

HSBC Commercial Banking

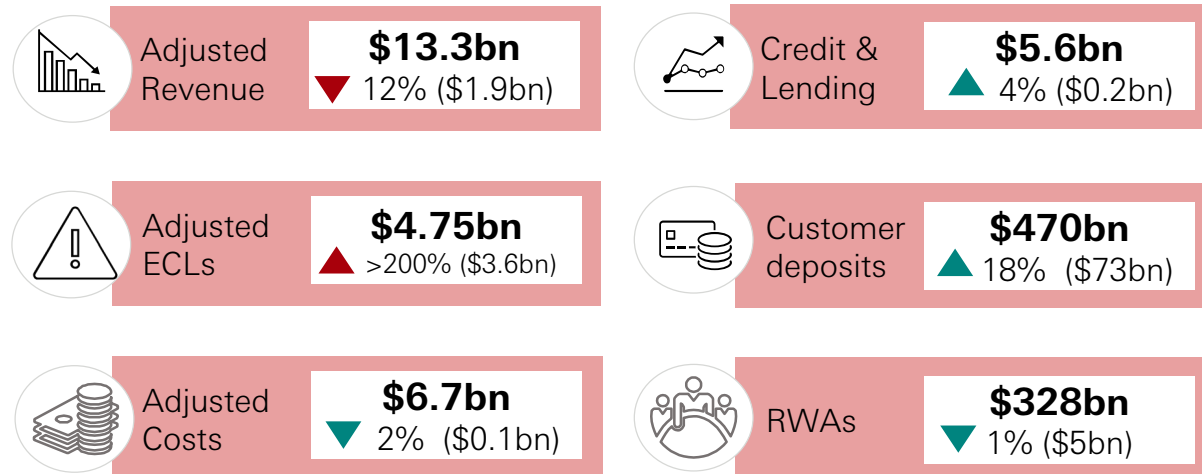
Barry O'Byrne, CEO, CMB

April 2021



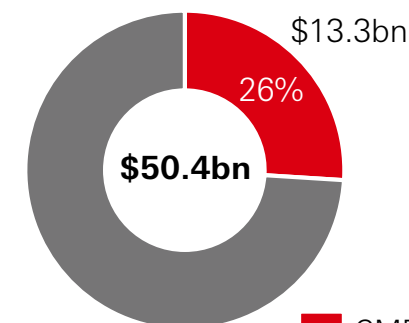
Global franchise with presence in 53 markets generating significant value for the Group

FY2020 Performance¹

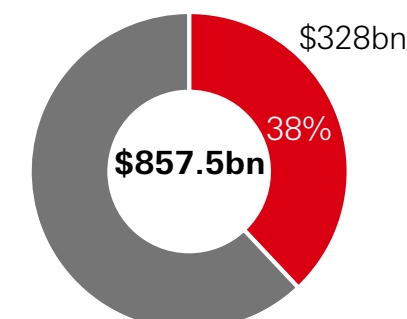


Value Generated for the Group

Adjusted Revenue



RWAs



■ CMB
■ Rest of Group

Recognised Market-Leading International Transaction Bank



- **#1 Global Trade Finance Bank** for fourth consecutive year²
- **Improved GTRF market share** at 9% in Asia (+28bps)³
- **c.15% GTRF market share** in both Hong Kong and Singapore⁴
- **Best Global Cash Manager** for ninth consecutive year⁵
- **Best Cash Management service provider** across 22 markets⁶

