S&P Global
Ratings

RatingsDirect®

HSBC Bank Bermuda Ltd.

Primary Credit Analyst:
Daniel Da Silva, Toronto +1 6474803517; daniel.da.silva@spglobal.com

Secondary Contact:
Lidia Parfeniuk, Toronto + 1 (416) 507 2517; lidia.parfeniuk@spglobal.com

Table Of Contents

HSBC Bank Bermuda Ltd.

Ratings Score Snapshot

Issuer Credit Rating
A-/Stable/A-2

SACP: bbb-

Anchor	bbb-	
Business position	Adequate	0
Capital and earnings	Very strong	+2
Risk position	Constrained	-2
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

Support: +3

ALAC support	0
GRE support	0
Group support	+3
Sovereign support	0

Additional factors: 0

Issuer credit rating
A-/Stable/A-2

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Leading Bermudian bank with significant market share and access to HSBC's global network.	High level of nonperforming assets (NPAs) relative to peers.
Strategically important subsidiary of HSBC Holdings PLC.	Geographically concentrated loan portfolio in Bermuda, with large single-name exposures.
Very strong S&P Global Ratings risk-adjusted capital (RAC) ratio and large proportion of high-quality liquid assets.	History of large capital payments made to parent each year.

HSBC Bank Bermuda Ltd.'s (HBBM's) profitability will likely remain elevated. We expect HBBM will continue to benefit from high interest rates in 2023 as its net interest margin (NIM) expands (although we expect it to moderate in the second half of the year). This will benefit the asset side of the bank's balance sheet as loans and securities re-price.

On the liability side, we expect funding price pressures will be limited given HBBM's dominant deposit market share in Bermuda. We also expect noninterest operating income to rise modestly as fee income grows, while noninterest expenses are likely to also rise modestly with inflation. Return on average common equity was 26.4% in 2022, up from 10.3% in 2021.

We expect the bank's capital will remain very strong despite pressure from high dividend payouts to the parent and modest risk-weighted asset (RWA) growth. HBBM has strong regulatory capital ratios and a high S&P Global Ratings risk-adjusted capital (RAC) ratio. In 2022, the bank's regulatory common equity Tier 1 ratio and RAC ratio were 25.4% (24.8% in 2021) and 21.9% (21.0% in 2021), respectively--well above the ratios of most banks we rate globally.

We expect the bank's RAC ratio will be under some pressure in 2023 due to modest RWA growth, as the bank focuses on growing its corporate and international lending book, as well as large dividend payments to the parent. Despite these pressures, we expect HBBM's RAC ratio will stay comfortably above our very strong threshold of 15%.

We expect HBBM's NPAs to remain high relative to peers'. HBBM's asset quality improved considerably in 2022 as it implemented a policy change that modified its definition of curing and aligned its policies with that of the HSBC group.

NPAs, as a percentage of total gross loans, were 11.7% in 2022, down from 20.5% in 2021. Despite the decline-—which was partly due to a policy change alongside a fundamental improvement of the loan book--the ratio is well above the peer average of 3.3%. We expect NPAs will remain elevated, relative to those of peers, as economic growth slows in Bermuda and globally.

Although risk in HBBM's loan portfolio is high, gross loans account for only 18% of its asset base. The majority of the bank's assets are held in cash, cash-equivalents, or high-quality liquid securities.

Outlook

S&P Global Ratings' stable outlook on HBBM reflects its expectation that the bank will maintain its strategic importance to the HSBC group as a fully owned subsidiary sharing the parent's name, making it likely to receive group support, if required, in most foreseeable circumstances.

We also expect the bank to maintain very strong capital over the next two years without paying excessive dividends to the parent that would cause its S&P Global Ratings RAC ratio to fall sharply, or below 15%. We believe the company's high capital levels and adequate market position will help HBBM maintain a stand-alone credit profile (SACP) of 'bbb-', even as it deals with potentially higher loan losses amid slowing Bermudian and global economies.

Downside scenario

We could lower the ratings--by reducing or eliminating the three group support notches we incorporate--if we believe the strategic importance of the Bermudian operation could diminish, particularly if there were an indication that its ultimate parent, HSBC Holdings PLC (HSBC; A-/Stable/A-2), had a firm intention to sell HBBM. We would also lower the ratings on HBBM if we lowered our group SACP ('a') on HSBC Holdings.

In addition, we could lower the ratings if the bank's SACP weakens. That could occur if HBBM suffered large credit losses and weak operating performance.

