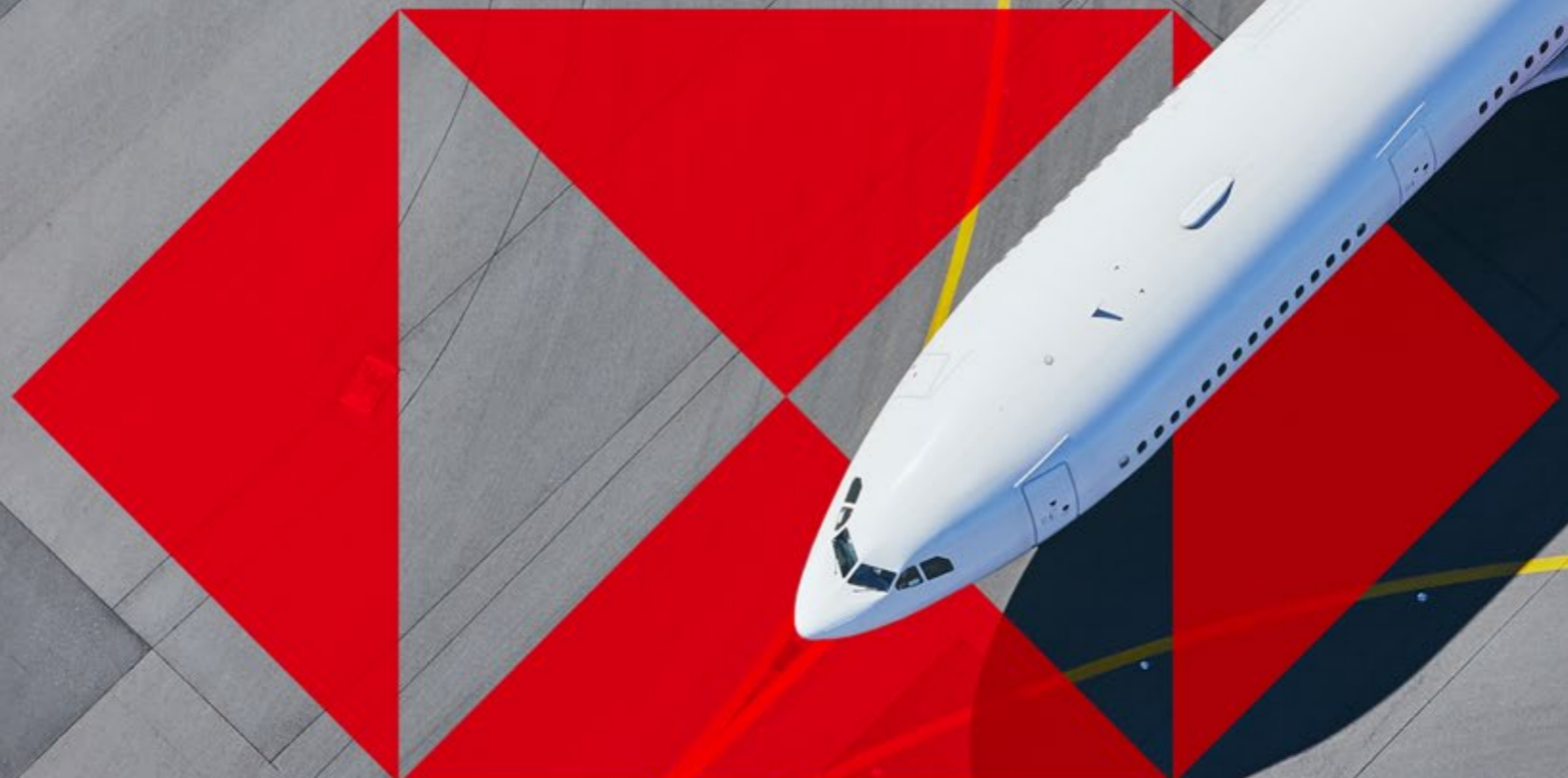


Global Payments Solutions

Manish Kohli, Head of Global Payments Solutions

December 2022



Global Payments Solutions offers cash management products and expertise

We support...

