shares (millions)	**18,823**	19,130	19,724
Basic earnings per share ($)	**0.54**	(0.01)	0.52
Basic earnings per share excluding material notable items and related impacts ($)	**0.34**	0.25	0.36

1 *Represents an impairment loss of $3.0bn recognised in respect of the Group's investment in BoCom.*

2 *Represents gain on sale of business in Canada recognised on completion, inclusive of the recycling of losses in foreign currency translation reserves and other reserves, and gain on the foreign exchange hedging of the sale proceeds.*

Risk

Managing risk

HSBC's operations are subject to changes in economic and financial conditions as well as geopolitical developments that could have a material impact on the Group's operations and financial risks. We continuously review these factors in all of our key markets and conduct regular reviews of economic risks and expectations.

In 1Q24, global activity indicators suggest a modest improvement in the global growth outlook since the end of 2023, led by the US and supported by increasing policy stimulus from mainland China. Manufacturing data has improved, suggesting an uptick in output, and there are also signs of a revival in global trade growth. However, inflation and interest rate expectations remain key uncertainties that could impact our business and risk profile. Inflationary pressures eased in 1Q24 in several of our key markets as energy and food prices stabilised. However, inflation was higher-than-expected in the US in recent months, suggesting a downward adjustment may not be as smooth as previously anticipated. Consequently, expectations for interest rate cuts in 2024 have been lowered, with rates likely to stay higher for longer than had been anticipated or even increased further, given the inflation uncertainty. In mainland China and some other emerging markets, interest rate reductions have already been enacted in support of growth.

Geopolitical tensions could impact the Group's operations and its risk profile and continue to be a source of significant uncertainty, including the ongoing Russia-Ukraine and Israel-Hamas wars, as well as the potential for further escalation within the Middle East. The recent escalation in tensions between Israel and Iran has led to renewed volatility in energy prices and increased uncertainty in the region. The attacks on commercial shipping in the Red Sea continue, contributing to higher shipping costs. Despite countermeasures to improve security, these attacks have led to a disruption in supply chains and, coupled with the risk of an increase in oil prices, they have the potential to halt or reverse the recent decline in inflation.

Fiscal policy, deficits and public indebtedness also influence our risk profile. Public spending as a proportion of GDP is likely to remain high for most of our key economies with elevated spending focused on social welfare, defence and climate transition initiatives. Against a backdrop of slower economic growth and expectations for a high interest rate environment continuing for longer than previously anticipated, elevated borrowing costs could increase and adversely impact the fiscal responses of highly-indebted sovereign issuers.

Sanctions and trade restrictions are monitored closely given the pace of change and complexity associated with them. The US, the UK and the EU, as well as other countries, have imposed significant sanctions and trade restrictions against Russia, with new sanctions added during 2024 by the US, the UK and the EU. There is a possibility that additional sanctions may be imposed on Iran in response to any further escalation in tensions between Israel and Iran, including additional US secondary sanctions, and which could increase the risk within our operations. As noted in the Annual Report and Accounts 2023, the new secondary sanctions regime introduced by the US in December 2023 gives the US broad discretion to impose severe sanctions on non-US banks that are knowingly, or even unknowingly, engaged in certain transactions or services involving Russia's military-industrial base. The broad scope of the discretionary powers embedded in the regime creates challenges associated with the detection or prevention of third-party activities beyond our control. Additionally, the imposition of such sanctions under the new regime against any non-US HSBC entity could result in significant adverse commercial, operational and reputational consequences for HSBC.

Strategic competition has the potential to impact the Group's operations and financial risks. The relationships between China and several other countries, including the US and the UK, remain complex. The US, the UK, the EU and other countries have imposed various sanctions and trade restrictions on Chinese individuals and companies and it is expected that additional sanctions related to Chinese imports of Iranian oil may be enacted in the second quarter of 2024. In response to earlier measures, China has imposed its own sanctions, trade restrictions and law enforcement measures on persons and entities in other countries. Supply chains remain vulnerable to a deterioration in these bilateral relationships and this has resulted in efforts to de-risk certain sectors with the reshoring of manufacturing activities, but the approach of countries to strategic competition and engagement with China continues to develop. Further sanctions or counter-sanctions may adversely affect the Group, its customers and various markets.

Political changes may also have implications for policy. Many countries held elections during 1Q24 and several major markets, including the US, are expected to hold elections over the remainder of the year. This may result in uncertainty in some markets as governments revise their policies to address domestic political priorities.

The real estate sector faces challenges in many of our major markets, with some weakness observed in residential and commercial real estate investment and market sentiment. While mainland China reported an improvement in GDP, its commercial real estate sector continued to deteriorate in 1Q24 and signs of a material or sustained recovery have yet to emerge. Market data continues to reflect reduced investment and weak market sentiment in the short term, although the sector is expected to stabilise during the course of 2024. In 1Q24, Chinese authorities promised to bolster support for property developers in addition to fiscal and monetary support for the economy, including specific measures to stimulate housing demand. We continue to closely monitor, and seek to proactively manage, the potential implications of the real estate downturn for our customers and commercial real estate portfolios.

All the above risks could have an impact on our retail customers and we continue to closely monitor the impact of inflation and the increased cost of living. We want to ensure that we offer the right support to our customers in line with regulatory, government and wider stakeholder expectations. As noted in the Annual Report and Accounts 2023, we have adopted the UK government's Mortgage Charter released in June 2023.

We engage closely with key regulators so that we continue to meet their expectations for the activities of financial institutions during times of market volatility.

In addition, management adjustments to ECL were applied to reflect persisting uncertainty in certain sectors, driven by inflation, interest rate volatility and other macroeconomic risks, which were not fully captured by our models.

We are committed to using artificial intelligence ethically and responsibly, including embedding effective governance and controls into our risk management processes.

We continue to monitor, and seek to manage, the potential implications of all the above developments on our customers and our business. While the financial performance of our operations varied in different geographies, our balance sheet and liquidity remained strong.

At 31 March 2024, our CET1 ratio increased to 15.2%, from 14.8% at 31 December 2023, and our liquidity coverage ratio ('LCR') was 136%.

Credit risk

Summary of credit risk

At 31 March 2024, gross loans and advances to customers and banks of $1,065bn increased by $3bn on a reported basis compared with 31 December 2023. Loans and advances to customers decreased by $5bn while loans and advances to banks increased by $8bn. This included total adverse foreign exchange movements of $13bn.

Excluding foreign exchange movements, the underlying increase of $16bn was driven by loans and advances to banks of $11bn, in Europe (up $9bn), Middle East (up $3bn) and Latin America (down $1bn).

Underlying loans and advances to customers grew by $5bn mainly from wholesale loans and advances to customers in Europe (up $3bn) and Middle East (up $1bn); and personal loans and advances to customers in the UK (up $2bn) offset by decreases in Asia (down $1bn).

Loans and advances to banks and customers included a $2bn decrease due to the reclassification of our business in Argentina and our operations in Armenia to assets held for sale.

At 31 March 2024, the allowance for ECL of $11.6bn comprised $11.1bn in respect of assets held at amortised cost, $0.4bn in respect of loan commitments and financial guarantees, and $0.1bn in respect of debt instruments measured at fair value through other comprehensive income ('FVOCI').

Excluding foreign exchange movements, the allowance for ECL in relation to loans and advances to customers remained stable. This was attributable to:

– a $0.1bn increase in wholesale loans and advances to customers, which included a $0.2bn increase in stage 3, offset by a $0.1bn decrease in stages 1 and 2; and

– a $0.1bn decrease in personal loans and advances to customers, observed in stages 1 and 2.

The ECL charge for the first three months of 2024 was $0.7bn (1Q23: $0.4bn), inclusive of recoveries. The ECL charge comprised: $0.3bn in respect of wholesale lending, of which the stage 3 charge was $0.2bn, $0.3bn in respect of personal lending, of which the stage 3 charge was $0.3bn, and $0.1bn in respect of other assets and debt instruments measured at FVOCI. Although the mainland China commercial real estate sector continued to deteriorate in 1Q24, the impact on the Stage 3 ECL charge was not significant during this quarter. Personal lending charges were in line with previous performance.

Summary of financial instruments to which the impairment requirements in IFRS 9 are applied

	At 31 Mar 2024		At 31 Dec 2023	
	Gross carrying/ nominal amount	**Allowance for ECL[1]**	Gross carrying/ nominal amount	Allowance for ECL[1]
	$m	**$m**	$m	$m
Loans and advances to customers at amortised cost	**944,061**	**(10,936)**	949,609	(11,074)
Loans and advances to banks at amortised cost	**121,468**	**(12)**	112,917	(15)
Other financial assets measured at amortised cost	**879,719**	**(160)**	960,271	(422)
– cash and balances at central banks	**275,943**	**—**	285,868	—
– items in the course of collection from other banks	**6,764**	**—**	6,342	—
– Hong Kong Government certificates of indebtedness	**42,758**	**—**	42,024	—
– reverse repurchase agreements – non-trading	**250,496**	**—**	252,217	—
– financial investments	**152,003**	**(16)**	148,346	(20)
– assets held for sale[2]	**4,216**	**(59)**	103,186	(324)
– other assets[3]	**147,539**	**(85)**	122,288	(78)
Total gross carrying amount on-balance sheet	**1,945,248**	**(11,108)**	2,022,797	(11,511)
Loan and other credit-related commitments	**635,485**	**(334)**	661,015	(367)
Financial guarantees	**16,394**	**(41)**	17,009	(39)
Total nominal amount off-balance sheet[4]	**651,879**	**(375)**	678,024	(406)
	2,597,127	**(11,483)**	2,700,821	(11,917)

	Fair value	**Memorandum allowance for ECL[5]**	Fair value	Memorandum allowance for ECL[5]
	$m	**$m**	$m	$m
Debt instruments measured at fair value through other comprehensive income ('FVOCI')	**305,109**	**(128)**	302,348	(97)

1 *The total ECL is recognised in the loss allowance for the financial asset unless the total ECL exceeds the gross carrying amount of the financial asset, in which case the ECL is recognised as a provision.*

2 *At 31 March 2024, the gross carrying amount comprised $2,391m of loans and advances to customers and banks (31 December 2023: $84,074m) and $1,825m of other financial assets at amortised cost (31 December 2023: $19,112m) mainly from Argentina ($3.2bn) and Armenia ($0.6bn). The corresponding allowance for ECL comprised $47m of loans and advances to customers and banks (31 December 2023: $303m) and $12m of other financial assets at amortised cost (31 December 2023: $21m). The significant reduction is due to the completion of the sales of our banking business in Canada and our retail banking operations in France during the quarter.*

3 *Includes only those financial instruments that are subject to the impairment requirements of IFRS 9. 'Other assets' as presented within the summary consolidated balance sheet on page 14 comprises both financial and non-financial assets, including cash collateral and settlement accounts.*

4 *Represents the maximum amount at risk should the contracts be fully drawn upon and clients default.*

5 *Debt instruments measured at FVOCI continue to be measured at fair value with the allowance for ECL as a memorandum item. Change in ECL is recognised in 'Change in expected credit losses and other credit impairment charges' in the income statement.*

Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage at 31 March 2024

	Gross carrying/nominal amount[1]					**Allowance for ECL**					**ECL coverage %**				
	Stage 1	**Stage 2**	**Stage 3**	**POCI[2]**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI[2]**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI[2]**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**%**	**%**	**%**	**%**	**%**
Loans and advances to customers at amortised cost	**813,450**	**109,277**	**21,253**	**81**	**944,061**	**(1,131)**	**(2,732)**	**(7,044)**	**(29)**	**(10,936)**	**0.1**	**2.5**	**33.1**	**35.8**	**1.2**
Loans and advances to banks at amortised cost	**120,635**	**831**	**2**	**—**	**121,468**	**(8)**	**(2)**	**(2)**	**—**	**(12)**	**—**	**0.2**	**100.0**	**—**	**—**
Other financial assets measured at amortised cost	**875,715**	**3,825**	**176**	**3**	**879,719**	**(97)**	**(26)**	**(37)**	**—**	**(160)**	**—**	**0.7**	**21.0**	**—**	**—**
Loan and other credit-related commitments	**611,969**	**22,473**	**1,039**	**4**	**635,485**	**(140)**	**(111)**	**(83)**	**—**	**(334)**	**—**	**0.5**	**8.0**	**—**	**0.1**
Financial guarantees	**14,629**	**1,446**	**319**	**—**	**16,394**	**(8)**	**(7)**	**(26)**	**—**	**(41)**	**0.1**	**0.5**	**8.2**	**—**	**0.3**
At 31 Mar 2024	**2,436,398**	**137,852**	**22,789**	**88**	**2,597,127**	**(1,384)**	**(2,878)**	**(7,192)**	**(29)**	**(11,483)**	**0.1**	**2.1**	**31.6**	**33.0**	**0.4**

1 *Represents the maximum amount at risk should the contracts be fully drawn upon and clients default.*
2 *Purchased or originated credit-impaired ('POCI').*

Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage at 31 December 2023

	Gross carrying/nominal amount[1]					Allowance for ECL					ECL coverage %				
	Stage 1	Stage 2	Stage 3	POCI[2]	Total	Stage 1	Stage 2	Stage 3	POCI[2]	Total	Stage 1	Stage 2	Stage 3	POCI[2]	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	%	%	%	%	%
Loans and advances to customers at amortised cost	809,384	120,871	19,273	81	949,609	(1,130)	(2,964)	(6,950)	(30)	(11,074)	0.1	2.5	36.1	37.0	1.2
Loans and advances to banks at amortised cost	111,479	1,436	2	—	112,917	(10)	(3)	(2)	—	(15)	—	0.2	100.0	—	—
Other financial assets measured at amortised cost	946,873	12,734	664	—	960,271	(109)	(132)	(181)	—	(422)	—	1.0	27.3	—	—
Loan and other credit-related commitments	630,949	28,922	1,140	4	661,015	(153)	(128)	(86)	—	(367)	—	0.4	7.5	—	0.1
Financial guarantees	14,746	1,879	384	—	17,009	(7)	(7)	(25)	—	(39)	—	0.4	6.5	—	0.2
At 31 Dec 2023	2,513,431	165,842	21,463	85	2,700,821	(1,409)	(3,234)	(7,244)	(30)	(11,917)	0.1	2.0	33.8	35.3	0.4

1 *Represents the maximum amount at risk should the contracts be fully drawn upon and clients default.*
2 *Purchased or originated credit-impaired ('POCI').*

Measurement uncertainty and sensitivity analysis of ECL estimates

The recognition and measurement of ECL involves the use of significant judgement and estimation. We form multiple economic scenarios based on economic forecasts, apply these assumptions to credit risk models to estimate future credit losses, and probability weight the results to determine an unbiased ECL estimate.

Management assessed the current economic environment, reviewed the latest economic forecasts and discussed key risks before selecting the economic scenarios and their weightings.

Scenarios were constructed and continue to reflect the latest geopolitical developments in relation to both the Israel-Hamas and Russia-Ukraine wars. Macroeconomic risks relating to an increase in policy rates and higher inflation across all our major markets are captured in the two downside scenarios.

Management judgemental adjustments are used where modelled allowance for ECL does not fully reflect the identified risks and related uncertainty, or to capture significant late-breaking events.

Methodology

At 31 March 2024, four economic scenarios were used to capture the current economic environment and to articulate management's view of the range of risks and potential outcomes. Each scenario is updated with new forecasts and estimates every quarter.

The Upside, Central and Downside scenarios are drawn from external consensus forecasts, market data and distributional estimates of the entire range of economic outcomes. The fourth scenario, the Downside 2, represents management's view of severe downside risks.

Scenarios produced to calculate ECL are aligned to HSBC's top and emerging risks.

Description of economic scenarios

In the Central scenario, GDP growth forecasts have improved modestly in the first quarter of 2024, relative to the fourth quarter of 2023, led by the US. The exceptions were France and Canada, which saw small downward revisions.

Despite the improvement in the forecasts, GDP growth in North America and Europe in 2024 is still expected to be slower relative to 2023. The slowdown is expected to be the consequence of the lagged effects of higher interest rates and inflation. Elevated interest rates and higher price levels are expected to continue to squeeze household finances and corporate margins, while limiting appetite for new borrowing. Unemployment is also expected to rise across most markets, and only fall gradually from 2025 onwards.

In Hong Kong and mainland China, annual GDP growth is also expected to be slower in 2024 relative to 2023, as their economies endure the effects of the decline in real estate markets and expected weak global trade growth. A steeper downturn is expected to be avoided, however, as the authorities in mainland China increase fiscal and monetary support. An increase in tourism (particularly from mainland China visitors) is also expected to provide support to the Hong Kong economy. Unemployment in both markets is forecast to remain stable.

Inflation continues to broadly slow in several of our key markets, as energy and food price rises have stabilised, while the supply chain disruptions that caused the inflationary impulse in 2022 have diminished. In the forecast, lower wage growth and services price inflation are expected to drive inflation lower. In contrast, strong food price declines in mainland China have caused inflation to drop sharply, but the effect is expected to be temporary in the forecast.

Lower inflation this year enables major central banks to start reducing policy rates. The Federal Reserve, the Bank of England and the ECB are all expected to make incremental cuts to policy rates from mid-2024 onwards. Other key markets, including China and Mexico, are also expected to see rates fall. In the longer term, interest rates across our key markets are forecast to settle at a higher level than in recent years.

House prices are forecast to decline again this year in the UK, Hong Kong, France and Canada, as high interest costs weigh on borrowing. In mainland China, prices are also expected to decline as transaction volumes remain subdued but further policy support should stabilise conditions in the sector from 2025. Prices are expected to rise further in the US and UAE, underpinned by tight supply and strong demand, respectively.

Risks to the Central scenario are captured in the outer scenarios. The Upside and Downside scenarios are constructed to reflect the economic consequences from the crystallisation of a number of macroeconomic and financial risks. Sources of forecast uncertainty include geopolitical tensions, inflation, and the outlook for monetary policy. In particular, the scenarios explore the possibility that interest rates move higher than is forecast in the Central scenario.

As the geopolitical environment remains volatile and complex, risks include a broader and more prolonged conflict in the Middle East, a potential escalation in the Russia-Ukraine war, and continued differences between the US and China over a range of strategic issues. Elections in major economies could also cause significant policy discontinuities, leading to trade frictions, higher costs, and market instability.

The four global scenarios used for calculating ECL at 31 March 2024 were:

- The consensus Central scenario: This scenario features a slowdown in global growth in 2024 before a gradual pick-up over the remainder of the forecast horizon. Growth rates remain below the pre-Covid-19 pandemic average. Unemployment is forecast to rise gradually amid weaker economic activity, but is set to remain low by historic standards. Inflation is expected to fall slowly back to central bank targets by early 2025, and interest rates are expected to remain high through this period. Interest rates stay above their pre-pandemic levels over the entire forecast horizon.
- The consensus Upside scenario: This scenario incorporates the de-escalation of geopolitical tensions and a loosening of financial conditions. In this scenario, growth accelerates, inflation falls at a faster rate than in the Central scenario and unemployment declines. This enables central banks to lower interest rates more quickly than in the Central scenario. Asset prices, including housing, rise more quickly than in the Central scenario.
- The consensus Downside scenario: This scenario features weaker economic activity compared with the Central scenario, driven by a supply shock that causes a rise in inflation and interest rates above the Central forecast. In this scenario, GDP contracts, unemployment rises, financial conditions tighten, and equity markets and house prices fall. Other downside risk themes include a weaker-than-expected recovery in mainland China, with negative implications for global growth.
- The Downside 2 scenario: This scenario reflects management's view of the tail end of the economic distribution. It incorporates the simultaneous crystallisation of a number of risks that leads to a deep global recession. The narrative features an escalation of geopolitical risks and worsening of supply chain disruptions that cause inflation and interest rates to rise initially. Unemployment also increases rapidly, asset prices fall, and defaults rise significantly. As recession takes hold, commodity prices correct and inflation falls.

Both the consensus Downside and the Downside 2 scenarios are global in scope, and while they differ in severity, they assume that the key risks to HSBC, listed above, crystallise simultaneously.

The following tables describe key macroeconomic variables in the consensus Central scenario, consensus Upside scenario, consensus Downside scenario and Downside 2 scenario.

Consensus Central scenario 2Q24-1Q29 (as at 1Q24)

	UK	US	Hong Kong	Mainland China	Canada	France	UAE	Mexico
GDP (annual average growth rate, %)								
2024	**0.3**	**2.0**	**2.7**	**4.7**	**0.5**	**0.7**	**3.7**	**2.2**
2025	**1.2**	**1.7**	**2.8**	**4.4**	**1.8**	**1.3**	**3.9**	**2.0**
2026	**1.6**	**2.0**	**2.6**	**4.2**	**2.0**	**1.5**	**3.8**	**2.3**
2027	**1.6**	**1.9**	**2.6**	**3.9**	**2.0**	**1.4**	**3.4**	**2.3**
2028	**1.5**	**1.9**	**2.5**	**3.8**	**1.9**	**1.3**	**3.2**	**2.4**
5-year average[1]	**1.3**	**1.9**	**2.7**	**4.2**	**1.7**	**1.3**	**3.6**	**2.2**
Unemployment rate (%)[2]								
2024	**4.2**	**4.2**	**2.9**	**5.1**	**6.4**	**7.5**	**2.6**	**2.8**
2025	**4.4**	**4.2**	**2.9**	**5.2**	**6.2**	**7.4**	**2.6**	**3.3**
2026	**4.2**	**3.9**	**3.1**	**5.2**	**5.8**	**7.1**	**2.6**	**3.4**
2027	**4.2**	**3.9**	**3.1**	**5.1**	**5.6**	**6.9**	**2.6**	**3.4**
2028	**4.1**	**3.9**	**3.1**	**5.2**	**5.6**	**6.7**	**2.6**	**3.4**
5-year average[1]	**4.2**	**4.0**	**3.0**	**5.1**	**5.9**	**7.1**	**2.6**	**3.3**
House prices (annual average growth rate, %)								
2024	**(1.5)**	**3.9**	**(12.5)**	**(2.5)**	**(5.3)**	**(1.7)**	**12.3**	**7.1**
2025	**0.3**	**2.7**	**(1.6)**	**0.0**	**3.3**	**2.6**	**7.0**	**4.2**
2026	**2.1**	**3.1**	**2.7**	**0.8**	**3.5**	**3.8**	**4.4**	**3.9**
2027	**3.7**	**3.8**	**2.8**	**2.2**	**2.2**	**4.2**	**2.8**	**4.0**
2028	**3.0**	**3.1**	**3.0**	**3.3**	**2.4**	**3.8**	**2.2**	**3.9**
5-year average[1]	**1.7**	**3.1**	**(0.3)**	**1.1**	**1.4**	**2.9**	**5.0**	**4.4**
Inflation (annual average growth rate, %)								
2024	**2.8**	**2.7**	**2.2**	**0.9**	**2.5**	**2.5**	**2.5**	**4.2**
2025	**2.1**	**2.3**	**2.1**	**1.7**	**2.1**	**1.9**	**2.1**	**3.6**
2026	**2.0**	**2.3**	**2.2**	**2.0**	**2.1**	**1.8**	**2.2**	**3.5**
2027	**2.1**	**2.2**	**2.2**	**1.9**	**2.1**	**1.8**	**2.0**	**3.5**
2028	**2.1**	**2.2**	**2.2**	**1.9**	**2.1**	**1.8**	**2.0**	**3.4**
5-year average[1]	**2.2**	**2.3**	**2.2**	**1.8**	**2.1**	**1.9**	**2.1**	**3.6**
Central bank policy rate (annual average, %)								
2024	**5.0**	**5.0**	**5.4**	**3.9**	**4.7**	**3.6**	**5.0**	**10.6**
2025	**4.1**	**3.9**	**4.3**	**4.0**	**3.8**	**2.5**	**4.0**	**8.6**
2026	**3.7**	**3.6**	**4.0**	**4.1**	**3.3**	**2.3**	**3.6**	**7.8**
2027	**3.6**	**3.6**	**3.9**	**4.3**	**3.1**	**2.3**	**3.6**	**7.6**
2028	**3.5**	**3.6**	**3.9**	**4.5**	**3.1**	**2.4**	**3.6**	**7.8**
5-year average[1]	**3.9**	**3.8**	**4.2**	**4.2**	**3.5**	**2.5**	**3.9**	**8.3**