Upside scenario

We view the probability of an upgrade as low because it would require either higher group status than strategically important, which is unlikely in our view, or both a higher bank SACP and group SACP. We cap the long-term issuer credit rating on HBBM one notch below the group SACP on HSBC Holdings.

Anchor: 'bbb-' For Banks Operating Only In Bermuda

Our anchor for a bank operating in Bermuda is 'bbb-', based on an economic risk score of '6' and an industry risk score of '3'. We view the trends for Bermuda's economic risk and industry risk as stable.

Our assessment of Bermuda's economic risk is underpinned by the country's high GDP per capita levels, somewhat offset by industry concentration and constraints in terms of macroeconomic policy flexibility. Bermuda's economy is concentrated in the international financial services sector, which has historically supported local growth, but also increases the territory's susceptibility to shifts in that sector. We expect that the IFS sector, and in particular the insurance sector, will continue to support the economy in the long term. Bermuda's longstanding hard-peg exchange rate regime limits Bermuda's monetary flexibility. The Bermuda Monetary Authority, neither attempts to influence domestic monetary conditions nor be a lender of last resort, with the Bermudian dollar pegged to the U.S. dollar 1-to-1.

Industry risk is supported by Bermudian banks' regulation that is largely consistent with international standards. Moreover, the small number of domestic banks and the high orientation on simple banking products also support robust supervision. Bermuda's regulator has created a favorable environment for fintech and insurance companies, which, over time, could increase competition between established banks and emerging competitors. Bermudian banks operate with sound liquidity, supported by stable deposits that cover about 2.8x total loans in the domestic banking sector. Such excess of customer deposits relative to loans and generally no external funding needs offset the absence of a developed capital market and a lender of last resort.

Figures and ratios are as of year-end 2022 (ended Dec. 31), unless otherwise specified. The peer group includes AIB Group PLC, ANZ Bank New Zealand Ltd., Bank of Ireland Group PLC, Bank of New Zealand, The Bank of N.T. Butterfield & Son Ltd., Bank of Valletta PLC, and Webster Financial Corp.

Business Position: Significant Market Share With Limited Competition From Smaller Bermudian Banks

HBBM benefits from its significant market share in Bermuda's small, concentrated, and oligopolistic banking industry. HBBM and The Bank of N.T. Butterfield & Son Ltd. dominate the banking industry, with collective deposit market share nearing 90% (58% held by HBBM). The bank has a long track record as a market leader in Bermuda, which will likely continue, given HBBM's local expertise, Bermuda's strict foreign ownership rules, and limited growth opportunities in the region.

We expect HBBM's strategy will remain consistent with recent years, focusing on its core businesses, including retail banking, wealth management, commercial banking, and global banking and markets. HBBM's loan book continues to shrink, in line with wider banking industry trends in Bermuda, as opportunities to lend are declining. Since 2017, HBBM's total gross loans fell about 28%.

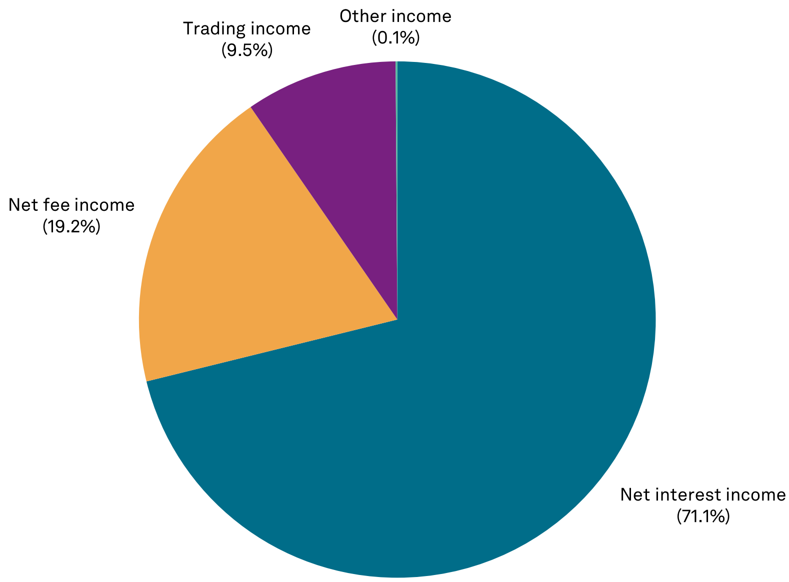
To offset this decline, HBBM will continue to look to corporate and international lending for growth. Unlike Bermudian peers, HBBM benefits from its parent's extensive global network, allowing it to attract Bermudian clients that do business internationally, especially large Bermudian insurers.

