

Global Banking & Markets

Investor Relations Roadshow

June 2021



Agenda

1	Global Banking & Markets overview	3
2	Strategy update	7
3	Appendix	12

Global Banking & Markets overview

Our ambition is to be the leading international bank in Asia and the Middle East, supported by a global network that promotes trade and capital flows

GBM strategic priorities

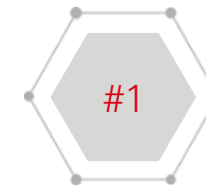
1. Grow Transaction banking revenues in key corridors capitalising on our broad product strength
2. Become a top 5 Global Financing house and significantly grow our event revenues in targeted markets with GBM and CMB clients¹
3. Provide financing and investment solutions to underpin the growth of the Group's wealth business
4. Maintain our leadership in ESG, helping issuer and investor clients manage the transition to a low carbon economy
5. Deepen business with institutional clients by enhancing distribution capabilities and facilitating capital flows between East and West

Key enablers

- a. Reposition capital and cost base to focus resources on delivering our strategic priorities
- b. Invest in technology to improve client experience, efficiency and scalability whilst reducing operational risk
- c. Do the right thing – maintain high conduct standards, invest in talent and uplift culture

1. Based on Dealogic revenue rankings
 2. The leading international Corporate & Investment Bank in Asia
 3. Transaction Banking defined as GLCM, GTRF, Securities Services & FX

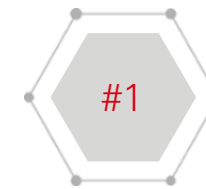
Performance ambition



Corporate & Investment Bank (CIB) in Asia²



Global transaction bank³



Global CIB for low carbon-transition & sustainable economy



Attractive returns fully consistent with Group targets over the medium term

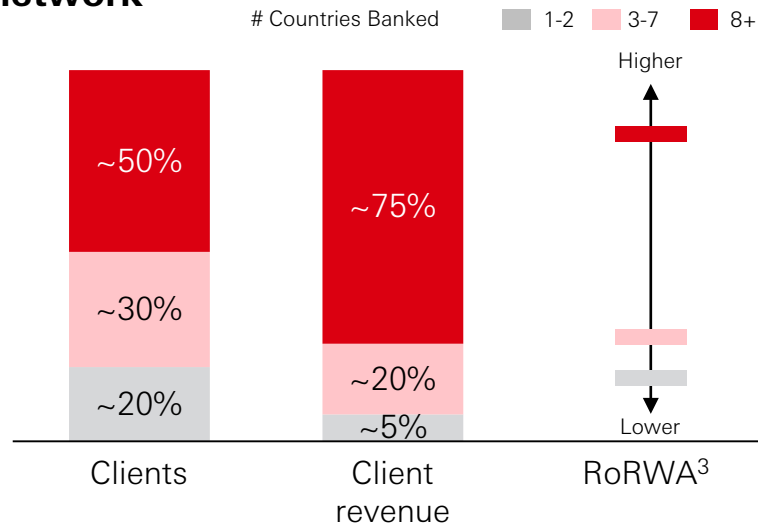
Our global network is the key to extracting value from our market leading platforms

A strategy built on our global network¹

GBM clients²

FY20

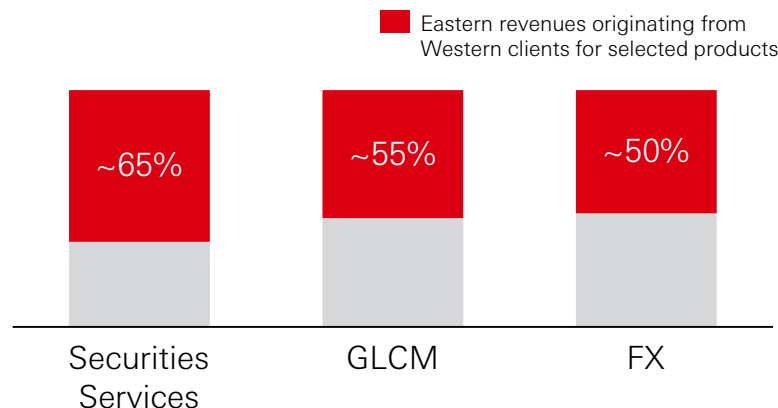
Our franchise is highly connected and focused on international clients