- ◆ Our clients from **domestic SMEs** to some of the largest **multinational corporates** in the world to move their money, manage their balances and unlock cash flow and treasury insights

\$6.3bn

9M22 adjusted
revenue

c.45%

Group deposits¹

\$767bn

3Q22 avg. balances

We are...

- ◆ The most frequent touchpoint for HSBC's corporate clients where we process **142 payments per second**, totalling 4.5bn per year, where we have processed >145m individual API calls in 9M22

We operate...

- ◆ An international franchise across **56 markets**, where we are the **market leader in Europe and Asia** for transaction banking²

We share...

- ◆ A **150 year history** of building relationships and serving clients, growing and evolving our capabilities to meet changing customer needs

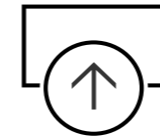
Over 50 specialist client solutions



Payables

Paying suppliers, employees or moving money at a global scale, in **over 130 currencies** with solutions including:

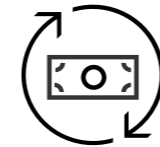
- ◆ **Real-time payments**
- ◆ **Global disbursements**



Receivables

Manage working capital with streamlined ways to collect money and identify where funds have come from with:

- ◆ **Next generation virtual accounts**
- ◆ **Receivables management**



Global Liquidity

Maximise cash and optimise interest earnings with solutions including:

- ◆ **Cash balance visibility**
- ◆ **Cash pooling**
- ◆ **Cash forecasting**
- ◆ **Investments**



Commercial
Cards

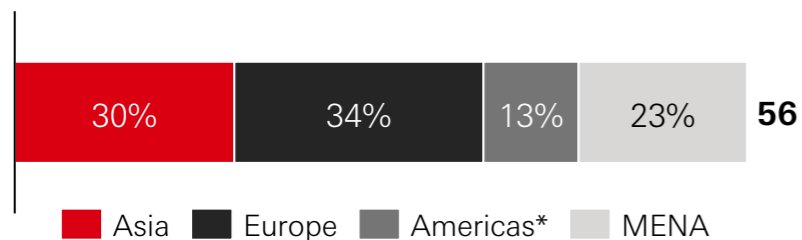
Control business expenses and release working capital with:

- ◆ **Purchasing cards**
- ◆ **T&E cards**
- ◆ **Virtual cards**

Our client relationships are lasting, strong and diversified

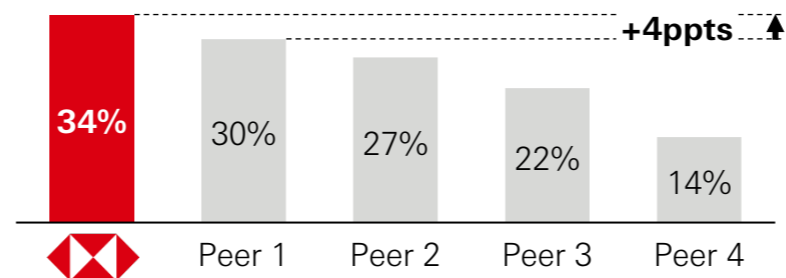
Global distribution and client reach

Number of markets with GPS presence



Asian Large Corporates penetration³

Our 'Pivot to Asia' has positioned us ahead of rivals in one of the highest global growth markets