HBBM's income sources remain stable, with net interest income to operating revenue at 71%, up from 63% in 2021, as net interest income growth outpaced fee income growth in 2022, benefiting from rising interest rates. Given higher interest rates, we expect this growth disparity will continue in 2023, before falling toward historical levels in 2024 and beyond.

Fee income, while not being a significant source of growth, has been stable over the last five years, which we expect will continue. Digital innovation also remains important to spur growth and control costs; however, the bank has less control than peers, as it is reliant on its parent to pass down digital innovations.

Chart 1

HBBM revenue sources
As of Dec. 31, 2022



Segments may not total 100% due to rounding. Source: Company financial statements

Capital And Earnings: Very Strong RAC Ratio, Despite Large Dividend Payouts To The Parent

HBBM maintains strong capital and benefits from its small loan book relative to its high level of equity and large portfolio of highly rated investments. The bank's S&P Global Ratings RAC ratio was 21.9% at year-end 2022, well above our very strong threshold of 15%. We expect it to decline slightly but remain above 15% in the next 18-24 months given large dividend payments to the parent.

HBBM's capital growth has been restrained by the parent's required capital payouts--typically driven by return on capital equity targets set at the group level and often exceeding 100% of net income. In 2023, we expect this will continue, with total dividend payout near 100% of net income.

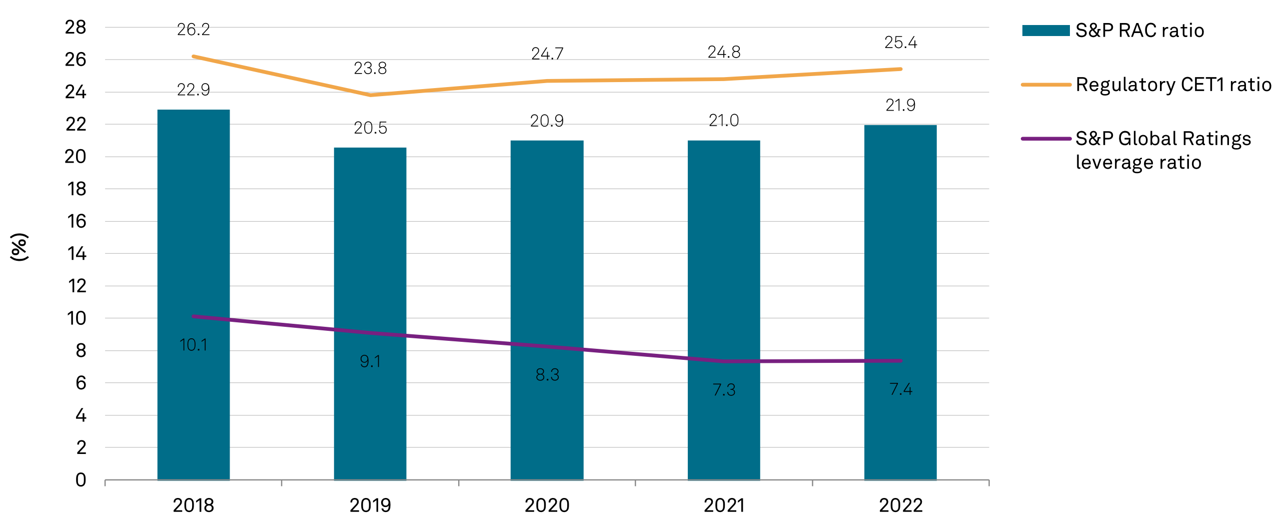
Our forecast RAC ratio also reflects a dividend payout ratio near 100% in 2024 and 2025, modest RWA growth due to greater focus on international lending (somewhat offset by declining mortgage loan growth), and our expectation of normalizing provisions for loan losses in 2024 as higher interest rates impact borrowers.

Offsetting these pressures, we expect NIM to expand (in line with interest rate increases), expenses to grow modestly, and positive operating leverage. Should there be any special dividends that go beyond our forecast, the possibility of the RAC ratio breaching the 15% threshold would increase, but this is not in our base case.