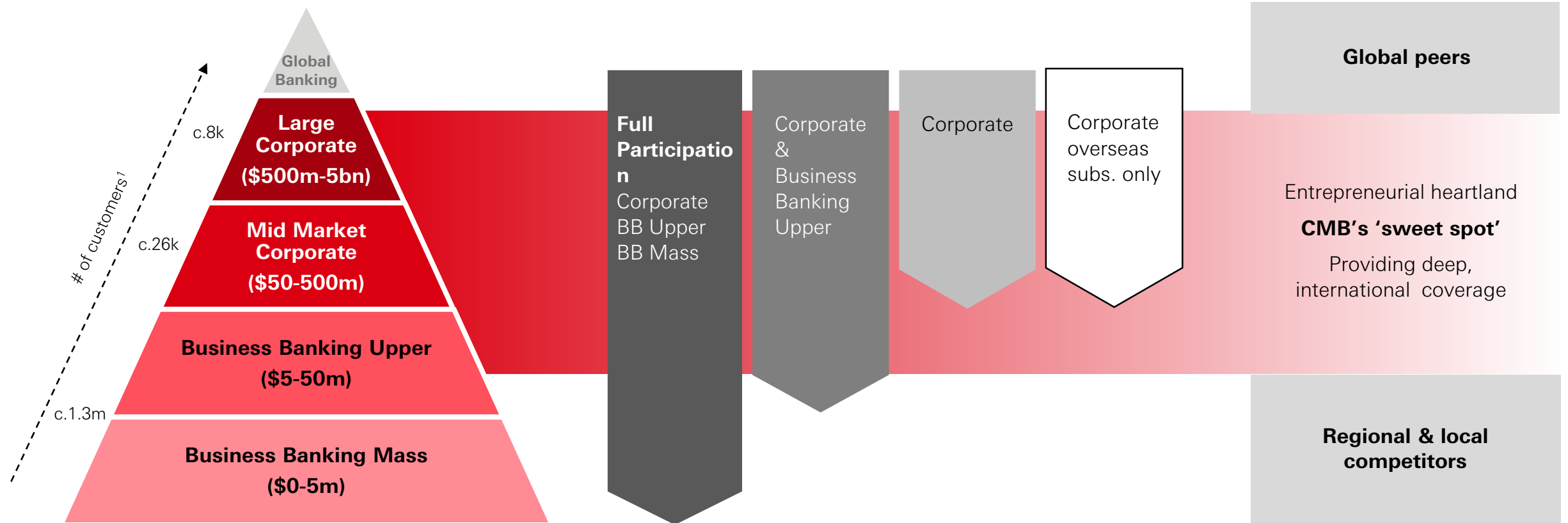
1. All financial data is presented on an adjusted basis (an alternative performance measure). For a reconciliation of reported to alternative performance measures, see the HSBC Holdings plc Annual Report and Accounts 2020. For definitions, refer to the HSBC Holdings plc Annual Report and Accounts 2020. 2. Euromoney 2021 Trade Finance Survey 3. OW Coalition 3Q20 revenue benchmarking report. 4. Market share by HKMA and MAS 5. Best Global Cash Manager by Corporates - Euromoney Cash Management Survey 2020. 6. Best domestic cash manager - Euromoney Cash Management Survey 2020

Strong franchise with clear participation strategy aligned with our competitive advantage