Serving clients from \$5m to >\$5bn revenue

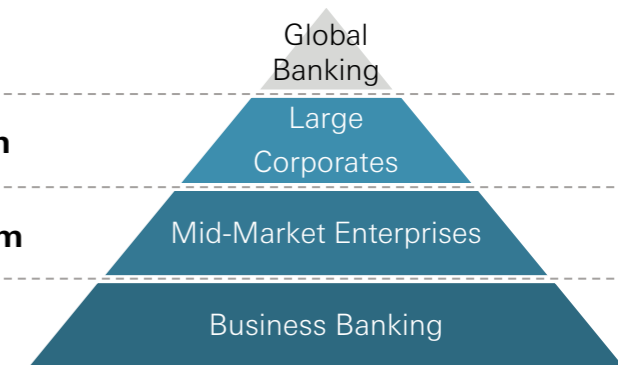
Client turnover

>\$5bn

\$500m-\$5bn

\$50m-\$500m

\$5m-\$50m



Developing relationships through tailored solutions over the client life cycle

- ◆ On-the-ground local knowledge of regulations **supports clients to expand into new countries and continents**, while maintaining a centralised Global Relationship Manager for multinational services
- ◆ Depth and breadth of solutions allows GPS to **serve clients of any size**, meeting their business and technology needs as they scale up with our dedicated relationship managers
- ◆ Real-time payments solutions have helped enable clients to **shorten the time taken to pay** employees to seconds
- ◆ Single-point solutions have enabled clients to save operating expenses by **reducing account complexity** and associated maintenance costs
- ◆ Our solutions help **increase client visibility of cash balances**, improve working capital and maximise interest returns

Industry rankings⁴

#4 Cash management globally

#1 Trade Finance bank globally

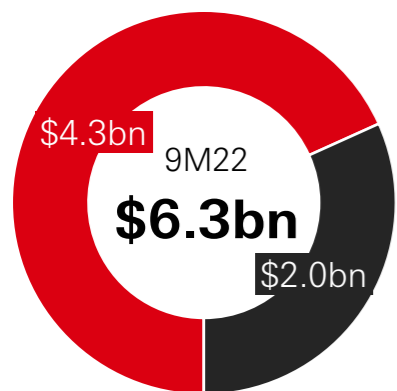
#3 FX (excl. Commodities)

Top 3 Processor of SWIFT payments messages

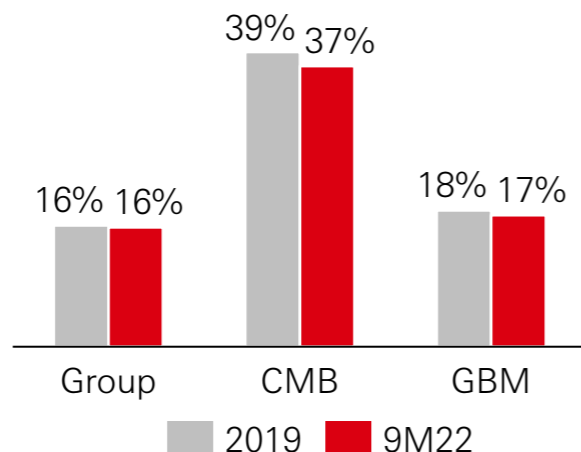
* Americas consists of North America and Latin America