Eastern GBM client revenue³

FY20

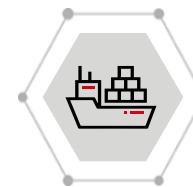
~40% of Eastern revenues are inbound from the West, with >2x the returns of intra-regional business⁴



West-East connectivity is a key differentiator



The West providing access to talent, large institutional clients, deep liquidity pools and USD clearing



The East supporting Western supply-chains, working capital and access to local markets



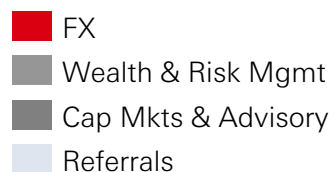
Volumes in the West enable competitiveness and scale to invest in the East

1. All data from FY20; client revenue is based on HSBC internal client management information and differs from reported revenue. Client revenue excludes MSS trading revenue, Principal Investments and non-customer revenue, including allocations from Corporate Centre
 2. FY20 client revenue data includes Corporate clients only (excludes Institutional clients)
 3. FY20 client revenue from transactions booked in the East where client relationships are managed in the West; "East" defined as Asia and Middle East; West as remaining regions
 4. Client returns based on Return over Risk Weighted Assets (RoRWA), measured by client profit before tax over average risk-weighted assets (excluding market risk RWAs)

Our role and value to the Group

Supporting the Group

Client revenue delivered to other businesses underpins Group profitability



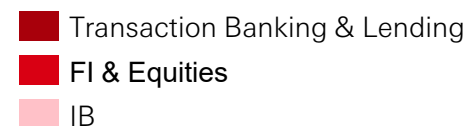
Positioned for growth

Majority of adjusted revenue booked in high growth markets¹



Aligned to strengths

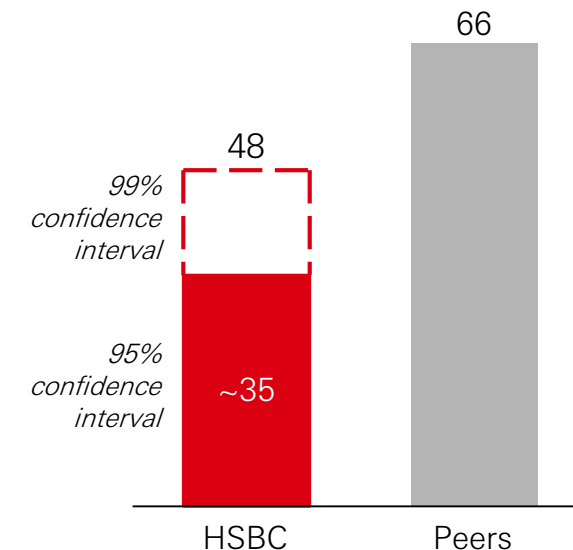
Transaction Banking franchise delivers stable, recurring revenue²



Financial stability

Expert risk management and diversified trading portfolio (VaR)³

HSBC vs. quarterly peer average VaR 2020



1. East defined as Asia & Middle East; West as Europe, & Americas
 2. Peers include a mix of 11 US and European banks
 3. Peers include a mix of 5 US and European banks with confidence intervals between 95% - 99%

Strategy update

Building from our plans announced in February 2020

GBM commitments

Align resources to areas of growth

- ◆ Delivered \$54bn of gross RWA reductions to 1Q21¹
- ◆ Reduced capital deployed to G10 Rates business, exiting G10 long-term rates derivatives market-making

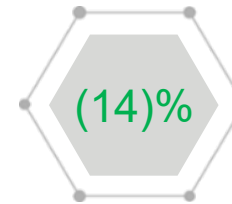
Improve efficiency

- ◆ Merged Global Markets and Securities Services
- ◆ Created single middle and back office to support wholesale clients
- ◆ Demised central structures

Invest in areas of competitive strength

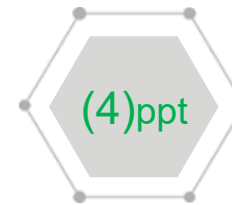
- ◆ Investing over \$1.3bn in platforms, technology and coverage²

