HSBC Holdings plc 1H21 Results

Fixed Income Investor Presentation

1H21 highlights

1 **Reported PBT of $10.8bn up $6.5bn vs. 1H20;** adjusted PBT of $12.0bn up $6.3bn vs. 1H20, primarily reflecting material ECL releases; 1H21 RoTE[1] of 9.4%, up 5.6ppt vs. 1H20

2 **Net ECL release of $0.7bn** as forward economic outlook continues to improve in major regions

3 **Execution of strategy continues at pace**

- Announcement of transactions in France and the US; RWA saves of $85bn[2], cost saves of $2.0bn
- **Strong loan and wealth growth**; customer lending up **$16bn** (2%) vs. 1Q21, Wealth Balances grew[3] 18% to **$1.7tn** vs. 2Q20

4 **Interim dividend[4] of 7¢** per share

CET1 ratio[5] of 15.6%; well placed to fund growth and step up capital returns

A reconciliation of reported results to adjusted results can be found on slide 25, the remainder of the presentation unless otherwise stated, is presented on an adjusted basis
Figures throughout this presentation may be subject to rounding adjustments and therefore may not sum precisely to totals given in charts, tables or commentary

Strategic delivery

Progress against targets

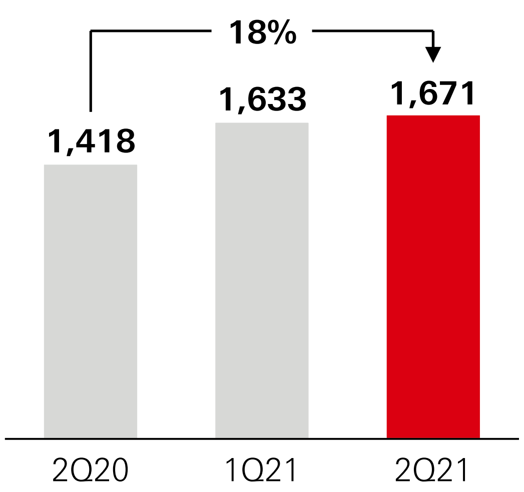
	Target		1H21 progress[6]
Costs	Adjusted costs of **≤$31bn in 2022** on Dec 2020 average FX rates; **$5-5.5bn of cost saves**	✓	On track; c.40% saves achieved
RWAs	**>$110bn gross reduction** by end-2022	✓	On track; $84.5bn of saves c.75% complete
Capital	**CET1 ratio ≥14%;** manage in a 14-14.5% range over medium term; manage range down further long-term[7]	✓	15.6% CET1 ratio
RoTE	**≥10%** over the medium term[7]	✓	On track; 1H21 RoTE: 9.4%
Dividends	**Sustainable dividends;** payout ratio range of 40-55% from 2022 onwards	✓	Expected to reach targeted payout ratio in FY21

Shift to higher return areas and growth opportunities

Reported Wealth Balances[3]

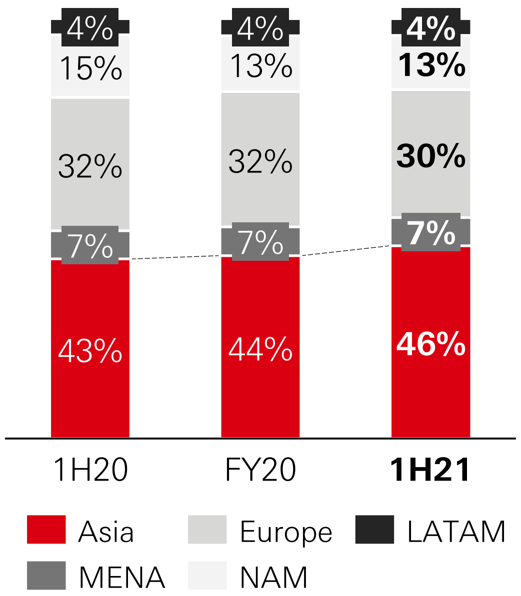
$bn

- Double digit growth in Wealth Balances



RWAs by region

- Asia RWAs **increased by 2ppt** vs. FY20; up 3ppt vs. 1H20

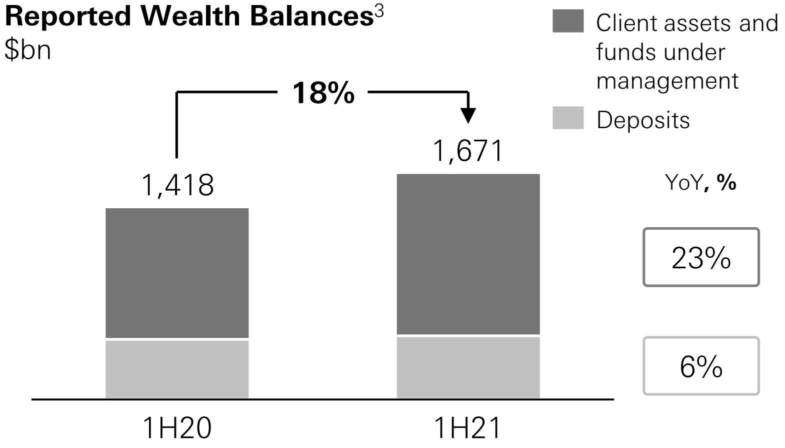


Focus: Delivering growth in our areas of strength

Wealth and Personal Banking

Strong traction in growing our Asia Wealth business

Reported Wealth Balances[3]
$bn

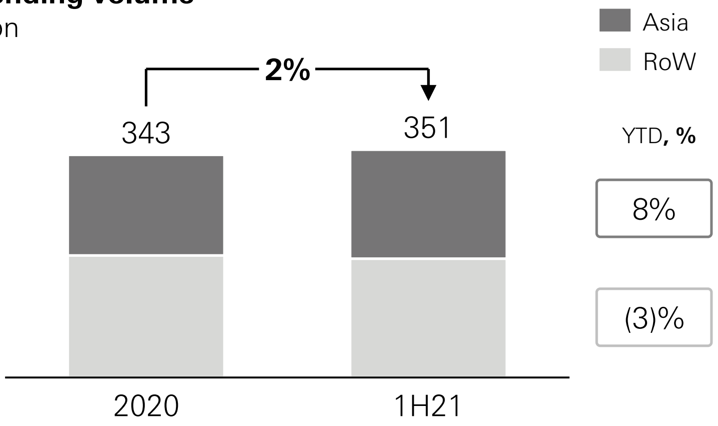


- 1H21 Asia Wealth Balances of $810bn
- Robust hiring of Asia Wealth frontline FTE, c.600 in 1H21; Asia Affluent/HNW **customer growth of 7%** to 1.7m (vs 1H20)
- Asian Wealth revenue +26% including the benefit of $359m of insurance market impacts; **accelerating Pinnacle roll out** to 5 cities in mainland China

Commercial Banking

Lending pipeline starting to translate into growth

Lending volume
$bn

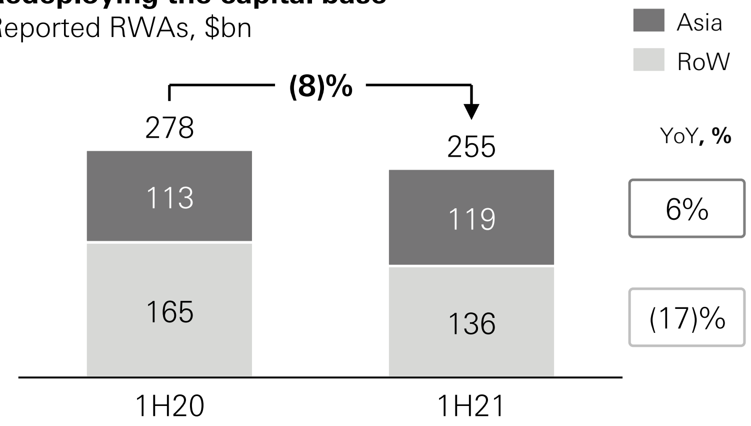


- **$6.7bn lending growth** in Asia trade finance over 1H21 primarily in mainland China & Hong Kong
- Asia lending approval limits **grew 100%** vs 2H20 and 70% higher than pre-pandemic levels
- Digital multi-currency product, Global Wallet, launched in UK, US and Singapore with access to 7 currencies

Global Banking & Markets

Repositioning our franchise to drive growth

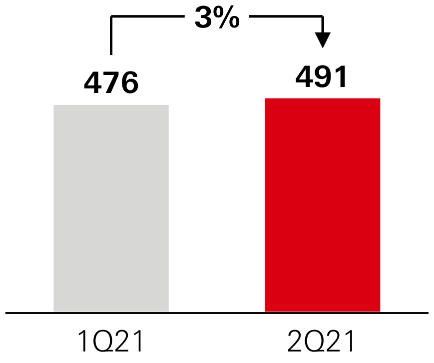
Redeploying the capital base
Reported RWAs, $bn



- Reducing RWAs with products and clients (largely domestic) not aligned to our strategy and **delivered $184m[8] of cost saves** in 1H21 as part of the Group wide cost reduction program
- Strong **collaboration revenue of $2bn** (+6% vs 1H20); c.$0.8bn with WPB and c.$1.3bn with CMB[9]
- Maintaining financing leadership in Asia and MENA by investing further in Capital Markets platforms and distribution capabilities[10]

Focus: Lending pipeline starting to translate into growth

WPB loans, $bn



- **Strong quarter for mortgages, $6bn of growth globally;** Hong Kong[11] mortgage drawdowns up 56% YoY; record quarter for UK mortgages, up $3bn, average drawdowns up 77% YoY, supported by cessation of the stamp duty holiday
- **Card balances beginning to increase, up $1bn (3%) QoQ;** 2Q21 Hong Kong **card spend** up 23% vs. 2Q20; 2Q21 UK **card spend** up 61% vs. 2Q20

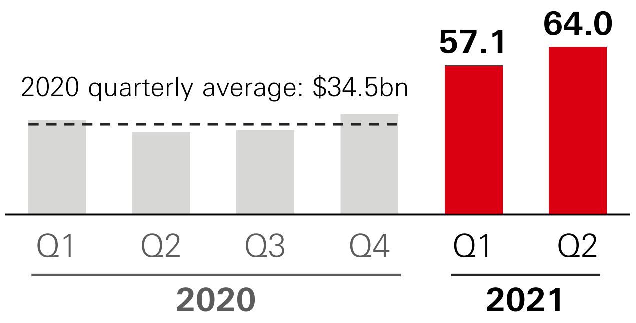
Hong Kong and UK WPB spend data

$m		2Q19	2Q20	1Q21	2Q21	Δ2Q20	Δ2Q19
Hong Kong[11]	Average weekly card spend	752	639	844	783	23%	4%
	Card balances	7,436	6,998	6,894	7,149	2%	(4)%
	Average weekly mortgage drawdowns	461	274	276	427	56%	(7)%
UK	Weekly card spend	872	505	638	815	61%	(7)%
	Card balances	9,567	6,913	6,378	7,162	4%	(25)%
	Average weekly mortgage drawdowns	546	475	765	842	77%	54%

Wholesale

- **CMB loans up $6bn (2%) QoQ;** now starting to see drawdowns of term loans
- CMB trade balances up $4.4bn (9%) to $52.7bn QoQ; increased market share. (e.g. **Hong Kong trade market share of 18.2%, up 0.5ppt YoY[12])**
- Seeing a good pipeline in Hong Kong and Asia

Global CMB value of approved limits*, $bn



- Customers remain cautious but beginning to draw down
- Continuing focus on international and higher returning clients in Europe and the US

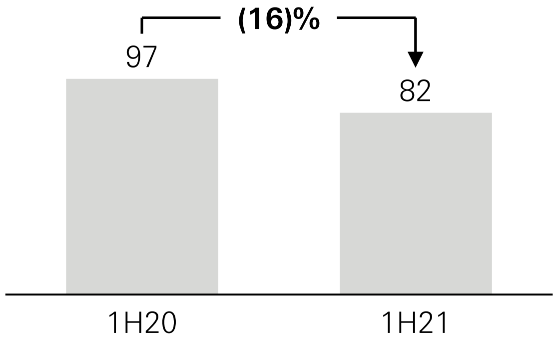
*Includes renewal and refinancing activity. Note, clients may elect not to draw down on approved limits

Focus: Rebound in profits in the US and Europe even as we reshape our portfolio to support international clients

US

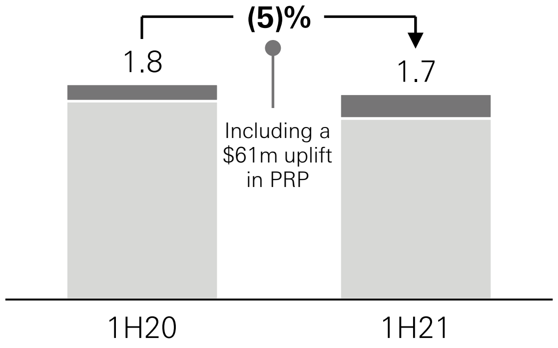
PBT of $0.5bn in 1H21 (up from $0.1bn in 1H20)

Reported RWAs
$bn



Costs
$bn

of which: Performance-related pay (PRP)

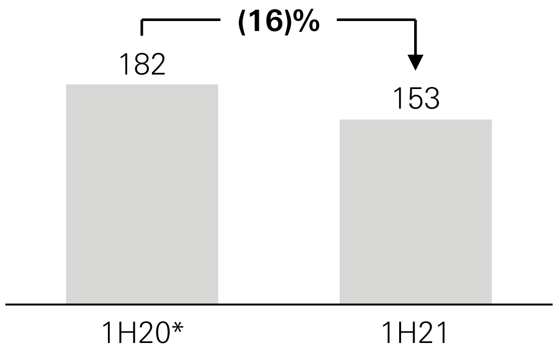


- Delivered **c.$100m of cost saves** in 1H21, $450m since FY19
- **Announced sale** of mass market retail banking, including 90 branches and c.1m clients
- Completed migration of fixed income derivatives trading book from New York to London

HSBC Bank plc (UK NRFB and Europe)

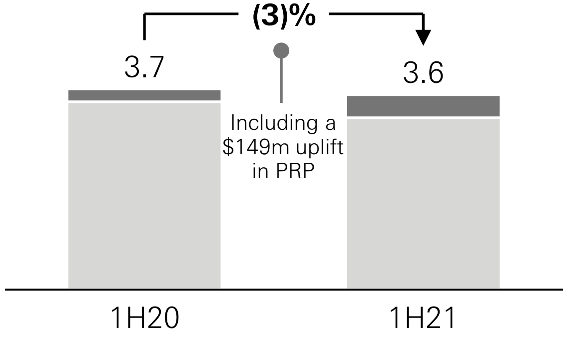
PBT of $1.4bn in 1H21 (up from loss of $0.6bn in 1H20)

Adjusted RWAs
$bn



Costs
$bn

of which: PRP



- Refocused wholesale client portfolio to transform our Continental European operating model into an integrated business to better serve our international wholesale customers
- **Signed MoU for the potential sale** of our French retail business
- Awarded **Best Transaction Bank** in Western Europe[13] and top financing bank (Top 5 Europe DCM and Top 3 GBP DCM[14])

*Reported RWAs at 30 June 2020 were $171bn with foreign currency translation differences of $11bn. In addition to the absolute level of risk weighted assets, management continue to monitor the impact of other risks and opportunities, including future regulatory change, upon our capital requirements

1H21 results summary

$m	1H21	1H20	Δ
NII	13,081	15,042	(13)%
Non interest income	12,716	12,555	1%
Revenue	25,797	27,597	(7)%
ECL	719	(7,287)	>100%
Costs	(16,222)	(15,705)	(3)%
Associates	1,656	1,049	58%
Adjusted PBT	**11,950**	**5,654**	**>100%**
Significant items and FX translation	(1,111)	(1,336)	(17)%
Reported PBT	**10,839**	**4,318**	**>100%**
Reported profit after tax	8,422	3,125	>100%
Profit attributable to ordinary shareholders	**7,276**	**1,977**	**>100%**
Reported EPS, $	0.36	0.10	$0.26
DPS, $	0.07	0.00	$0.07
Reported RoTE, %	9.4	3.8	5.6ppts

$bn	1H21	FY20	Δ
Customer loans	1,060	1,037	2%
Customer deposits	1,669	1,642	2%
Reported RWAs	862	858	1%
CET1 ratio, %	15.6	15.9	(0.3)ppts
TNAV per share, $	7.81	7.75	1%

- **Reported PBT of $10.8bn up $6.5bn vs. 1H20,** primarily from lower ECL, partly offset by lower revenue and higher costs
- **All regions profitable in 1H21**, notably HSBC UK reported profit before tax of over $2.1bn in the period
- **NII** of $13.1bn down $2.0bn (13%) vs. 1H20, but beginning to see signs of stabilisation
- **ECL release of $0.7bn,** reflecting an improvement in the economic outlook since 2020
- **Costs of $16.2bn up $0.5bn (3%) vs. 1H20,** primarily due to a higher performance-related pay accrual as profitability improved, as well as continued investment, partly offset by cost saves
- **Reported RoTE** of 9.4% benefitted from ECL releases over 1H21
- **Lending** increased by $23bn, primarily in WPB and CMB