Deep coverage across customer segments

Distinct participation models

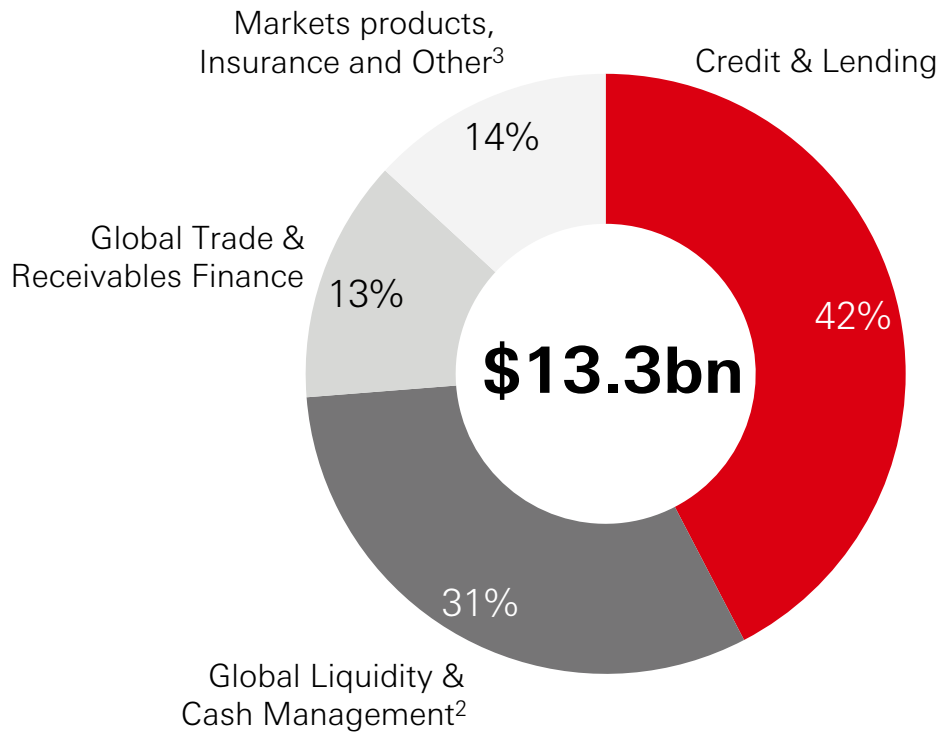
Few competitors match coverage



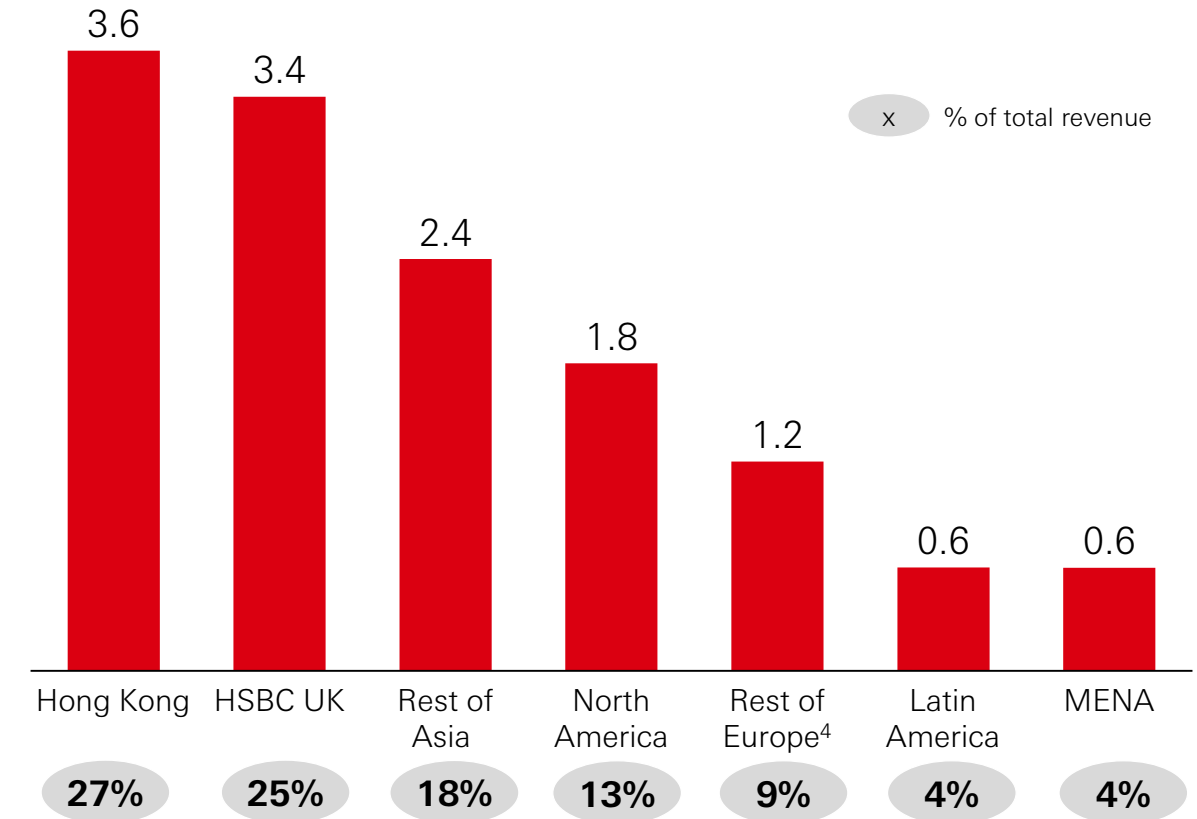
1. As at 31 December 2020 excludes Hang Seng. Large Corporates includes Corporate Real Estate customers

