



Treasury Committee

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Ian Stuart
Chief Executive Officer
HSBC UK
Via email

1 March 2023

Dear Mr Stuart,

Thank you again for appearing before the Committee on 7 February.

Profits and net interest margins

Since the session, HSBC UK has reported

- profits before tax of £3.6 billion in 2022, an increase of 5 per cent on the £3.5 billion in 2021, and
- a net interest margin (a measure of the difference between the interest HSBC UK pays to savers and the interest it receives from borrowers) of 1.89 per cent, an increase of 24 per cent, or 36 basis points, from 1.53 per cent in 2021.

The Bank of England has increased Bank Rate from 0.25 per cent in January 2022 to 4 per cent currently. However, the interest rate on the HSBC UK ‘flexible saver’ account for deposits is still only 0.9 per cent.

Our constituents may reasonably surmise that HSBC UK has taken the opportunity of a rising base rate and a reluctance of customers to switch to increase net margins and profits. Please can you give details of how HSBC UK determines how increases in the Bank rate are passed on to its savers, and why the interest rate on its ‘flexible saver’ account is so much lower than the Bank rate.

Remuneration

We understand that your Group CEO, Noel Quinn, received total remuneration of £5.6 million in 2022 (up 14 per cent from £4.9 million in 2021). Please could you outline how, if at all, his remuneration and your remuneration are linked to (a) profits, (b) net margins, (c) performance of the savings business, (d) performance of the mortgage business.

Follow-up questions from the session

In addition, please could you respond to questions in the Annex of this letter, some of which were raised by Members in the session. We would be grateful for a response on these points by 13 March 2023. In line with our usual practice, we would expect to publish this letter and your response on our website.

Yours sincerely,

Harriett Baldwin MP
Chair of the Treasury Committee

Annex

1. What are your profits and revenue generated from savings products in 2021 and 2022? Please provide a breakdown of revenue between different types of savings products, if feasible. [Q33]
2. To what extent have you seen house prices for homes in flood risk areas be weaker than general trends? [Q76]
 - Are banks able to identify how many of their customers are living in flood risk areas; and how many, therefore, by 2035, banks would not be looking at offering long-term mortgages to? [Q76]
3. How many business bank accounts have you closed in 2021 and 2022, without the customer requesting it? Please provide a breakdown of the reasons. [Q81]?
4. What is the value of deposits in your instant easy access saving accounts? How many customers have over £5000 in savings in instant easy access saving accounts?
5. What proportion of customers re-mortgage with you as their current provider and how has this changed in recent years?
6. What is the process for customers who want to apply for a basic bank account rather than a standard bank account? Can customers apply for a basic bank account (without an overdraft facility) from the HSBC website without having to apply for a standard bank account; and if not, why [Q79]?
 - What are you doing to ensure that customers are aware of the availability of the basic bank account, either on the HSBC website or at branches?
7. What are you doing to ensure than your customers have access to cash, when bank branches close?
 - How many bank branches are you intending to close in the next two years?