Improved earnings diversity as the global economy recovers

PBT by region, $bn

	1H20	**1H21**
Europe	(2.1)	**2.7**
o/w UK RFB	*(0.5)*	*2.3*
o/w HSBC Bank plc	*(0.6)*	*1.4*
Asia	7.5	**7.1**
o/w Hong Kong	*5.1*	*3.7*
MENA	0.0	**0.7**
North America	0.2	**1.0**
o/w US	*0.1*	*0.5*
Latin America	(0.0)	**0.4**
o/w Mexico	*(0.1)*	*0.4*

- Regional profitability driven by ECL releases; **Asia percentage of Group profits 59%,** down from over 100%
- **Europe** loss-making in 1H20; **now generating 22%** of Group adjusted PBT; good performance in the UK RFB, 2Q21 revenue up 9% YoY (revenue up 12% in WPB, up 7% in CMB)
- Middle East, US and other regions seeing earnings recovery

PBT and reported RoTE[15] by business

	1H20		**1H21**	
	PBT, $bn	RoTE, %	**PBT, $bn**	**RoTE, %**
WPB	1.7	6.0%	**3.9**	**17.9%**
CMB	0.1	(1.6)%	**3.4**	**11.1%**
GBM	2.6	7.7%	**3.3**	**10.7%**
Corporate Centre	1.3	4.7%	**1.4**	**5.1%**

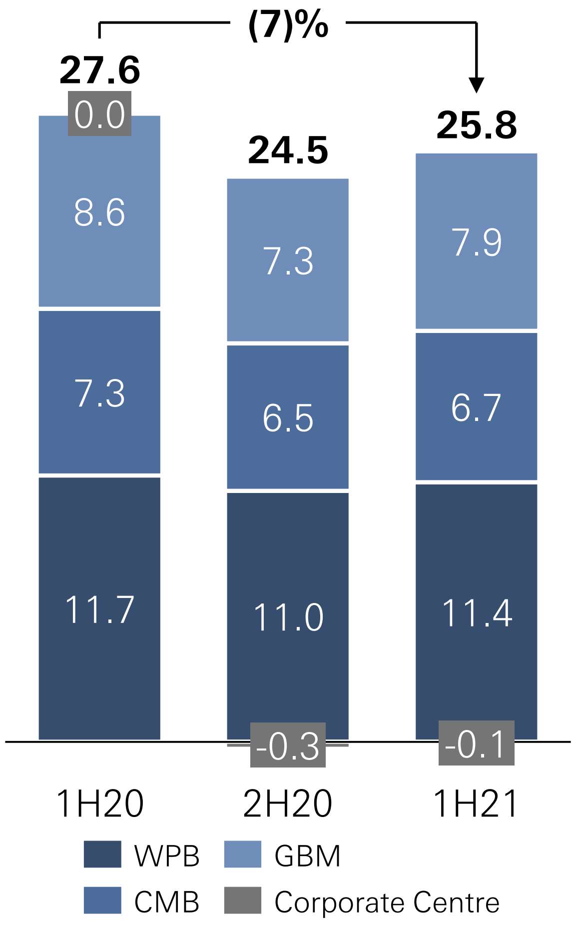
- **Balanced split of profits between global businesses;** WPB: 32%; CMB: 28%; GBM: 28%
- Corporate Centre profits largely due to **associates**

1H21 adjusted revenue performance

	1H21 revenue				1H21 vs. 1H20
WPB	$11,401m ▼ (3)%	Wealth	$4,822m	o/w insurance market impacts: $764m ◀	1,122
		Personal Banking	$6,144m		(1,051)
		Other	$435m		(364)
CMB	$6,651m ▼ (9)%	GTRF	$933m		8
		Credit and Lending	$2,965m		80
		GLCM	$1,741m		(670)
		Other	$1,012m		(93)
GBM	$7,878m ▼ (8)%	MSS	$4,432m	o/w XVAs and bid-offer adjustment: $525m ◀	(597)
		Banking	$3,291m		(272)
		of which: GLCM	*$892m*		*(223)*
		Principal Investments	$237m		248
		Other	$(82)m		(75)
Corp. Centre	$(133)m				(136)
Group	$25,797m ▼ (7)%				(1,800): NII (1,961), Non-NII 161

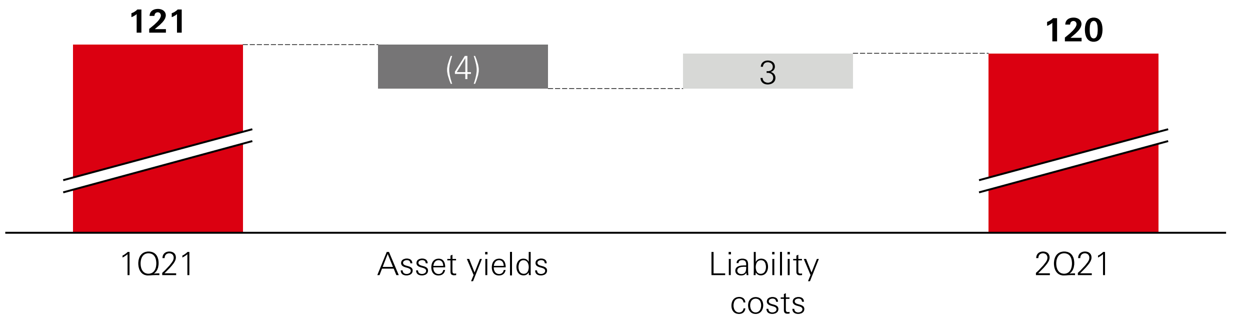
NII Non-NII

Revenue by global business, $bn

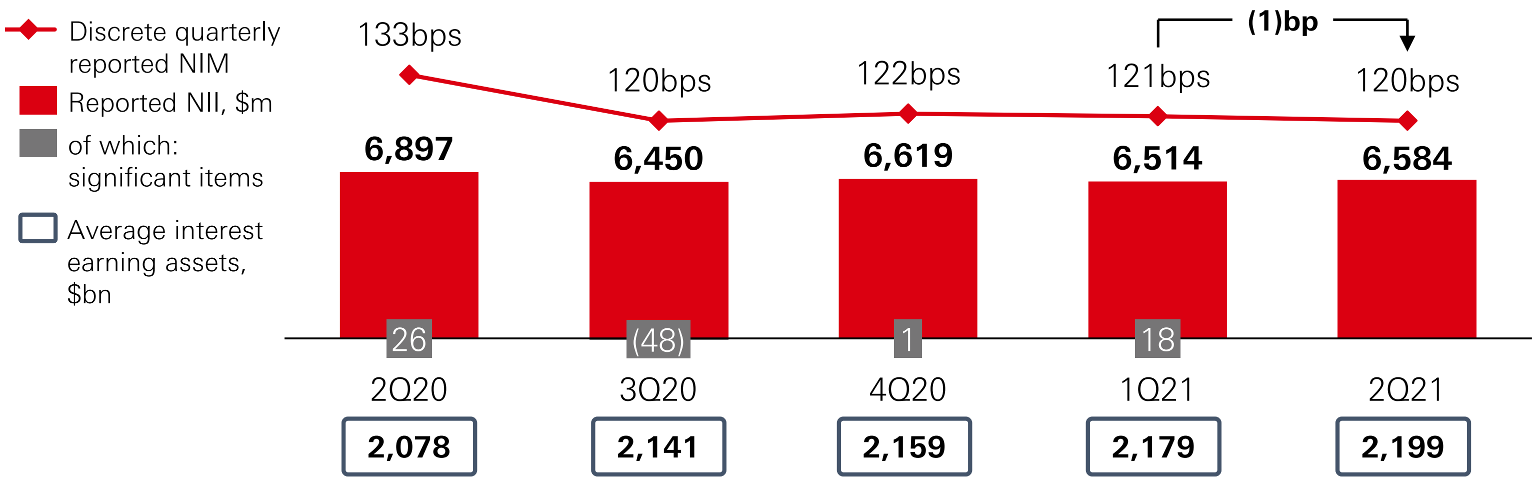


Net interest income

Reported NIM progression, bps



Reported NIM trend



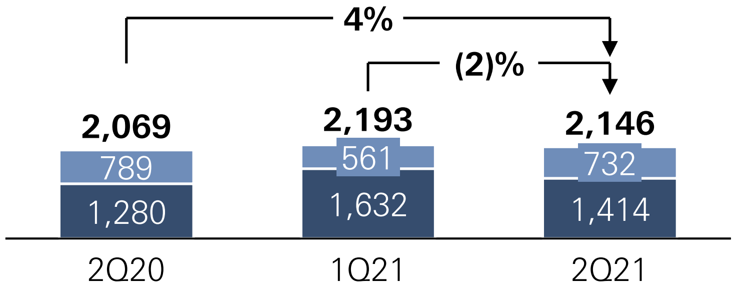
- **2Q21 reported** NII was $0.1bn (1%) higher vs. 1Q21, primarily due to day count
- **2Q21 NIM of 1.20%** down 1bp vs. 1Q21; decreasing yield on assets driven by unfavourable changes in mix, partly offset by lower funding costs
- NII has **stabilised**

Non-NII

- **Fees increased across all businesses vs. 2Q20. Group fees up by $0.3bn (9%);** fees down $0.3bn (7%) vs. 1Q21 off the back of a seasonally strong Wealth performance in 1Q
- 2Q21 Group non-NII decreased $720m (11%) vs. 2Q20; 2Q20 benefited from particularly strong Markets performance
- Markets Treasury allocations to global businesses $0.3bn lower vs. 2Q20 (of which: $0.2bn non-NII); primarily from lower deployment opportunities

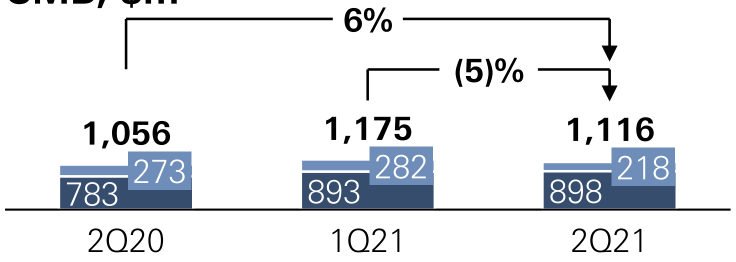
Net fees | Other income

WPB, $m



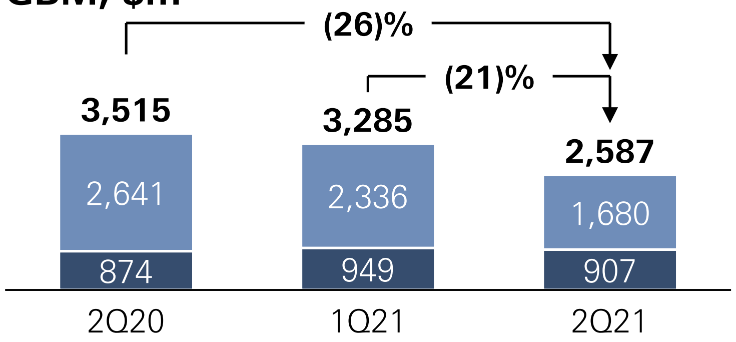
- WPB non-NII up by $77m (4%) vs. 2Q20, driven by increased investment distribution income, particularly mutual fund sales
- 2Q21 fees down $218m (13%) vs. 1Q21; 1Q21 benefited from strong equities and wealth sales
- Insurance VNB of $261m up $87m (50%) vs. 2Q20

CMB, $m



- CMB non-NII increased $60m (6%) and fee income increased $115m (15%) vs. 2Q20; mainly GLCM and GTRF from higher transaction volumes, reflecting recovery
- GLCM fees up $23m (8%) vs. 1Q21 due to higher transaction volumes

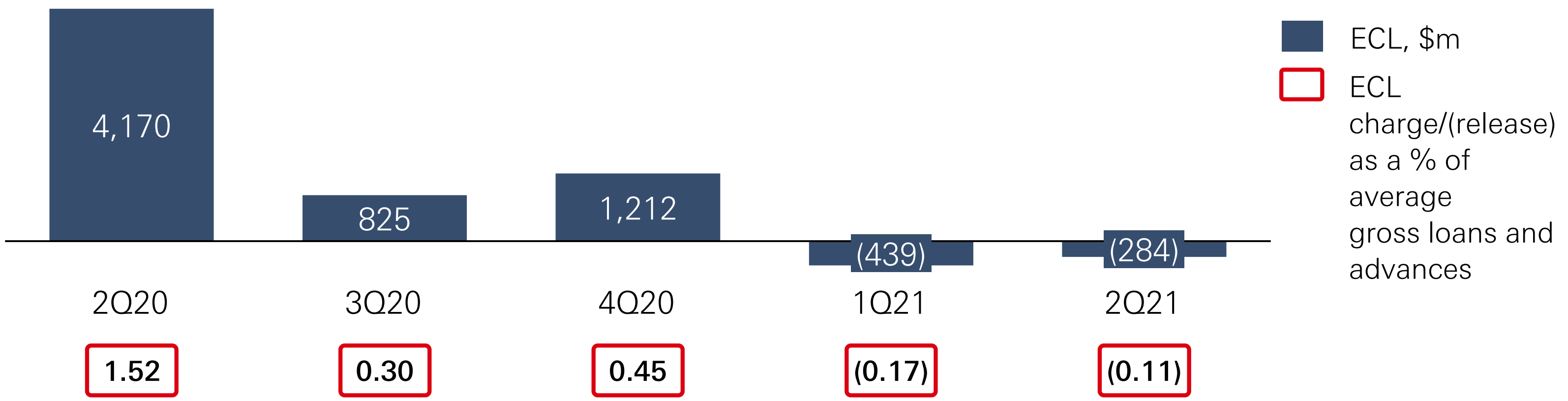
GBM, $m



- GBM non-NII decreased $928m (26%) vs. a strong 2Q20, primarily in Markets from reduced volatility and client activity; fee income increased $33m (4%) vs. 2Q20, primarily from GLCM and Capital Markets and Advisory
- Non-NII down $698m vs. strong 1Q21 performance in MSS, particularly in Equities

Credit performance

Adjusted ECL charge/(release) trend



ECL charge/(release) by geography, $m

	2Q21	1Q21
Hong Kong	6	85
Asia ex. Hong Kong	169	(53)
UK RFB	(281)	(294)
HSBC Bank plc	(52)	(48)
Mexico	33	36
Other	(159)	(165)
Total	**(284)**	**(439)**

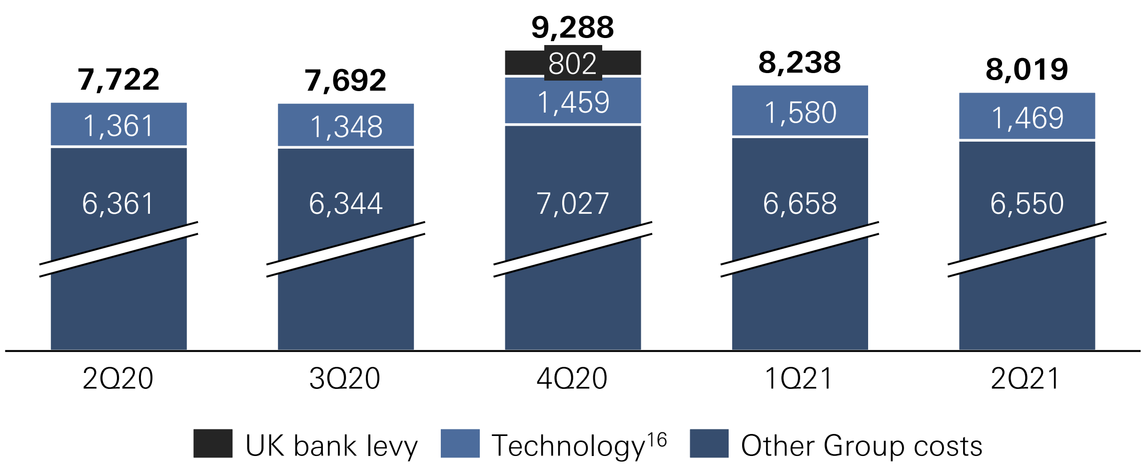
ECL charge/(release) by stage, $bn

2Q21	Stage 1-2	Stage 3	Total
Wholesale	(0.3)	0.0	(0.3)
Personal	(0.2)	0.1	(0.1)
Total	**(0.5)**	**0.1**	**(0.3)**