Well-diversified revenue streams targeted at entrenching relationships across products and geographies

FY20 adjusted revenue by product (\$bn)



FY20 adjusted revenue by market¹ (\$bn)



Note: numbers presented on an adjusted basis and totals may not cast due to rounding. 1. Market breakdown excludes amounts relating to intercompany eliminations which have been booked outside of the regions and consolidated at a Global level 2. GLCM includes payments and cash management, current accounts, and savings deposits 3. Includes revenue from Foreign Exchange, insurance manufacturing and distribution, interest rate management and Global Banking products. It also includes an allocation revenue relating to Markets Treasury, Holdings interest expense and Argentina hyperinflation. 4. Rest of Europe includes the elimination of intercompany transactions between HSBC UK and the rest of Europe

Significant investment of c.\$2bn planned over 5 year period to accelerate growth and future-proof franchise

Strategic priorities

2020 Achievements

1 Enable our customers to **internationalise**

- ◆ 8% increase in international account openings year-on-year¹
- ◆ International Subsidiary Banking deposits grew 23%²

2 Continue to leverage **transaction banking** as our core strength

- ◆ 151%³ increase in volume of payments through HSBCnet mobile
- ◆ Launched next generation virtual accounts in 8 markets
- ◆ Deployed market-leading supply chain cloud platform in 13 markets (c. 40% volume) with 100% digital client and supplier experience

3 Focus on **Asia for growth**, investment and capital deployment

- ◆ 100% online account opening in Hong Kong
- ◆ Launched digital multicurrency wallet, enabling customers to pay & receive like a local, an answer to international money transfer challengers

4 **Innovate** our business model to stay relevant for our customers

- ◆ Integrated client management system live across 50 markets
- ◆ Supporting clients transitioning to sustainable solutions and supply chain resilience
- ◆ Business to Business platform Serai connecting +3.2k businesses

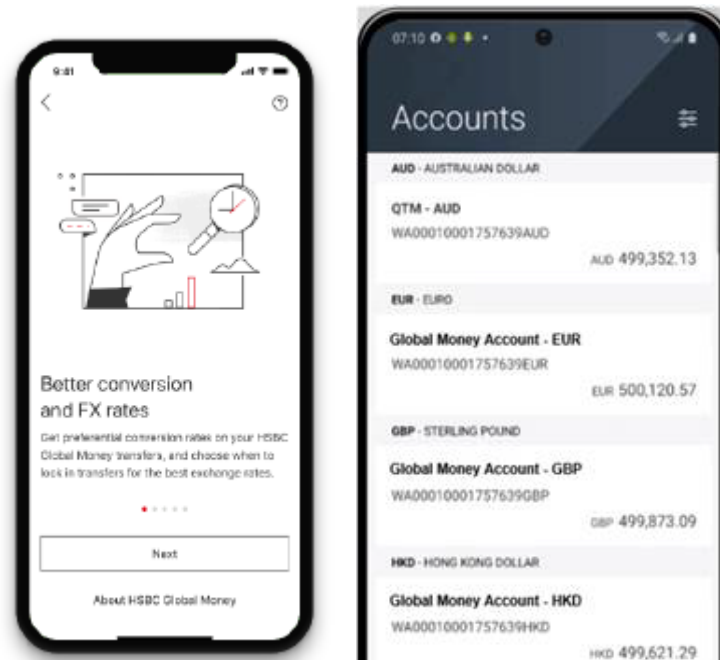
5 **Collaborate** across business lines so we can operate as partners

