



NLP in Action

Extracting Insights from Earnings Calls

September 2025



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1. Why earnings calls?

- Regulatory filings
- Earnings calls

2. Why have a computer read for you?

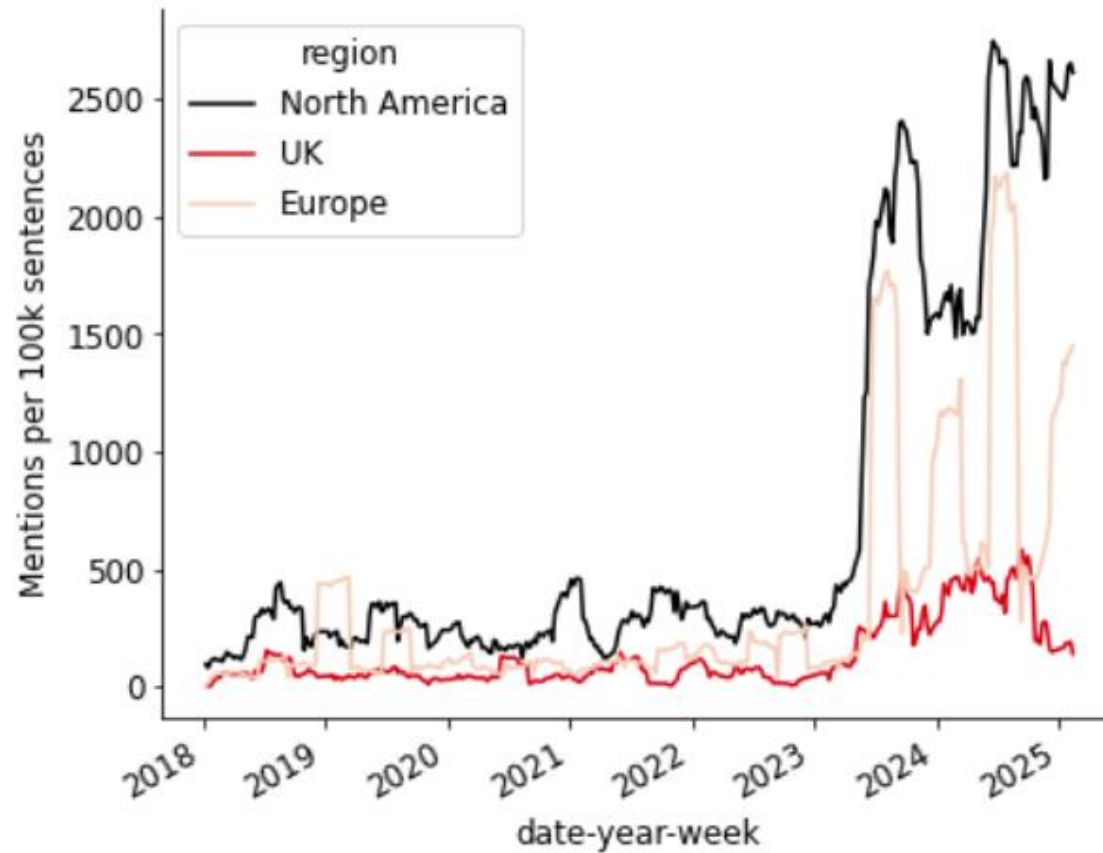
- Scale
- Stability

3. What are the different ways to do this?