We are a consistent, material and growing contributor to HSBC Group

GPS contribution to HSBC adjusted revenue

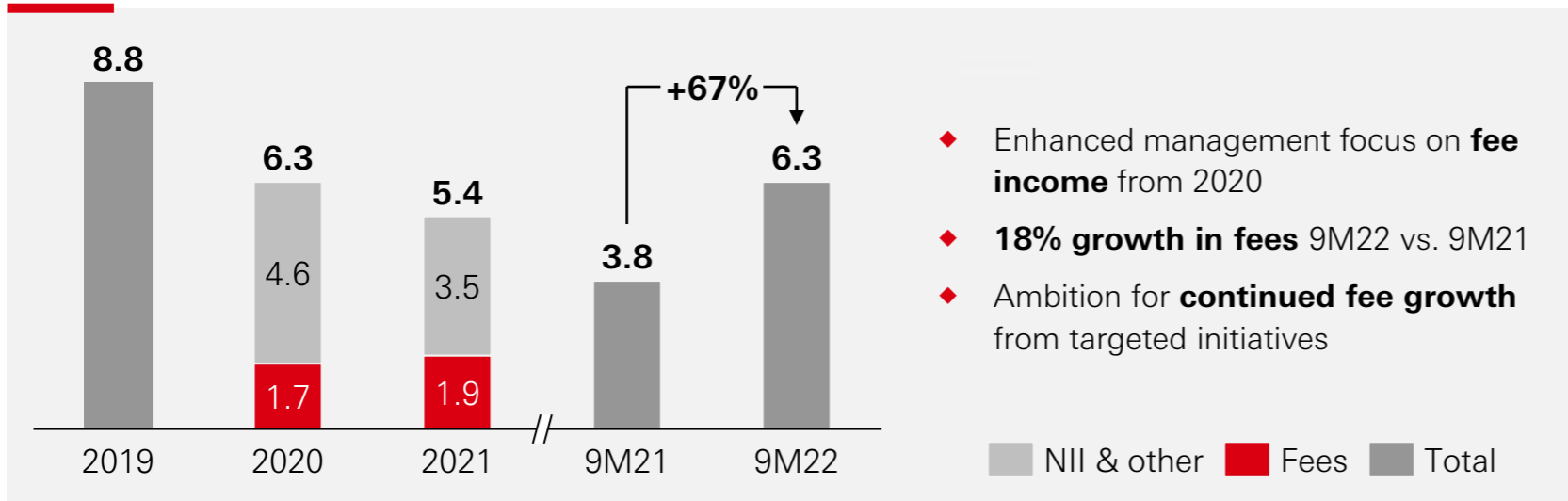


■ CMB ■ GBM



- ◆ GPS adjusted revenue is **above pre-pandemic levels** through a combination of management action on pricing structures, interest rate increases and balance sheet growth
- ◆ 3Q22 average GPS deposits were **\$767bn**
- ◆ GPS represents **c.45%** of Group deposits¹

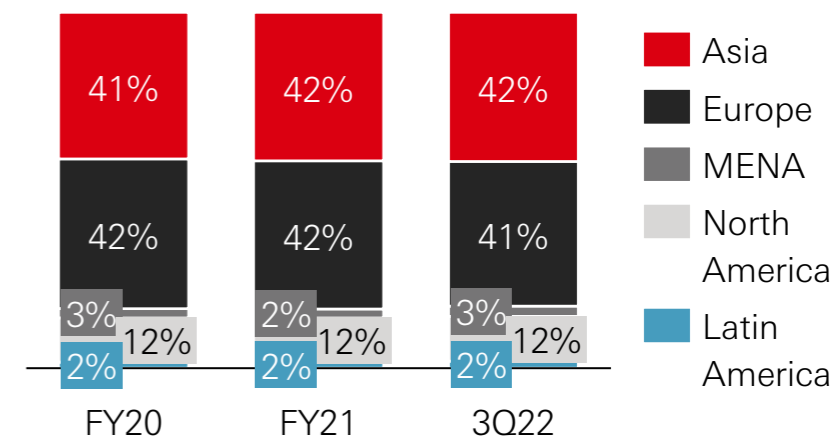
GPS adjusted revenue, \$bn⁵



- ◆ Enhanced management focus on **fee income** from 2020
- ◆ **18% growth in fees** 9M22 vs. 9M21
- ◆ Ambition for **continued fee growth** from targeted initiatives

■ NII & other ■ Fees ■ Total

Wholesale deposit balances by region, %*



Intra-Group collaboration



GPS technology is deployed across geographies and divisions to improve the customer experience and to control costs, for example supporting **WPB's multi-currency Global Money service**



GPS infrastructure supports day to day Group operations and enables other business lines to serve their clients



GPS drives cross business lines revenue; particularly in **GBM Global FX** where a substantial proportion of revenue is directly linked to Payments

* Wholesale deposit balances include non-GPS deposits, primarily in Securities Services. 3Q22 wholesale deposits includes c.\$100bn of Securities Services balances

We are positioned to grow in an evolving cash management market

The global payments market is evolving

Market developments

- ◆ Fundamental changes in the global payment landscape and growing digitisation have driven the need for digital capabilities and presence in key growth markets and sectors
- ◆ Both dedicated payment providers and banks are moving to a centrist position as clients seek universal banking platforms for their needs

Market opportunity



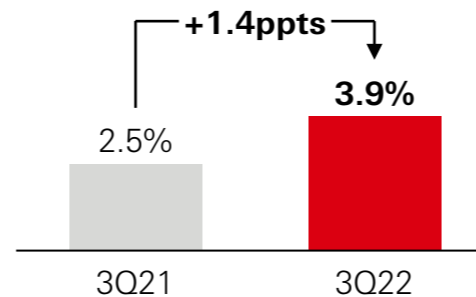
>\$260bn global GPS market size in FY22 and trending upward⁶