- ◆ Strong collaboration revenues, especially in Europe and US
- ◆ Growing referrals in Wealth and Private Bank, particularly in Asia

1. FY 20 vs FY 19 2. FY20 vs FY19 3. Increase in wholesale customer payments FY20 vs FY19

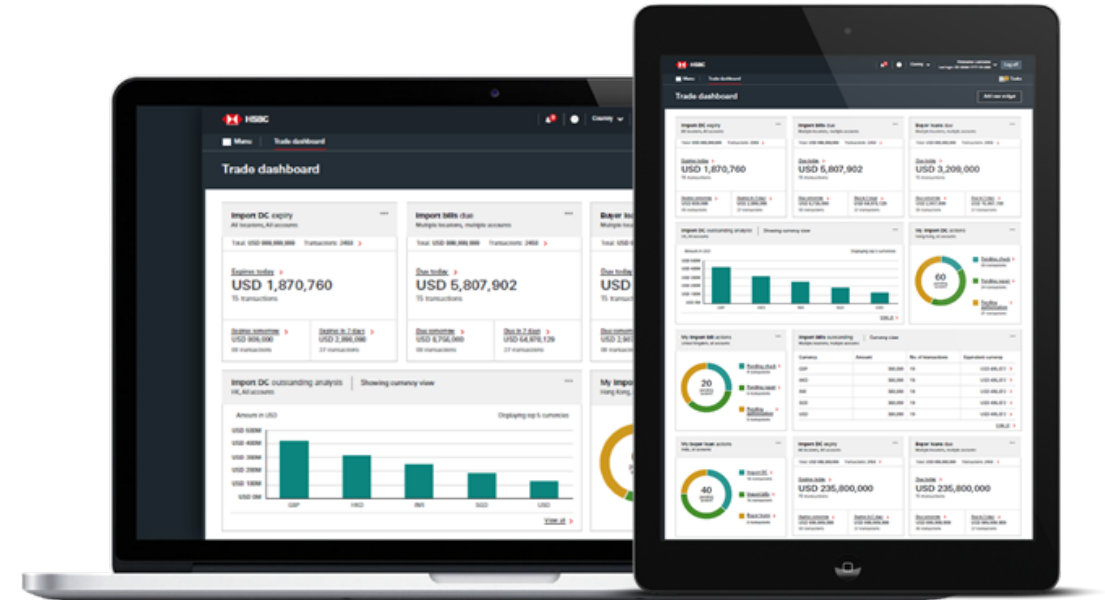
Delivering Digital Services for our customers: Transaction Banking

Global Wallet, Multi-Currency Account



- ◆ Enable customers to **manage, send, and spend like a local** with real-time FX rates
- ◆ Transact across **6 currencies** without need of local accounts
- ◆ **Commercial launch in Singapore** of mobile-first proposition, meeting international banking needs