1 *The five-year average is calculated over a projected period of 20 quarters from 2Q24 to 1Q29.*
2 *The forecast for UK unemployment is conditioned on the revised history published by the Office for National Statistics ('ONS') on 13 February 2024. Consistent with the ONS guidance, we have been cautious in the interpretation of recent quarterly changes and have used a suite of indicators to evaluate conditions in the labour market for the purposes of calculating allowance for ECL in 1Q24.*

Consensus Central scenario 2024–2028 (as at 4Q23)

	UK	US	Hong Kong	Mainland China	Canada	France	UAE	Mexico
GDP (annual average growth rate, %)								
2024	0.3	1.0	2.6	4.5	0.8	0.8	3.7	1.9
2025	1.2	1.8	2.7	4.4	2.0	1.5	4.0	2.2
2026	1.7	2.1	2.6	4.3	2.0	1.6	3.8	2.3
2027	1.6	2.0	2.6	3.8	2.0	1.5	3.4	2.4
2028	1.6	2.0	2.6	3.9	2.0	1.5	3.4	2.4
5-year average[1]	1.3	1.8	2.6	4.2	1.7	1.4	3.6	2.2
Unemployment rate (%)								
2024	4.7	4.3	3.0	5.2	6.2	7.5	2.6	2.9
2025	4.6	4.2	3.0	5.1	5.9	7.3	2.6	2.9
2026	4.3	4.0	3.2	5.1	5.7	7.0	2.6	2.9
2027	4.2	4.0	3.2	5.1	5.7	6.8	2.6	2.9
2028	4.2	4.0	3.2	5.1	5.7	6.8	2.6	2.9
5-year average[1]	4.4	4.1	3.1	5.1	5.8	7.1	2.6	2.9
House prices (annual average growth rate, %)								
2024	(5.5)	2.9	(6.6)	(0.6)	(4.8)	(1.0)	12.6	6.5
2025	0.1	2.7	(0.7)	1.1	2.2	2.4	7.7	4.2
2026	3.5	3.1	2.6	2.6	2.8	4.0	4.4	4.2
2027	3.0	2.7	2.8	4.0	2.4	4.4	2.6	4.0
2028	3.0	2.1	3.0	4.5	2.8	4.0	2.3	4.0
5-year average[1]	0.8	2.7	0.2	2.3	1.1	2.8	5.9	4.6
Inflation (annual average growth rate, %)								
2024	3.2	2.7	2.1	1.8	2.6	2.7	2.3	4.2
2025	2.2	2.2	2.1	2.0	2.1	1.8	2.2	3.6
2026	2.2	2.3	2.2	2.1	2.1	1.7	2.1	3.5
2027	2.3	2.2	2.4	2.0	2.1	1.9	2.1	3.5
2028	2.3	2.2	2.4	2.0	2.1	2.1	2.1	3.5
5-year average	2.4	2.3	2.2	2.0	2.2	2.0	2.1	3.7
Central bank policy rate (annual average, %)								
2024	5.0	5.0	5.4	4.1	4.7	3.6	5.1	10.4
2025	4.3	4.0	4.4	4.2	3.9	2.8	4.1	8.6
2026	3.9	3.7	4.1	4.4	3.4	2.6	3.7	7.9
2027	3.8	3.7	4.1	4.6	3.2	2.6	3.7	7.9
2028	3.7	3.8	4.1	4.8	3.3	2.7	3.8	8.1
5-year average[1]	4.1	4.1	4.4	4.4	3.7	2.9	4.1	8.6

1 The five-year average is calculated over a projected period of 20 quarters from 1Q24 to 4Q28.

Consensus Upside scenario 2Q24–1Q29 (as at 1Q24)

	UK		**US**		**Hong Kong**		**Mainland China**		**Canada**		**France**		**UAE**		**Mexico**	
GDP level (%, start-to-peak)[1]	**11.5**	**(1Q29)**	**14.2**	**(1Q29)**	**21.6**	**(1Q29)**	**29.8**	**(1Q29)**	**15.0**	**(1Q29)**	**9.5**	**(1Q29)**	**28.1**	**(1Q29)**	**16.6**	**(1Q29)**
Unemployment rate (%, min)[2]	**2.8**	**(2Q25)**	**3.1**	**(4Q25)**	**2.4**	**(4Q24)**	**4.8**	**(1Q26)**	**5.1**	**(1Q26)**	**6.3**	**(1Q26)**	**2.0**	**(1Q26)**	**2.4**	**(4Q24)**
House price index (%, start-to-peak)[1]	**17.4**	**(1Q29)**	**26.0**	**(1Q29)**	**17.8**	**(1Q29)**	**12.8**	**(1Q29)**	**21.9**	**(1Q29)**	**21.1**	**(1Q29)**	**30.0**	**(1Q29)**	**28.9**	**(1Q29)**
Inflation rate (YoY % change, min)[3]	**0.9**	**(2Q25)**	**1.2**	**(1Q25)**	**0.6**	**(1Q25)**	**(0.5)**	**(3Q24)**	**0.9**	**(1Q25)**	**1.3**	**(1Q25)**	**1.3**	**(2Q25)**	**2.5**	**(2Q25)**
Central bank policy rate (%, min)[2]	**3.5**	**(4Q28)**	**3.5**	**(3Q27)**	**4.0**	**(3Q27)**	**3.9**	**(4Q24)**	**3.0**	**(3Q27)**	**2.3**	**(3Q26)**	**3.6**	**(3Q27)**	**7.3**	**(3Q25)**

1 Cumulative change to the highest level of the series during the 20-quarter projection.
2 Lowest projected unemployment or policy rate in the scenario.
3 Lowest projected year-on-year percentage change in inflation in the scenario.

Consensus Upside scenario 2024–2028 (as at 4Q23)

	UK		US		Hong Kong		Mainland China		Canada		France		UAE		Mexico	
GDP level (%, start-to-peak)[1]	10.8	(4Q28)	14.3	(4Q28)	21.8	(4Q28)	30.4	(4Q28)	14.9	(4Q28)	10.4	(4Q28)	30.7	(4Q28)	17.8	(4Q28)
Unemployment rate (%, min)[2]	3.1	(4Q24)	3.1	(2Q25)	2.4	(3Q24)	4.8	(4Q25)	5.1	(4Q25)	6.2	(4Q25)	2.0	(4Q25)	2.4	(3Q24)
House price index (%, start-to-peak)[1]	13.0	(4Q28)	21.9	(4Q28)	17.9	(4Q28)	19.7	(4Q28)	21.0	(4Q28)	19.6	(4Q28)	34.2	(4Q28)	30.6	(4Q28)
Inflation rate (YoY % change, min)[3]	1.3	(2Q25)	1.4	(1Q25)	0.3	(4Q24)	0.6	(3Q24)	1.1	(1Q25)	1.5	(3Q24)	1.4	(1Q25)	2.7	(1Q25)
Central bank policy rate (%, min)[2]	3.7	(3Q28)	3.7	(2Q27)	4.1	(1Q27)	4.0	(2Q24)	3.2	(2Q27)	2.6	(2Q26)	3.7	(1Q27)	7.8	(2Q25)

1 *Cumulative change to the highest level of the series during the 20-quarter projection.*
2 *Lowest projected unemployment or policy rate in the scenario.*
3 *Lowest projected year-on-year percentage change in inflation in the scenario.*

Consensus Downside scenario 2Q24–1Q29 (as at 1Q24)

	UK		**US**		**Hong Kong**		**Mainland China**		**Canada**		**France**		**UAE**		**Mexico**	
GDP level (%, start-to-trough)[1]	**(0.7)**	**(4Q25)**	**(0.9)**	**(4Q24)**	**(1.3)**	**(2Q25)**	**(1.3)**	**(2Q24)**	**(1.2)**	**(3Q24)**	**(0.2)**	**(4Q24)**	**0.8**	**(2Q24)**	**(0.2)**	**(1Q25)**
Unemployment rate (%, max)[2]	**6.3**	**(4Q25)**	**5.5**	**(1Q25)**	**4.8**	**(1Q26)**	**7.0**	**(1Q26)**	**7.6**	**(4Q24)**	**8.5**	**(1Q25)**	**3.7**	**(1Q26)**	**4.1**	**(1Q26)**
House price index (%, start-to-trough)[1]	**(9.3)**	**(4Q25)**	**(1.4)**	**(1Q25)**	**(10.4)**	**(1Q25)**	**(9.5)**	**(1Q26)**	**(10.9)**	**(2Q25)**	**(0.5)**	**(3Q24)**	**(0.3)**	**(2Q24)**	**0.8**	**(2Q24)**
Inflation rate (YoY % change, max)[3]	**3.9**	**(4Q24)**	**3.2**	**(1Q25)**	**3.6**	**(1Q25)**	**2.9**	**(1Q25)**	**3.0**	**(2Q24)**	**3.7**	**(4Q24)**	**2.7**	**(2Q24)**	**6.1**	**(1Q25)**
Central bank policy rate (%, max)[2]	**5.6**	**(2Q24)**	**5.7**	**(2Q24)**	**6.1**	**(2Q24)**	**4.0**	**(4Q24)**	**5.9**	**(2Q24)**	**4.1**	**(2Q24)**	**5.7**	**(2Q24)**	**11.8**	**(4Q24)**

1 *Cumulative change to the lowest level of the series during the 20-quarter projection.*
2 *The highest projected unemployment or policy rate in the scenario.*
3 *The highest projected year-on-year percentage change in inflation in the scenario.*

Consensus Downside scenario 2024–2028 (as at 4Q23)