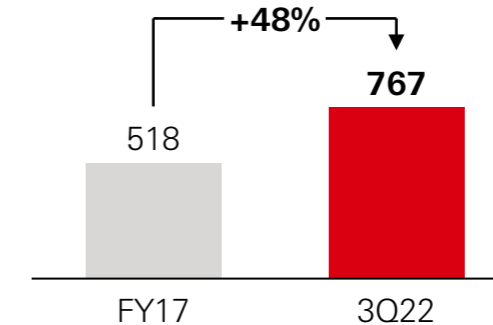
Estimates suggest that banks can capture **>\$400bn in additional revenue** by 2030⁷

GPS is capturing market share

Global market share⁸



Average balances, \$bn



+8.5% CAGR

in average deposits (FY17-FY21)

Accretive business



Standalone, GPS is a capital light product, generating structurally high returns*



Implemented strong cost discipline



Continued focus on digitisation and efficiency

* This should be considered alongside lower returning lending activities

Our strategy to accelerate growth as a globally connected payments franchise

Ambitions



Modularise our offering and support client transformation



Seamless, tech enabled client on-boarding and service



Enhance alignment to client needs, drive sales momentum

Strategic actions

- ◆ Build digital '**one stop shop**' payments solutions
- ◆ Enhance our **real-time payment capabilities**
- ◆ Support our clients **treasury transformation**
- ◆ Offer **everything-as-a-service**

- ◆ Create **digital-first**, rapid on-boarding solutions
- ◆ **Streamline** and rationalise our product offering, processes and documentation
- ◆ **Future-proof** our technology stack and data

- ◆ Provide **data insights** and targeted support to our sales force
- ◆ Operate as a **global product house** to deliver client centric solutions
- ◆ Drive market presence and **strengthen the new GPS brand**

Selected benefits

- ◆ Deepen our client wallet penetration
- ◆ Attract more customers to HSBC
- ◆ Improve the digital customer experience and make HSBC easier to do business with

- ◆ Improve the client experience
- ◆ Accelerate revenue
- ◆ Deliver cost savings
- ◆ Decrease the time-to-market for new product launches

- ◆ Efficiently drive revenue growth
- ◆ Maximise intra-Group collaboration and penetration into cross border flows
- ◆ Improve the customer experience
- ◆ Build brand equity