- Counting
- Sentiment analysis
- Frontier AI models

4. The simplest way: Counting words

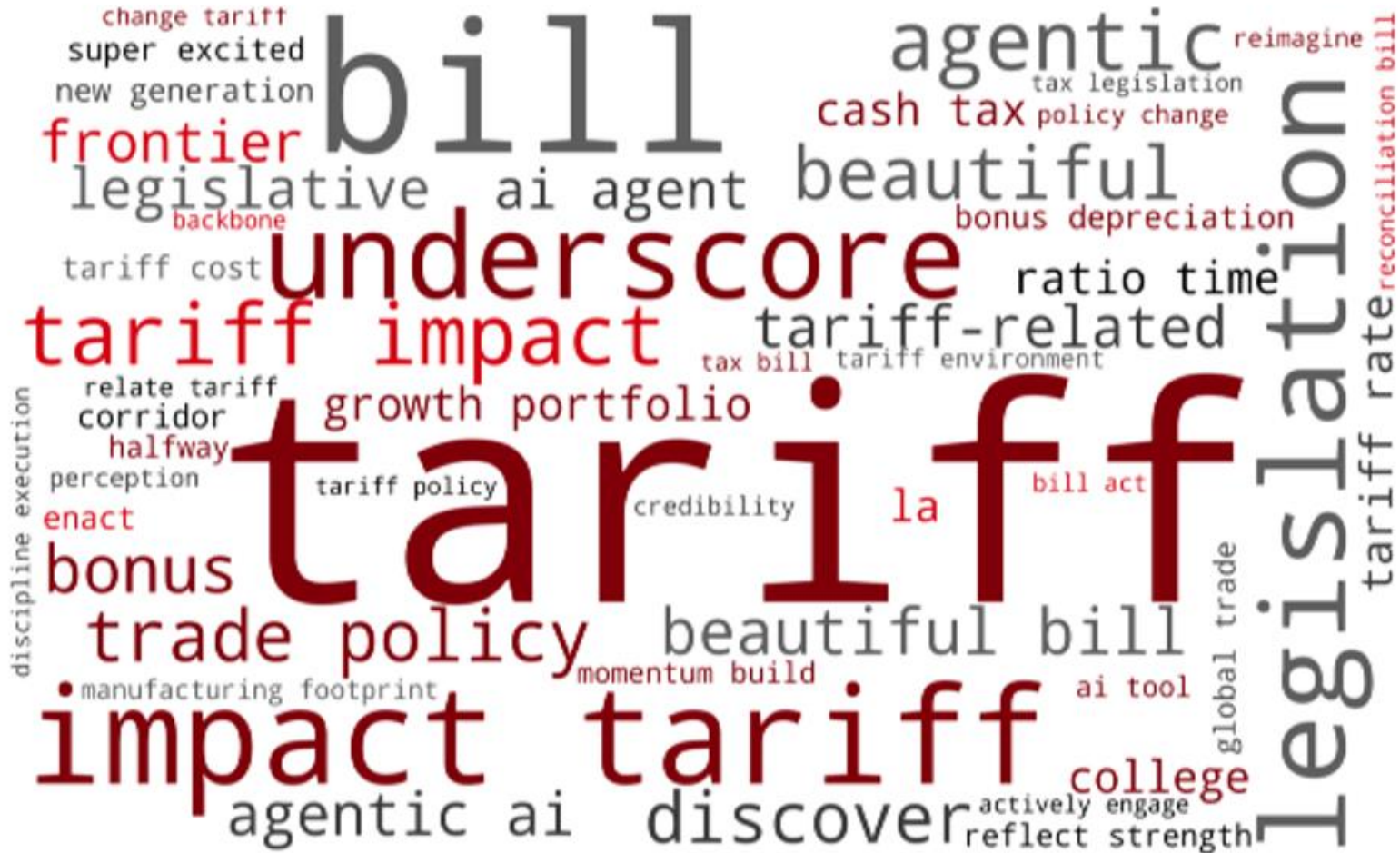
Company management discussing AI



Source: HSBC, LSEG TRKD, FTSE Russell

5. LIFT Analysis (I)

Trending terms on US earnings calls



Source: HSBC, Refinitiv TRKD, FTSE Russell

6. LIFT Analysis (II)