HBBM's quality of capital remains strong, made up wholly of common equity. The bank's common equity Tier 1 ratio was 25.4%, well above that of most rated banks globally. We estimate that the bank will maintain a three-year average earnings buffer of 4.4% of risk-weighted assets. This would indicate a strong earnings cushion based on its standard over-the-cycle loss assumptions. Unrealized losses in HBBM's securities portfolio equated to about 2% of its securities at year-end 2022 and, in our view, do not pose a significant risk to the bank's capital.

Chart 2

HBBM capital metrics
As of Dec. 31, 2022

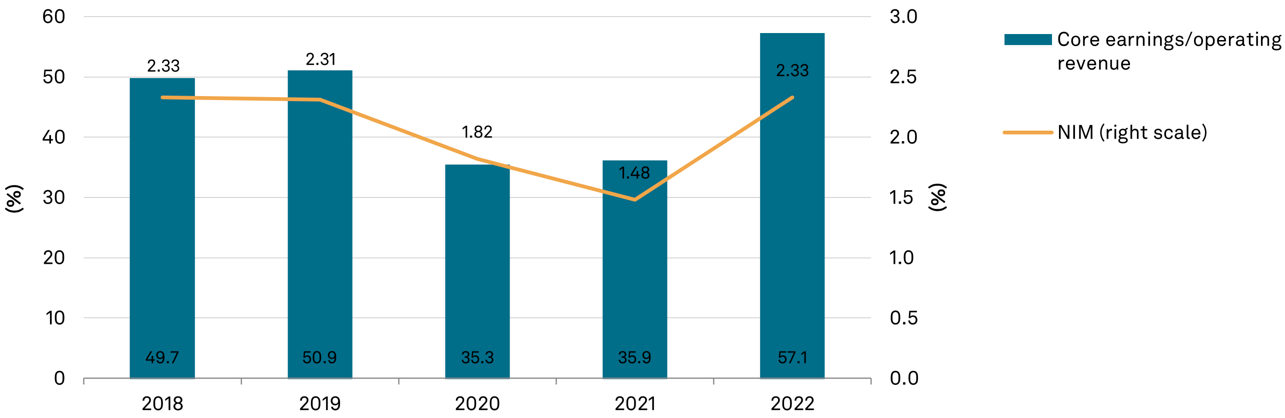


CET1--Common equity Tier 1. Source: S&P Global Ratings

HBBM's efficiency ratio (expenses to total revenue) improved considerably from one year ago, to 46% from 62%, as a result of net interest income growth. We expect the efficiency ratio will remain low in the near term as NIM benefits from higher interest rates but will moderate toward historical levels when interest rates stabilize.

Chart 3

HBBM profitability metrics
As of Dec. 31, 2022



Source: S&P Global Ratings.

Risk Position: High NPAs Relative To Peers And Likely To Remain Elevated

HBBM's customer loan book is weaker than those of peers. This partly reflects the struggling economy in Bermuda since the 2008 financial crisis. The 2008 recession, coupled with lax credit policies at the bank (by the former executive team) leading up to the crisis, led to lingering asset quality issues.

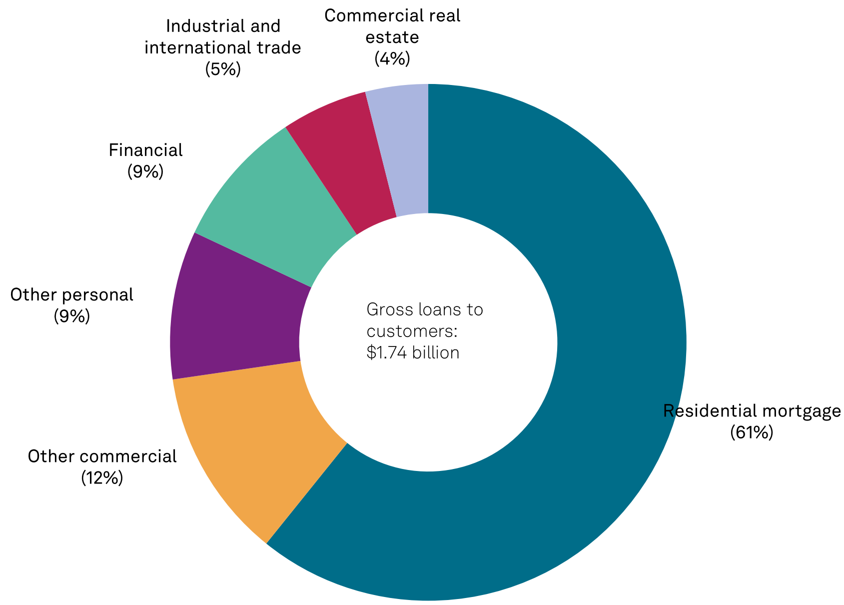
Although credit policies have tightened since 2013, credit quality issues persist and we view loans originated pre-2013 as higher risk. Still, the fact that HBBM's gross loans represent a small (18%) portion of total assets should keep losses manageable.