	UK		US		Hong Kong		Mainland China		Canada		France		UAE		Mexico	
GDP level (%, start-to-trough)[1]	(1.0)	(2Q25)	(1.4)	(3Q24)	(1.6)	(3Q25)	(1.5)	(1Q24)	(1.7)	(3Q24)	(0.3)	(2Q24)	1.4	(1Q24)	(0.3)	(4Q24)
Unemployment rate (%, max)[2]	6.4	(1Q25)	5.6	(4Q24)	4.7	(4Q25)	6.9	(4Q25)	7.4	(3Q24)	8.5	(4Q24)	3.7	(4Q25)	3.5	(4Q25)
House price index (%, start-to-trough)[1]	(12.0)	(2Q25)	(1.3)	(3Q24)	(9.6)	(4Q24)	(7.1)	(3Q25)	(12.0)	(3Q25)	(1.2)	(3Q24)	0.3	(1Q24)	1.2	(1Q24)
Inflation rate (YoY % change, max)[3]	4.1	(1Q24)	3.5	(4Q24)	3.8	(3Q24)	3.5	(4Q24)	3.4	(2Q24)	3.8	(2Q24)	3.0	(1Q24)	6.5	(4Q24)
Central bank policy rate (%, max)[2]	5.7	(1Q24)	5.6	(1Q24)	6.0	(1Q24)	4.1	(3Q24)	5.6	(1Q24)	4.2	(1Q24)	5.7	(1Q24)	12.0	(3Q24)

1 *Cumulative change to the highest level of the series during the 20-quarter projection.*
2 *Lowest projected unemployment or policy rate in the scenario.*
3 *Lowest projected year-on-year percentage change in inflation in the scenario.*

Downside 2 scenario 2Q24–1Q29 (as at 1Q24)

	UK		**US**		**Hong Kong**		**Mainland China**		**Canada**		**France**		**UAE**		**Mexico**	
GDP level (%, start-to-trough)[1]	**(8.9)**	**(3Q25)**	**(4.5)**	**(2Q25)**	**(7.8)**	**(2Q25)**	**(7.1)**	**(1Q25)**	**(5.3)**	**(3Q25)**	**(7.4)**	**(2Q25)**	**(6.9)**	**(3Q25)**	**(8.7)**	**(4Q25)**
Unemployment rate (%, max)[2]	**8.2**	**(4Q25)**	**9.2**	**(3Q25)**	**6.3**	**(1Q25)**	**7.1**	**(1Q26)**	**11.9**	**(2Q25)**	**10.4**	**(1Q26)**	**4.6**	**(4Q24)**	**5.4**	**(3Q25)**
House price index (%, start-to-trough)[1]	**(33.1)**	**(2Q26)**	**(17.6)**	**(1Q25)**	**(32.8)**	**(4Q26)**	**(26.4)**	**(2Q26)**	**(39.6)**	**(3Q25)**	**(16.0)**	**(3Q26)**	**(13.2)**	**(3Q26)**	**0.8**	**(2Q24)**
Inflation rate (YoY % change, max)[3]	**10.4**	**(3Q24)**	**4.6**	**(4Q24)**	**4.2**	**(1Q25)**	**5.4**	**(1Q25)**	**5.1**	**(4Q24)**	**8.7**	**(3Q24)**	**3.5**	**(3Q24)**	**6.5**	**(1Q25)**
Central bank policy rate (%, max)[2]	**6.0**	**(2Q24)**	**6.0**	**(2Q24)**	**6.4**	**(2Q24)**	**4.5**	**(4Q24)**	**6.0**	**(2Q24)**	**5.2**	**(2Q24)**	**6.1**	**(2Q24)**	**12.6**	**(4Q24)**

1 *Cumulative change to the lowest level of the series during the 20-quarter projection.*
2 *The highest projected unemployment or policy rate in the scenario.*
3 *The highest projected year-on-year percentage change in inflation in the scenario.*

Downside 2 scenario 2024–2028 (as at 4Q23)

	UK		US		Hong Kong		Mainland China		Canada		France		UAE		Mexico	
GDP level (%, start-to-trough)[1]	(8.8)	(2Q25)	(4.6)	(1Q25)	(8.2)	(1Q25)	(6.4)	(1Q25)	(4.8)	(1Q25)	(6.6)	(1Q25)	(4.9)	(2Q25)	(8.1)	(2Q25)
Unemployment rate (%, max)[2]	8.4	(2Q25)	9.3	(2Q25)	6.4	(4Q24)	7.0	(4Q25)	11.9	(1Q25)	10.2	(4Q25)	4.3	(3Q24)	4.9	(2Q25)
House price index (%, start-to-trough)[1]	(30.2)	(4Q25)	(14.7)	(4Q24)	(32.8)	(3Q26)	(25.5)	(4Q25)	(42.7)	(2Q25)	(14.5)	(2Q26)	(2.9)	(4Q25)	1.2	(1Q24)
Inflation rate (YoY % change, max)[3]	10.1	(2Q24)	4.8	(2Q24)	4.1	(3Q24)	4.1	(4Q24)	5.4	(2Q24)	8.6	(2Q24)	3.5	(2Q24)	7.0	(4Q24)
Central bank policy rate (%, max)[2]	6.0	(1Q24)	6.1	(1Q24)	6.4	(1Q24)	4.8	(3Q24)	5.8	(1Q24)	5.2	(1Q24)	6.1	(1Q24)	12.7	(3Q24)

1 *Cumulative change to the highest level of the series during the 20-quarter projection.*
2 *Lowest projected unemployment or policy rate in the scenario.*
3 *Lowest projected year-on-year percentage change in inflation in the scenario.*

The following table describes the probabilities assigned in each scenario.

Scenario weightings, %

	Standard weights	UK	US	Hong Kong	Mainland China	Canada	France	UAE	Mexico
1Q24									
Upside	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**
Central	**75.0**	**75.0**	**75.0**	**75.0**	**75.0**	**75.0**	**75.0**	**75.0**	**75.0**
Downside	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**
Downside 2	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**
4Q23									
Upside	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Central	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
Downside	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Downside 2	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0

At 31 March 2024, scenario weights are consistent with those applied at 31 December 2023. The consensus Upside and Central scenarios for all key markets have a combined weighting of 85%, with the remaining 15% assigned to the two downside scenarios. Management assessed that forecast dispersion around the consensus estimate had remained stable and that market measures of volatility had stayed low. Risks were deemed to be adequately reflected in outer scenarios at their calibrated probability.

Management judgemental adjustments

In the context of IFRS 9, management judgemental adjustments are typically short-term increases or decreases to the modelled allowance for ECL at either a customer, segment or portfolio level where management believes allowances do not sufficiently reflect the credit risk/expected credit losses at the reporting date. These can relate to risks or uncertainties that are not reflected in the models and/or to any late-breaking events with significant uncertainty, subject to management review and challenge.

This includes refining model inputs and outputs and using adjustments to ECL based on management judgement and quantitative analysis for impacts that are difficult to model.

The effects of management judgemental adjustments are considered for both balances and allowance for ECL when determining whether or not a significant increase in credit risk has occurred and is allocated to a stage where appropriate. This is in accordance with the internal adjustments framework.

Management judgemental adjustments are reviewed under the governance process for IFRS 9 (as detailed in the section 'Credit risk management' on page 147 of the Annual Report and Accounts 2023).

Review and challenge focuses on the rationale and quantum of the adjustments with a further review carried out by the second line of defence where significant. For some management judgemental adjustments, internal frameworks establish the conditions under which these adjustments should no longer be required and as such are considered as part of the governance process. This internal governance process allows management judgemental adjustments to be reviewed regularly and, where possible, to reduce the reliance on these through model recalibration or redevelopment, as appropriate.

The drivers of management judgemental adjustments continue to evolve with the economic environment and as new risks emerge.

In addition to management judgemental adjustments there are also 'Other adjustments', which are made to address process limitations and data/model deficiencies.

'Management judgemental adjustments' and 'Other adjustments' constitute the total value of adjustments to modelled allowance for ECL. For the wholesale portfolio, defaulted exposures are assessed individually and management judgemental adjustments are made only to the performing portfolio.

At 31 March 2024, there was a $0.2bn reduction in management judgemental adjustments compared with 31 December 2023.

Management judgemental adjustments made in estimating the scenario-weighted reported allowance for ECL at 31 March 2024 are set out in the following table.

Management judgemental adjustments to ECL at 31 March 2024[1,2]

	Retail	Wholesale[3]	Total
	$bn	$bn	$bn
Modelled ECL (A)[4]	**2.7**	**2.2**	**4.9**
Banks, sovereigns, government entities and low-risk counterparties		**0.0**	**0.0**
Corporate lending adjustments		**0.2**	**0.2**
Inflation related adjustments	**0.1**		**0.1**
Other credit judgements	**0.2**		**0.2**
Total management judgemental adjustments (B)[5]	**0.3**	**0.2**	**0.5**
Other adjustments (C)[6]	**(0.1)**	**0.0**	**(0.1)**
Final ECL (A + B + C)[7]	**2.9**	**2.3**	**5.2**

Management judgemental adjustments to ECL at 31 December 2023[1,2]

	Retail	Wholesale[3]	Total
	$bn	$bn	$bn
Modelled ECL (A)[4]	2.6	2.4	5.0
Banks, sovereigns, government entities and low-risk counterparties		0.0	0.0
Corporate lending adjustments		0.1	0.1
Inflation-related adjustments	0.1		0.1
Other credit judgements	0.5		0.5
Total management judgemental adjustments (B)[5]	0.6	0.1	0.7
Other adjustments (C)[6]	0.0	0.0	0.0
Final ECL (A + B + C)[7]	3.2	2.5	5.7

1 *Management judgemental adjustments presented in the table reflect increases or (decreases) to allowance for ECL, respectively.*
2 *31 March 2024 excludes the Canada banking business, the sale of which completed on 28 March 2024. 31 December 2023 includes the Canada banking business. 31 March 2024 includes the retained portfolio following the sale of retail banking operations in France, which completed on 1 January 2024. 31 December 2023 includes all France retail banking operations.*
3 *The wholesale portfolio corresponds to adjustments to the performing portfolio (stage 1 and stage 2).*
4 *(A) refers to probability-weighted allowance for ECL before any adjustments are applied.*
5 *(B) refers to adjustments that are applied where management believes allowance for ECL does not sufficiently reflect the credit risk/expected credit losses of any given portfolio at the reporting date. These can relate to risks or uncertainties that are not reflected in the model and/or to any late-breaking events.*
6 *(C) refers to adjustments to allowance for ECL made to address process limitations and data/model deficiencies.*
7 *As presented within our internal credit risk governance (see page 147 of the Annual Report and Accounts 2023).*

At 31 March 2024, wholesale management judgemental adjustments were an increase to allowance for ECL of $0.2bn (31 December 2023: $0.1bn increase), mostly to reflect heightened uncertainty in specific sectors and geographies, including adjustments to exposures to the real estate sectors in mainland China, Hong Kong, the UK and the US.

In the retail portfolio, management judgemental adjustments were an increase to modelled ECL of $0.3bn at 31 March 2024 (31 December 2023: $0.6bn increase). Other credit judgements increased allowance for ECL by $0.2bn (31 December 2023: $0.5bn). These adjustments were primarily to capture the remaining potential delayed impact of economic scenarios on unsecured portfolio defaults in the UK and unemployment uncertainty. The decrease in management judgemental adjustments to allowances compared with 31 December 2023 was primarily attributed to the UK where performance continued to remain resilient and adjustments were recalibrated to consider restatements of historical unemployment levels and Mexico where modelled ECL increases were offset by reduced levels of adjustments. Inflation-related adjustments were broadly unchanged compared with 31 December 2023.