Delivering against the plan 1Q20 vs. 1Q21



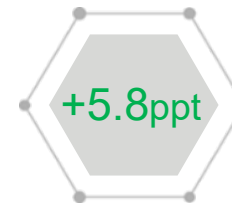
GBM RWAs

from \$295bn to \$255bn



Cost-Income-Ratio

from 63% to 59%



Return on Tangible Equity³

from 6.3% to 12.1%

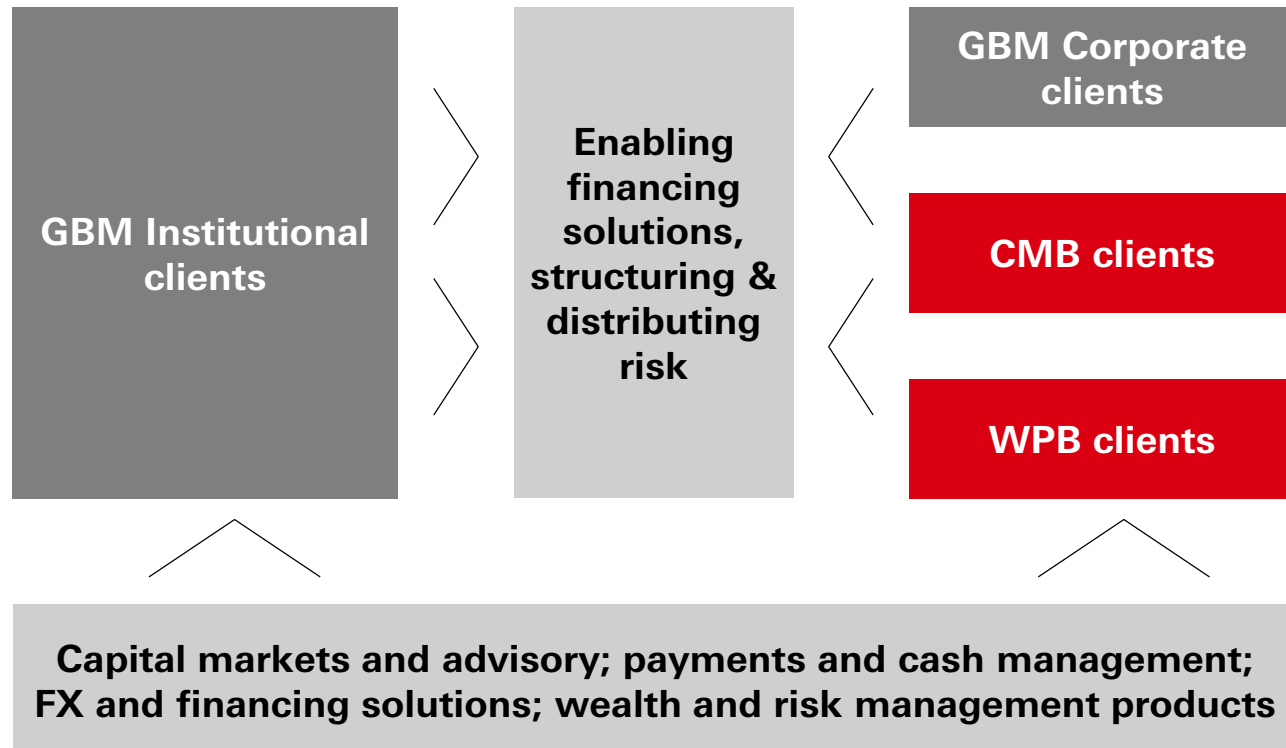


1. Since 3Q19, which included accelerated saves in 4Q19
 2. \$1.3bn refers to 2021cash CTB in 2021
 3. Excluding Significant Items & Bank Levy

Leveraging our strengths to deliver growth

A universal banking proposition

Supporting the Group's clients with product expertise



Positioning for growth

Asset light, fee-driven business model, proactively distributing risk for clients across the Group