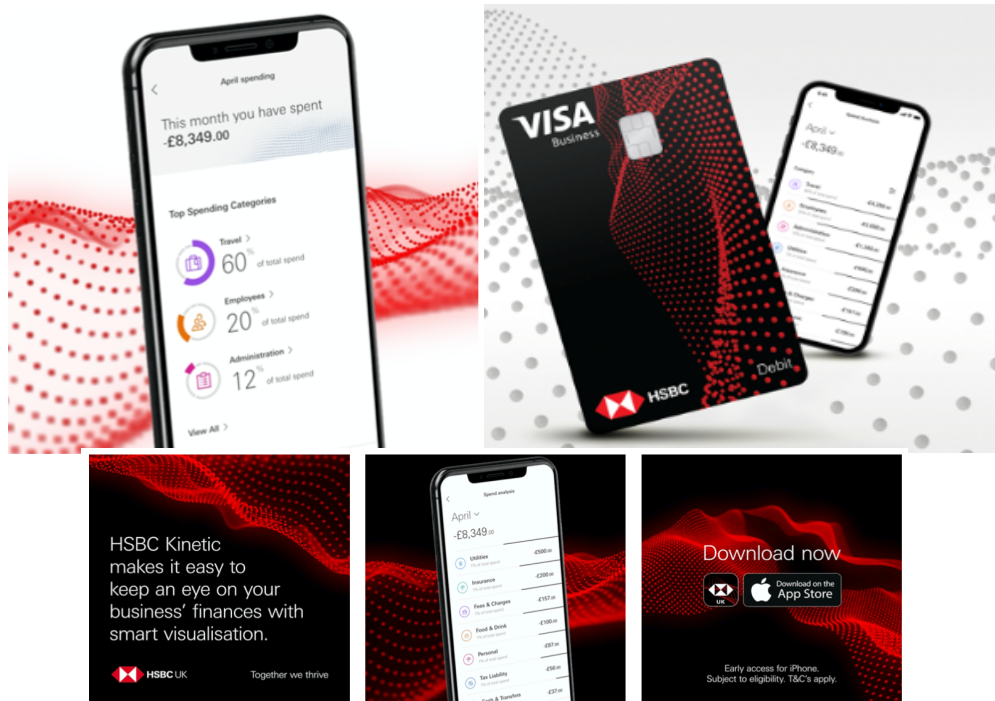
Trade, Transforming and Digitising



- ◆ **Full suite of product capabilities** across Core and Structured Trade
- ◆ **New trade platform** in HSBCnet live in Hong Kong
- ◆ **2k Hong Kong customers** benefiting from enhanced experience

Delivering Digital Services for our customers: Business Banking

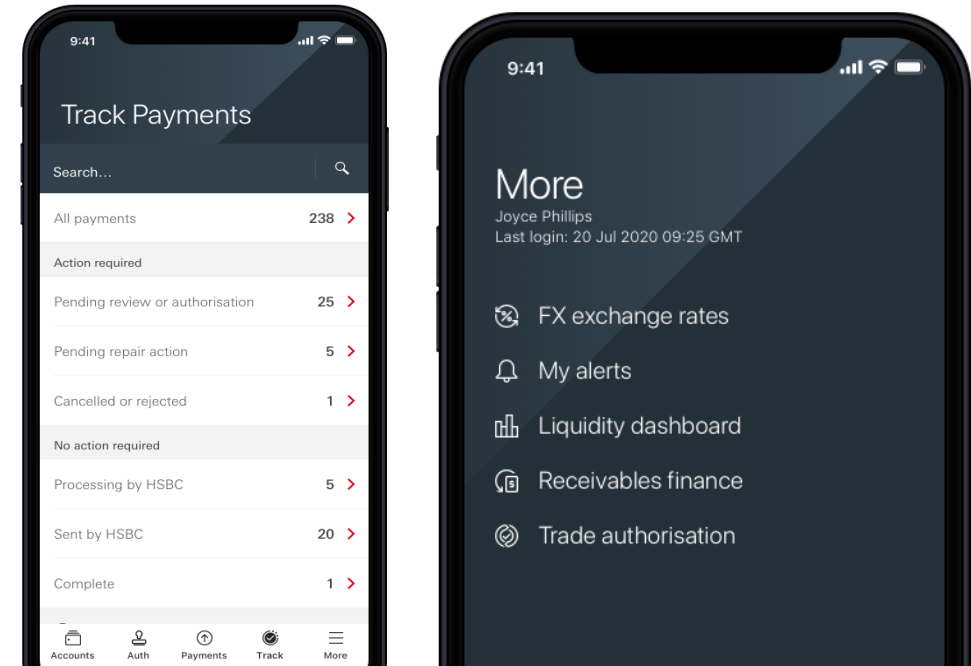
Kinetic, Mobile-First Business Banking Proposition in the UK