Economic scenarios sensitivity analysis of ECL estimates

Management considered the sensitivity of the ECL outcome against the economic forecasts as part of the ECL governance process by recalculating the ECL under each scenario described above for selected portfolios, applying a 100% weighting to each scenario in turn. The weighting is reflected in both the determination of a significant increase in credit risk and the measurement of the resulting ECL.

The ECL calculated for the Upside and Downside scenarios should not be taken to represent the upper and lower limits of possible ECL outcomes. The impact of defaults that might occur in the future under different economic scenarios is captured by recalculating ECL for loans at the balance sheet date.

There is a particularly high degree of estimation uncertainty in numbers representing more severe risk scenarios when assigned a 100% weighting.

For wholesale credit risk exposures, the sensitivity analysis excludes allowance for ECL and financial instruments related to defaulted (stage 3) obligors. The measurement of stage 3 ECL is relatively more sensitive to credit factors specific to the obligor than future economic scenarios, and therefore the effect of macroeconomic factors are not necessarily the key consideration when performing individual assessments of ECL for obligors in default. Loans to defaulted obligors are a small portion of the overall wholesale lending exposure, even if representing the majority of the allowance for ECL. Due to the range and specificity of the credit factors to which the ECL is sensitive, it is not possible to provide a meaningful alternative sensitivity analysis for a consistent set of risks across all defaulted obligors.

For retail credit risk exposures, the sensitivity analysis includes ECL allowance for loans and advances to customers related to defaulted obligors. This is because the retail ECL allowance for secured mortgage portfolios including loans in all stages is sensitive to macroeconomic variables.

Group ECL sensitivity results

The allowance for ECL of the scenarios and management judgemental adjustments is highly sensitive to movements in economic forecasts. If the Group allowance for ECL balance was estimated solely on the basis of the Central scenario, Downside scenario or the Downside 2 scenario at 31 March 2024, it would increase/(decrease) as presented in the below table.

	Retail	Wholesale[1]
Total Group ECL at 31 March 2024[2,3]	**$bn**	**$bn**
Reported ECL	**2.7**	**2.3**
Scenarios		
100% consensus Central scenario	**(0.1)**	**(0.2)**
100% consensus Upside scenario	**(0.6)**	**(0.6)**
100% consensus Downside scenario	**0.4**	**0.7**
100% Downside 2 scenario	**2.2**	**4.1**
Total Group ECL at 31 December 2023[2,3]		
Reported ECL	3.0	2.5
Scenarios		
100% consensus Central scenario	(0.1)	(0.2)
100% consensus Upside scenario	(0.5)	(0.7)
100% consensus Downside scenario	0.4	0.8
100% Downside 2 scenario	2.1	4.5

1 *Includes low credit-risk financial instruments, such as debt instruments at FVOCI, which have high carrying values but low ECL under all the scenarios.*
2 *ECL sensitivities exclude portfolios utilising less complex modelling approaches for the retail portfolio and excludes defaulted obligors for the wholesale portfolio.*
3 *31 March 2024 excludes the Canada banking business, the sale of which completed on 28 March 2024. 31 December 2023 includes the Canada banking business. 31 March 2024 includes the retained portfolio following the sale of retail banking operations in France, which completed on 1 January 2024. 31 December 2023 includes all France retail banking operations.*

At 31 March 2024, the Group allowance for ECL, subject to this sensitivity analysis, decreased by $0.3bn in the retail portfolio and decreased by $0.2bn in the wholesale portfolio, compared with 31 December 2023.

In both the retail and wholesale portfolios, the reduction in sensitivity since 31 December 2023 was primarily a result of the sale of our Canada banking business and sale of our retail banking operations in France during the first quarter of 2024.

Personal lending

Total personal lending for loans and advances to customers at amortised cost by stage distribution

	Gross carrying amount				Allowance for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	$m	$m	$m	$m	$m	$m	$m	$m
By legal entity								
HSBC UK Bank plc	**147,267**	**33,998**	**1,204**	**182,469**	**(136)**	**(442)**	**(252)**	**(830)**
HSBC Bank plc[1]	**23,236**	**1,404**	**402**	**25,042**	**(24)**	**(28)**	**(112)**	**(164)**
The Hongkong and Shanghai Banking Corporation Limited	**189,526**	**6,812**	**1,039**	**197,377**	**(172)**	**(375)**	**(163)**	**(710)**
HSBC Bank Middle East Limited	**3,288**	**384**	**55**	**3,727**	**(17)**	**(33)**	**(35)**	**(85)**
HSBC North America Holdings Inc.	**18,605**	**530**	**336**	**19,471**	**(5)**	**(12)**	**(15)**	**(32)**
Grupo Financiero HSBC, S.A. de C.V.	**13,306**	**1,580**	**558**	**15,444**	**(248)**	**(434)**	**(280)**	**(962)**
Other trading entities[1]	**727**	**30**	**3**	**760**	**(5)**	**(1)**	**(2)**	**(8)**
At 31 Mar 2024	**395,955**	**44,738**	**3,597**	**444,290**	**(607)**	**(1,325)**	**(859)**	**(2,791)**
By legal entity								
HSBC UK Bank plc	146,354	35,190	1,218	182,762	(152)	(490)	(255)	(897)
HSBC Bank plc	14,598	1,747	273	16,618	(24)	(22)	(91)	(137)
The Hongkong and Shanghai Banking Corporation Limited	191,382	7,741	948	200,071	(165)	(402)	(162)	(729)
HSBC Bank Middle East Limited	3,335	397	47	3,779	(19)	(33)	(36)	(88)
HSBC North America Holdings Inc.	18,096	553	364	19,013	(5)	(14)	(16)	(35)
Grupo Financiero HSBC, S.A. de C.V.	12,717	1,740	536	14,993	(197)	(463)	(273)	(933)
Other trading entities	10,052	115	119	10,286	(17)	(10)	(21)	(48)
At 31 Dec 2023	396,534	47,483	3,505	447,522	(579)	(1,434)	(854)	(2,867)

1 *At 31 December 2023, Other trading entities included gross carrying amount of $9,079m and allowances for ECL of $23m related to Private Banking entities that were reclassified to HSBC Bank plc to continue the process of simplifying our structure.*

Wholesale lending

Total wholesale lending for loans and advances to banks and customers at amortised cost by stage distribution

	Gross carrying amount					Allowance for ECL				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
By legal entity										
HSBC UK Bank plc	**76,165**	**15,269**	**3,689**	**—**	**95,123**	**(220)**	**(395)**	**(643)**	**—**	**(1,258)**
HSBC Bank plc[1]	**97,222**	**8,779**	**2,758**	**40**	**108,799**	**(68)**	**(128)**	**(1,043)**	**(7)**	**(1,246)**
The Hongkong and Shanghai Banking Corporation Limited	**285,936**	**33,144**	**9,087**	**38**	**328,205**	**(168)**	**(699)**	**(3,437)**	**(20)**	**(4,324)**
HSBC Bank Middle East Limited	**25,215**	**1,491**	**895**	**3**	**27,604**	**(13)**	**(8)**	**(584)**	**(2)**	**(607)**
HSBC North America Holdings Inc.	**31,705**	**4,653**	**587**	**—**	**36,945**	**(30)**	**(122)**	**(131)**	**—**	**(283)**
Grupo Financiero HSBC, S.A. de C.V.	**14,338**	**1,244**	**315**	**—**	**15,897**	**(23)**	**(49)**	**(191)**	**—**	**(263)**
Other trading entities[1]	**7,482**	**789**	**327**	**—**	**8,598**	**(10)**	**(7)**	**(158)**	**—**	**(175)**
Holding companies, shared service centres and intra-Group eliminations	**67**	**1**	**—**	**—**	**68**	**—**	**(1)**	**—**	**—**	**(1)**
At 31 Mar 2024	**538,130**	**65,370**	**17,658**	**81**	**621,239**	**(532)**	**(1,409)**	**(6,187)**	**(29)**	**(8,157)**
By legal entity										
HSBC UK Bank plc	76,793	18,735	3,769	—	99,297	(213)	(474)	(593)	—	(1,280)
HSBC Bank plc	82,025	8,452	2,673	40	93,190	(69)	(138)	(1,035)	(7)	(1,249)
The Hongkong and Shanghai Banking Corporation Limited	287,876	37,402	7,077	38	332,393	(185)	(696)	(3,349)	(21)	(4,251)
HSBC Bank Middle East Limited	21,927	1,598	894	3	24,422	(17)	(11)	(571)	(2)	(601)
HSBC North America Holdings Inc.	30,797	5,712	583	—	37,092	(24)	(145)	(127)	—	(296)
Grupo Financiero HSBC, S.A. de C.V.	13,714	1,186	382	—	15,282	(39)	(56)	(231)	—	(326)
Other trading entities	11,164	1,739	392	—	13,295	(14)	(13)	(192)	—	(219)
Holding companies, shared service centres and intra-Group eliminations	33	—	—	—	33	—	—	—	—	—
At 31 Dec 2023	524,329	74,824	15,770	81	615,004	(561)	(1,533)	(6,098)	(30)	(8,222)

1 *At 31 December 2023, Other trading entities included gross carrying amount of $1,792m and allowances for ECL of $1m related to Private Banking entities that were reclassified to HSBC Bank plc to continue the process of simplifying our structure.*

Commercial real estate

The following table presents the Group's exposure to borrowers classified in the commercial real estate sector where the ultimate parent is based in mainland China, as well as all commercial real estate exposures booked on mainland China balance sheets. The exposures and allowances for ECL at 31 March 2024 are split by country/territory and credit quality. Additionally, allowances for ECL are split by stage.