- **2Q21 net ECL release of $0.3bn;** Stage 3 charges of $0.1bn, Stage 1 – 2 releases of $0.5bn
- Unusually low Stage 3 charges, net of recoveries and releases
- Stage 3 loans and advances to customers as a % of total loans is 1.8%, stable vs. FY20
- 2Q21 stage 1 – 2 ECL allowance of $6.3bn
- We retain around $2.4bn of the 2020 Covid-19 related uplift to ECL reserves
- Expect ECL charges for 2021 to be **materially lower** than our 30-40bps planning range and possibly a net release

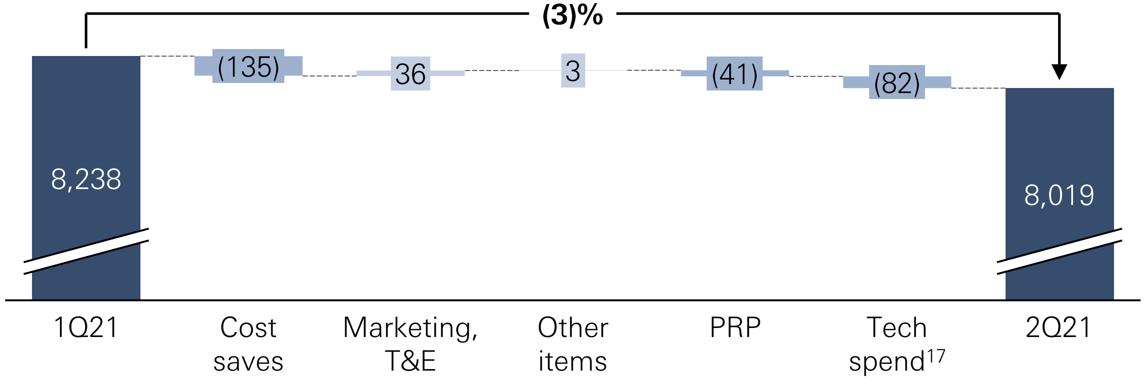
Adjusted costs

Operating expenses trend, $m

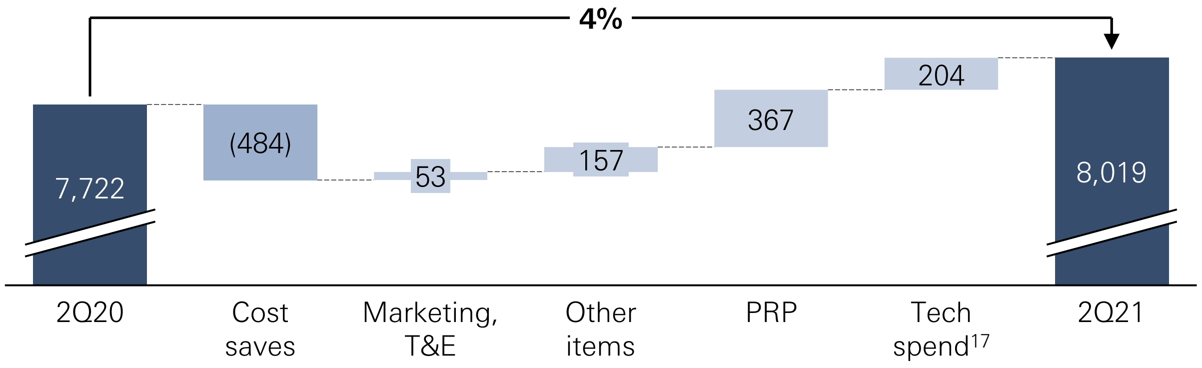


- **Cost targets on track,** while increasing higher investment and higher **performance-related pay (PRP)**
- 2Q21 costs of $8.0bn, **up $0.3bn (4%) vs. 2Q20;** $0.5bn of cost saves more than offset by increases in technology investment, PRP and other items
- 2Q21 costs were **$0.2bn lower (3%) vs. 1Q21;** in part due to cost saves
- Cost saves in the quarter of $0.5bn, **programme saves to date of $2.0bn** and CTA of $2.7bn vs. planned saves of $5-5.5bn and $7bn of CTA over FY20 –FY22
- Expect lower PRP accruals in 2H21, continue to expect 2021 costs ex. the UK bank levy to be **broadly stable vs. 2020*,** subject to any finalisation of the FY21 performance-related pay pool

2Q21 vs. 1Q21, $m



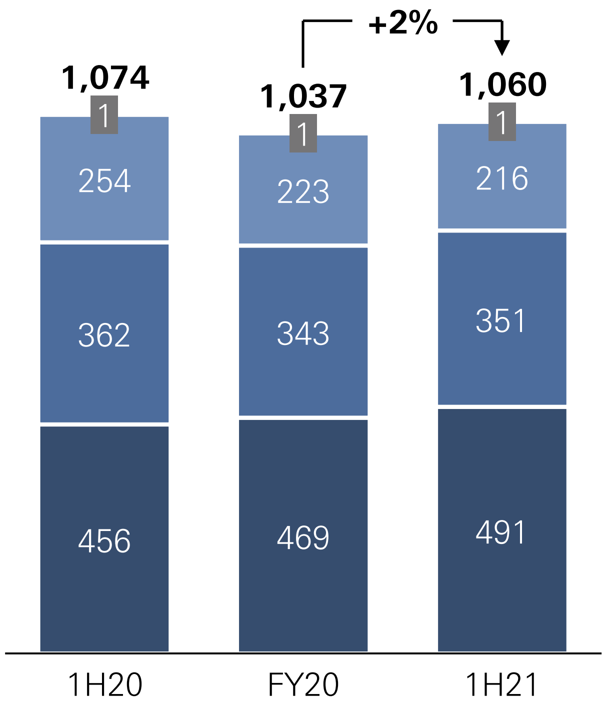
2Q21 vs. 2Q20, $m



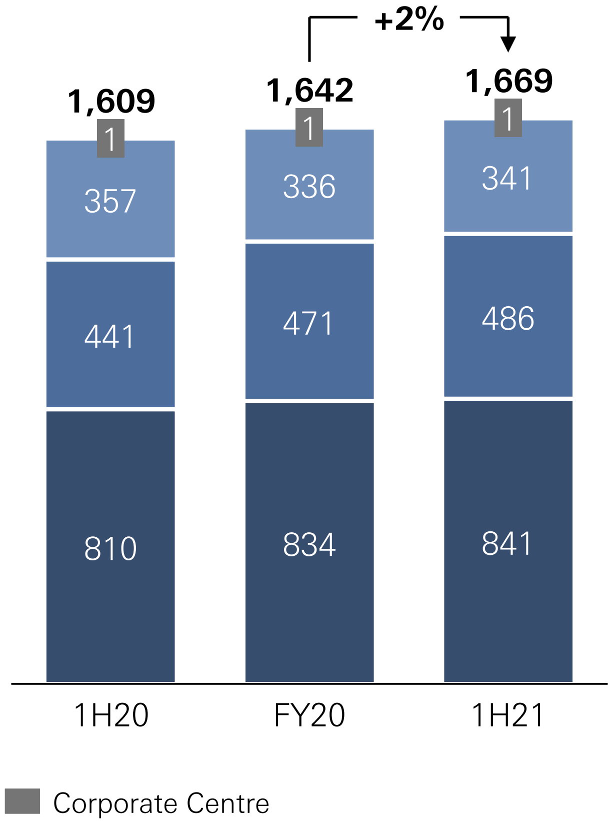
*FY20 costs ex. UK bank levy retranslated at constant currency FX rates were c.$32bn

Balance sheet

Customer lending, $bn



Customer accounts, $bn



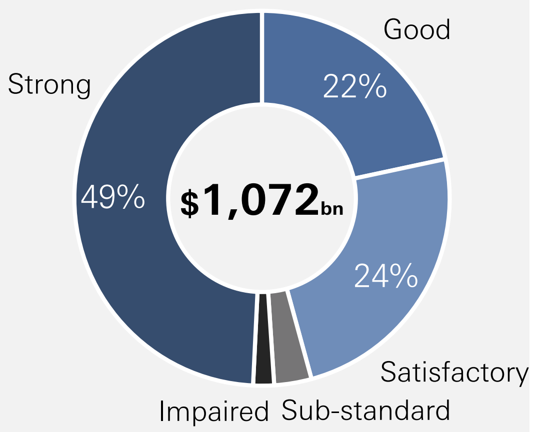
- **Customer lending** of $1.1tn was $23bn (2%) higher than FY20, as customers used short-term borrowing to fund investments in IPOs, as well as from higher mortgage balances in the UK and Hong Kong.
- **Customer accounts** of $1.7tn increased by $27bn (2%), from reduced customer spending

Asset quality

Gross loans and advances to customers

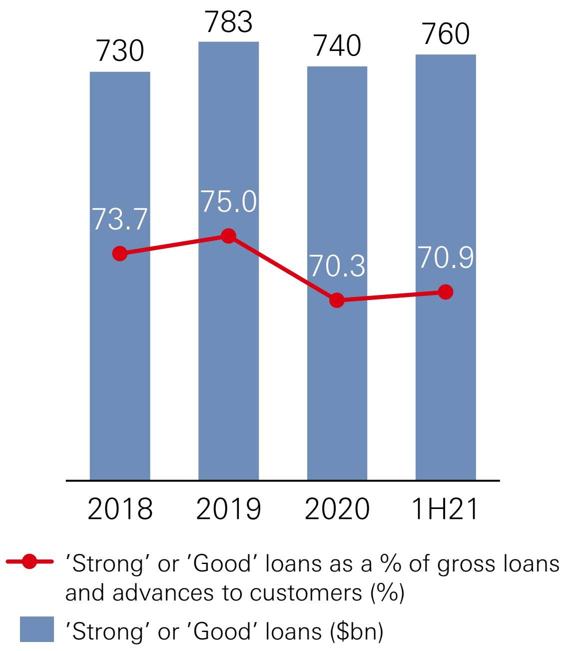
By credit quality classification

At 30 June 2021



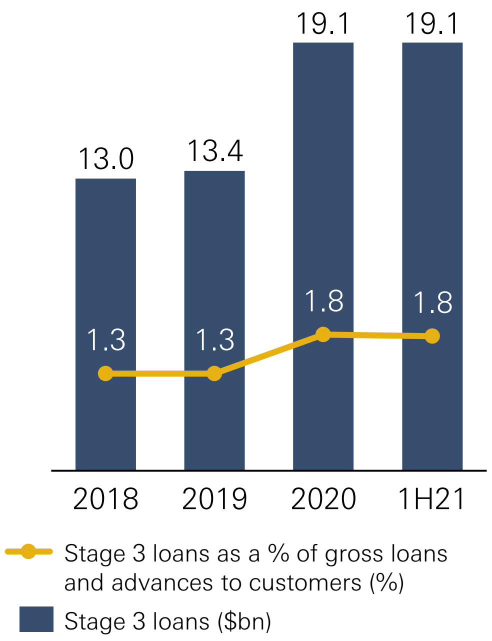
Strong	CRR 1-2
Good	CRR 3
Satisfactory	CRR 4-5
Sub-standard	CRR 6-8
Credit impaired	CRR 9-10

Loans and advances to customers of 'Strong' or 'Good' credit quality



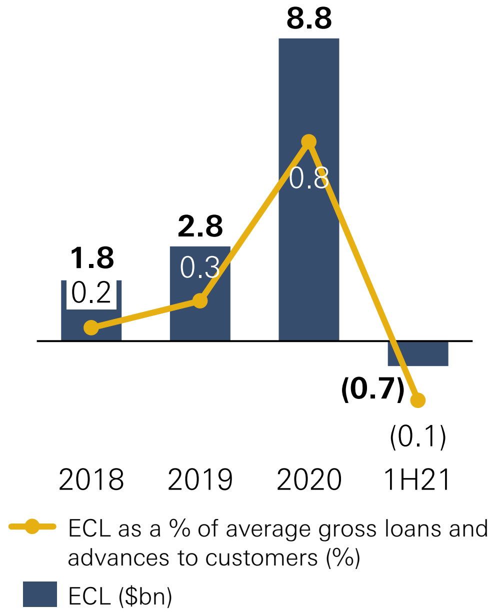
Strong or Good loans as a % of gross loans and advances to customers increased slightly to 70.9% following improvements in credit quality

Stage 3 and impaired loans and advances to customers



Stage 3 loans as a % of gross loans and advances to customers of 1.8% at 1H21

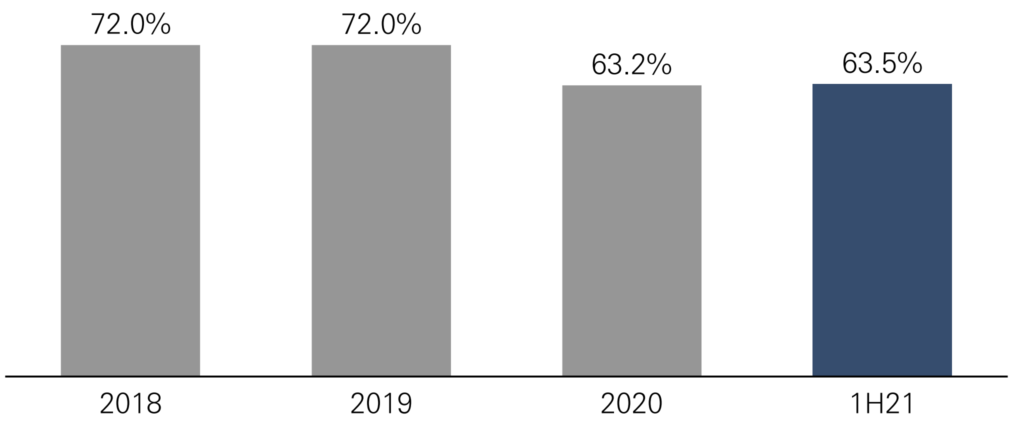
Reported ECL



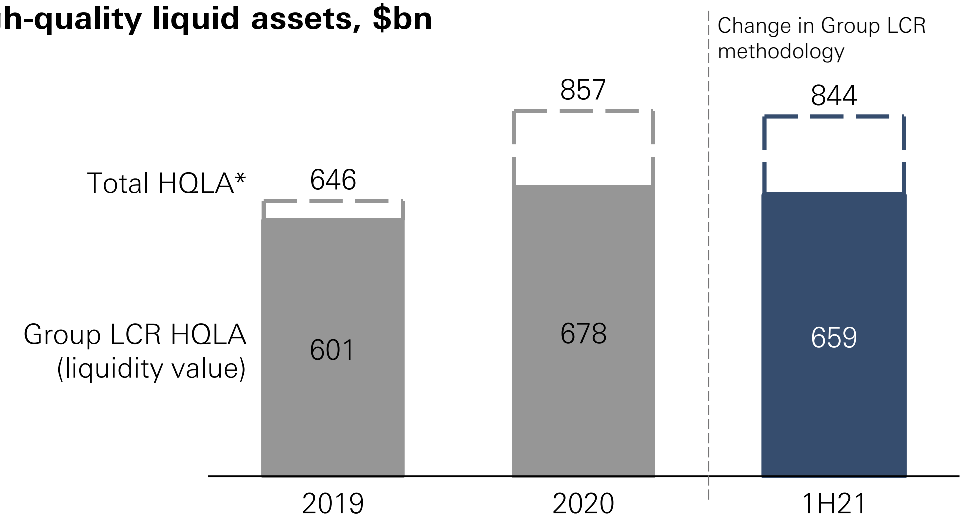
Net ECL release of $0.7bn in 1H21

Funding and liquidity

Loans to deposits ratio, %



High-quality liquid assets, $bn



Principal operating entities	LCR		NSFR	
%	1H21	2020	1H21	2020
HSBC UK Bank plc (RFB)	223	198	177	164
HSBC Bank plc (NRFB)	145	136	116	124
The Hongkong and Shanghai Banking Corporation Ltd – HK branch	172	195	134	146
The Hongkong and Shanghai Banking Corporation Ltd – Singapore branch	212	162	137	135
HSBC Bank China	198	232	149	158
Hang Seng Bank	187	212	143	151
HSBC Bank USA	126	130	145	130
HSBC Continental Europe	146	143	133	130
HSBC Bank Canada	129	165	125	136
HSBC Bank Middle East – UAE Branch	215	280	158	164
HSBC Mexico	186	198	135	139
Group consolidated	134	139	-	-