The bank's securities portfolio (39% of total assets) is high quality and geographically diversified. In total, 80% of HBBM's assets are either cash, reverse repo, loans to highly rated banks, or high-quality security investments.

Chart 4

HBBM loan portfolio breakdown

As of Dec. 31, 2022



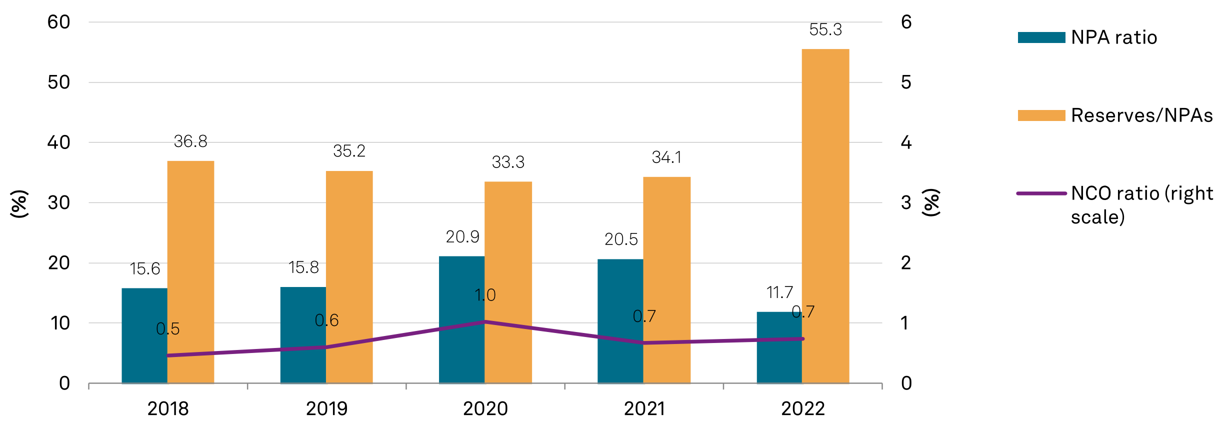
Source: Company annual statement

HBBM's gross NPAs to customer loans ratio was 11.7%, a significant improvement from 20.5% in 2021, but still elevated relative to the peer average of 3.3%. The significant drop in NPAs partly reflects HBBM's policy change to align with the HSBC group, whereby nonperforming assets that the bank has provided permanent concessions to can now be cured when they meet curing criteria.

We expect the NPA ratio to further improve in 2023 from this policy change. However, we expect this will be somewhat offset by new loan impairments, given slowing economic growth in Bermuda and globally as higher interest rates take hold and unemployment rises. We therefore expect the bank's NPA ratio to remain elevated relative to peers.

Chart 5

HBBM asset quality metrics
As of Dec. 31, 2022



NPA--Nonperforming assets. NCO--Net charge-offs. Source: S&P Global Ratings.

While residential mortgage loan balances have declined in recent years, HBBM's mortgage book remains the largest component of total gross loans, at about 61%. The bank tightened its mortgage origination practices in 2013, so mortgages originated pre-2013 are at the highest risk of impairment, in our view. Tightened underwriting standards have led to improvements in credit quality and newer loan originations should be more resilient in an economic downturn.

About 97% of mortgage NPAs are attributed to mortgages that were booked pre-2013, with an average loan to value ratio of 80%. Post-2013 mortgages represent about 41% of the mortgage book, with an average loan to value ratio of 64%. Housing prices in Bermuda are susceptible to volatility, which could further pressure asset quality if prices were to decline significantly.

HBBM's wholesale loan book represents about 30% of loans and is predominately exposed to Bermudian-based borrowers. While we expect the credit quality in this book to deteriorate in 2023, we do not expect any outsize losses and believe any losses will be manageable given the portfolio's relatively small size.

Commercial real estate, which makes up only 3.9% of the total loan book, has contracted considerably in recent years, and we do not expect further growth in the near term. Commercial loans, defined as industrial and international trade and other commercial loans, makes up 17% of total gross loans (22% in 2021). The performance in this book has been volatile due to large single-name exposures.