Mainland China commercial real estate

	Hong Kong	Mainland China	Rest of the Group	Total
	$m	$m	$m	$m
Loans and advances to customers[1]	**5,429**	**4,711**	**441**	**10,581**
Guarantees issued and others[2]	**77**	**65**	**8**	**150**
Total mainland China commercial real estate exposure at 31 Mar 2024	**5,506**	**4,776**	**449**	**10,731**
Distribution of mainland China commercial real estate exposure by credit quality				
Strong	**363**	**1,915**	**113**	**2,391**
Good	**622**	**886**	**—**	**1,508**
Satisfactory	**508**	**1,405**	**152**	**2,065**
Sub-standard	**1,190**	**205**	**166**	**1,561**
Credit impaired	**2,823**	**365**	**18**	**3,206**
At 31 Mar 2024	**5,506**	**4,776**	**449**	**10,731**
Allowance for ECL by credit quality				
Strong	**—**	**(5)**	**—**	**(5)**
Good	**—**	**(4)**	**—**	**(4)**
Satisfactory	**—**	**(23)**	**—**	**(23)**
Sub-standard	**(77)**	**(31)**	**(15)**	**(123)**
Credit impaired	**(1,713)**	**(188)**	**(6)**	**(1,907)**
At 31 Mar 2024	**(1,790)**	**(251)**	**(21)**	**(2,062)**
Allowance for ECL by stage distribution				
Stage 1	**—**	**(11)**	**—**	**(11)**
Stage 2	**(77)**	**(52)**	**(15)**	**(144)**
Stage 3	**(1,713)**	**(188)**	**(6)**	**(1,907)**
At 31 Mar 2024	**(1,790)**	**(251)**	**(21)**	**(2,062)**
ECL coverage %	**32.5**	**5.3**	**4.7**	**19.2**

1 *Amounts represent gross carrying amount.*
2 *Amounts represent nominal amount for guarantees and other contingent liabilities.*

Mainland China commercial real estate (continued)

	Hong Kong	Mainland China	Rest of the Group	Total
	$m	$m	$m	$m
Loans and advances to customers[1]	6,033	4,917	839	11,789
Guarantees issued and others[2]	255	66	37	358
Total mainland China commercial real estate exposure at 31 Dec 2023	6,288	4,983	876	12,147
Distribution of mainland China commercial real estate exposure by credit quality				
Strong	781	1,723	6	2,510
Good	604	953	421	1,978
Satisfactory	679	1,704	261	2,644
Sub-standard	1,298	327	188	1,813
Credit impaired	2,926	276	—	3,202
At 31 Dec 2023	6,288	4,983	876	12,147
Allowance for ECL by credit quality				
Strong	—	(3)	—	(3)
Good	—	(5)	(1)	(6)
Satisfactory	(3)	(27)	—	(30)
Sub-standard	(66)	(87)	(16)	(169)
Credit impaired	(1,726)	(125)	—	(1,851)
At 31 Dec 2023	(1,795)	(247)	(17)	(2,059)
Allowance for ECL by stage distribution				
Stage 1	—	(10)	—	(10)
Stage 2	(69)	(112)	(17)	(198)
Stage 3	(1,726)	(125)	—	(1,851)
At 31 Dec 2023	(1,795)	(247)	(17)	(2,059)
ECL coverage %	28.5	5.0	1.9	17.0

1 *Amounts represent gross carrying amount.*
2 *Amounts represent nominal amount for guarantees and other contingent liabilities.*

Commercial real estate financing refers to lending that focuses on commercial development and investment in real estate and covers commercial, residential and industrial assets. The exposures in the table are related to companies whose primary activities are focused on these activities. The table also includes financing provided to a corporate or financial entity for the purchase or financing of a property that supports the overall operations of the business. Such exposures are outside of our normal definition of commercial real estate, as applied elsewhere in this report, but are provided here for a more comprehensive view of our mainland China property exposure.

The table above shows 56% ($6bn) of total exposure with a credit quality of 'satisfactory' or above, which was lower in proportion compared with 31 December 2023 (59%, $7.1bn). Total 'credit impaired' exposures increased to 30% ($3.2bn) (31 December 2023: 26%, $3.2bn), reflecting sustained stress in the China commercial real estate market, including weakness in both property market fundamentals and financing conditions for borrowers operating in this sector.

Allowances for ECL are substantially against unsecured exposures. For secured exposures, allowances for ECL are minimal, reflecting the nature and value of the security held.

Facilities booked in Hong Kong continued to represent the largest proportion of mainland China commercial real estate exposures, although total exposures reduced to $5.5bn, down $0.8bn since 31 December 2023, as a result of de-risking measures, repayments and write-offs. This portfolio remains relatively higher risk, with 27% (31 December 2023: 33%) of exposure booked with a credit quality of 'satisfactory' or above and 51% 'credit impaired' (31 December 2023: 47%).

At 31 March 2024, the Group had allowances for ECL of $1.8bn (31 December 2023: $1.8bn) held against commercial real estate exposures to companies whose ultimate parent is based in mainland China, which are booked in Hong Kong. ECL coverage increased to 32.5% (31 December 2023: 28.5%), reflecting repayments during the quarter.

Approximately 45% of the unimpaired exposure in the Hong Kong portfolio is lending to state-owned enterprises and relatively strong private-owned enterprises. This is reflected in the relatively low allowance for ECL in this part of the portfolio.

Market conditions remain subdued as a result of weak sentiment and residential property transaction levels. While this is likely to continue in the near term, the property sector is expected to stabilise during the course of 2024, underpinned by a recovery in contracted sales once government policies have started to take effect. However, the divergence between privately-owned enterprises and state-owned enterprises is likely to continue, with state-owned enterprises achieving above-market sales, and benefiting from market share gains and better access to funding.

The Group has additional exposures to mainland China commercial real estate as a result of lending to multinational corporates booked outside of mainland China, which is not incorporated in the table above.

Capital risk

Capital overview

Capital adequacy metrics

	At	
	31 Mar 2024	31 Dec 2023
Risk-weighted assets ('RWAs') ($bn)		
Credit risk	**663.6**	683.9
Counterparty credit	**36.7**	35.5
Market risk	**36.6**	37.5
Operational risk	**95.7**	97.2
Total risk-weighted assets	**832.6**	854.1
Capital on a transitional basis ($bn)		
Common equity tier 1 ('CET1') capital	**126.3**	126.5
Tier 1 capital	**144.1**	144.2
Total capital	**172.5**	171.2
Capital ratios on a transitional basis (%)		
Common equity tier 1 ratio	**15.2**	14.8
Tier 1 ratio	**17.3**	16.9
Total capital ratio	**20.7**	20.0
Capital on an end point basis ($bn)		
Common equity tier 1 ('CET1') capital	**126.3**	126.5
Tier 1 capital	**144.1**	144.2
Total capital	**168.5**	167.1
Capital ratios on an end point basis (%)		
Common equity tier 1 ratio	**15.2**	14.8
Tier 1 ratio	**17.3**	16.9
Total capital ratio	**20.2**	19.6
Liquidity coverage ratio ('LCR')		
Total high-quality liquid assets ($bn)	**645.8**	647.5
Total net cash outflow ($bn)	**473.8**	477.1
LCR (%)	**136**	136

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.

Capital figures and ratios in the previous table are calculated in accordance with the regulatory requirements of the Capital Requirements Regulation and Directive, the CRR II regulation and the Prudential Regulation Authority UK ('PRA') Rulebook ('CRR II'). The table presents them under the transitional arrangements in CRR II for capital instruments and after their expiry, known as the end point.

The liquidity coverage ratio is based on the average value of the preceding 12 months.

Regulatory numbers and ratios are as presented at the date of reporting. Small changes may exist between these numbers and ratios and those subsequently submitted in regulatory filings. Where differences are significant, we may restate in subsequent periods.

Capital

At 31 March 2024, our CET1 capital ratio increased to 15.2% from 14.8% at 31 December 2023, reflecting a decrease in RWAs of $21.5bn, and a decline in CET1 capital of $0.2bn.

The key drivers impacting the CET1 ratio were:

- a 0.7 percentage point increase from strategic transactions, including the gain on disposal of our Canada banking business adjusted for the $0.21 per share special dividend, the RWA reduction from our disposals in France and Canada, which was partially offset by the impairment loss following the held for sale classification of our business in Argentina;
- a 0.2 percentage point increase from capital generation, mainly through regulatory profits less dividends, adjusted for the share buy-back announced at our 2023 year end results;
- a 0.4 percentage point decrease was driven by higher underlying RWAs, excluding the reduction from our disposals in France and Canada; and
- a 0.2 percentage point decrease from the adverse impact of foreign exchange fluctuations and an increase in regulatory deductions.

Our Pillar 2A requirement at 31 March 2024, as per the PRA's Individual Capital Requirement based on a point-in-time assessment, was equivalent to 2.6% of RWAs, of which 1.5% was required to be met by CET1. Throughout 1Q24, we complied with the PRA's regulatory capital adequacy requirement.

Leverage

Leverage ratio[1]

	At 31 Mar 2024 $bn	31 Dec 2023 $bn
Tier 1 capital (leverage)	**144.1**	144.2
Total leverage ratio exposure	**2,528.0**	2,574.8
	%	%
Leverage ratio	**5.7**	5.6

1 *Leverage ratio calculation is in line with the PRA's UK leverage rules. This includes IFRS 9 transitional arrangement and excludes central bank claims.*

Our leverage ratio was 5.7% at 31 March 2024, up from 5.6% at 31 December 2023. The reduction in the leverage exposures led to a rise of 0.1 percentage point in the leverage ratio, primarily due to a decline in the balance sheet. The decline in the balance sheet was mainly driven by the completion of the sale of our banking business in Canada and the sale of our retail banking operations in France.

At 31 March 2024, our UK minimum leverage ratio requirement of 3.25% was supplemented by a leverage ratio buffer of 1.0%, which consists of an additional leverage ratio buffer of 0.7% and a countercyclical leverage ratio buffer of 0.3%. These buffers translated into capital values of $17.7bn and $7.6bn, respectively. We exceeded these leverage requirements throughout 1Q24.

Risk-weighted assets

RWAs by global business

	WPB $bn	CMB $bn	GBM $bn	Corporate Centre $bn	Total RWAs $bn
Credit risk	**146.3**	**303.5**	**130.6**	**83.2**	**663.6**
Counterparty credit risk	**1.2**	**0.9**	**32.5**	**2.1**	**36.7**
Market risk	**1.3**	**1.0**	**27.4**	**6.9**	**36.6**
Operational risk	**33.4**	**32.4**	**32.2**	**(2.3)**	**95.7**
At 31 Mar 2024	**182.2**	**337.8**	**222.7**	**89.9**	**832.6**
At 31 Dec 2023	192.9	354.5	218.5	88.2	854.1

RWAs by legal entities[1]

	HSBC UK Bank plc $bn	HSBC Bank plc $bn	The Hongkong and Shanghai Banking Corporation Limited $bn	HSBC Bank Middle East Limited $bn	HSBC North America Holdings Inc $bn	HSBC Bank Canada[3] $bn	Grupo Financiero HSBC, S.A. de C.V. $bn	Other trading entities $bn	Holding companies, shared service centres and intra-Group eliminations $bn	Total RWAs $bn
Credit risk	**110.7**	**75.8**	**318.9**	**18.2**	**61.2**	**—**	**26.7**	**43.2**	**8.9**	**663.6**
Counterparty credit risk	**0.2**	**18.2**	**9.5**	**0.6**	**3.2**	**—**	**0.8**	**4.2**	**—**	**36.7**
Market risk[2]	**0.1**	**25.8**	**27.2**	**2.4**	**3.7**	**0.5**	**0.7**	**1.6**	**3.1**	**36.6**
Operational risk	**17.8**	**18.0**	**46.1**	**3.7**	**7.2**	**3.4**	**5.3**	**5.2**	**(11.0)**	**95.7**
At 31 Mar 2024	**128.8**	**137.8**	**401.7**	**24.9**	**75.3**	**3.9**	**33.5**	**54.2**	**1.0**	**832.6**
At 31 Dec 2023	129.2	131.5	396.7	24.3	72.2	31.9	32.6	59.6	6.7	854.1

1 *Balances are on a third-party Group consolidated basis.*
2 *Market risk RWAs are non-additive across the legal entities due to diversification effects within the Group.*
3 *The remaining RWA balance in HSBC Bank Canada results from averaging and will roll off over future reporting cycles.*