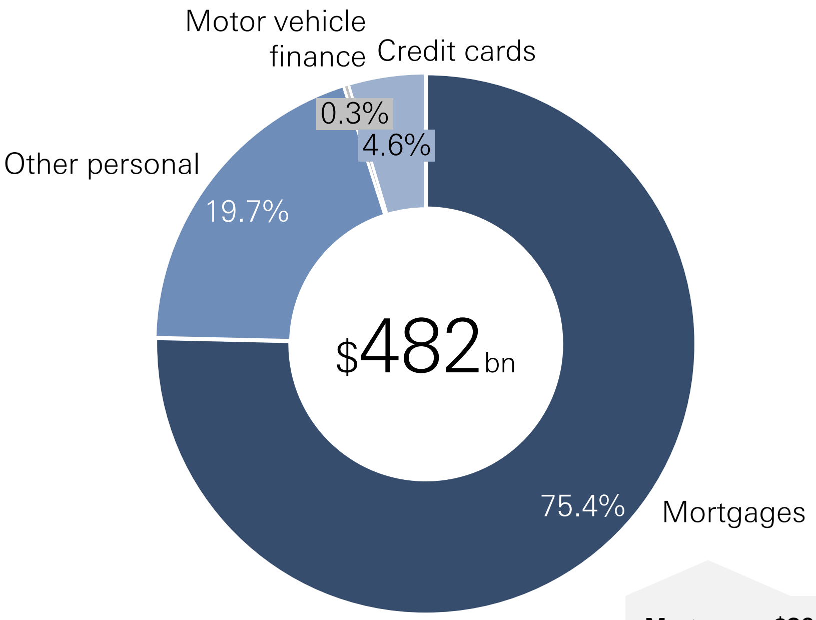
- During 1H21 HSBC implemented a change in methodology for the Group's consolidated LCR, which is designed to better incorporate local regulatory restrictions on the transferability of liquidity
- The change in methodology resulted in an increase in the adjustment of HQLA of $42bn, reducing the Group's LCR to 134%
- The principal operating entities continue to retain significant surplus liquidity, resulting in heightened liquidity coverage ratios in 1H21

* The difference between total HQLA and Group LCR HQLA is the surplus liquidity in subsidiaries not counted towards Group HQLA

Customer loan book

At 30 June 2021

Personal loan book ($bn, gross loans and advances to customers)

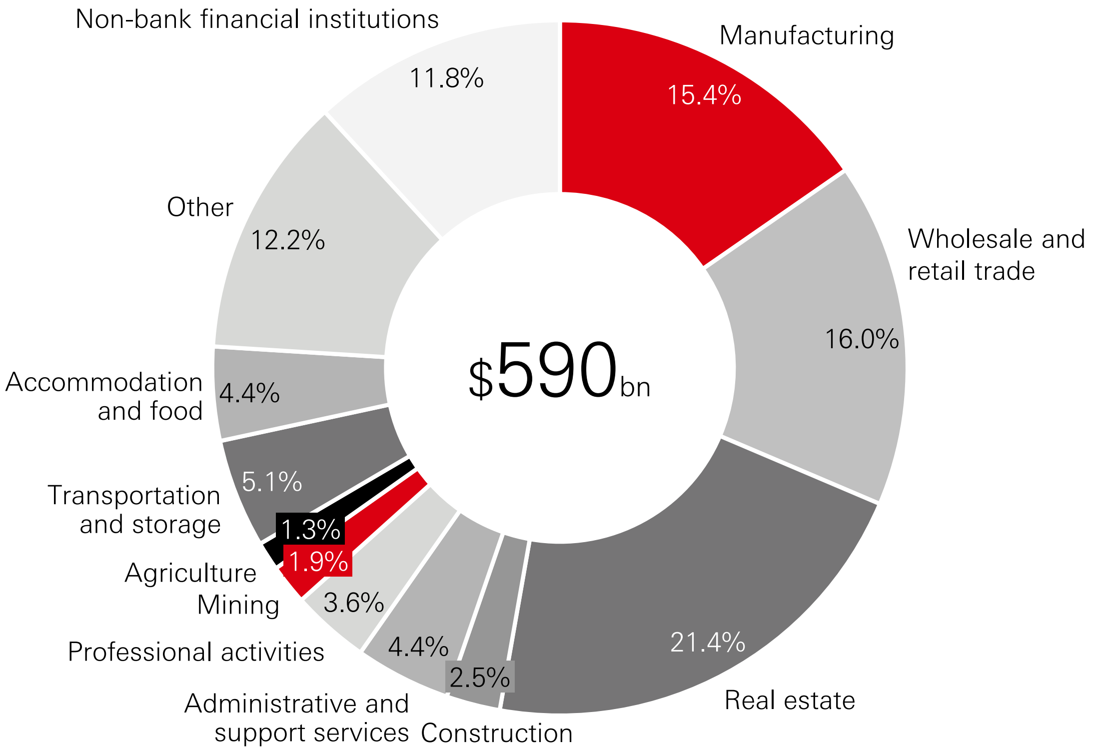


Mortgages: $364bn
Of which:
Interest-only: $31.8bn[18]

Retail mortgage average LTVs (portfolio, indexed)

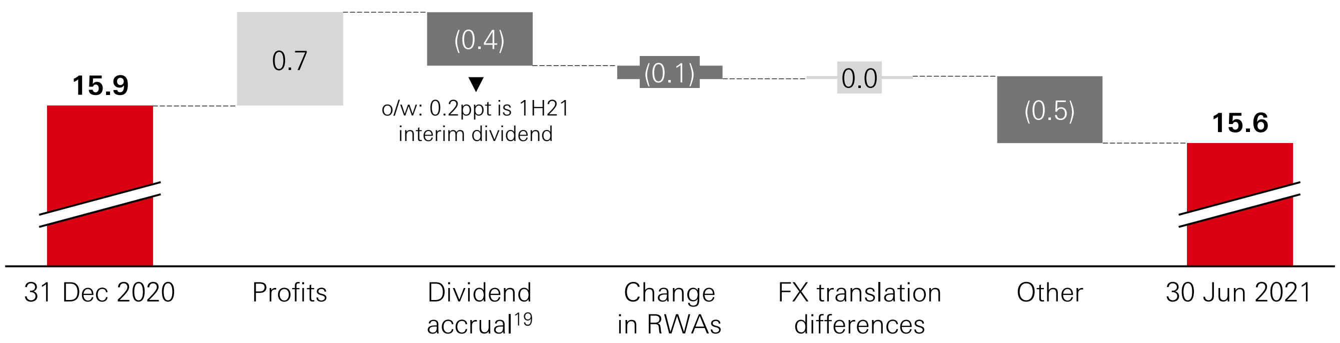
UK: 54%	HK: 43%
New lending: 67%	*New lending: 61%*

Wholesale loan book ($bn, gross loans and advances to customers)



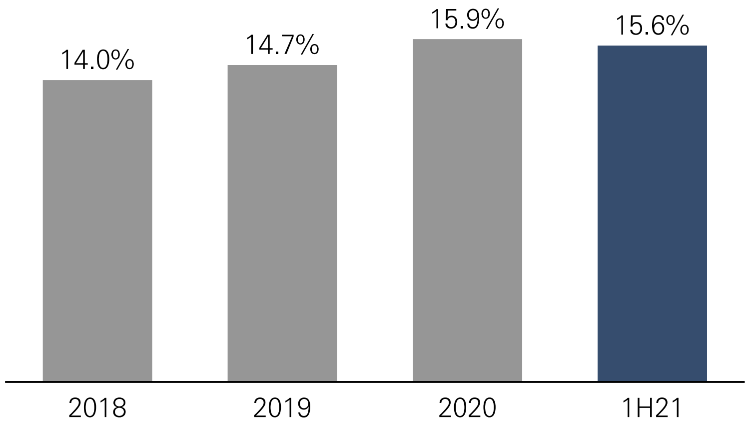
Capital position

1H21 vs. FY20 CET1 ratio movement, %

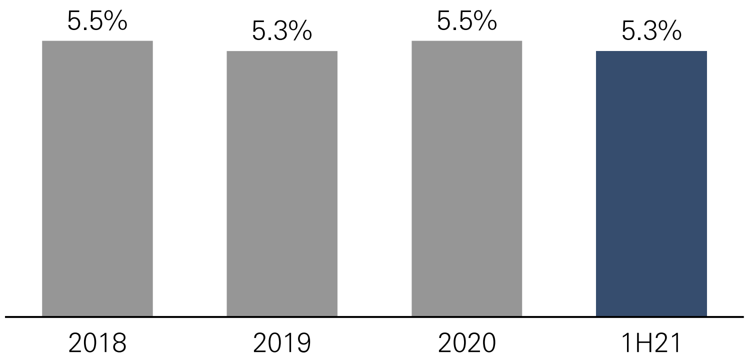


- **CET1 ratio of 15.6% down 0.3ppts vs. FY20**
- Software capitalisation benefits of **c.25bps expected to reverse** on 1st Jan 2022
- Expect **15-20bps impact from disposal** of French retail business in 2022-23
- Expect **low-single digit** percentage RWA growth in FY21; from FY20 adjusted RWAs of $854.8bn
- **Expect up to 5% of RWA inflation** from regulatory changes over 2022-2023[20]

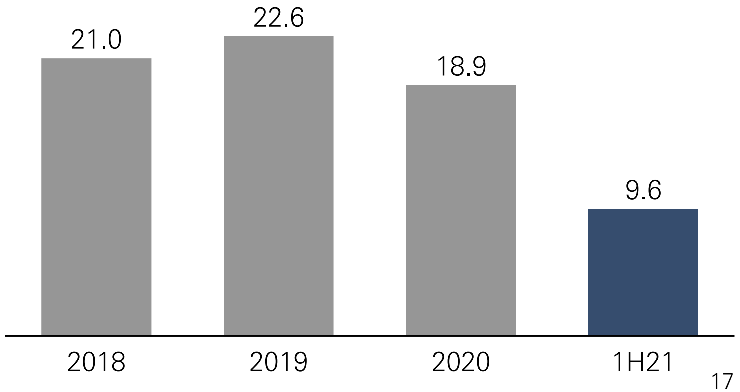
CET1 ratio



Leverage ratio[21]

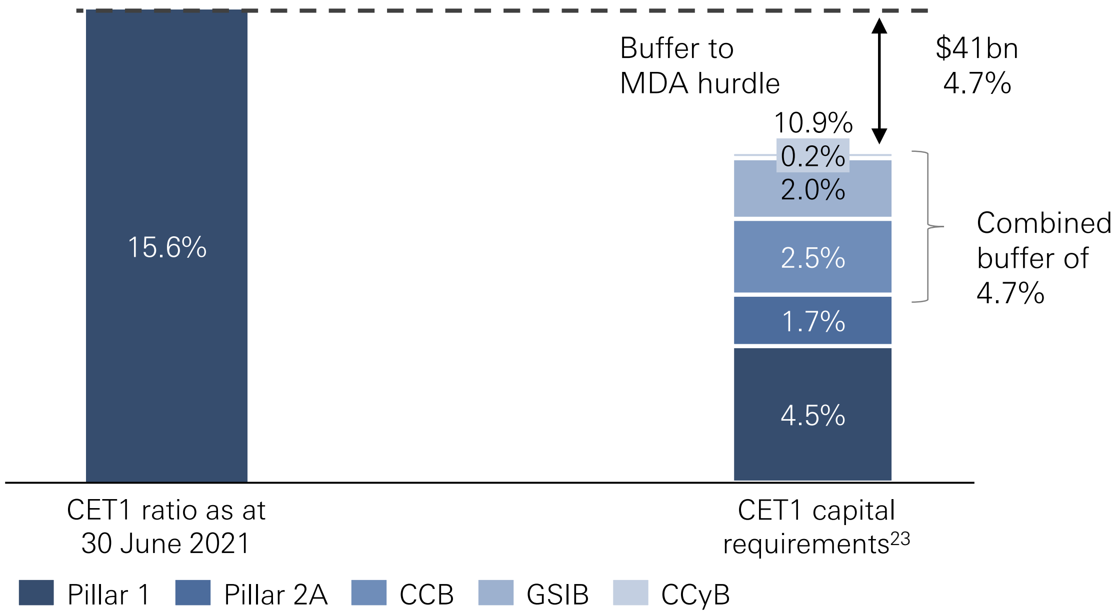


Pre-ECL net operating income[22], $bn

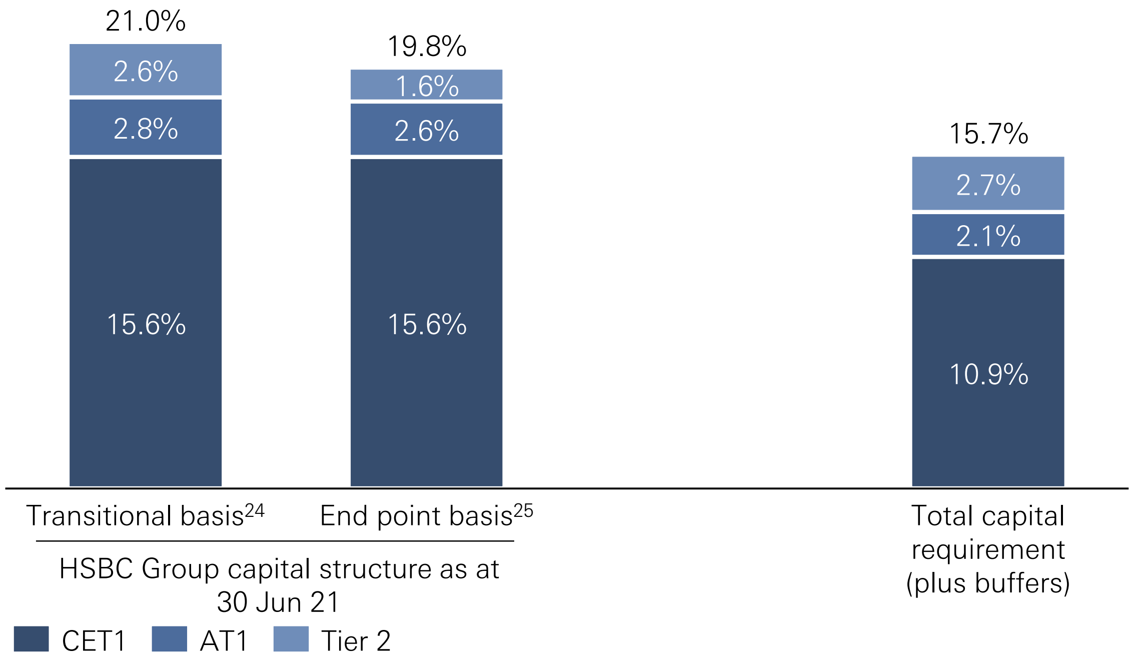


Capital position versus requirements

CET1 ratio as a % of RWAs, vs. MDA hurdle



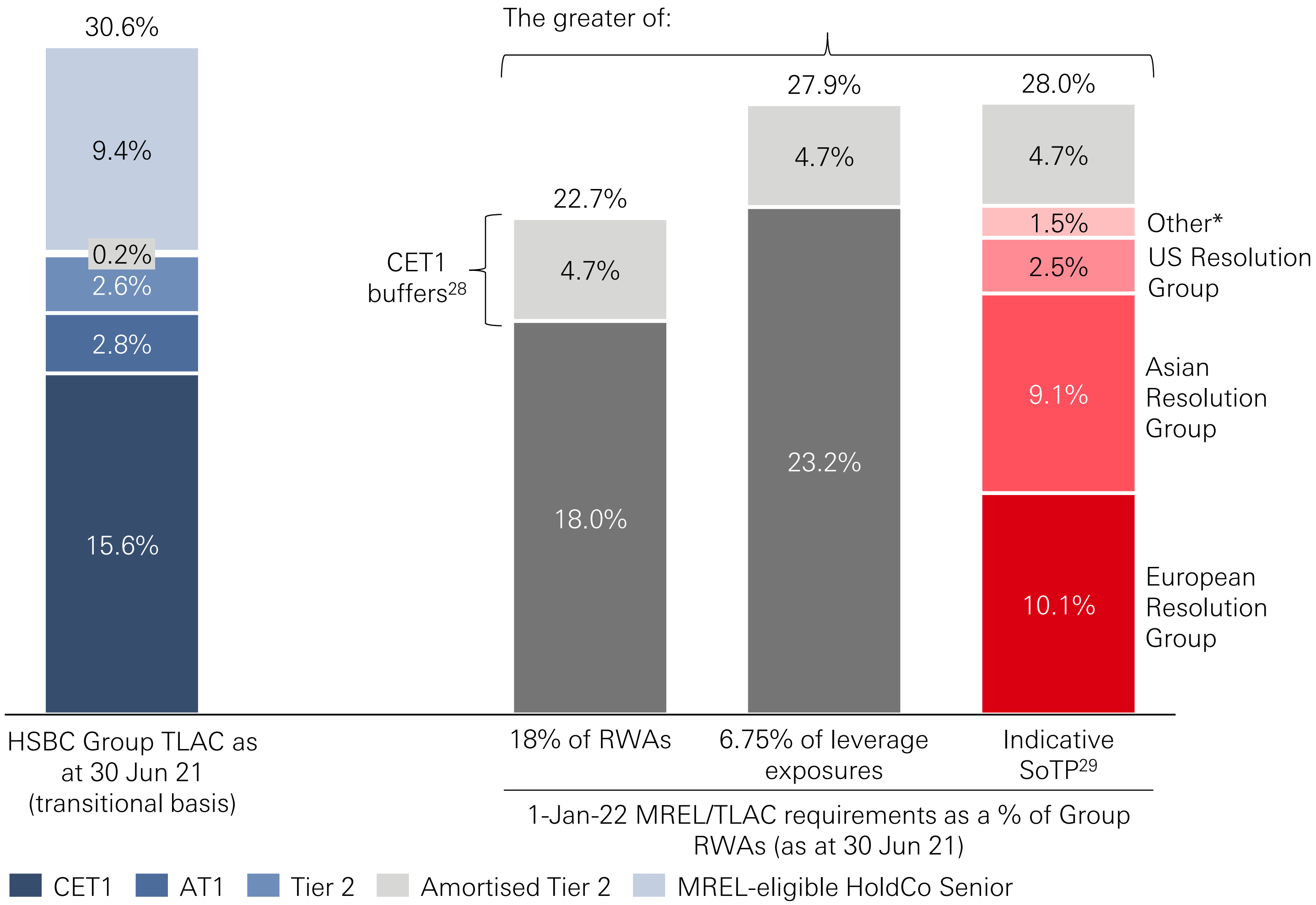
Regulatory capital vs. regulatory requirements as a % of RWAs