Trending terms on European earnings calls



Source: HSBC, Refinitiv TRKD, FTSE Russell

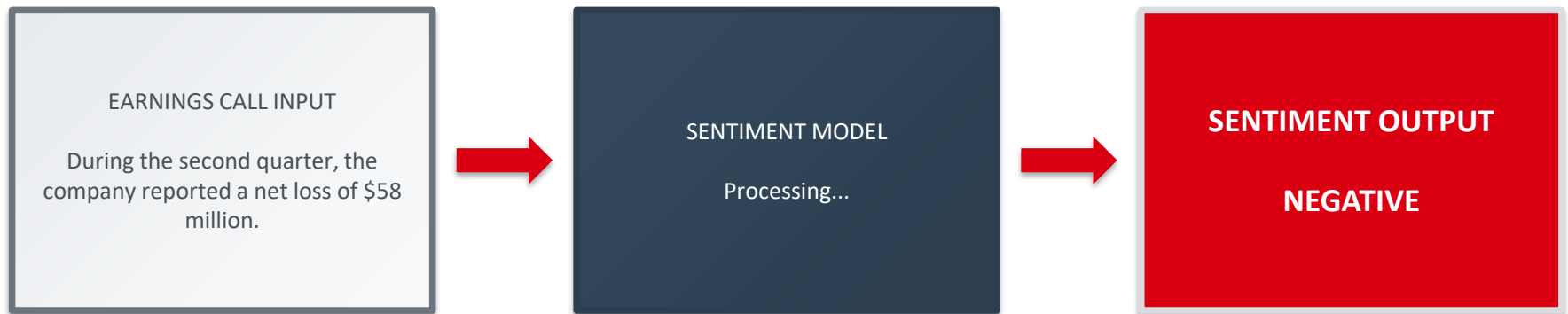
7. Sentiment analysis



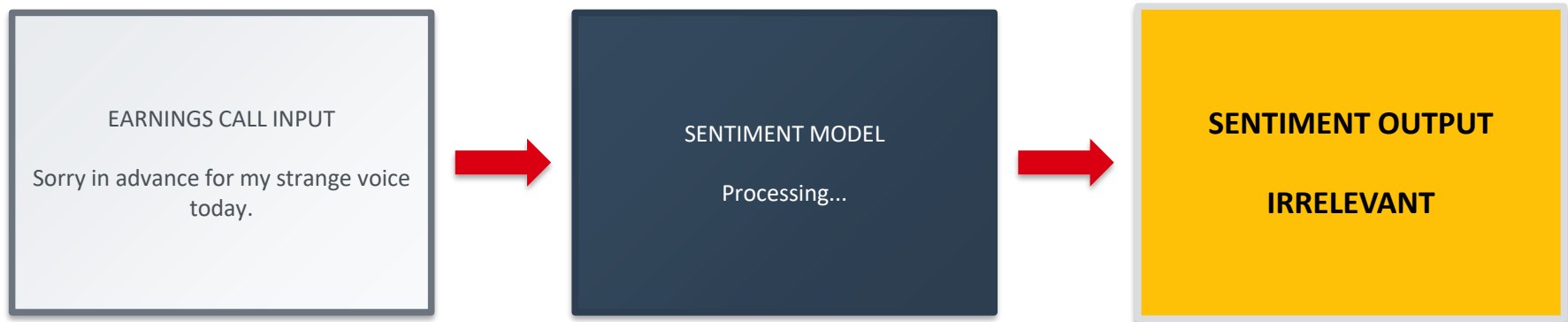
7. Sentiment analysis



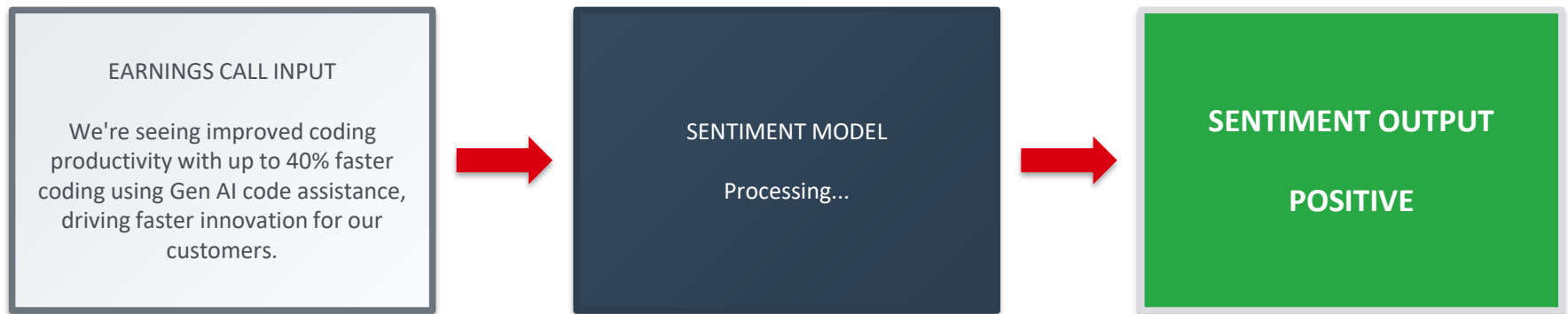
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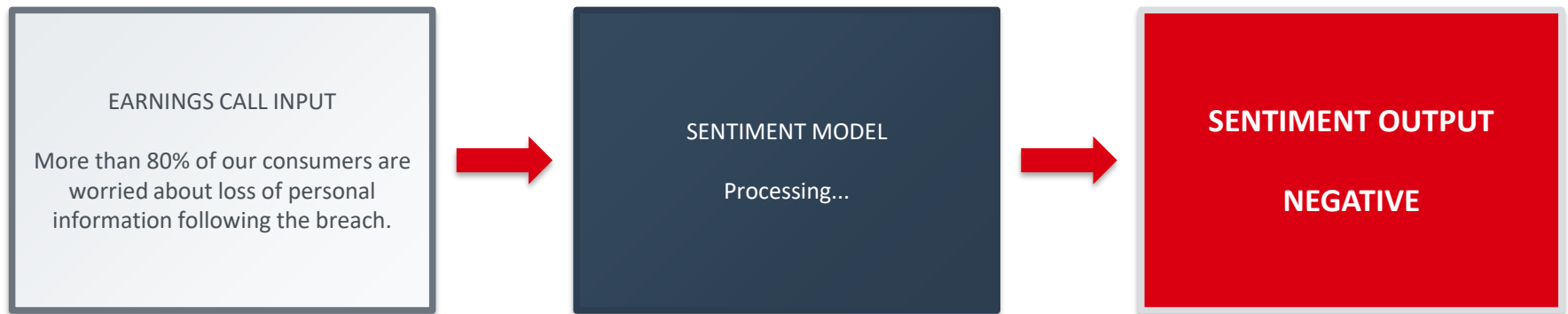