- ◆ **Built on the cloud**, a truly mobile-first banking service designed for small businesses in the UK
- ◆ Simple, user-friendly experiencing, enabling **same-day onboarding** and insights for customers
- ◆ >5k¹ users; 4.7 / 5.0 iOS App store rating; 93%² satisfaction rating

1. As at 26 March 2021
2. In January 2021

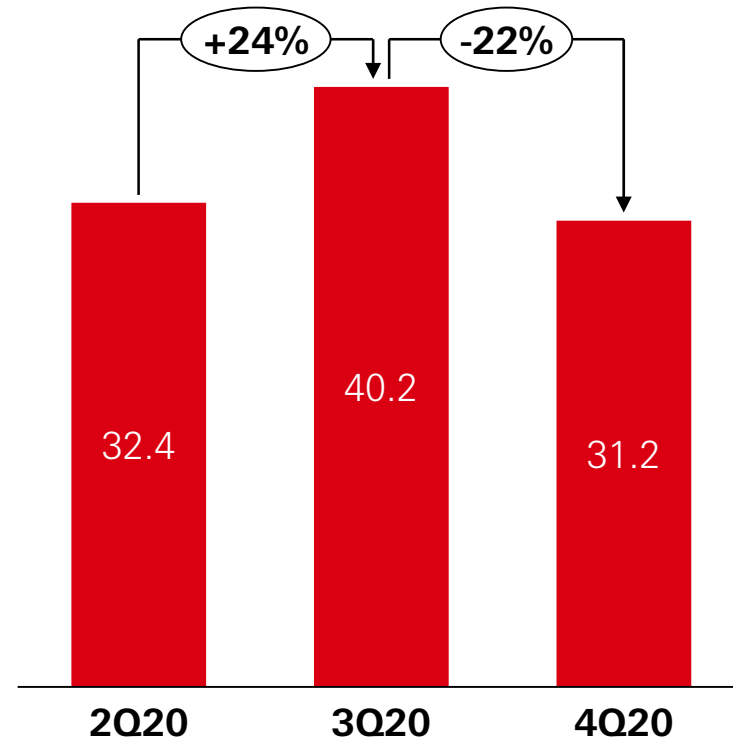
Business Banking, New Mobile Experience



- ◆ Our **new digital experience** (BBX) for Business Banking customers
- ◆ Digital channel connecting customers to their **transactional banking needs**
- ◆ **49k customers** using BBX across **9 markets**

Extending support to customers during a period when they needed it most

Value of drawn loans under market-wide schemes \$bn



Supporting customers

- ◆ Supported 237k¹ customers globally through government and HSBC schemes
- ◆ Digital credit portals for government schemes deployed in 6 days² (average)
- ◆ Majority of branches and call centres remained open throughout the pandemic
- ◆ 100% of Relationship Managers digitally enabled to stay connected to customers

Customers Feedback

“ When we needed you most, you were there for us. Your personal actions on our behalf have literally saved my business and the jobs of my employees “

“HSBC supported us very strongly through that period, we were able to get our credit facility approved in record time.

“ You have taken tremendous care of us and have helped and supported us through this very challenging and difficult phase.”