Extending positions of leadership

- ◆ Transaction Banking
- ◆ Fixed Income
- ◆ ESG

Ambition for growth

- ◆ Investment banking
- ◆ Products for wealth clients
- ◆ Risk management and distribution capabilities

Investment in technology enables better client service, growth and efficiency


Digitising the client experience

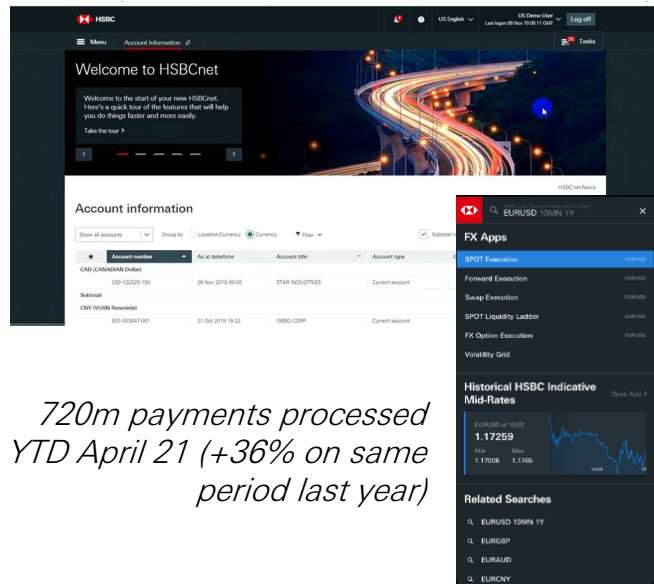
HSBCnet and Connect

- ◆ Secure, resilient and future-proof digital platforms and capabilities allowing customers to transfer large quantities of payments
- ◆ Award winning mobile app gives quick and convenient 24/7 access with best-in-class biometrics

 **>154k**
Customers

 **\$16.8tn**
Annual Payments

 **3.3k**
Transactions per minute



Delivering digital services

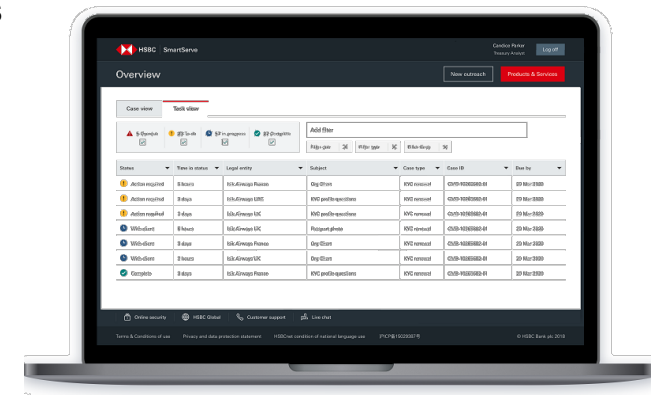
HSBC SmartServe

- ◆ A secure, digitised customer User Interface for Wholesale clients to request entity onboarding and access to products and services
- ◆ Dynamic questionnaires replace paper forms to provide a simple journey which includes eSign, document exchange and Virtual Assistant
- ◆ Integrations to regional corporate registries and data providers to minimise client effort when onboarding

 **>20k**
Client Interactions

 **>1.4k**
Internal users

 **19**
Countries live



GBM's ambition in 2025 is to deliver improved returns, with a simplified structure and a material shift of resources to Asia

GBM in 2025

Serving clients with an aspiration into and/or within Asia and the Middle East, and a strong global institutional client base

Focused on areas of strength in transaction banking, financing and ESG; well connected with Group priorities

Simplified operating model delivering growth in the East, supported by expertise, talent and client relationships from the West

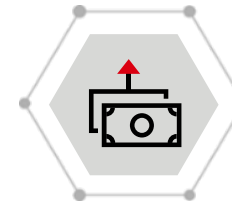
Asset light, fee-driven business model, proactively distributing risk for clients across the Group

A capital efficient, profitable business, aligned to areas of growth and competitive strengths seeking to deliver attractive returns in the medium term