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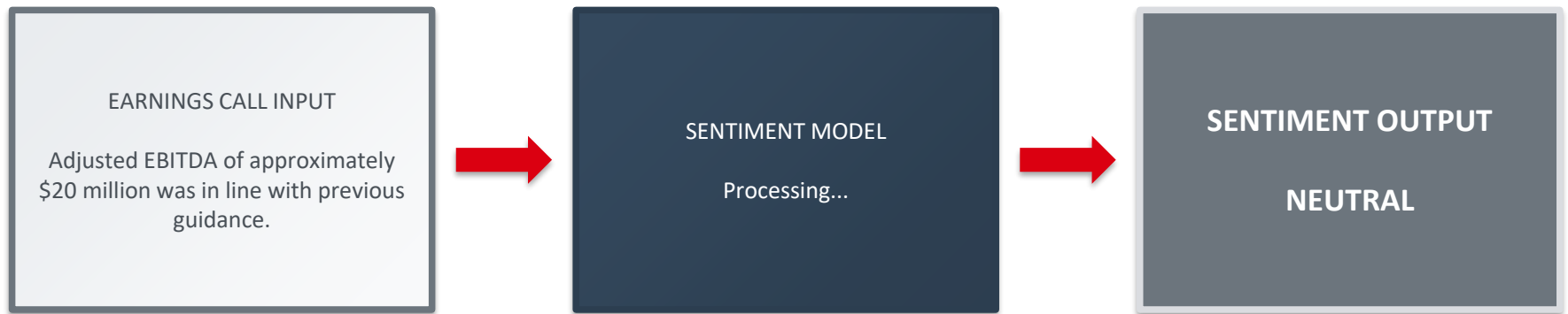
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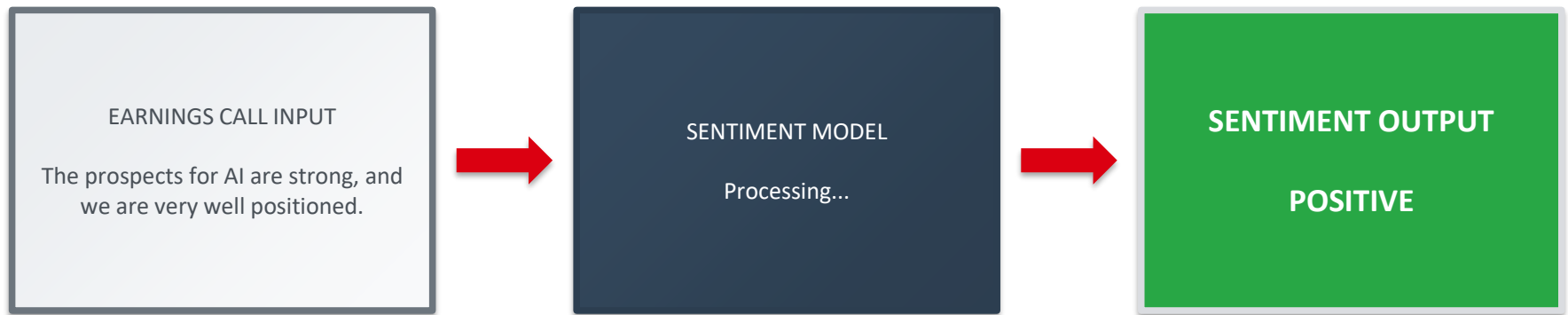
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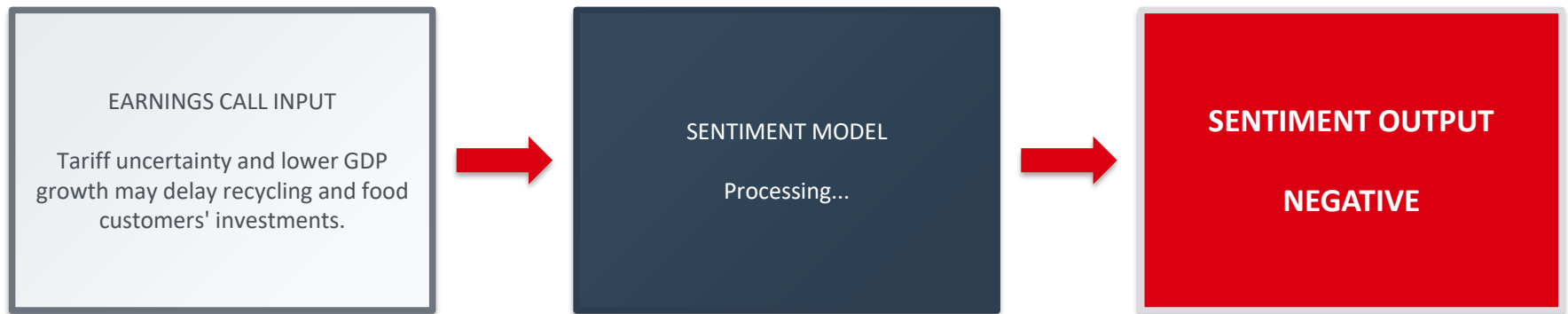
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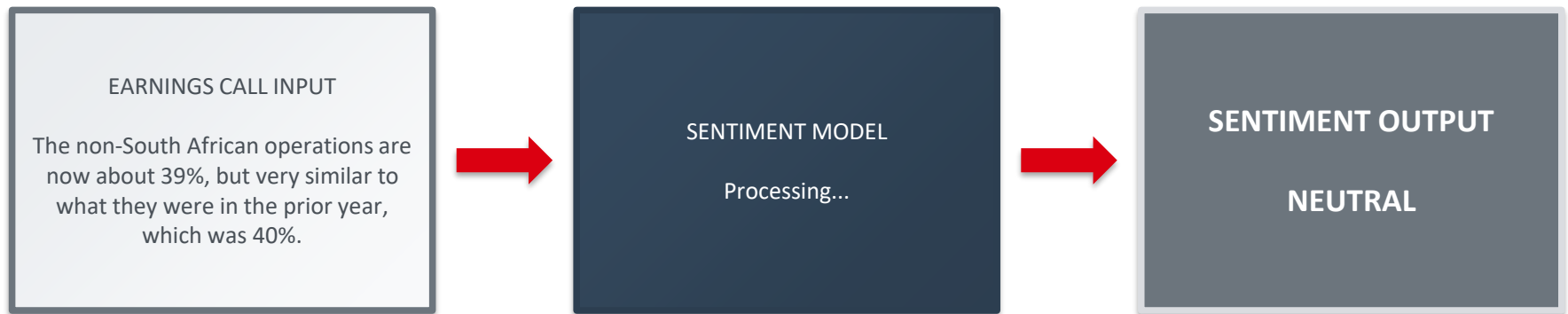