RWA movement by global business by key driver

	Credit risk, counterparty credit risk and operational risk					
	WPB $bn	CMB $bn	GBM $bn	Corporate Centre $bn	Market risk $bn	Total RWAs $bn
RWAs at 1 Jan 2024	**191.6**	**353.5**	**196.3**	**75.2**	**37.5**	**854.1**
Asset size	**0.1**	**0.2**	**4.2**	**5.2**	**4.7**	**14.4**
Asset quality	**0.6**	**6.2**	**0.5**	**—**	**—**	**7.3**
Model updates	**—**	**—**	**—**	**—**	**—**	**—**
Methodology and policy	**(1.8)**	**1.2**	**(0.7)**	**3.2**	**—**	**1.9**
Acquisitions and disposals	**(7.3)**	**(20.4)**	**(2.6)**	**(0.3)**	**(5.6)**	**(36.2)**
Foreign exchange movements[1]	**(2.3)**	**(3.9)**	**(2.4)**	**(0.3)**	**—**	**(8.9)**
Total RWA movement	**(10.7)**	**(16.7)**	**(1.0)**	**7.8**	**(0.9)**	**(21.5)**
RWAs at 31 Mar 2024	**180.9**	**336.8**	**195.3**	**83.0**	**36.6**	**832.6**

1 *Credit risk foreign exchange movements in this disclosure are computed by retranslating RWAs into US dollars based on the underlying transactional currencies.*

RWA movement by legal entities by key driver[1]

	Credit risk, counterparty credit risk and operational risk										
	HSBC UK Bank plc	HSBC Bank plc[3]	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc	HSBC Bank Canada[4]	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Holding companies, shared service centres and intra-Group eliminations	Market risk[5]	Total RWAs
	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn
RWAs at 1 Jan 2024	**129.0**	**108.8**	**369.3**	**21.5**	**69.6**	**31.1**	**31.9**	**58.0**	**(2.6)**	**37.5**	**854.1**
Asset size	0.4	2.9	1.4	0.6	0.8	—	0.4	2.8	0.4	4.7	14.4
Asset quality	(0.2)	0.1	6.7	—	1.0	—	—	(0.3)	—	—	7.3
Model updates	—	—	—	—	—	—	—	—	—	—	—
Methodology and policy	0.7	5.2	(0.2)	0.5	0.2	—	—	(4.6)	0.1	—	1.9
Acquisitions and disposals	—	(3.5)	—	—	—	(27.1)	—	—	—	(5.6)	(36.2)
Foreign exchange movements[2]	(1.2)	(1.5)	(2.7)	(0.1)	—	(0.6)	0.5	(3.3)	—	—	(8.9)
Total RWA movement	**(0.3)**	**3.2**	**5.2**	**1.0**	**2.0**	**(27.7)**	**0.9**	**(5.4)**	**0.5**	**(0.9)**	**(21.5)**
RWAs at 31 Mar 2024	**128.7**	**112.0**	**374.5**	**22.5**	**71.6**	**3.4**	**32.8**	**52.6**	**(2.1)**	**36.6**	**832.6**

1 *Balances are on a third-party Group consolidated basis.*
2 *Credit risk foreign exchange movements in this disclosure are computed by retranslating RWAs into US dollars based on the underlying transactional currencies.*
3 *Asset size movement includes a temporary RWA increase from the sale proceeds of our Canada banking business.*
4 *The remaining RWA balance in HSBC Bank Canada results from averaging and will roll off over future reporting cycles.*
5 *Market risk includes HSBC Bank Canada RWAs of $0.5bn, resulting from value at risk calculations which are expected to roll off in 2Q24.*

RWAs fell by $21.5bn during 1Q24, including a decrease of $8.9bn due to foreign currency translation differences. The remaining $12.6bn reduction in RWAs was predominantly attributed to the impact of the disposals of our France retail banking operations and Canada banking business, which was partly offset by asset size and asset quality movements.

Asset size

Corporate Centre RWAs increased by $5.2bn, which was largely driven by higher securities financing exposures in counterparty credit risk, a temporary RWA increase from the sale proceeds of our Canada banking business and a rise in SAB corporate exposures.

The $4.7bn increase in market risk RWAs was mainly attributed to a rise in value at risk driven by heightened market volatility.

GBM RWAs increased by $4.2bn, primarily due to a rise in corporate exposures, mainly in HSBC Bank plc and higher sovereign exposures in Mexico. Further RWA increase was largely attributed to higher securities financing exposures in counterparty credit risk, notably in Asia and HSBC Bank plc.

CMB RWAs rose by $0.2bn due to an increase in corporate lending, mainly in HSBC Bank plc, Argentina, Mexico and North America, which was largely offset by a fall in Asia.

WPB RWAs increased by $0.1bn, mainly due to movements in mortgage portfolio across our main legal entities.

Asset quality

The $7.3bn rise in RWAs was mainly due to unfavourable credit risk rating migrations and portfolio mix changes in CMB in Asia.

Methodology and policy

Methodology changes and credit risk parameter refinements mainly in HSBC Bank plc and the Middle East led to the RWA increase of $1.9bn. This includes the retained portfolio of our France retail banking operations, transferred from WPB to Corporate Centre.

Acquisitions and disposals

RWAs decreased by $36.2bn due to disposals completing in the period – primarily the disposal of our banking business in Canada, amounting to $32.7bn including the impact from the foreign exchange hedges for the Canada sale proceeds, and the sale of our retail banking operations in France.

Regulatory and other developments

The PRA is expected to release their near final draft of the remaining parts of Basel 3.1 in 2Q24, however in preparation we are assessing the impact of the Basel 3.1 UK consultation paper released in November 2022 and the associated implementation challenges (including data provision) on our RWAs upon initial implementation, which is expected to be 1 July 2025. The RWA output floor under Basel 3.1 is proposed to be subject to a four-and-a-half-year transitional provision. Any impact from the output floor is expected to be towards the end of the transition period.

The work by Basel on climate-related financial risks across all three pillars of regulation, supervision and disclosure is ongoing. The initial work by Basel concluded that climate risk drivers, including physical and transition risks, can be captured in traditional financial risk categories such as credit, market, operational and liquidity risks. As part of its wider efforts to improve ESG risk coverage, Basel published a consultation paper in November 2023 on a Pillar 3 disclosures framework for climate-related financial risks with a proposed effective date of 1 January 2026.

Legal proceedings and regulatory matters

As disclosed on page 419 of the Annual Report and Accounts 2023, in December 2023, the Korean Securities and Futures Commission fined The Hongkong and Shanghai Banking Corporation Limited in connection with trades carried out in breach of Korean short selling rules and referred the case to the Korean Prosecutors' Office for investigation. In March 2024, the Korean Prosecutors' Office issued a criminal indictment against The Hongkong and Shanghai Banking Corporation Limited and three current and former employees. The Hongkong and Shanghai Banking Corporation Limited will defend the action. There are many factors that may affect the range of outcomes of this matter which could be significant.

Regulatory transitional arrangements for IFRS 9 ‘Financial Instruments‘

We have adopted the regulatory transitional arrangements of the Capital Requirements Regulation for IFRS 9, including paragraph four of article 473a. These allow banks to add back to their capital base a proportion of the impact that IFRS 9 has upon their loan loss allowances. Our capital and ratios are presented under these arrangements throughout the tables in this section, including the end point figures.

For further details, see our Pillar 3 Disclosures at 31 March 2024, which is expected to be published on or around 8 May 2024 at www.hsbc.com/investors.

Additional information

Dividends

Fourth interim dividend for 2023

On 21 February 2024, the Directors approved a fourth interim dividend for 2023 of $0.31 per ordinary share, which was paid on 25 April 2024 in cash. The sterling and Hong Kong dollar amounts of approximately £0.248286 and HK$2.426355 were calculated using the forward exchange rates quoted by HSBC Bank plc in London at or about 11.00am on 15 April 2024.

First interim dividend for 2024 and special dividend

On 30 April 2024, the Directors approved a first interim dividend in respect of the financial year ended 31 December 2024 of $0.10 per ordinary share, a distribution of approximately $1.88bn. The Directors also approved a special dividend of $0.21 per ordinary share arising from the proceeds of the sale of the HSBC banking business in Canada to Royal Bank of Canada which completed on 28 March 2024, a distribution of approximately $3.95bn. The combined dividend of $0.31 per ordinary share (the 'dividend') will be payable on 21 June 2024 to holders of record on the Principal Register in the UK, the Hong Kong Overseas Branch Register or the Bermuda Overseas Branch Register on 10 May 2024.

The dividend will be payable in US dollars, or in pounds sterling or Hong Kong dollars at the forward exchange rates quoted by HSBC Bank plc in London at or about 11.00am on 11 June 2024. The ordinary shares in London, Hong Kong and Bermuda, and American Depositary Shares (‘ADSs’) in New York will be quoted ex-dividend on 9 May 2024.

The default currency on the Principal Register in the UK is pounds sterling, and dividends can also be paid in Hong Kong dollars or US dollars, or a combination of these currencies. International shareholders can register to join the Global Dividend Service to receive dividends in their local currencies. Please register and read the terms and conditions at www.investorcentre.co.uk. UK shareholders can also register their sterling bank mandates at www.investorcentre.co.uk.

The default currency on the Hong Kong Overseas Branch Register is Hong Kong dollars, and dividends can also be paid in US dollars or pounds sterling, or a combination of these currencies. Shareholders can arrange for direct credit of Hong Kong dollar cash dividends into their bank account, or arrange to send US dollar or pound sterling cheques to the credit of their bank account. Shareholders can register for these services at www.investorcentre.com/hk. Shareholders can also download a dividend currency election form from www.hsbc.com/dividends, www.investorcentre.com/hk, or www.hkexnews.hk.

The default currency on the Bermuda Overseas Branch Register is US dollars, and dividends can also be paid in Hong Kong dollars or pounds sterling, or a combination of these currencies. Shareholders can change their dividend currency election by contacting the Bermuda investor relations team. Shareholders can download a dividend currency election form from www.hsbc.com/dividends.

Changes to currency elections must be received by 6 June 2024 to be effective for this dividend.

The dividend will be payable on ADSs, each of which represents five ordinary shares, on 21 June 2024 to holders of record on 10 May 2024. The dividend of $1.55 per ADS will be payable by the depositary in US dollars. Alternatively, the cash dividend may be invested in additional ADSs by participants in the dividend reinvestment plan operated by the depositary. Elections must be received by 31 May 2024.

Any person who has acquired ordinary shares registered on the Principal Register in the UK, the Hong Kong Overseas Branch Register or the Bermuda Overseas Branch Register but who has not lodged the share transfer with the Principal Registrar in the UK, Hong Kong or Bermuda Overseas Branch Registrar should do so before 4.00pm local time on 10 May 2024 in order to receive the dividend.

Ordinary shares may not be removed from or transferred to the Principal Register in the UK, the Hong Kong Overseas Branch Register or the Bermuda Overseas Branch Register on 10 May 2024. Any person wishing to remove ordinary shares to or from each register must do so before 4.00pm local time on 9 May 2024.

Transfers of ADSs must be lodged with the depositary by 11.00am on 10 May 2024 in order to receive the dividend. ADS holders who receive a cash dividend will be charged a fee, which will be deducted by the depositary, of $0.005 per ADS per cash dividend.

Dividend on preference shares

A quarterly dividend of £0.01 per Series A sterling preference share is payable on 15 March, 17 June, 16 September and 16 December 2024 for the quarter then ended at the sole and absolute discretion of the Board of HSBC Holdings plc. Accordingly, the Board of HSBC Holdings plc has approved a quarterly dividend to be payable on 17 June 2024 to holders of record on 31 May 2024.