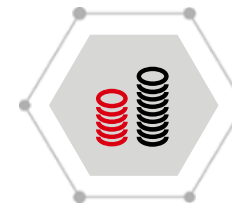
Return Levers



RWA reduction and accelerated shift to Asia



Revenues driven by non-interest income and Transaction Banking products



Cost reduction enabled by investments in technology and, wholesale support model

Appendix

Global Banking & Markets financial highlights

Adjusted Financial Performance FY19-FY20

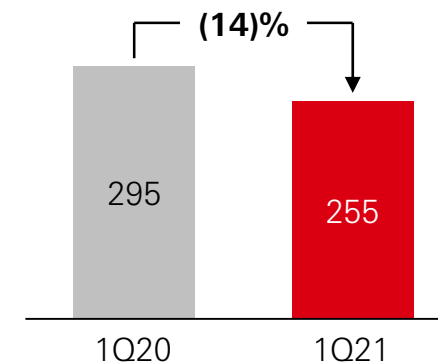
\$m	FY20	FY19		Δ
Markets and Securities Services	8,797	7,795	▲	13%
Banking	6,599	7,399	▼	(11)%
Other ¹	(93)	(325)	▲	63%
Revenue	15,303	14,869	▲	3%
ECL	(1,209)	(153)	▲	>(200)%
Costs	(9,264)	(9,544)	▼	(3)%
Share of profits in associates and JVs	–	–	–	–
Adjusted PBT	4,830	5,172	▼	(7)%
Significant items and FX translation	(1,214)	(4,230)	▼	(72)%
Reported PBT	3,616	942	▲	>200%

\$bn	FY20	FY19		Δ
Customer loans	224	252		(11)%
Customer deposits	337	304		11%
RWAs	265	277	▼	(4)%
RoTE, % ²	6.7%	9.8%	▼	(3.1)ppts

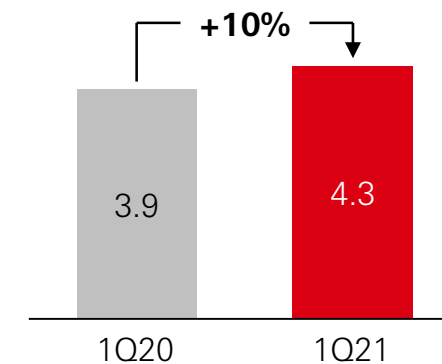
1. Other includes PI and Markets treasury allocations
 2. Excluding Significant Items & Bank Levy