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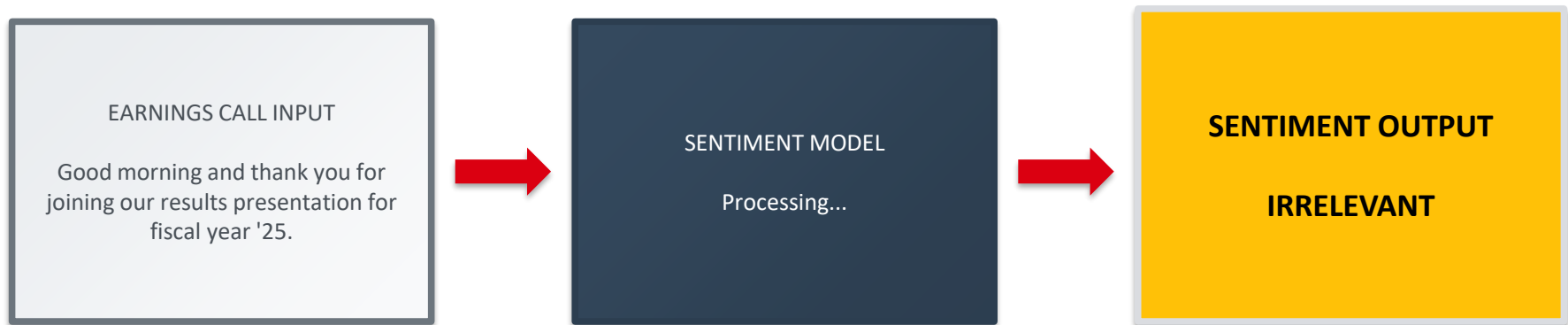
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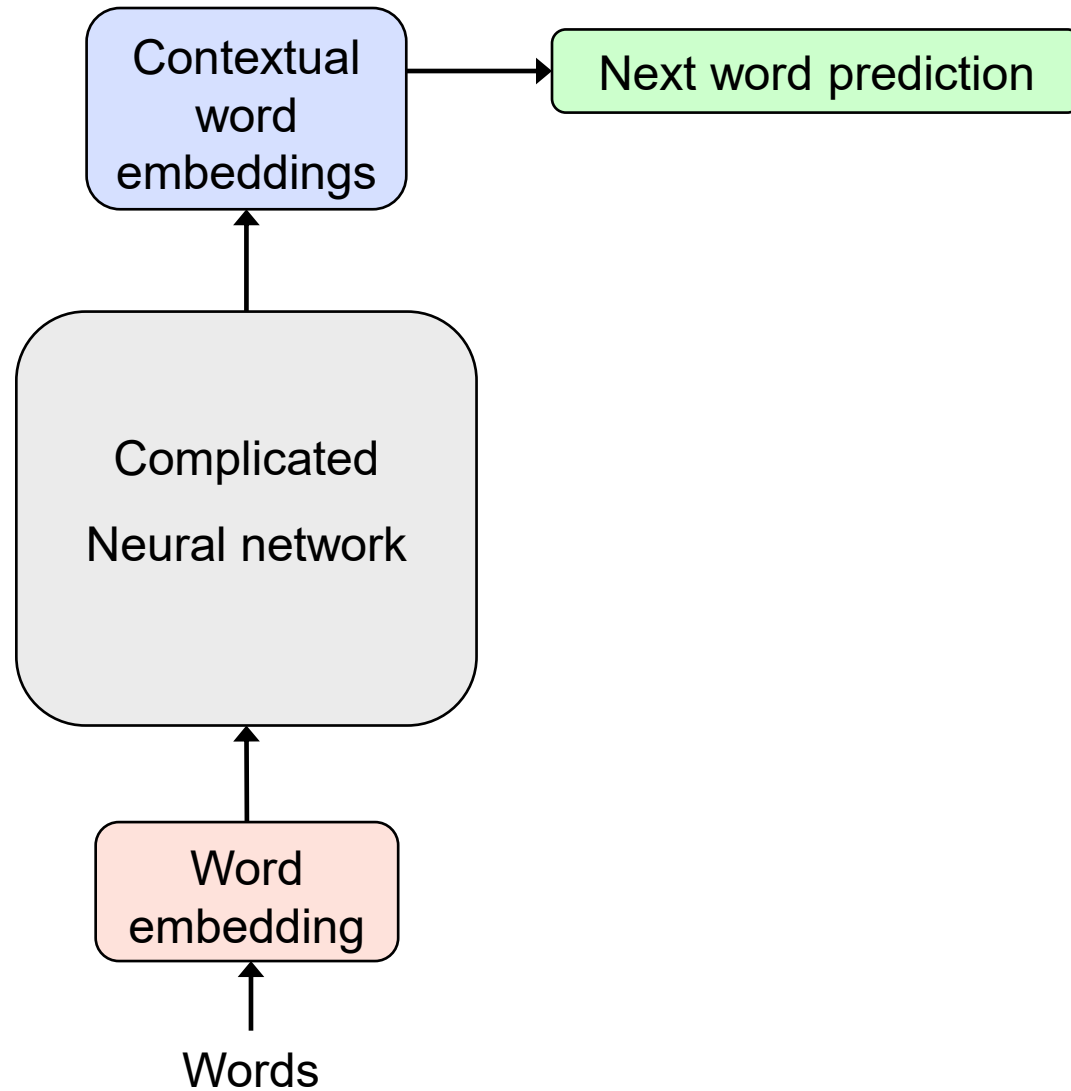
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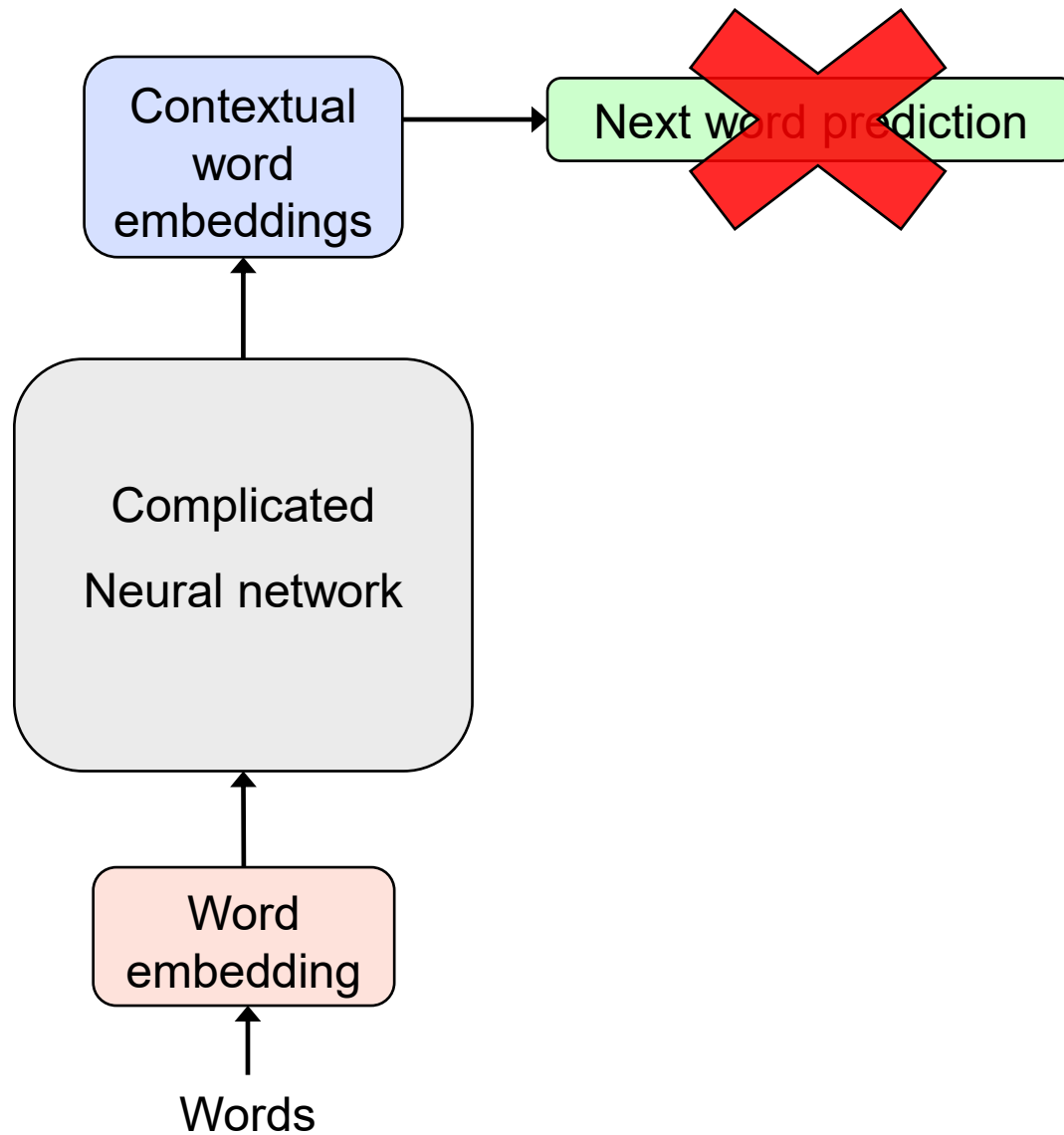
7. Sentiment analysis