- **Pillar 2A** set nominally at $25.4bn (total capital), equivalent to 2.9% of 1H21 RWAs, of which 1.7% must be held in CET1
- **Distributable reserves** were $31.6bn, up from $31.3bn at 31 Dec 2020, primarily driven by profits generated of $4.2bn net of ordinary dividend and AT1 coupon payments of $3.7bn
- **Target of CET1 ratio ≥14%**; manage CET1 in 14-14.5% range in the medium-term, and manage down further long-term

MREL/TLAC position versus requirements

MREL/TLAC position versus estimated 1-Jan-22 regulatory requirements[26] as a % of Group RWAs



- HSBC Group's 2022 MREL requirement[27] is the greater of:
  - 18% of RWAs
  - 6.75% of leverage exposures[30]
  - The sum of requirements relating to each Resolution Group and other Group entities ('SoTP')
- The binding constraint for end-state MREL requirements will be contingent upon factors such as the finalisation of the European resolution group Pillar 2A
- SoTP components do not necessarily show what is binding for each resolution group. Additional CET1 buffers may apply at entities below the resolution entity

* Capital requirements relating to other Group entities such as HSBC Bank Canada, and HSBC Mexico where the entities are not subject to a 1-Jan-22 TLAC requirement that is in addition to regulatory capital requirements

Issuance plan

Issuance plan[31]

	2021	2022 onwards
HoldCo Senior	Expect to issue c.$15bn on a gross basis	Broadly limited to refinancing
Tier 2	No current plans	Broadly limited to refinancing
AT1	Broadly limited to refinancing	
OpCo	Expect certain subsidiaries to issue senior and secured debt in local markets to meet funding and liquidity requirements	

Limited net new issuance going forward

HoldCo Senior gross and net issuance, $bn-equivalent

	Average 2016-19	2020	2021 plan	2022 onward
Gross Issuance	$19bn	$16bn	c.$15bn	c.$10-15bn Broadly limited to refinancing
Net Issuance	$18bn	($1bn)	c.$10bn Last year of MREL build	c.$0-5bn Net issuance to fund future RWA growth

Significant step-change in net issuance

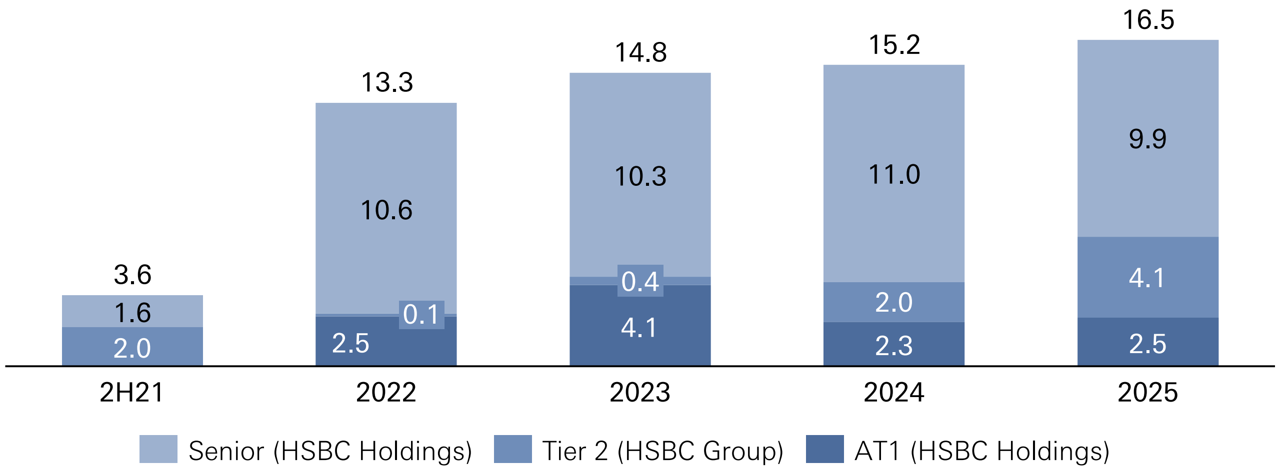
1H21 issuance and redemptions

1H21 issuance and redemptions

	Issuance plan	Issued	Redeemed
HoldCo Senior	Expect to issue c.$15bn on a gross basis	$7bn	$4bn
Tier 2	No current plans	-	-
AT1	Broadly limited to refinancing	$2bn	$2bn AT1 $1.45bn preference share (refinanced in Dec-20)

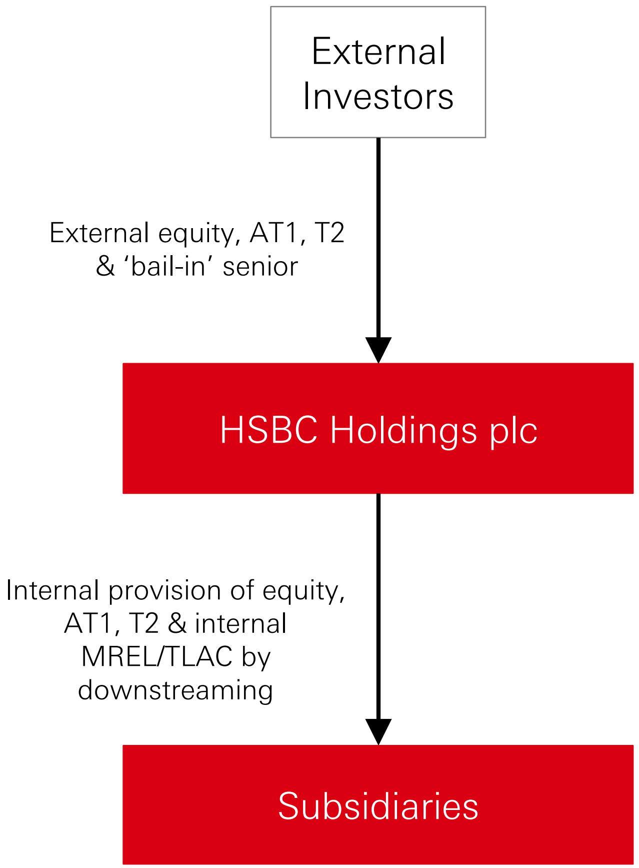
Maturity profile at 1H21[32]

$bn-equivalent



- 2H21 gross issuance expected to be $7-9bn, in line with guidance from FY20. From 2022 onward expected to broadly follow RWA development
- Making conscious effort to further diversify currency mix of issuance:
  - Further diversify the investor base
  - Reduce primary load on USD market (~75-85% of issuance in recent years)
  - Capitalise on name recognition, notably in Asian markets
  - Issued inaugural CNY and HKD deals in 1H21
- Continue to formulate transition plans for our legacy Ibor securities, with the aim of value neutral transition

Approach to issuance



HSBC Holdings plc

- Since 2015, HSBC Holdings has been the Group's issuing entity for external AT1, T2 and MREL/TLAC-eligible Senior
- Issuance over time to broadly match group currency exposures
- Issuance executed with consideration to our maturity profile

Internal Capital and MREL/TLAC

- Proceeds of external debt issued by HSBC Holdings is predominantly used to acquire capital and internal MREL/TLAC instruments issued by its subsidiaries
- HSBC Holdings does not generally provide funding to subsidiaries for day-to-day liquidity needs
- HSBC Holdings retains some cash for its own liquidity and capital management

External debt issued by subsidiaries

- HSBC will continue to issue senior and secured debt from certain subsidiaries in local markets to meet their funding and liquidity requirements. This may include: preferred senior, CP, CDs, and covered bonds. This debt is not intended to constitute MREL/TLAC

Appendix

HSBC

Key financial metrics

Reported results, $m	2Q21	1Q21	2Q20
NII	6,584	6,514	6,897
Other Income	5,981	6,472	6,162
Revenue	**12,565**	**12,986**	**13,059**
ECL	284	435	(3,832)
Costs	(8,560)	(8,527)	(8,675)
Associates	771	885	537
Profit before tax	**5,060**	**5,779**	**1,089**
Tax	(1,206)	(1,211)	(472)
Profit after tax	**3,854**	**4,568**	**617**
Profit attributable to ordinary shareholders	3,396	3,880	192
Profit attributable to ordinary shareholders excl. goodwill and other intangible impairment and PVIF	3,352	3,940	1,290
Basic earnings per share, $	0.17	0.19	0.01
Diluted earnings per share, $	0.17	0.19	0.01
Dividend per share (in respect of the period), $	0.07	—	—
Return on avg. tangible equity (annualised), %	8.6	10.2	3.5
Return on avg. equity (annualised), %	7.8	9.0	0.5
Net interest margin (annualised), %	1.20	1.21	1.33

Adjusted results, $m	2Q21	1Q21	2Q20
NII	6,585	6,515	7,225
Other Income	5,939	6,809	6,659
Revenue	**12,524**	**13,324**	**13,884**
ECL	284	439	(4,170)
Costs	(8,019)	(8,238)	(7,722)
Associates	771	889	599
Profit before tax	**5,560**	**6,414**	**2,591**
Cost efficiency ratio, %	64.0	61.8	55.6
ECL charge/(release) as a % of average gross loans and advances to customers (annualised)	(0.11)	(0.17)	1.52

Balance sheet, $m	2Q21	1Q21	2Q20
Total assets	2,976,005	2,958,629	2,922,798
Net loans and advances to customers	1,059,511	1,040,207	1,018,681
Adjusted net loans and advances to customers	1,059,511	1,043,131	1,073,848
Customer accounts	1,669,091	1,650,019	1,532,380
Adjusted customer accounts	1,669,091	1,654,022	1,609,384
Quarterly average interest-earning assets	2,198,953	2,178,918	2,078,178
Reported loans and advances to customers as % of customer accounts	63.5	63.0	66.5
Total shareholders' equity	198,218	199,210	187,036
Tangible ordinary shareholders' equity	157,985	157,357	147,879
Net asset value per ordinary share at period end, $	8.69	8.64	8.17
Tangible net asset value per ordinary share at period end, $	7.81	7.78	7.34

Capital, leverage and liquidity	2Q21	1Q21	2Q20
Reported risk-weighted assets, $bn	862.3	846.8	854.6
CET1 ratio, %	15.6	15.9	15.0
Total capital ratio (transitional), %	21.0	21.6	20.7
Leverage ratio, %	5.3	5.4	5.3
High-quality liquid assets (liquidity value), $bn	659	695	654
Liquidity coverage ratio, %	134	143	148

Share count, m	2Q21	1Q21	2Q20
Basic number of ordinary shares outstanding	20,223	20,226	20,162
Basic number of ordinary shares outstanding and dilutive potential ordinary shares	20,315	20,335	20,198
Quarterly average basic number of ordinary shares outstanding	20,227	20,191	20,190

Reconciliation of reported and adjusted results

$m	2Q21	1Q21	2Q20
Reported PBT	**5,060**	**5,779**	**1,089**
Revenue			
Currency translation	—	50	724
Customer redress programmes	—	(18)	(26)
Disposals, acquisitions and investment in new businesses	—	—	1
Fair value movements on financial instruments	(45)	239	58
Restructuring and other related costs	4	66	58
Currency translation of significant items	—	1	10
	(41)	**338**	**825**
ECL			
Currency translation	—	4	(338)
Operating expenses			
Currency translation	—	(37)	(580)
Customer redress programmes	27	(10)	49
Impairment of goodwill and other intangibles	—	—	1,025
Past service costs of guaranteed minimum pension benefits equalisation	—	—	—
Restructuring and other related costs	514	334	335
o/w: costs to achieve	*499*	*319*	*346*
Settlements and provisions in connection with legal and regulatory matters	—	—	4
Currency translation of significant items	—	2	120
	541	**289**	**953**
Share of profit in associates and joint ventures			
Currency translation	—	4	62
Impairment of goodwill	—	—	—
	—	**4**	**62**
Total currency translation and significant items	**500**	**635**	**1,502**
Adjusted PBT	**5,560**	**6,414**	**2,591**
Memo: tax on significant items (at reported FX rates)	(77)	(74)	(121)

Certain items and Argentina hyperinflation

Certain items included in adjusted revenue highlighted in management commentary, $m	**2Q21**	**1Q21**	**4Q20**	**3Q20**	**2Q20**	**1H21**	**1H20**
Insurance manufacturing market impacts in WPB	336	78	299	126	364	413	(351)
Credit and funding valuation adjustments in GBM	3	33	73	35	(12)	35	(376)
Legacy Credit in Corporate Centre	7	9	3	28	41	16	(52)
Valuation differences on long-term debt and associated swaps in Corporate Centre	(27)	(28)	(12)	(32)	(64)	(54)	195
Argentina hyperinflation[33]*	(42)	(46)	(42)	(31)	(29)	(88)	(51)
Bid-offer adjustment in GBM*	35	18	7	35	249	53	(61)
Total	**312**	**64**	**328**	**161**	**549**	**375**	**(696)**

*Comparative figures have not been retranslated for foreign exchange movements

Net interest margin supporting information

NII sensitivity to instantaneous change in yield curves (12 months)

At 30 June 2021

Change in Jul 2021 to Jun 2022	Currency					
	USD $m	**HKD** $m	**GBP** $m	**EUR** $m	**Other** $m	**Total** $m
+25bps parallel	114	340	561	113	374	1,502
-25bps parallel	(122)	(393)	(616)	(83)	(391)	(1,605)
+100bps parallel	369	1,354	2,053	532	1,464	5,772
-100bps parallel	(224)	(837)	(2,257)	(330)	(1,542)	(5,190)

NII sensitivity to instantaneous change in yield curves (5 years), $m

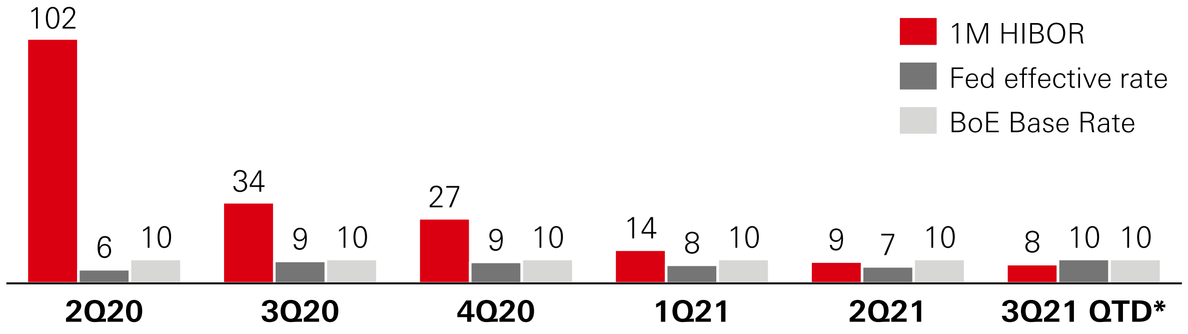
At 30 June 2021

Change in Jul 2021 to Jun 2026	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
+25bps parallel	1,502	1,806	1,976	2,098	2,158	9,540
-25bps parallel	(1,605)	(2,085)	(2,042)	(2,152)	(2,235)	(10,119)
+100bps parallel	5,772	7,118	7,778	8,092	8,179	36,939
-100bps parallel	(5,190)	(6,924)	(8,249)	(8,892)	(9,243)	(38,498)

Quarterly NIM by key legal entity

	2Q20	**3Q20**	**4Q20**	**1Q21**	**2Q21**	**% of 2Q21 Group NII**	**% of 2Q21 Group AIEA**
The Hongkong and Shanghai Banking Corporation (HBAP)	1.69%	1.44%	1.42%	1.40%	1.37%	47%	42%
HSBC Bank plc (NRFB)	0.54%	0.50%	0.53%	0.51%	0.48%	9%	22%
HSBC UK Bank plc (UK RFB)	1.68%	1.60%	1.60%	1.59%	1.56%	25%	19%
HSBC North America Holdings, Inc	0.85%	0.83%	0.95%	0.96%	0.97%	7%	9%