Funding And Liquidity: Stable Funding And Liquidity Metrics Expected To Continue

Like other Bermudian banks, HBBM relies on customer deposits for funding, with minimal wholesale funding. The stable funding ratio (S&P Global Ratings' calculation) of 168% is more favorable than the peer average of 144%. Core deposits are 64% of the funding base, which is below the peer average of 80% due to a relatively large portion of deposits from corporate clients.

This relative weakness is offset by HBBM's large deposit market share. HBBM's significant deposit market share has allowed the bank to contain funding costs and maintain a low deposit beta. Total deposits grew 2.5% in 2022, but we expect this will reverse in 2023 as clients reposition cash holdings. We expect any outflows to be manageable given HBBM's considerable liquidity.

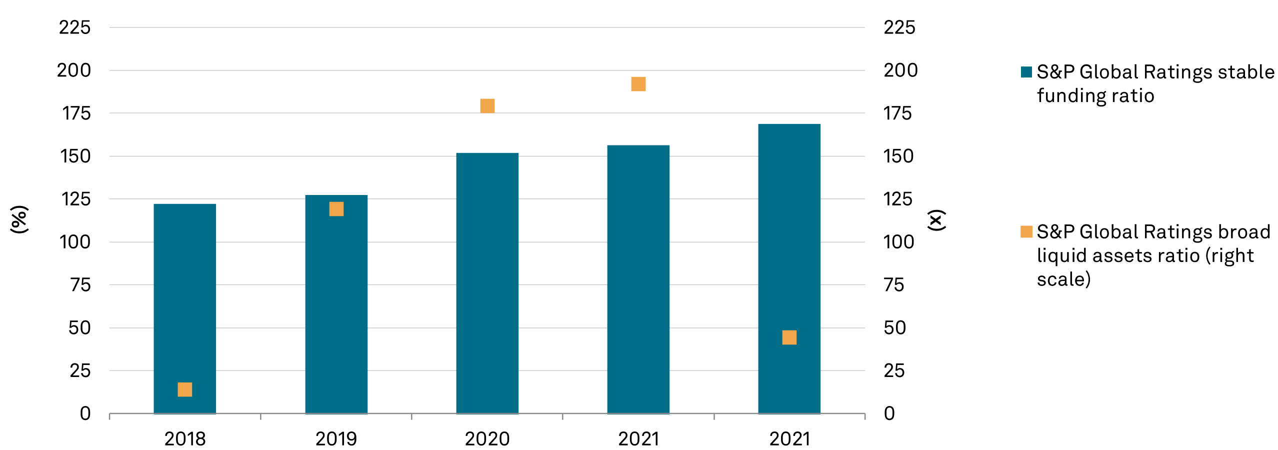
Bermudian banks tend to keep more conservative funding and liquidity profiles because Bermuda lacks a lender of last resort, unlike other jurisdictions in HBBM's peer group. In addition, there is no Bermudian debt market, so any potential capital markets funding must come from abroad (accounted for via our Banking Industry Country Risk Assessment for Bermuda). In 2016, Bermuda authorities implemented deposit insurance that covers B$25,000 per insured depositor for Bermuda-based depositors, which provides limited coverage, in our view.

HBBM's liquidity remains adequate compared with that of peers. Given few opportunities to lend in Bermuda, the bank keeps a significant portfolio of investment securities that can provide a secondary source of liquidity, if necessary. Subsequently, broad liquid assets to total assets at 60% is well above the peer average of 36%.

HBBM's regulatory liquidity coverage ratio remains strong at 141%, well above the 100% minimum, and we do not expect it to deviate much from this level. The loans to core deposits ratio at 29% (peer average is 75%) also remains robust. We believe that the government would step in and provide support if Bermudian banks were to run into funding and liquidity constraints, given HBBM is systemically important to Bermuda.

Chart 6

HBBM funding and liquidity metrics
As of Dec. 31, 2022



Source: S&P Global Ratings.

Support: Three Notches Of Uplift Given Our View Of HBBM's Strategic Importance To Its Parent

We view HBBM as a strategically important subsidiary of HSBC because HBBM is a wholly owned subsidiary of HSBC (purchased on Feb. 18, 2004), it has a leading market position in Bermuda, it changed its legal name in 2010 to include HSBC, and we think customers' belief that HSBC stands behind its subsidiaries is important to HSBC's global franchise.