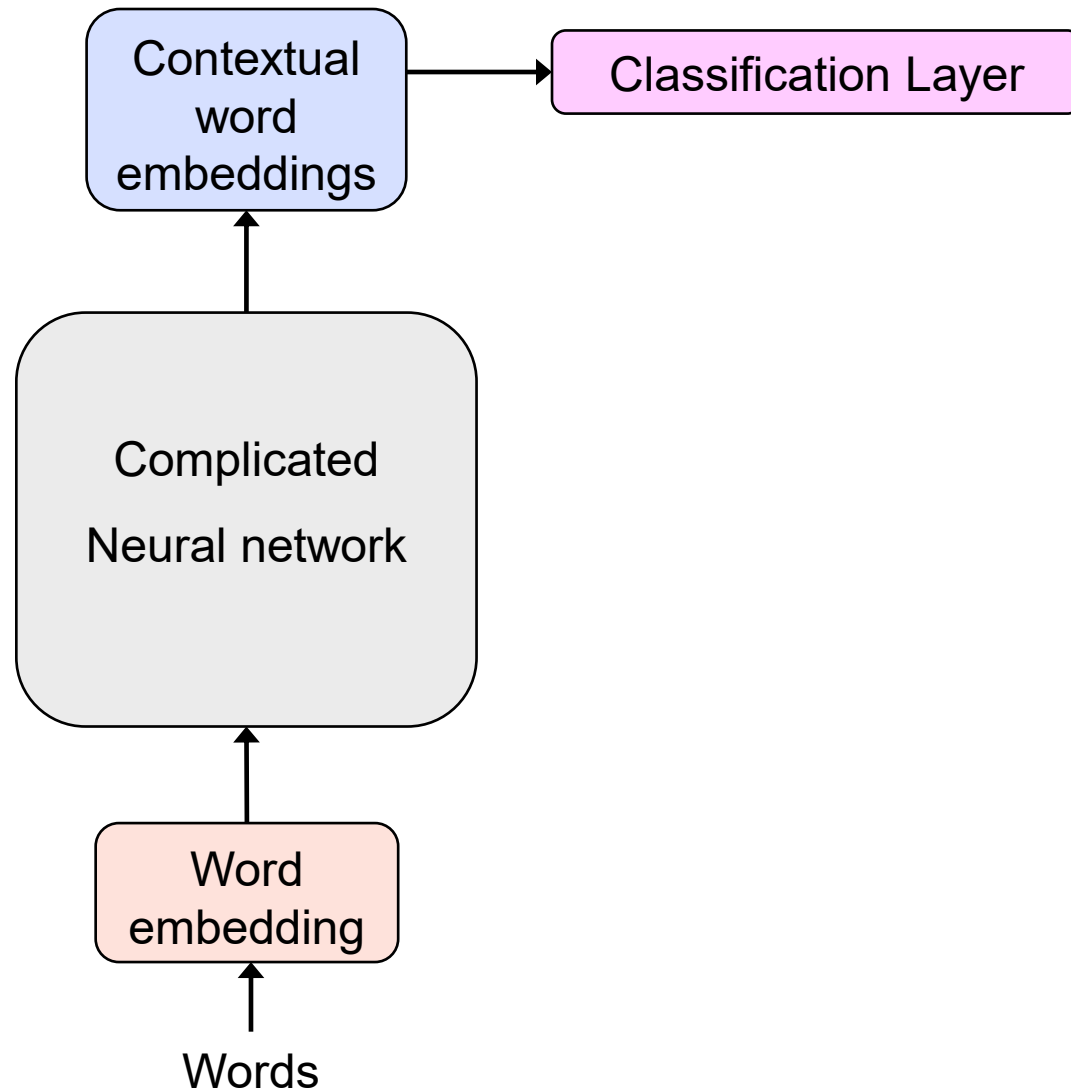
8. Sentiment analysis



8. Sentiment analysis



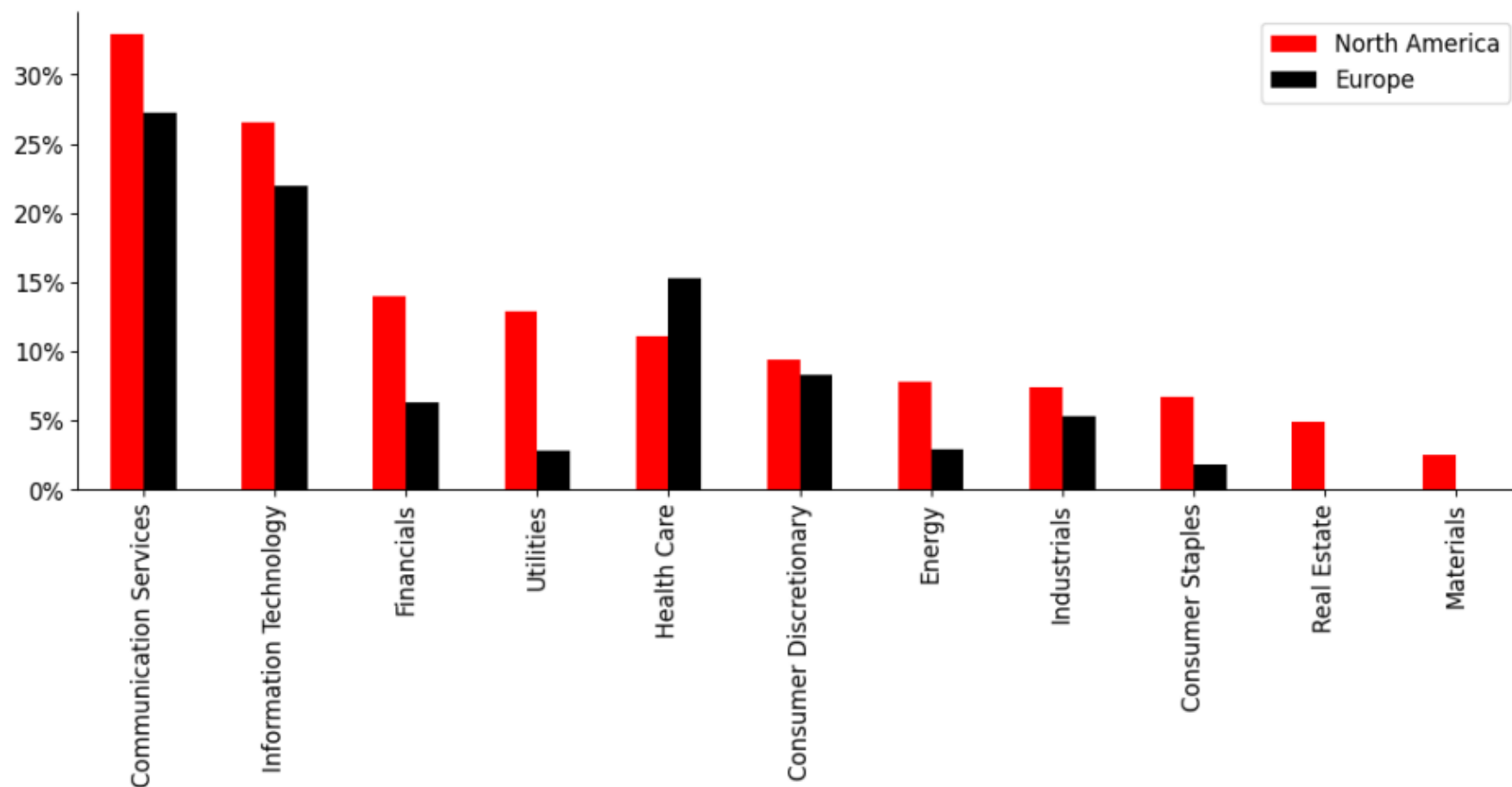
8. Sentiment analysis



9. AI API complex questions

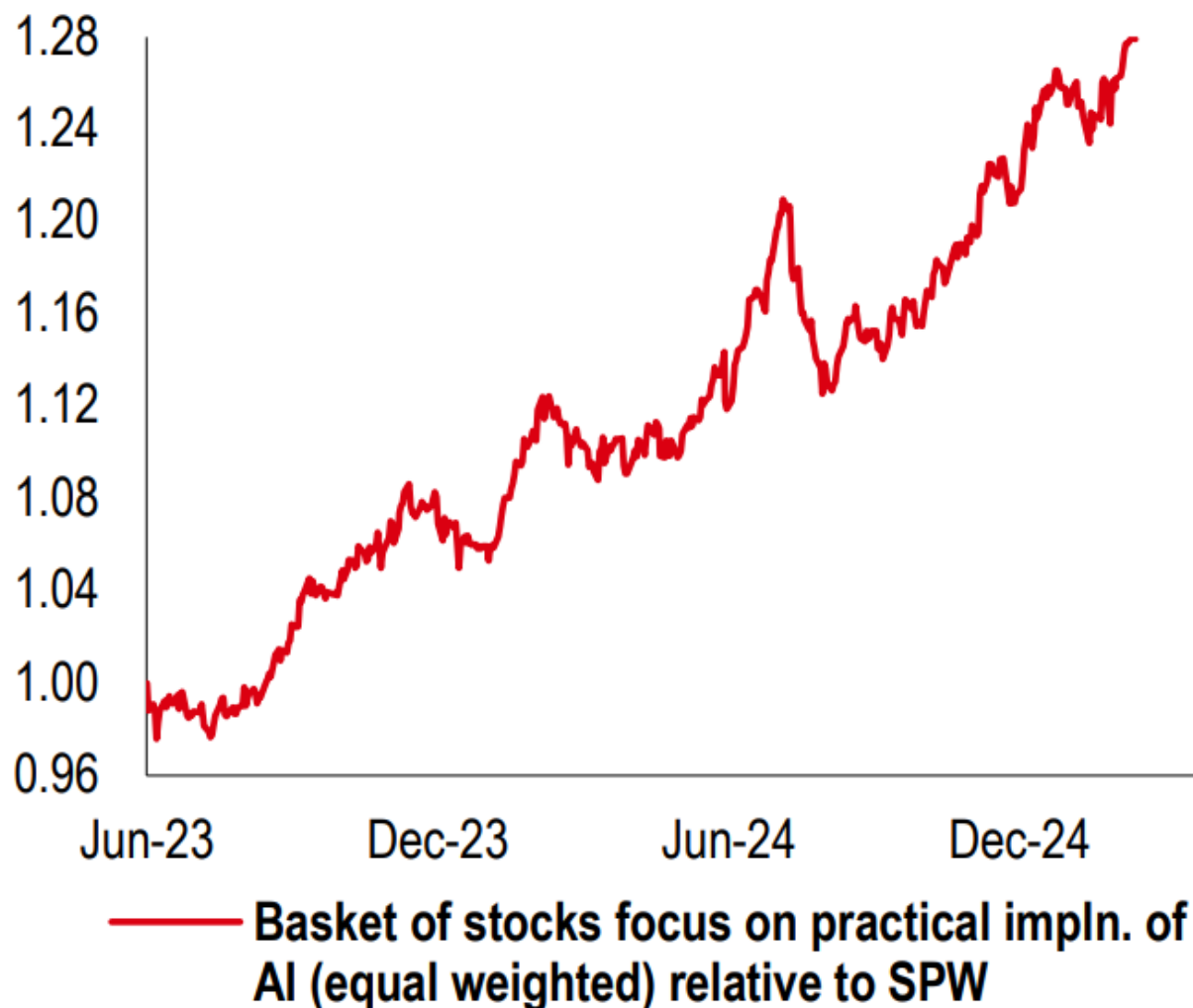
- Asking AI about AI

10. Proportion of companies practically discussing AI



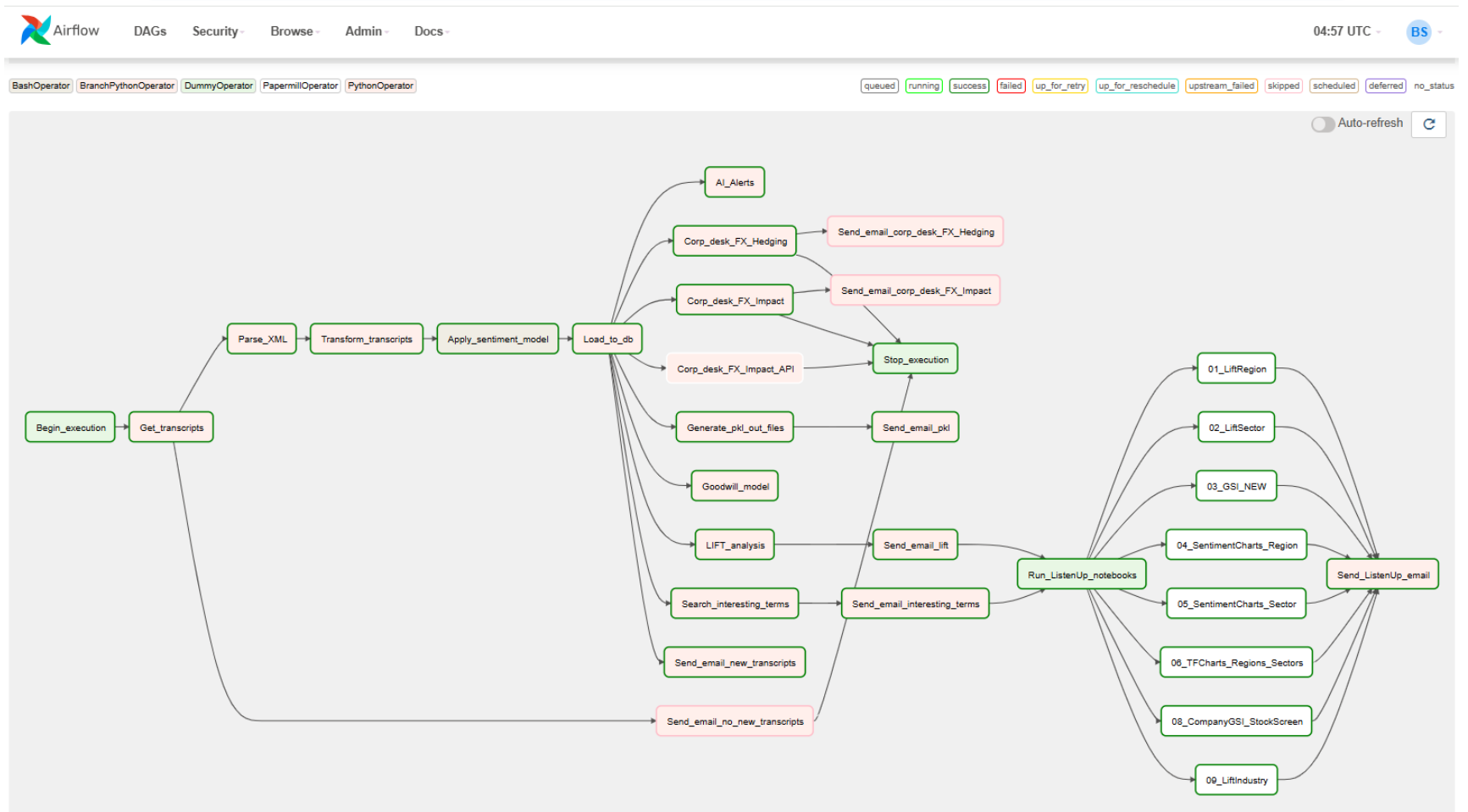
Source: HSBC, LSEG TRKD, FTSE Russell

11. AI implementers have outperformed their peers



Source: Bloomberg, HSBC

12. How do we do this?



Source: HSBC

Disclosure appendix

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Definitions for currency trades on DFs and NDFs

Buy: refers to buying the first currency in the named pair in exchange for the second currency in the named pair.

Sell: refers to selling the first currency in the named pair in exchange for the second currency in the named pair.

The tenor of the instrument will be denoted and will refer to a settlement date relative to the opening date of the trade idea e.g. 1m refers to a settlement date 1 month forward from the open date of the trade idea. NDF trades normally fix two working days prior to the settlement date.

Distribution of currency trades

The nature of foreign exchange forward trade ideas is such that there will always be an equal number of buy and sell trades (buying one currency in exchange for selling another), both outstanding and historically.

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From 23rd March 2015 HSBC has assigned ratings on the following basis:

The target price is based on the analyst's assessment of the stock's actual current value, although we expect it to take six to 12 months for the market price to reflect this. When the target price is more than 20% above the current share price, the stock will be classified as a Buy; when it is between 5% and 20% above the current share price, the stock may be classified as a Buy or a Hold; when it is between 5% below and 5% above the current share price, the stock will be classified as a Hold; when it is between 5% and 20% below the current share price, the stock may be classified as a Hold or a Reduce; and when it is more than 20% below the current share price, the stock will be classified as a Reduce.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation or resumption of coverage, change in target price or estimates).

Upside/Downside is the percentage difference between the target price and the share price.

Prior to this date, HSBC's rating structure was applied on the following basis:

For each stock we set a required rate of return calculated from the cost of equity for that stock's domestic or, as appropriate, regional market established by our strategy team. The target price for a stock represented the value the analyst expected the stock to reach over our performance horizon. The performance horizon was 12 months. For a stock to be classified as Overweight, the potential return, which equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated, had to exceed the required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock was expected to underperform its required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands were classified as Neutral.

*A stock was classified as volatile if its historical volatility had exceeded 40%, if the stock had been listed for less than 12 months (unless it was in an industry or sector where volatility is low) or if the analyst expected significant volatility. However, stocks which we did not consider volatile may in fact also have behaved in such a way. Historical volatility was defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility had to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Rating distribution for long-term investment opportunities

As of 30 June 2025, the distribution of all independent ratings published by HSBC is as follows:

Buy	56%	(13% of these provided with Investment Banking Services in the past 12 months)
Hold	38%	(11% of these provided with Investment Banking Services in the past 12 months)
Sell	6%	(7% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see "Stock ratings and basis for financial analysis" above.

Fixed income: Basis for financial analysis

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Definitions for fundamental credit and covered bond recommendations

Overweight: For corporate credit, the issuer's fundamental credit profile is expected to improve within the next six months. For covered bonds, the bonds issued in this country are expected to outperform those of the other countries in our coverage over the next six months.

Neutral: For corporate credit, the issuer's fundamental credit profile is expected to remain stable for up to six months. For covered bonds, the bonds issued in this country are expected to perform in line with those of the other countries in our coverage over the next six months.

Underweight: For corporate credit, the issuer's fundamental credit profile is expected to deteriorate within the next six months. For covered bonds, the bonds issued in this country are expected to underperform those of other countries in our coverage over the next six months.

Definitions for trades (Rates & Credit)