Key rates (quarter averages), basis points

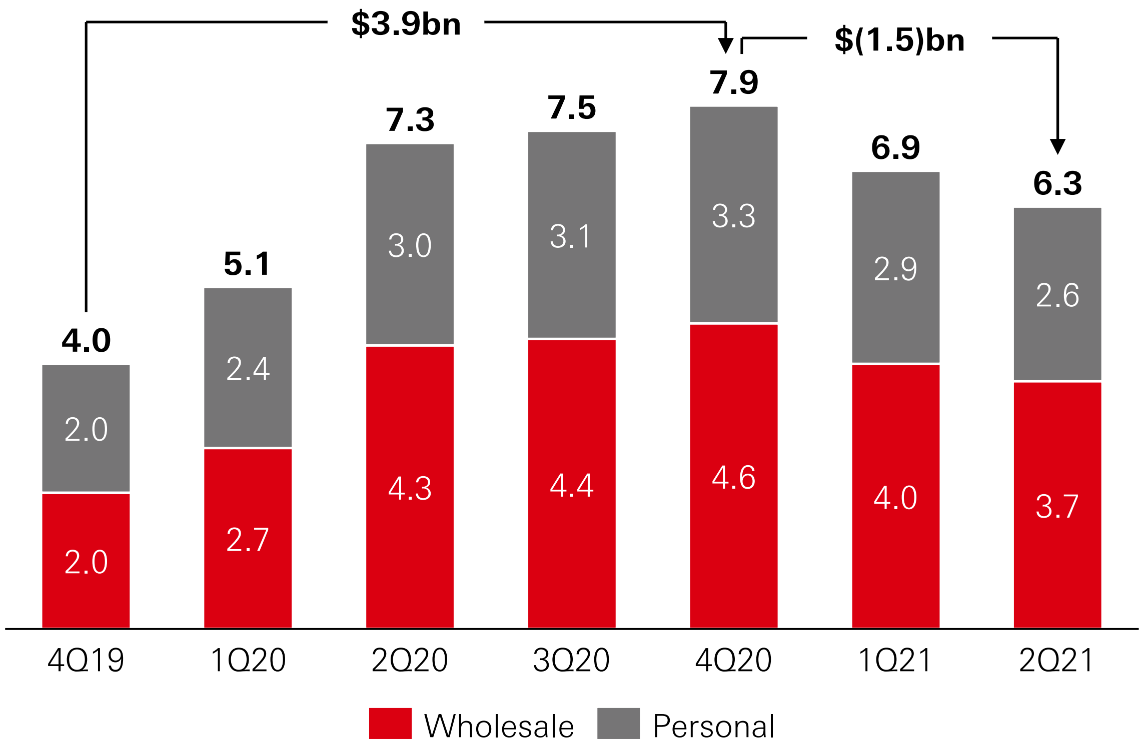


*At 29 July 2021

Source: Bloomberg

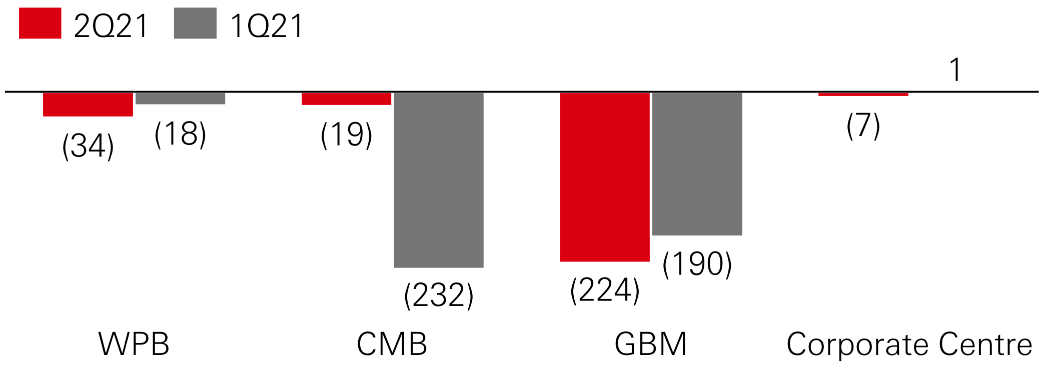
ECL analysis

Stage 1 & 2 allowances for ECL, $bn



- We retain c.$2.4bn of the 2020 Covid-19 related uplift to ECL reserves

ECL charge / (release) by global business, $m

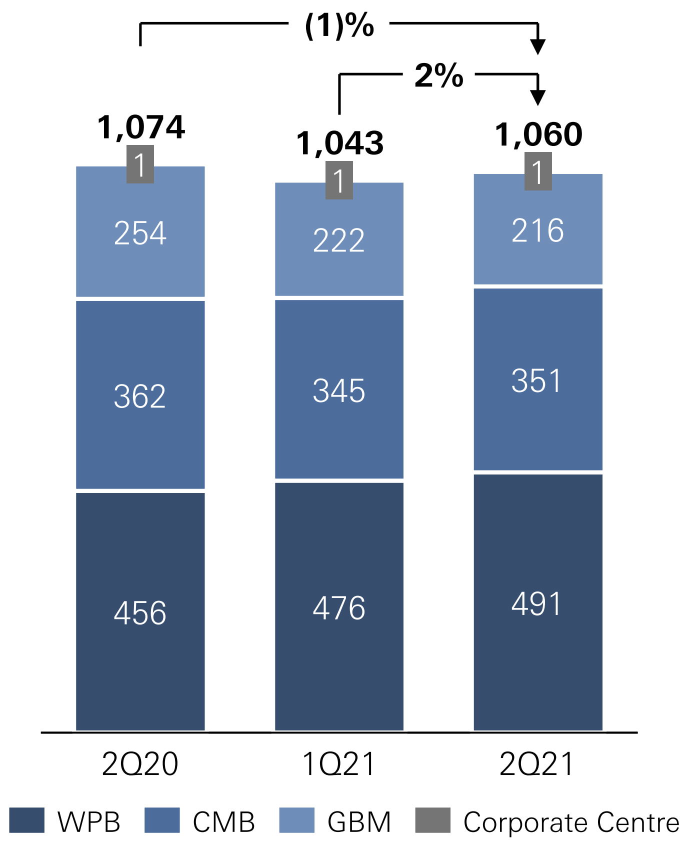


Analysis by stage

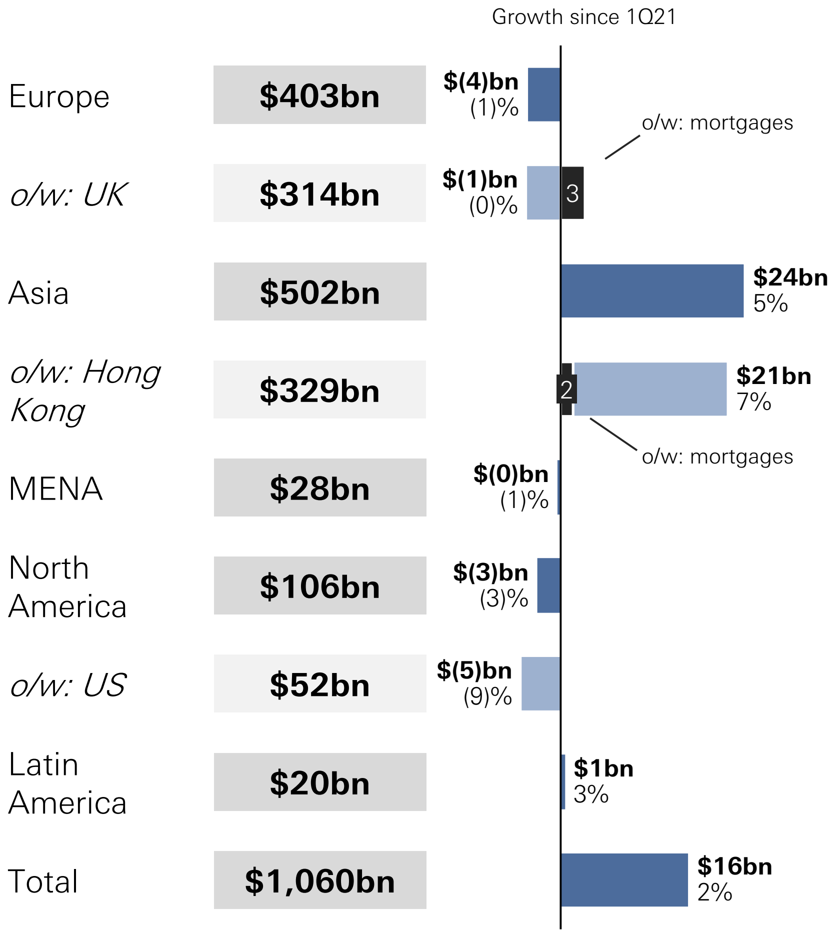
Reported basis, $bn	Stage 1	Stage 2	Stage 3	Total[34]	Stage 3 as a % of Total
2Q21					
Gross loans and advances to customers	895.5	157.5	19.1	**1,072.4**	1.8%
Allowance for ECL	1.8	3.9	7.1	**12.9**	
1Q21					
Gross loans and advances to customers	875.6	158.7	19.2	**1,053.8**	1.8%
Allowance for ECL	1.7	4.5	7.3	**13.6**	
2Q20					
Gross loans and advances to customers	852.7	161.8	17.1	**1,031.9**	1.7%
Allowance for ECL	1.9	4.6	6.7	**13.2**	

Balance sheet – customer lending

Balances by global business, $bn



Balances by region, $bn

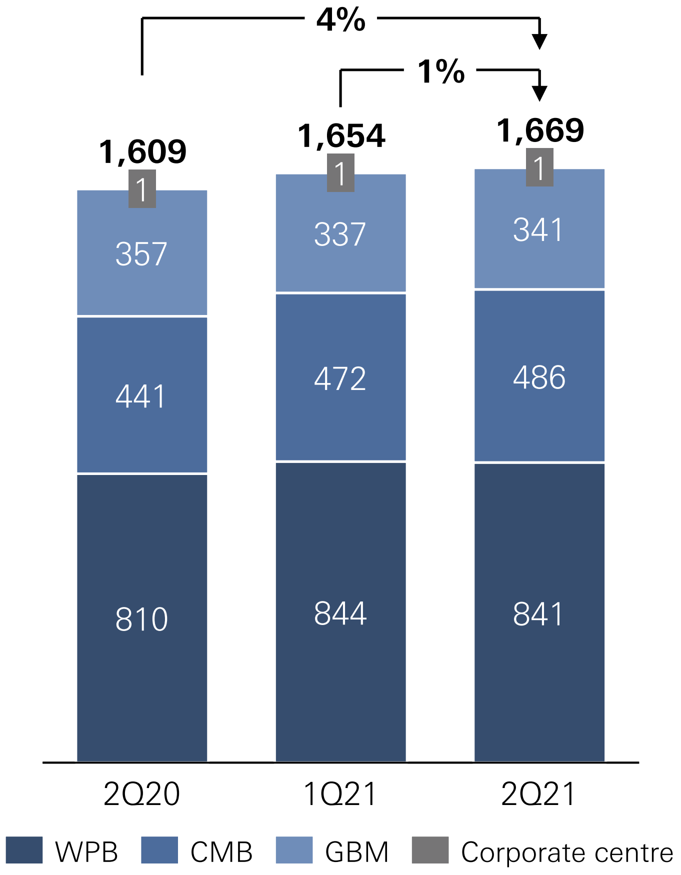


Adjusted customer lending of $1,060bn up $16bn (2%) vs. 1Q21

- **WPB lending increased by $16bn (3%),** including short term IPO lending of $9bn. Other growth primarily due to mortgages ($6bn), and cards ($1bn)
- **CMB lending up $6bn,** with trade balances up $4bn and term lending balances increasing as customers begin to draw down
- US lending decreased by $5bn vs. 1Q21; primarily due to the transfer of $2.6bn of retail customer loans to assets held-for-sale, and wholesale loan repayments

Balance sheet – customer accounts

Balances by global business, $bn



Balances by region, $bn

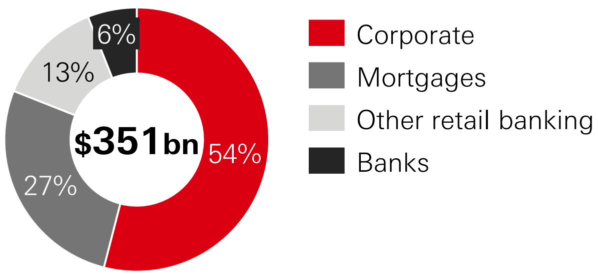
Region	Balance	Growth since 1Q21
Europe	**$664bn**	**$18bn** 3%
o/w: UK	**$534bn**	**$19bn** 4%
Asia	**$760bn**	**$3bn** 0%
o/w: Hong Kong	**$529bn**	**$2bn** 0%
MENA	**$41bn**	**$(1)bn** (1)%
North America	**$176bn**	**$(7)bn** (4)%
o/w: US	**$111bn**	**$(9)bn** (7)%
Latin America	**$28bn**	**$2bn** 6%
Total	**$1,669bn**	**$15bn** 1%

Adjusted customer accounts of $1,669bn increased by $15bn (1%) vs. 1Q21;

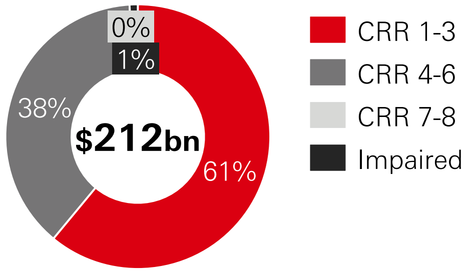
- Wholesale clients continue to build and retain liquidity; **CMB up $13bn (3%), GBM up $5bn (1%)**
- **WPB down $3bn,** growth in the UK was offset by the reclassification of US customer accounts
- US customer accounts decreased by $9bn vs. 1Q21 due to the reclassification of $9.9bn of customer accounts to liabilities held-for-sale

Hong Kong drawn risk exposure

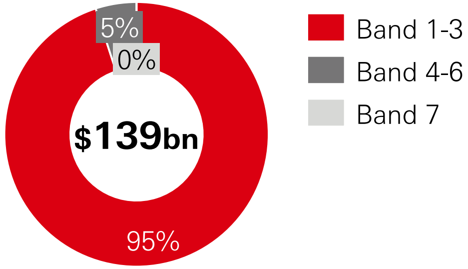
Total gross loans and advances, $bn



Wholesale credit quality



Personal credit quality

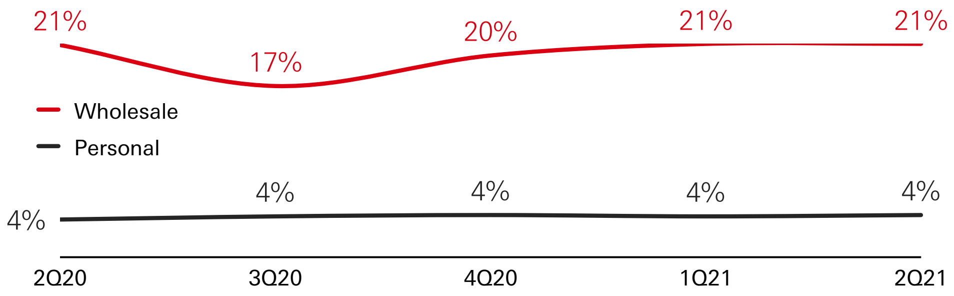


- Total gross loans and advances to customers and banks of $351bn as at 30 June 2021 (2Q20: $332bn) by booking location (wholesale: $212bn; personal: $139bn)
- 1H21 ECL charge of $91m (WPB: $66m, CMB: $48m, GBM $(23)m), compared with $515m in 1H20 (CMB $257m, WPB: $203m, GBM: $55m)
- For 2Q21, average LTV ratio on new retail mortgage lending was 61% (2Q20: 59%); average LTV for the overall retail mortgage portfolio was 43% (2Q20: 43%)
- Loans and advances to Business Banking customers (SMEs) of $15bn as at 30 June 2021 (2Q20: $15bn).