Adjusted Financial Performance 1Q20-1Q21

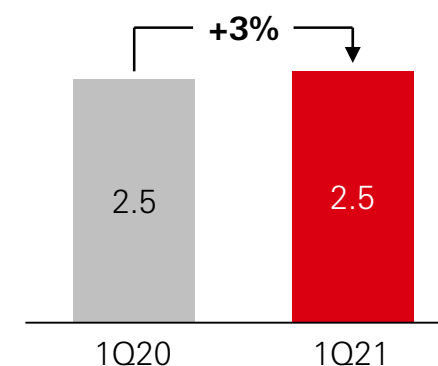
RWAs \$bn



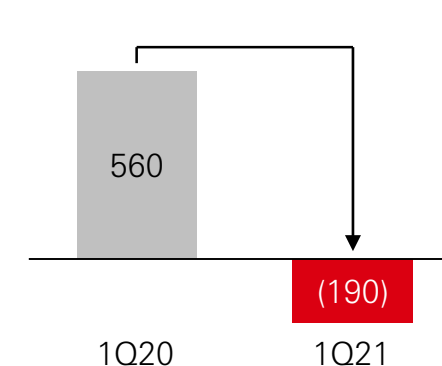
Revenue \$bn



Costs \$bn



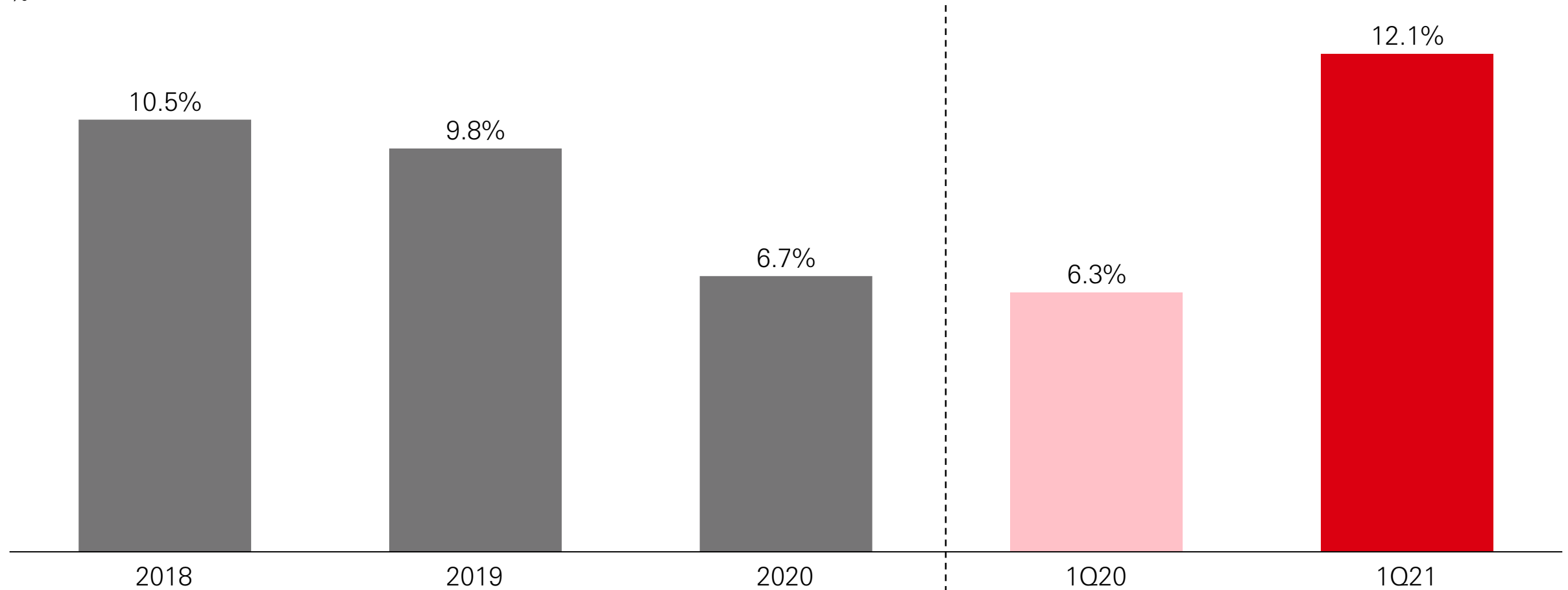
ECL charge / (release) \$m



Global Banking & Markets returns

GBM RoTE Evolution¹

%



1. Excluding Significant Items & Bank Levy

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, commitments, 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, any 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 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, commitments, prospects or returns contained herein.

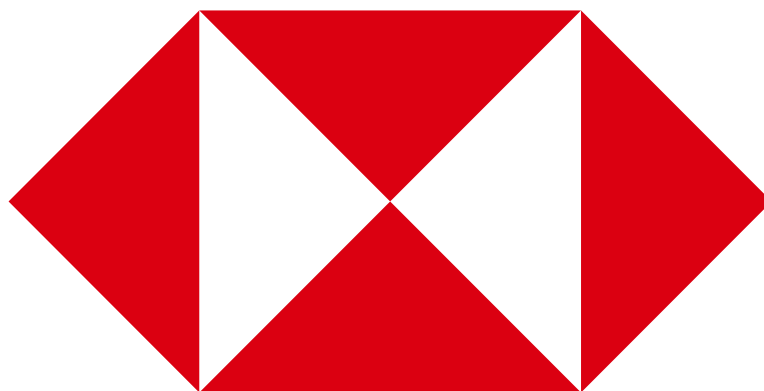
Additional detailed information concerning important factors that could cause actual results to differ materially from this Presentation is available in our Annual Report and Accounts for the fiscal year ended 31 December 2020 filed with the Securities and Exchange Commission (the “SEC”) on Form 20-F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

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 and our 1Q 2021 Earnings Release each of which are available at www.hsbc.com.

Information in this Presentation was prepared as at 21 June 2021.



Opening up a world of opportunity