Buy and **Sell** refer to a trade call to buy or sell a bond, option on an interest rate swap ("**swaption**"), interest rate cap or floor, inflation cap or floor, or Total Return Swap ("**TRS**"). The buyer/seller of a TRS receives/pays the total return of the underlying instrument or index at the end of the period and pays/receives the funding leg.

Buy protection and **Sell protection** refer to a credit default swap (CDS): the protection buyer/seller is effectively selling/buying the reference entity's credit risk.

Pay and **receive** refer to a trade call to pay or receive the fixed leg of an interest rate swap (IRS), a non-deliverable IRS, the first-named leg of a basis swap, the realised inflation leg of an inflation swap, or a forward rate agreement (FRA). An investor that executes a pay or receive trade is said to be "**paid**" or "**received**."

Payer and **receiver** refer to inflation caps or floors and to swaptions: a payer is an option giving the right but not the obligation to enter a paid position in an interest rate or inflation swap, and a receiver is an option giving the right but not the obligation to enter a received position in an interest rate or inflation swap.

ASW (also asset-swap, Buy on asset swap, Buy on an asset-swapped basis): Buy a bond packaged with a swap that is tailored to eliminate the bond's interest rate risk, effectively transforming the bond to a floating rate instrument whilst preserving the credit exposure to the bond issuer.

RASW (also reverse asset-swap, Sell on asset swap, Sell on an asset swapped basis): Sell a bond packaged with a swap that is tailored to eliminate the bond's interest rate risk, effectively transforming the bond to a floating rate instrument whilst preserving the credit exposure to the bond issuer.

Distribution of fundamental credit and covered bond recommendations

As of 30 June 2025, the distribution of all independent fundamental credit recommendations published by HSBC is as follows:

Overweight	32%	(0% of these provided with Investment Banking Services in the past 12 months)
Neutral	50%	(0% of these provided with Investment Banking Services in the past 12 months)
Underweight	18%	(0% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used: Overweight = Buy, Neutral = Hold and Underweight = Sell. For rating definitions under both models, please see "Definitions for fundamental credit and covered bond recommendations" above.

Distribution of trades

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Sell	42%	(28% of these provided with Investment Banking Services in the past 12 months)

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