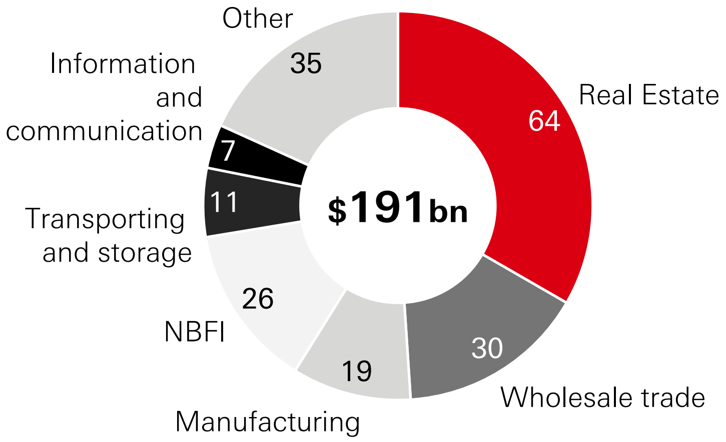
Gross loans and advance to customers and banks by IFRS 9 stage

	2Q21			2Q20		
IFRS 9 Stage	Gross L&A $bn	ECL Allowance $bn	ECL % L&A	Gross L&A $bn	ECL Allowance $bn	ECL % L&A
Stage 1	298.0	0.2	0.1%	282.1	0.3	0.1%
Stage 2	50.9	0.5	1.0%	48.4	0.5	1.1%
Stage 3	2.0	0.8	42.1%	1.1	0.6	50.7%
POCI	0.0	0.0	53.2%	0.0	0.0	50.4%
	350.9	1.6		331.9	1.4	

Stage 2 as % of total loans and advances to customers and banks

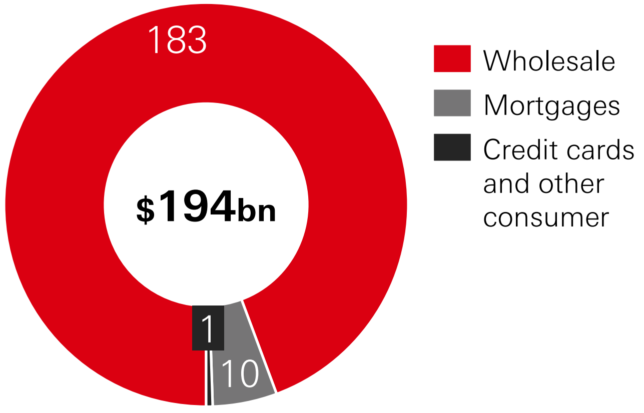


Corporate lending by sector as at 30 June 2021

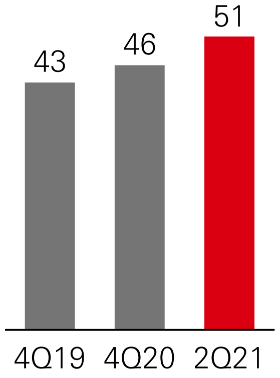


Mainland China drawn risk exposure

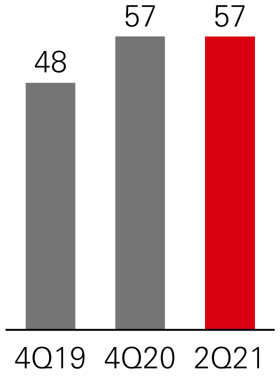
China drawn risk exposure[35], $bn



Reported loans and advances to customers

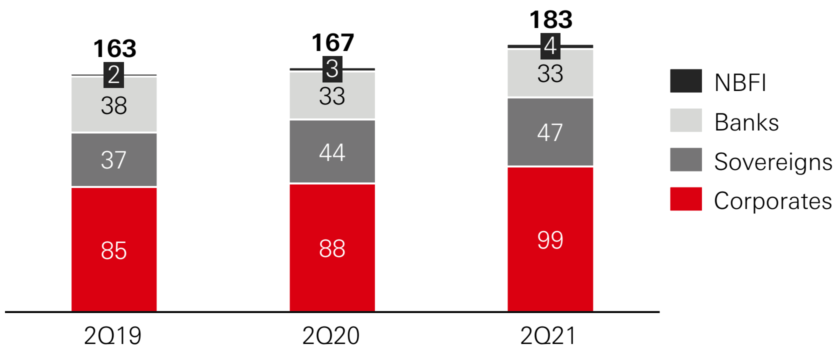


Reported customer deposits



- Total China drawn risk exposure (including Sovereigns, Banks and Customers) of $194bn comprising: Wholesale $183bn (of which 53% is onshore); Retail: $11bn
- Gross loans and advances to customers of $51bn (Wholesale: $40bn; Retail $11bn) in mainland China
- At 2Q21 Stage 3 loan balances and change in ECL remain low
- HSBC is selective in its lending. HSBC's onshore corporate lending market share is 0.14% as at 2Q21[36]

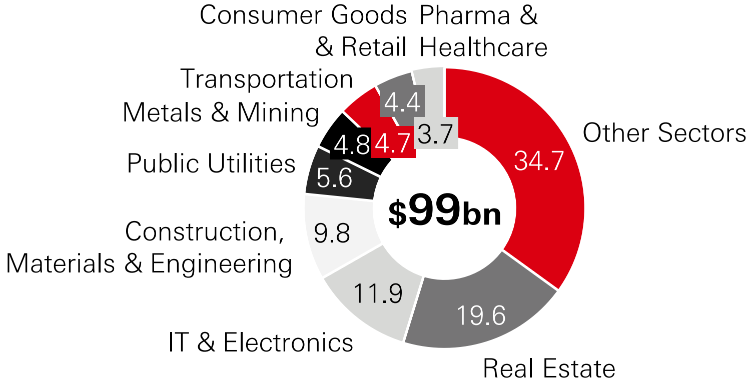
Wholesale lending analysis, $bn



Wholesale lending by risk type:

CRRs	1-3	4-6	7-8	9+	Total
Sovereigns	47.1	0.0			47.2
Banks	32.7	0.2			32.9
NBFI	2.9	0.6			3.5
Corporates	65.4	33.2	0.1	0.6	99.3
Total	**148.1**	**34.1**	**0.1**	**0.6**	**182.8**

Corporate lending by sector*



- c.18% of lending is to Foreign Owned Enterprises, c.39% of lending is to State Owned Enterprises, c.44% to Private sector owned Enterprises

Corporate real estate:

- 66% sits within CRR 1-3 (broadly equivalent to investment grade)
- Highly selective, focusing on top tier developers with strong performance track records
- Focused on Tier 1 and selected Tier 2 cities

* The corporate lending by sector has been corrected from the version published on 02 August 2021. The 2Q21 $99bn Corporate lending balances includes a $3.5bn increase following an exposure classification adjustment. Prior period balances have not been restated

UK RFB disclosures

Business performance

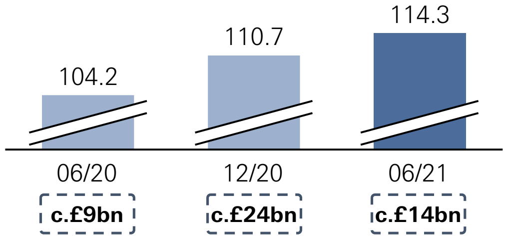
1H21 financial highlights

Revenue	**£3.0bn**	▼	(2)% (1H20: £3.1bn)
o/w: WPB	**£1.6bn**	▼	(3)% (1H20: £1.7bn)
o/w: CMB	**£1.3bn**	▲	2% (1H20: £1.3bn)
ECL	**£0.4bn**	▲	>100% (1H20: £(1.6)bn)
Costs	**£(1.8)bn**	▼	4% (1H20: £(1.8)bn)
PBT	**£1.7bn**	▲	>100% (1H20: £(0.4)bn)
o/w: WPB	**£0.6bn**	▲	>100% (1H20: £(0.2)bn)
o/w: CMB	**£1.0bn**	▲	>100% (1H20: £(0.2)bn)
Customer loans	**£191.9bn**	▲	0% (FY20: £191.2bn)
Reported RWAs	**£84.6bn**	▼	1% (FY20: £85.5bn)

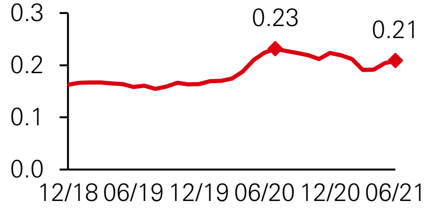
- Profitability supported by ECL releases, primarily in CMB
- **FY19 ECL coverage of 0.95%** increased to 1.76% at FY20, **decreasing to 1.43% at 1H21;** significant ECL reserves of £2.8bn remain
- Continued strength in mortgage lending **7.4% mortgage stock market share[37];** YTD gross new lending share of 8.7%[37]

WPB

Personal gross mortgage balances, £bn

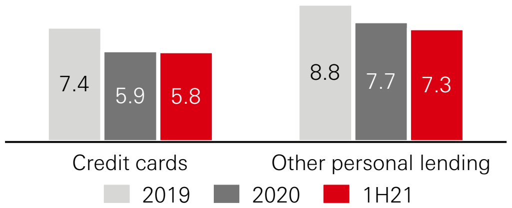


Mortgages:
90+ day delinquency trend[38], %

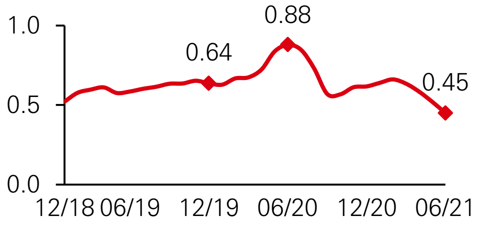


- Buy-to-let mortgages of £3.0bn
- Mortgages on a standard variable rate of £3.1bn
- Interest-only mortgages of £18.8bn[39]
- c.60% of gross lending via intermediaries
- New originations average LTV of 67%; average portfolio LTV of 54%, up 3ppt vs. FY20

Personal unsecured lending balances, £bn



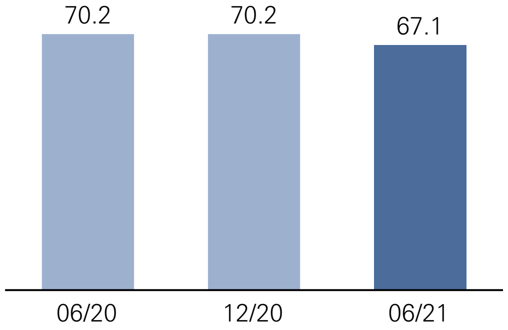
Credit cards:
90-179 day delinquency trend[38], %



- 2Q21 card spend 61% higher vs. 2Q20
- The introduction of payment holidays in 1H20 contributed to low cards delinquencies, along with lower overall balances, spending and low new business volumes

CMB

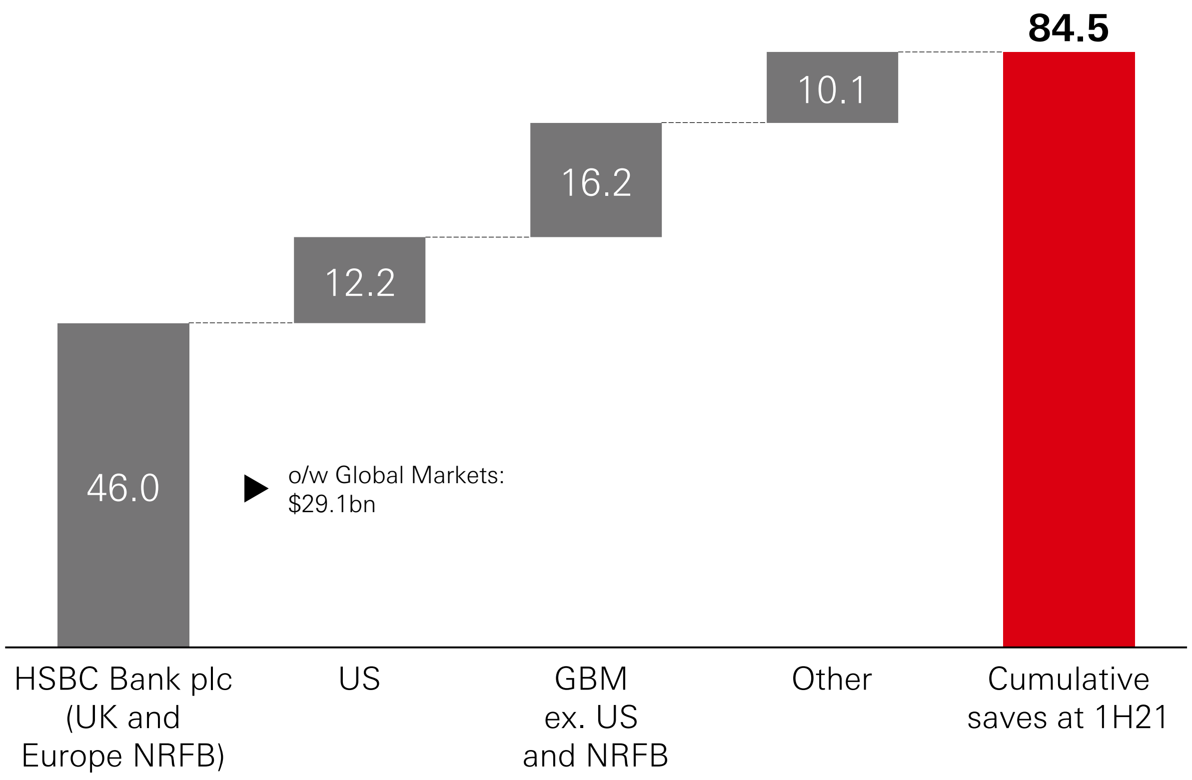
Wholesale gross customer loans, £bn



- **Customer loans decreased £3.1bn (4%)** vs. FY20 primarily due to lower term lending and revolving credit facilities

Transformation programme – RWA saves

Programme cumulative RWA savings[2], $bn



- Strong progress to date – **on track to meet FY22 target**
- **$84.5bn of cumulative saves to 1H21**[2], primarily in GBM
- HSBC Bank plc (UK NRFB and Europe) saves of $46.0bn, with $37.9bn in GBM
- US reductions of $12.2bn, mainly GBM ($10.0bn of reductions)
- Updated target to >$110bn from >$100bn, reflecting changes in methodology in tracking and reporting saves to better align with how the programme is managed

Saves by global business

- **Total GBM reductions of $64.1bn**[2]; c.60% in Global Markets primarily from novation and exits of positions and c.40% in Global Banking primarily from client exits and remediation
- CMB reductions of $19.9bn, largely in Europe and the UK RFB

Retail banking businesses to be disposed

US

1Q21 US WPB balance sheet

$bn		*of which: disposed operations*
Customer lending	23.8	*c.3.0*
Customer deposits	47.8	*c.10.2*
Reported RWAs	15.7	*c.1.8*

- Disposed operations represent c.15% of FY20 US WPB revenue
- Expected **to close by 1Q22;** expect $0.1bn in pre-tax costs to be incurred in connection with these transactions, and **do not expect to generate a significant gain or loss on sale**
- Exiting all Personal, Advance and certain Premier banking customers; exiting all retail business banking customers
- HBUS will retain **20-25** international wealth centres to serve our core international customer base of **c.300k** customers

France

FY20 HSBC Continental Europe WPB balance sheet

$bn[40]		*of which: disposed operations*
Customer lending	28.7	*25.5*
Customer deposits	24.9	*22.4*
PRA RWAs	c.10	*c.7*

- Potential transaction comprises network of **244 retail branches;** 800,000 customers
- Approximately **3,900** HBCE employees are expected to transfer with the Business in accordance with the relevant legislation
- **Reduction in CET1 ratio of 15-20bps**[41] in 2022-23; reduction in TNAV of c.$2.2bn on closing, expected in 1H23

$bn	P&L impact	Expected timing
Transaction costs	0.3	2021- 2023
Pre-tax loss	2.0	2022
Goodwill impairment	0.7	2022

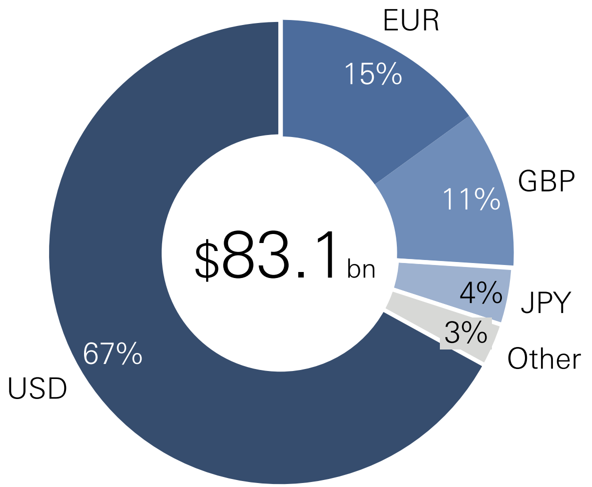
Credit ratings for main issuing entities

Long term senior ratings as at 02 August 2021	S&P		Moody's		Fitch	
	Rating	**Outlook**	**Rating**	**Outlook**	**Rating**	**Outlook**
HSBC Holdings plc	A-	STABLE	A3	STABLE	A+	NEG
The Hongkong and Shanghai Banking Corporation Ltd	AA-	STABLE	Aa3	STABLE	AA-	NEG
HSBC Bank plc	A+	STABLE	A1	STABLE	AA-	NEG
HSBC UK Bank plc	A+	STABLE	A1	STABLE	AA-	NEG
HSBC Continental Europe (formerly HSBC France)	A+	STABLE	A1	STABLE	AA-	NEG
HSBC Bank USA NA	A+	STABLE	Aa3	STABLE	AA-	NEG
HSBC Bank Canada	A+	STABLE	A1	STABLE	A+	NEG