For and on behalf of

HSBC Holdings plc

Aileen Taylor

Group Company Secretary and Chief Governance Officer

The Board of Directors of HSBC Holdings plc as at the date of this announcement comprises: Mark Edward Tucker*, Geraldine Joyce Buckingham†, Rachel Duan†, Georges Bahjat Elhedery, Dame Carolyn Julie Fairbairn†, James Anthony Forese†, Ann Frances Godbehere†, Steven Craig Guggenheimer†, Dr José Antonio Meade Kuribreña†, Kalpana Jaisingh Morparia†, Eileen K Murray†, Brendan Robert Nelson†, David Thomas Nish†, Noel Paul Quinn and Swee Lian Teo†.

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

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Cautionary statement regarding forward-looking statements

This Earnings Release 1Q24 contains certain forward-looking statements with respect to HSBC's: financial condition; results of operations and business, including the strategic priorities; financial, investment and capital targets; and ESG targets, commitments and ambitions described herein.

Statements that are not historical facts, including statements about HSBC's beliefs and expectations, are forward-looking statements. Words such as 'may', 'will', 'should', 'expects', 'targets', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', or the negative thereof, other variations thereon or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, information, data, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. HSBC makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements.

Written and/or oral forward-looking statements may also be made in the periodic reports to the US Securities and Exchange Commission, summary financial statements to shareholders, proxy statements, offering circulars and prospectuses, press releases and other written materials, and in oral statements made by HSBC's Directors, officers or employees to third parties, including financial analysts.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement.

These include, but are not limited to:

- changes in general economic conditions in the markets in which we operate, such as new, continuing or deepening recessions, prolonged inflationary pressures and fluctuations in employment levels and the creditworthiness of customers beyond those factored into consensus forecasts; the Russia-Ukraine war and the Israel-Hamas war and their impact on global economies and the markets where HSBC operates, which could have a material adverse effect on (among other things) our financial condition, results of operations, prospects, liquidity, capital position and credit ratings; deviations from the market and economic assumptions that form the basis for our ECL measurements (including, without limitation, as a result of the Russia-Ukraine war and the Israel-Hamas war, inflationary pressures, commodity price changes, and ongoing developments in the commercial real estate sector in mainland China); potential changes in HSBC's dividend policy; changes and volatility in foreign exchange rates and interest rates levels, including the accounting impact resulting from financial reporting in respect of hyperinflationary economies; volatility in equity markets; lack of liquidity in wholesale funding or capital markets, which may affect our ability to meet our obligations under financing facilities or to fund new loans, investments and businesses; geopolitical tensions or diplomatic developments producing social instability or legal uncertainty, such as the Russia-Ukraine war or the Israel-Hamas war (including the continuation and escalation thereof) and the related imposition of sanctions and trade restrictions, supply chain restrictions and disruptions, sustained increases in energy prices and key commodity prices, claims of human rights violations, diplomatic tensions, including between China and the US, the UK, the EU, India and other countries, and developments in Hong Kong and Taiwan, alongside other potential areas of tension, which may adversely affect HSBC by creating regulatory, reputational and market risks; the efficacy of government, customer, and HSBC's actions in managing and mitigating ESG risks, in particular climate risk, nature-related risks and human rights risks, and in supporting the global transition to net zero carbon emissions, each of which can impact HSBC both directly and indirectly through our customers and which may result in potential financial and non-financial impacts; illiquidity and downward price pressure in national real estate markets; adverse changes in central banks' policies with respect to the provision of liquidity support to financial markets; heightened market concerns over sovereign creditworthiness in over-indebted countries; adverse changes in the funding status of public or private defined benefit pensions; societal shifts in customer financing and investment needs, including consumer perception as to the continuing availability of credit; exposure to counterparty risk, including third parties using us as a conduit for illegal activities without our knowledge; the discontinuation of certain key Ibors and the transition of the remaining legacy Ibor contracts to near risk-free benchmark rates, which continues to expose HSBC to some financial and non-financial risks; and price competition in the market segments we serve;

- changes in government policy and regulation, including the monetary, interest rate and other policies of central banks and other regulatory authorities in the principal markets in which we operate and the consequences thereof (including, without limitation, actions taken as a result of the impact of the Russia-Ukraine war on inflation); initiatives to change the size, scope of activities and interconnectedness of financial institutions in connection with the implementation of stricter regulation of financial institutions in key markets worldwide; revised capital and liquidity benchmarks, which could serve to deleverage bank balance sheets and lower returns available from the current business model and portfolio mix; changes to tax laws and tax rates applicable to HSBC, including the imposition of levies or taxes designed to change business mix and risk appetite; the practices, pricing or responsibilities of financial institutions serving their consumer markets; expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; the UK's relationship with the EU, which continues to be characterised by uncertainty and political disagreement, despite the signing of the Trade and Cooperation Agreement between the UK and the EU, particularly with respect to the potential divergence of UK and EU law on the regulation of financial services; changes in government approach and regulatory treatment in relation to ESG disclosures and reporting requirements, and the current lack of a single standardised regulatory approach to ESG across all sectors and markets; changes in UK macroeconomic and fiscal policy, which may result in fluctuations in the value of the pound sterling; general changes in government policy that may significantly influence investor decisions; the costs, effects and outcomes of regulatory reviews, actions or litigation, including any additional compliance requirements; and the effects of competition in the markets where we operate including increased competition from non-bank financial services companies; and
- factors specific to HSBC, including our success in adequately identifying the risks we face, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques); our ability to achieve our financial, investment, capital and ESG targets, commitments and ambitions (including the positions set forth in our thermal coal phase-out policy and our energy policy and our targets to reduce our on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors), which may result in our failure to achieve any of the expected benefits of our strategic priorities; evolving regulatory requirements and the development of new technologies, including artificial intelligence, affecting how we manage model risk; model limitations or failure, including, without limitation, the impact that high inflationary pressures and rising interest rates have had on the performance and usage of financial models, which may require us to hold additional capital, incur losses and/or use compensating controls, such as judgemental post-model adjustments, to address model limitations; changes to the judgements, estimates and assumptions we base our financial statements on; changes in our ability to meet the requirements of regulatory stress tests; a reduction in the credit ratings assigned to us or any of our subsidiaries, which could increase the cost or decrease the availability of our funding and affect our liquidity position and net interest margin; changes to the reliability and security of our data management, data privacy, information and technology infrastructure, including threats from cyber-attacks, which may impact our ability to service clients and may result in financial loss, business disruption and/or loss of customer services and data; the accuracy and effective use of data, including internal management information that may not have been independently verified; changes in insurance customer behaviour and insurance claim rates; our dependence on loan payments and dividends from subsidiaries to meet our obligations; changes in our reporting frameworks and accounting standards, which have had and may continue to have a material impact on the way we prepare our financial statements; our ability to successfully execute planned strategic acquisitions and disposals; our success in adequately integrating acquired businesses into our business, including the integration of SVB UK into our CMB business; changes in our ability to manage third-party, fraud, financial crime and reputational risks inherent in our operations; employee misconduct, which may result in regulatory sanctions and/or reputational or financial harm; changes in skill requirements, ways of working and talent shortages, which may affect our ability to recruit and retain senior management and diverse and skilled personnel; and changes in our ability to develop sustainable finance and ESG-related products consistent with the evolving expectations of our regulators, and our capacity to measure the environmental and social impacts from our financing activity (including as a result of data limitations and changes in methodologies), which may affect our ability to achieve our ESG ambitions, targets and commitments, including our net zero ambition, our targets to reduce on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors and the positions set forth in our thermal coal phase-out policy and our energy policy, and increase the risk of greenwashing. Effective risk management depends on, among other things, our ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models it uses; our success in addressing operational, legal and regulatory, and litigation challenges; and other risks and uncertainties we identify in 'Managing risk' on page 35 of this Earnings Release 1Q24.

Additional detailed information concerning important factors, including but not limited to ESG-related factors, that could cause actual results to differ materially from those anticipated or implied in any forward-looking statement in this Earnings Release 1Q24 is available in our Annual Report and Accounts for the fiscal year ended 31 December 2023, which was filed with the SEC on Form 20-F on 22 February 2024.

Abbreviations

1Q23	First quarter of 2023
1Q24	First quarter of 2024
2Q24	Second quarter of 2024
4Q23	Fourth quarter of 2023
ADR	American Depositary Receipt
ADS	American Depositary Share
AIBL	Average interest-bearing liabilities
AIEA	Average interest-earning assets
Banking NII	Banking net interest income
Basel III	Basel Committee's reforms to strengthen global capital and liquidity rules
Basel 3.1	Outstanding measures to be implemented from the Basel III reforms
BoCom	Bank of Communications Co., Limited, one of China's largest banks
Bps	Basis points. One basis point is equal to one-hundredth of a percentage point
CET1	Common equity tier 1
CMB	Commercial Banking, a global business
CODM	Chief Operating Decision Maker
Corporate Centre	Corporate Centre comprises Central Treasury, our legacy businesses, interests in our associates and joint ventures, central stewardship costs and consolidation adjustments
CSM	Contractual service margin
EBA	European Banking Authority
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
ESG	Environmental, social and governance
EU	European Union
FDIC	Federal Deposit Insurance Corporation
FTE	Full-time equivalent staff
FVOCI	Fair value through other comprehensive income
FX	Foreign exchange
GAAP	Generally accepted accounting principles
GBM	Global Banking and Markets, a global business
GDP	Gross domestic product
GEC	Group Executive Committee
GMT	Pillar 2 Global Minimum Tax
GPS	Global Payments Solutions, the business formerly known as Global Liquidity and Cash Management
Group	HSBC Holdings together with its subsidiary undertakings
GTRF	Global Trade and Receivables Finance
Hong Kong	Hong Kong Special Administrative Region of the People's Republic of China
HSBC	HSBC Holdings together with its subsidiary undertakings
HSBC Bank plc	HSBC Bank plc, also known as the non-ring-fenced bank
HSBC Holdings	HSBC Holdings plc, the parent company of HSBC
HSBC UK	HSBC UK Bank plc, also known as the ring-fenced bank
IAS	International Accounting Standards
Ibor	Interbank offered rate
IFRSs	International Financial Reporting Standards
IVB	HSBC Innovation Banking
JV	Joint venture
LCR	Liquidity coverage ratio
Long term	For our financial targets, we define long term as five to six years, commencing 1 January 2024
Mainland China	People's Republic of China excluding Hong Kong and Macau
Medium term	For our financial targets, we define medium term as three to four years, commencing 1 January 2024
MENAT	Middle East, North Africa and Türkiye
MSS	Markets and Securities Services, HSBC's capital markets and securities services businesses in Global Banking and Markets
Net operating income	Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue
NII	Net interest income
NIM	Net interest margin
ONS	Office for National Statistics
POCI	Purchased or originated credit-impaired financial assets
PRA	Prudential Regulation Authority (UK)
Revenue	Net operating income before ECL
RoE	Return on average ordinary shareholders' equity
RoTE	Return on average tangible equity
RWA	Risk-weighted asset
SAB	Saudi Awwal Bank, which was formed from the merger between The Saudi British Bank and Alawwal Bank
SVB UK	Silicon Valley Bank UK Limited, now HSBC Innovation Bank Limited
UAE	United Arab Emirates
UK	United Kingdom
US	United States of America
WPB	Wealth and Personal Banking, a global business
$m/$bn/$tn	United States dollar millions/billions/trillions. We report in US dollars

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