“HSBC is our trusted advisor in the good times and the bad times”

Key Highlights of CMB



Significant business with diversified revenue streams across products and geographies



Digitising through c. \$2bn of planned investments over 5 year period



A franchise with the position and ability to serve SMEs and MMEs globally



Customer-centric franchise that have supported over 237k businesses through relief measures during Covid-19



Driving capital efficiency by reducing non-strategic RWAs by \$13bn in 2020

Appendix

Adjusted Financial Performance (FY20)

\$m	FY20	FY19	Δ
GTRF	1,744	1,826	▼ (4)%
Credit and Lending	5,640	5,421	▲ 4%
GLCM	4,178	5,932	▼ (30)%
Markets products, Insurance and Other ¹	1,750	1,985	▼ (12)%
Revenue	13,312	15,164	▼ (12)%
ECL	(4,754)	(1,162)	▲ >(200)%
Costs	(6,689)	(6,832)	▼ 2%
Share of profits in associates and JVs	(1)	0	▼ -
Adjusted PBT	1,868	7,170	▼ (74)%
Significant items and FX translation	(229)	(3,011)	▼ (92)%
Reported PBT	1,639	4,159	▼ (61)%

\$m	FY20	FY19	Δ
Customer loans	343,182	353,781	▼ (3)%
Customer deposits	470,428	397,182	▲ 18%
RWAs	327,734	332,543	▼ (1)%
RoTE, % ²	1.3%	13.0%	▼(11.7)ppts

- ◆ **Adjusted Revenue 12% lower** mainly in GLCM and other products due to lower global interest rates
- ◆ **Adjusted PBT of \$1.9bn down \$5.3bn (74%) vs FY19**, primarily from higher ECL and lower revenue, partly offset by lower costs
- ◆ **Adjusted ECL \$3.6bn higher** reflecting global impact of Covid-19 on forward economic outlook
- ◆ **Adjusted costs decreased 2% vs FY19** continued investment was offset by reductions in discretionary spending and cost saves
- ◆ **Customer loans decreased \$11bn (3%) vs. FY19** primarily due to lower trade and overdraft balances, partly offset by government scheme lending
- ◆ **Customer deposits increased \$73bn (18%) vs. FY20** as customers held liquidity
- ◆ **RWAs down \$5bn (1%) vs FY19** as we delivered \$13bn transformation programme reductions, which mitigated an increase from asset quality deterioration

1. Includes Markets Treasury allocations, Holdings interest expense and Argentina hyperinflation. 2. RoTE excluding significant items and UK bank levy.

Geographic financial performance (FY20)

Adjusted income statement, \$m	Asia	<i>Of which: Hong Kong</i>	Europe	<i>Of which: HSBC UK</i>	North America	Latin America	MENA
NII	4,408	2,645	2,782	2,400	1,223	515	390
Other Income	1,638	989	1,810	965	580	91	213
Revenue	6,046	3,634	4,592	3,365	1,803	606	603
ECL	(1,565)	(489)	(2,022)	(1,611)	(496)	(282)	(388)
Costs	(2,531)	(1,355)	(2,890)	(1,534)	(930)	(344)	(334)
Associates	0	0	0	0	0	(1)	0
Profit/(loss) before tax	1,950	1,790	(320)	220	377	(21)	(119)
Significant items	(6)	(3)	(209)	(52)	(11)	(1)	(1)
Reported profit/(loss) before tax	1,944	1,787	(529)	168	366	(22)	(120)

Balance sheet, \$bn	Asia	<i>Of which: Hong Kong</i>	Europe	<i>Of which: HSBC UK</i>	North America	Latin America	MENA
Net customer loans	156	99	126	91	44	7	11
Customer deposits	190	131	201	135	63	8	9
Reported RWAs	139	72	115	80	49	10	15

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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” or “believe” or the negatives thereof or other variations thereon or comparable terminology (together, “forward-looking statements”), including the strategic priorities and any financial, investment and capital targets 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 outbreak). 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 24 February 2021 (the “2020 Form 20-F”), which is available at www.hsbc.com.

Non-GAAP financial information

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, which is available at www.hsbc.com.

Information in this Presentation was prepared as at 31 March 2021, unless otherwise stated.