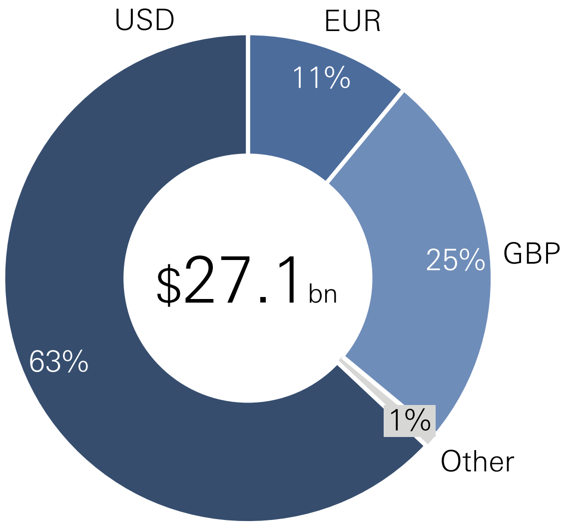
Outstanding instruments

Outstanding instruments by currency (notional)

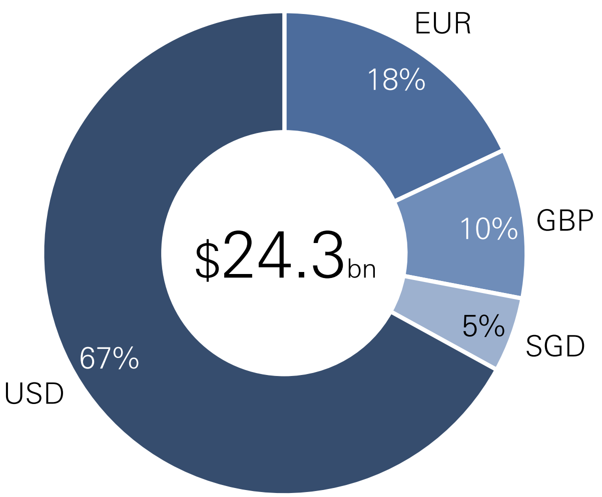
HoldCo senior



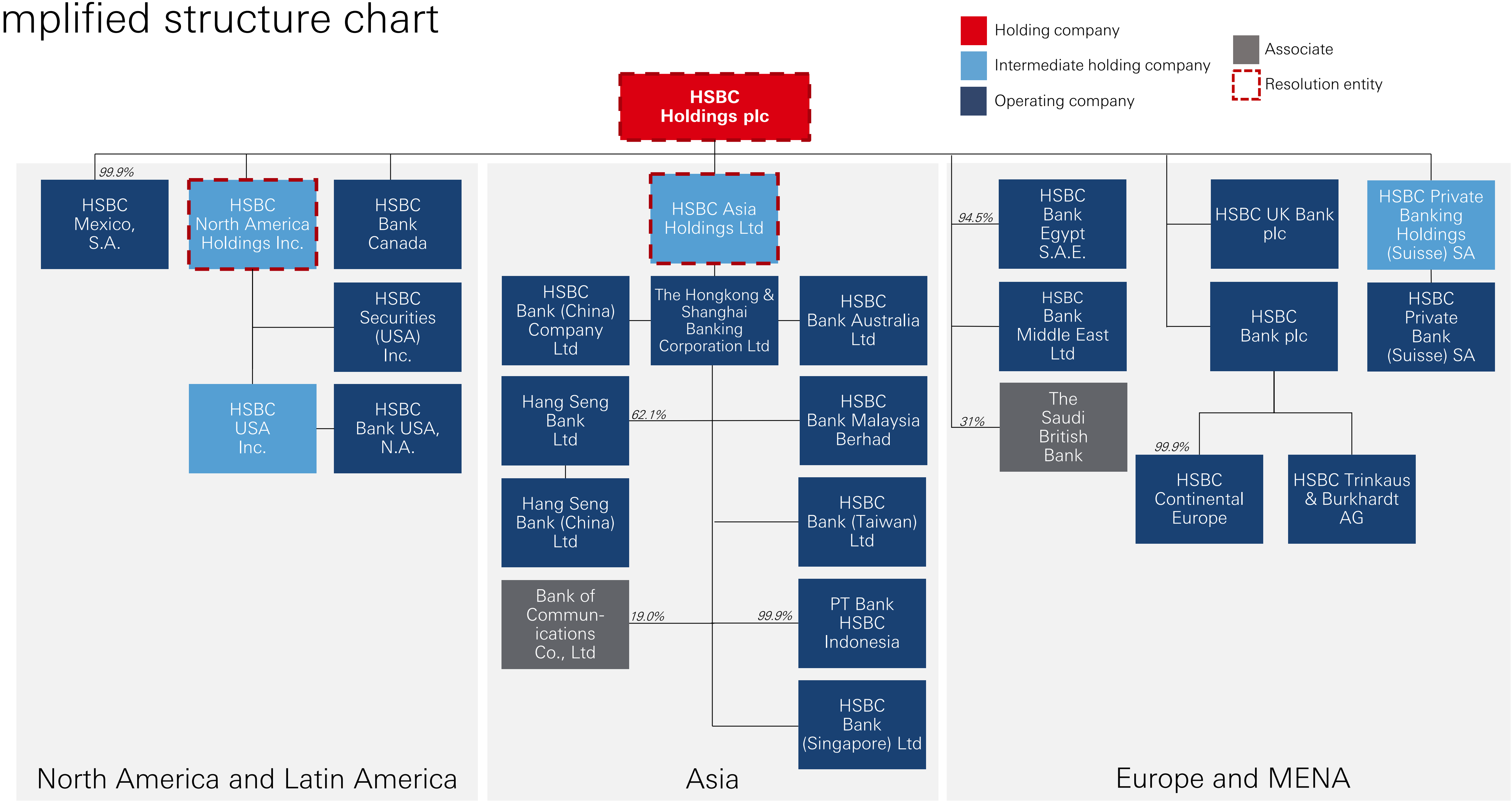
Tier 2



Additional Tier 1



Simplified structure chart



Glossary

AIEA	Average interest earning assets
BAU	Business as usual
Bps	Basis points. One basis point is equal to one-hundredth of a percentage point
CCyB	Countercyclical Buffer
CET1	Common Equity Tier 1
Corporate Centre	Corporate Centre comprises Central Treasury, including Balance Sheet Management, our legacy businesses, interests in our associates and joint ventures, central stewardship costs and the UK bank levy
CMB	Commercial Banking, a global business
CRR	Customer risk rating. CRR 1-3 broadly equivalent to investment grade; CRR 4-6 broadly equivalent to BB+ to B-; CRR 7-8 broadly equivalent to an external rating ranging from CCC+ to C
CRR II	Revised Capital Requirements Regulation, as implemented
CTA	Costs to achieve
C&L	Credit and Lending
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.
FICC	Fixed Income, Currencies and Commodities
GBM	Global Banking and Markets, a global business
GLCM	Global Liquidity and Cash Management
GPB	Global Private Banking, a former global business now part of Wealth and Personal Banking
Group	HSBC Holdings plc and its subsidiary undertakings
GTRF	Global Trade and Receivables Finance
HIBOR	Hong Kong Interbank Offered Rate
IFRS	International Financial Reporting Standard
LCR	Liquidity coverage ratio
LDR	Loan-to-deposit ratio

LTV	**Loan to value**
MDA	Maximum distributable amount
MENA	Middle East and North Africa
MtM	Mark-to-market
NAV	Net Asset Value
NCI	Non-controlling interests
NII	Net interest income
NIM	Net interest margin
NNM	Net new money
NRFB	Non ring-fenced bank in Europe and the UK
PBT	Profit before tax
POCI	Purchased or originated credit-impaired
Ppt	Percentage points
PVIF	Present value of in-force insurance contracts
RBWM	Retail Banking and Wealth Management, a former global business now part of Wealth and Personal Banking
UK RFB	HSBC UK, the UK ring-fenced bank, established July 2018 as part of ring fenced bank legislation
RoE	Return on average ordinary shareholders' equity
RoTE	Return on average tangible equity
RWA	Risk-weighted asset
SoTP	The sum of all loss-absorbing capacity requirements and other capital requirements relating to other group entities or sub-groups
TNAV	Tangible net asset value
WPB	Wealth and Personal Banking, a global business created from the consolidation of RBWM and GPB
XVAs	Credit and Funding Valuation Adjustments

Footnotes

1. YTD, annualised. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric. Expected Credit Losses "ECL" is a forward looking estimate of losses expected in the current year based on current market conditions
2. Cumulative RWA saves under our transformation programme as measured from 1 January 2020 to 30 June 2021, including $9.6bn of accelerated saves made over 4Q19
3. Inclusive of Premier & Jade deposits and AUM, GPB client assets and AMG AUM
4. In respect of 1H21
5. Unless otherwise stated, regulatory capital ratios and requirements are based on the transitional arrangements of the Capital Requirements Regulation in force at the time. These include the regulatory transitional arrangements for IFRS 9 'Financial Instruments'. Following the end of the transition period after the UK's withdrawal from the EU, any reference to EU regulations and directives (including technical standards) should be read as a reference to the UK's version of such regulation and/or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018
6. Ticks and crosses refer to progress against targets
7. Medium-term is defined as 3-4 years from 1 January 2020; long-term is defined as 5-6 years
8. These saves include performance-related pay
9. Collaboration revenue products include: Capital markets and Advisory: all Banking products to CMB. FX: all Markets products to CMB + FX products to Retail. Wealth: all Markets products to Private Banking + rest of Markets products to Retail. Referrals includes AMG products to GBM customers, EBS and Private Banking referrals
10. IFR Awards 2020 for Best Bond House in Asia and Dealogic
11. Includes Hang Seng
12. Including Hang Seng. Source: HKMA
13. The Banker: transaction banking awards
14. Source: Dealogic
15. YTD, annualised. RoTE by Global Business excludes significant items. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric. RoTE by Global Business considers AT1 Coupons on an accruals basis, vs. Reported RoTE where it is treated on a cash basis
16. Technology costs in operating expenses trends include transformation saves and are presented on a net basis
17. Technology cost increases in quarterly walks are presented on a gross basis (excl. saves)
18. Includes offset mortgages in first direct, endowment mortgages and other products
19. This dividend accrual, equal to 47.5% of 1H21 basic earnings per ordinary share ('EPS') of $0.36, is not a forecast and represents the mid-point of our target payout ratio of 40% to 55% of reported EPS. Of the $3.5bn of dividend accrual, $1.4bn is to be paid out as the interim dividend
20. Including the impact of Basel 3 reform, amendments to CRR II and changes to internal models under the IRB approach
21. Leverage ratio at 30 June 2021 is calculated using the CRR II end-point basis for additional tier 1 capital and the regulatory transitional arrangements for IFRS9; Leverage ratio includes CET1 benefit from the change in treatment of software assets, however the impact is immaterial
22. Pre-ECL net operating income is calculated as adjusted revenue less adjusted costs as originally reported
23. CET1 capital requirements and buffers as at 30 June 2021; and subject to change
24. Numbers presented under the transitional arrangements in CRR II for capital instruments
25. Numbers presented after the expiry of the transitional arrangements in CRR II for capital instruments. For the avoidance of doubt, the end point numbers do include the benefit of the regulatory transitional arrangements for IFRS 9
26. Minimum requirement for own funds and eligible liabilities (MREL) consists of a minimum level of own funds and eligible debt liabilities that will need to be maintained pursuant to a direction from the Bank of England in the exercise of its powers under the Banking Act 2009, with the purpose of absorbing losses and recapitalising an institution upon failure whilst ensuring the continuation of critical economic functions.
27. The Bank of England has written to HSBC confirming the preferred resolution strategy for HSBC Group remains a multiple-point-of-entry ('MPE') resolution strategy and setting out the minimum requirements for 2021 and 2022 external MREL requirements applicable to the HSBC Group
28. Group CET1 buffers are shown in addition to the MREL requirements. The buffers shown in addition to the RWA, leverage and SoTP TLAC/MREL requirement are calculated in accordance with the PRA Supervisory statement 16/16 updated in December 2017
29. Indicative SoTP derived per HSBC's current understanding of regulatory guidance. The requirement will change over time as the TLAC requirements of our subsidiaries change per regulatory rules and as we gain further clarity on the components of end-state requirements across the Group
30. Leverage exposure is calculated as the higher of either the requirements as defined in the Capital Requirements Regulation or the PRA's leverage ratio framework
31. The issuance plan is guidance only; it is a point in time assessment and subject to change
32. To next call date if callable; otherwise to maturity. Included in 2H21 maturities/calls are $1.95bn of Tier 2 instruments that are past their first call date but available for discretionary call during the period
33. From 1st July 2018, Argentina was deemed a hyperinflationary economy for accounting purposes
34. Total includes POCI balances and related allowances
35. Mainland China drawn risk exposure. Retail drawn exposures represent retail lending booked in mainland China; wholesale lending where the ultimate parent and beneficial owner is Chinese
36. Source: People's Bank of China Financial Statistics Report H1 2021
37. Source: BoE. At 31 May 2021
38. Excludes Private Bank
39. Includes offset mortgages in first direct, endowment mortgages and other products
40. Converted from € to $ at 30 June 2021 FX of 1.1859 USD/EUR
41. Based on RWAs at 31 December 2020

Disclaimer

Important notice

The information, statements and opinions set out in this presentation and accompanying discussion (“this Presentation”) are for informational and reference purposes only and do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

This Presentation, which does not purport to be comprehensive nor render any form of legal, tax, investment, accounting, financial or other advice, has been provided by HSBC Holdings plc (together with its consolidated subsidiaries, the “Group”) and has not been independently verified by any person. You should consult your own advisers as to legal, tax investment, accounting, financial or other related matters concerning any investment in any securities. No responsibility, liability or obligation (whether in tort, contract or otherwise) is accepted by the Group or any member of the Group or any of their affiliates or any of its or their officers, employees, agents or advisers (each an “Identified Person”) as to or in relation to this Presentation (including the accuracy, completeness or sufficiency thereof) or any other written or oral information made available or any errors contained therein or omissions therefrom, and any such liability is expressly disclaimed.

No representations or warranties, express or implied, are given by any Identified Person as to, and no reliance should be placed on, the accuracy or completeness of any information contained in this Presentation, any other written or oral information provided in connection therewith or any data which such information generates. No Identified Person undertakes, or is under any obligation, to provide the recipient with access to any additional information, to update, revise or supplement this Presentation or any additional information or to remedy any inaccuracies in or omissions from this Presentation. Past performance is not necessarily indicative of future results. Differences between past performance and actual results may be material and adverse.

Forward-looking statements

This Presentation may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position, strategy and business of the Group which can be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “project”, “plan”, “estimate”, “seek”, “intend”, “target”, “believe”, "potential" and "reasonably possible" or the negatives thereof or other variations thereon or comparable terminology (together, “forward-looking statements”), including the strategic priorities, financial, investment and capital targets and ESG targets/commitments described herein. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. The assumptions and judgments may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors (including without limitation those which are referable to general market conditions, regulatory changes or due to the impact of the Covid-19 pandemic). Any such forward-looking statements are based on the beliefs, expectations and opinions of the Group at the date the statements are made, and the Group does not assume, and hereby disclaims, any obligation or duty to update, revise or supplement them if circumstances or management’s beliefs, expectations or opinions should change. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. No representations or warranties, expressed or implied, are given by or on behalf of the Group as to the achievement or reasonableness of any projections, estimates, forecasts, targets, prospects or returns contained herein.

Additional detailed information concerning important factors that could cause actual results to differ materially from this Presentation is available in our Annual Report and Accounts for the fiscal year ended 31 December 2020 filed with the Securities and Exchange Commission (the “SEC”) on Form 20-F on 24 February 2021 (the “2020 Form 20-F”), our 1Q 2021 Earnings Release furnished to the SEC on Form 6-K on 27 April 2021 (the “1Q 2021 Earnings Release”) and our Interim Financial Report for the six months ended 30 June 2021, which we expect to furnish to the SEC on Form 6-K on 2 August 2021 (the “2021 Interim Report”).

Alternative Performance Measures

Alternative Performance Measures

This Presentation contains non-IFRS measures used by management internally that constitute alternative performance measures under European Securities and Markets Authority guidance and non-GAAP financial measures defined in and presented in accordance with SEC rules and regulations (“Alternative Performance Measures”). The primary Alternative Performance Measures we use are presented on an “adjusted performance” basis which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons. Significant items are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business.

Reconciliations between Alternative Performance Measures and the most directly comparable measures under IFRS are provided in our 2020 Form 20-F, our 1Q 2021 Earnings Release and our 2021 Interim Report, when filed, each of which are available at www.hsbc.com.

Information in this Presentation was prepared as at 2 August 2021.