On the other hand, HBBM is not in one of the group's priority growth markets; it appears less connected to the rest of the group than subsidiaries in larger exporting economies; and it is relatively small, representing only about 1% of group capital. Also, we do not rule out the possibility that the supporting factors may weaken in the future.

All things considered, we do not assume HBBM is among those subsidiaries most important to HSBC and, in our view, additional loss-absorbing capacity uplift in the parent's group credit profile is not likely to be extended to HBBM. As a result, the 'A-' rating on HBBM is three notches above the 'bbb-' SACP on the bank and capped one notch below our 'a' group SACP.

Key Statistics

Table 1

HSBC Bank Bermuda Ltd.--Key figures

	--Fiscal year end Dec. 31--				
(Mil. $)	**2022**	**2021**	**2020**	**2019**	**2018**
Adjusted assets	9,632	9,470	9,052	8,378	8,077
Customer loans (gross)	1,743	1,949	2,080	2,303	2,324
Adjusted common equity	700	693	747	761	816
Operating revenues	308	216	238	281	280
Noninterest expenses	142	134	115	129	143
Core earnings	176	78	84	143	139

Table 2

HSBC Bank Bermuda Ltd.--Business position

	--Fiscal year ended Dec. 31--				
(%)	**2022**	**2021**	**2020**	**2019**	**2018**
Return on average common equity	26.35	10.34	10.72	18.27	17.92

Table 3

HSBC Bank Bermuda Ltd.--Capital and earnings

	--Fiscal year ended Dec. 31--				
(x)	**2022**	**2021**	**2020**	**2019**	**2018**
S&P Global Ratings’ RAC ratio before diversification	21.90	20.96	20.93	20.50	22.86
Adjusted common equity/total adjusted capital	100.00	100.00	100.00	100.00	100.00
Net interest income/operating revenues	71.13	62.81	65.81	66.84	70.65

Table 3

HSBC Bank Bermuda Ltd.--Capital and earnings (cont.)					
	--Fiscal year ended Dec. 31--				
(x)	2022	2021	2020	2019	2018
Fee income/operating revenues	19.24	21.47	19.44	19.67	19.25
Market-sensitive income/operating revenues	9.57	15.49	13.33	13.52	10.10
Cost to income ratio	46.07	61.86	48.32	46.05	51.25
Preprovision operating income/average assets	1.74	0.89	1.41	1.84	1.60
Core earnings/average managed assets	1.84	0.84	0.97	1.74	1.63

Table 4

HSBC Bank Bermuda Ltd.--Risk position					
	--Fiscal year ended Dec. 31--				
(%)	2022	2021	2020	2019	2018
Growth in customer loans	-10.54	-6.30	-9.67	-0.94	-4.56
Total managed assets/adjusted common equity (x)	13.75	13.67	12.12	11.01	9.90
New loan loss provisions/average customer loans	-0.53	0.24	1.79	0.37	-0.11
Net charge-offs/average customer loans	0.74	0.67	1.02	0.60	0.46
Gross nonperforming assets/customer loans + other real estate owned	11.66	20.50	20.90	15.83	15.61
Loan loss reserves/gross nonperforming assets	55.33	34.11	33.30	35.15	36.76

Table 5

HSBC Bank Bermuda Ltd.--Funding and liquidity					
	--Fiscal year ended Dec. 31--				
(%)	2022	2021	2020	2019	2018
Core deposits/funding base	63.72	65.58	65.44	64.77	62.78
Customer loans (net)/customer deposits	28.80	31.88	36.47	44.73	48.54
Long-term funding ratio	66.13	68.16	68.55	68.04	66.48
Stable funding ratio	168.32	155.96	151.27	126.66	121.58
Short-term wholesale funding/funding base	1.47	0.32	0.34	0.44	3.74
Broad liquid assets/short-term wholesale funding (x)	44.24	191.96	179.30	119.21	13.82
Net broad liquid assets/short-term customer deposits	124.28	117.39	117.46	100.52	95.39
Short-term wholesale funding/total wholesale funding	4.04	0.94	1.00	1.25	10.04

HSBC Bank Bermuda Ltd.--Rating component scores	
Issuer Credit Rating	**A-/Stable/A-2**
SACP	bbb-
Anchor	bbb-
Economic risk	6
Industry risk	3
Business position	Adequate
Capital and earnings	Very strong
Risk position	Constrained
Funding	Adequate