Global Payments Solutions

9M22
adjusted
revenue

\$6.3bn

3Q22
average
deposits

\$767bn

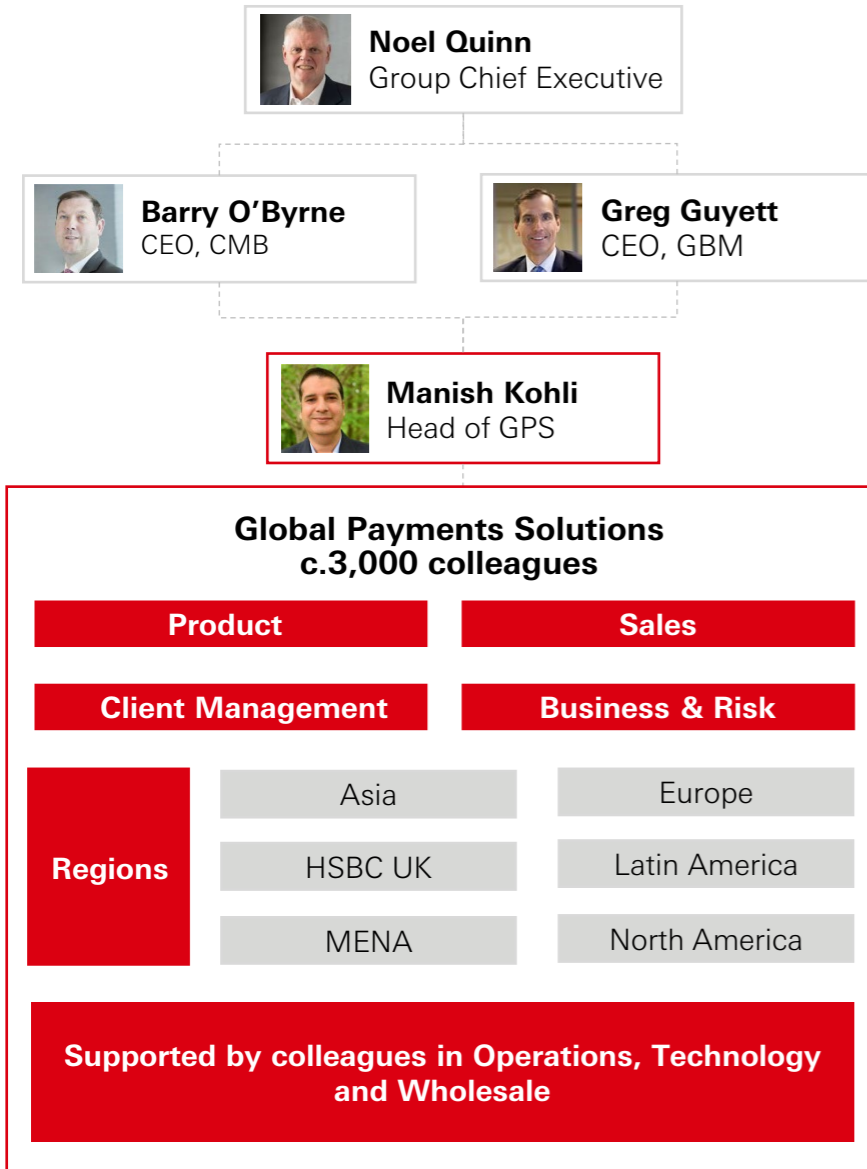
% of Group
deposits¹


c.45%


- 1** | We provide **cash management expertise at a global scale**, supporting our clients and Group with key transaction banking services, balance sheet strength and payments infrastructure
- 2** | We are the **most frequent touchpoint between clients and HSBC**, building lasting relationships and providing access to a broad selection of global markets
- 3** | We are a consistent, **material contributor to HSBC Group** and gaining market share; we are taking management action to diversify our revenue sources and grow our presence within our global footprint
- 4** | We intend to execute against a clear strategy to help to ensure that we maintain momentum and continue to **accelerate our growth and success** in an evolving cash management market


Appendix

Speaker bio: Manish Kohli



 **Noel Quinn**
Group Chief Executive

 **Barry O'Byrne**
CEO, CMB

 **Greg Guyett**
CEO, GBM

 **Manish Kohli**
Head of GPS

Manish Kohli joined HSBC in October 2021 as the Group Head of Global Payments Solutions (GPS).

In his role, Manish focuses on growing the GPS business across the world, as well as further strengthening and expanding our product capabilities and digital tools to support our clients' needs.

GPS is a strategically important business for HSBC and plays a key part in the Group's global leadership in transaction banking, utilising its powerful international network to connect east and west. GPS serves 40k large corporate and mid-market companies, and 1.5m business banking clients, in over 50 markets globally.

Before joining HSBC, Manish spent 24 years working for Citi in a variety of senior roles across its global transaction banking business, focused on cash, trade and FX solutions. He is a keen industry advocate, and is a member of SWIFT's Payments Vision Group and the Bankers Association for Finance and Trade (BAFT) Transaction Banking Global Leaders forum. He has previously chaired the Payment Risk Committee of the Federal Reserve Bank, been on the Payco board of The Clearing House and featured in the inaugural '100 People Transforming Business' list, from Business Insider.

Manish is passionate about building digital business models based on collaboration, high performing diverse teams, financial market infrastructure enhancements and sustainability. Manish has worked in Mumbai, London and New York in a range of country, regional and global roles and is currently based on the outskirts of Manhattan, where he lives with his wife and two sons.

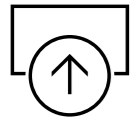
Selected GPS product descriptions



Payables

Paying suppliers, employees or moving money at a global scale, in **over 130 currencies** with specialist solutions including:

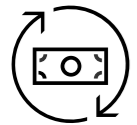
- ◆ **Real time payments** – leverage our real-time payment network to enable businesses to send and receive funds 24/7
- ◆ **Global disbursements** – make cross-border payments in multiple countries, from one bank account



Receivables

Manage working capital with streamlined ways to collect money and identify where funds have come from, with solutions like:

- ◆ **Next generation virtual accounts** – offers clients valuable opportunities to improve efficiency, ranging across automation, centralisation, transparency and efficiency by using virtual wallets to separate and identify their accounts payables and receivables
- ◆ **Receivables management** – get a clearer view of receivables across all your accounts globally by consolidating details into a single database. This centralized solution gives you access to enriched data, transaction alerts, receivables advices, invoice and payment reconciliation (including exception handling), advanced reporting and online enquiry services to simplify receivables management.



Global Liquidity

Maximise cash and optimise interest earnings with solutions including:

- ◆ **Cash balance visibility** – enables a treasury to get a real-time view of its entire cash balance, across accounts held at multiple banks, while data analytics tools present liquidity KPIs
- ◆ **Cash forecasting** – based on automatically loading data, Cash Flow Forecasting produces sophisticated forecasts from the near-term up to 3 years, making it quicker and easier for our clients to build an accurate picture of their future finances
- ◆ **Cash pooling** – reduces our clients interest expenses by offsetting their debit and credit balances in the same currency
- ◆ **Investments** – helps increase the efficiency of our clients operations by enabling them to manage cash on a portfolio basis across more than 50 markets around the world



Commercial Cards

Control business expenses and release working capital with:

- ◆ **Purchasing cards** – provides easier expenses and reconciliation with a dedicated spend account per business user
- ◆ **Virtual cards** – a secure way to pay for goods and services within company policies, without having to issue cards to employees
- ◆ **T & E cards** – allows employees to purchase business travel, accommodation and other business expenses around the globe with clear accountability and reconciliation

Footnotes

1. Proportion of Group deposits has been calculated using GPS and Group spot balances as of 30th September 2022. This calculation may not be fully representative of the proportion of deposits attributable to GPS throughout the quarter given intra-quarter volatility in corporate balances
2. Europe includes the UK. Market leader in Europe and Asia refers to our revenue-based market share based on analysis conducted by Coalition Greenwich during 1H22. Analysis includes all Institutional clients and Corporates with annual sales turnover of more than US\$5-10MM. Source: Coalition Greenwich 1H22
3. FY21 Cash Management penetration. Source: Coalition Greenwich, Asia Large Corporate Cash Management Study 2022
4. Sources: Coalition Greenwich 1H22 Competitor Analytics (Global Cash Management, Global Trade Finance rankings); Coalition Greenwich 1Q22 Competitor Analytics (FX ranking); SWIFT (SWIFT processor ranking). Coalition analysis based on HSBC taxonomy and ranking based on HSBC revenues
5. FY19-FY21 figures are based on FY21 FX rates. 9M21 and 9M22 are based on 9M22 YTD average FX
6. Source: Coalition Greenwich 1H22 Competitor Analytics
7. Source: Corporate and Investment Banks, Striving to Sustain Returns; Morgan Stanley and Oliver Wyman, published April 2021
8. Sources: Coalition Greenwich 3Q22 Competitor Analytics. Market share based on HSBC's own revenues. Market share relates to the respective quarters only

Disclaimer

Important notice

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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”, “believe”, “potential” and “reasonably possible” 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 and any ESG related targets, commitments and ambitions 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 or economic conditions, regulatory changes, geopolitical tensions such as the Russia-Ukraine war, the impact of the Covid-19 pandemic or as a result of data limitations and changes in applicable methodologies in relation to ESG related matters). 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, ambitions, 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 2021 filed with the Securities and Exchange Commission (the “SEC”) on Form 20-F on 23 February 2022 (the “2021 Form 20-F”), our 1Q 2022 Earning Release furnished to the SEC on Form 6-K on 26 April 2022 (the “1Q 2022 Earnings Release”), our Interim Financial Report for the six months ended 30 June 2022, furnished to the SEC on Form 6-K on 1 August 2022 (the “2022 Interim Report”) and our 3Q 2022 Earnings Release, which we furnished to the SEC on Form 6-K on 25 October 2022 (the “3Q 2022 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 2021 Form 20-F, our 1Q 2022 Earnings Release, our 2022 Interim Report and our 3Q 2022 Earnings Release, each of which are available at www.hsbc.com. Information in this Presentation was prepared as at 1 December 2022.