HSBC Bank Bermuda Ltd.--Rating component scores (cont.)	
Issuer Credit Rating	**A-/Stable/A-2**
Liquidity	Adequate
Comparable ratings analysis	0
Support	3
ALAC support	0
GRE support	0
Group support	3
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology , Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions , Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology , July 20, 2017
- General Criteria: Guarantee Criteria , Oct. 21, 2016
- General Criteria: Principles Of Credit Ratings , Feb. 16, 2011

Ratings Detail (As Of September 11, 2023)*	
HSBC Bank Bermuda Ltd.	
Issuer Credit Rating	A-/Stable/A-2
Issuer Credit Ratings History	
19-Feb-2019	A-/Stable/A-2
01-Jul-2014	A-/Negative/A-2
11-Mar-2014	A/Watch Neg/A-1
Sovereign Rating	
Bermuda	A+/Stable/A-1
Related Entities	
Banco HSBC S.A.	
Issuer Credit Rating	
Brazil National Scale	brAAA/Stable/brA-1+
Hang Seng Bank (China) Ltd.	
Issuer Credit Rating	A+/Stable/A-1

Ratings Detail (As Of September 11, 2023)*(cont.)	
Hang Seng Bank Ltd.	
Issuer Credit Rating	AA-/Stable/A-1+
Hang Seng Insurance Co. Ltd.	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Issuer Credit Rating	
Local Currency	AA-/Stable/--
Hongkong and Shanghai Banking Corp. Ltd. (New Zealand Branch) (The)	
Senior Unsecured	AA-
Hongkong and Shanghai Banking Corp. Ltd. (Sydney Branch) (The)	
Senior Unsecured	AA-
Hongkong and Shanghai Banking Corp. Ltd. (The)	
Issuer Credit Rating	AA-/Stable/A-1+
Certificate Of Deposit	
Foreign Currency	A-1+
Senior Unsecured	A-1+
Senior Unsecured	AA-
HSBC Asia Holdings Limited	
Issuer Credit Rating	A-/Stable/A-2
Senior Subordinated	A-
HSBC Bank Australia Ltd.	
Issuer Credit Rating	A+/Stable/A-1
Commercial Paper	
Foreign Currency	A-1
Senior Unsecured	A+
Senior Unsecured	AA-
Short-Term Debt	A-1
Subordinated	A
HSBC Bank Canada	
Issuer Credit Rating	A+/Watch Pos/A-1
Certificate Of Deposit	
Local Currency	A+/A-1/Watch Pos
Senior Unsecured	A+/Watch Pos
Subordinated	BBB+/Watch Pos
HSBC Bank (China) Co. Ltd.	
Issuer Credit Rating	A+/Stable/A-1
HSBC Bank PLC	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
Commercial Paper	A-1
Junior Subordinated	BBB
Senior Unsecured	A+
Subordinated	BBB+

Ratings Detail (As Of September 11, 2023)*(cont.)	
HSBC Bank (Taiwan) Ltd.	
Issuer Credit Rating	A+/Stable/A-1
Taiwan National Scale	twAAA/Stable/twA-1+
HSBC Bank USA N.A.	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1
Senior Unsecured	A+
Subordinated	A-
HSBC Continental Europe	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
Commercial Paper	
Local Currency	A-1
Senior Unsecured	A+
Senior Unsecured	A-1
Short-Term Debt	A-1
HSBC Holdings PLC	
Issuer Credit Rating	A-/Stable/A-2
Senior Unsecured	A-
Short-Term Debt	A-2
Subordinated	BBB
HSBC Life (International) Ltd.	
Financial Strength Rating	
Local Currency	AA-/Stable/--
Issuer Credit Rating	
Local Currency	AA-/Stable/--
HSBC Life (Singapore) Pte. Ltd.	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
HSBC Mexico S.A.	
Issuer Credit Rating	BBB/Stable/A-2
CaVal (Mexico) National Scale	mxAAA/Stable/mxA-1+
HSBC Overseas Holdings (UK) Ltd.	
Issuer Credit Rating	A-/Stable/A-2
HSBC Securities (USA) Inc.	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1
HSBC SFH (France)	
Senior Secured	AAA/Stable
HSBC UK Bank PLC	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+

Ratings Detail (As Of September 11, 2023)*(cont.)	
Commercial Paper	A+/A-1
Senior Unsecured	A+
Short-Term Debt	A-1
HSBC USA Inc.	
Issuer Credit Rating	A-/Stable/A-2
Senior Unsecured	A-
Subordinated	BBB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.