HSBC Holdings plc Business Update and Results

Presentation to Investors and Analysts

Agenda

4Q19 highlights

1. **4Q19 reported loss before tax of $3.9bn** impacted by a **goodwill impairment[1] of $7.3bn**

2. **4Q19 adjusted revenue up 9%** to $13.6bn vs. 4Q18 and **adjusted PBT up 29% to $4.3bn vs. 4Q18**
Hong Kong 4Q19 adjusted PBT up 3% to $2.6bn

3. **Cost discipline:** 4Q19 adjusted costs of $9.1bn, up 3.2% vs. 4Q18. 2H19 adjusted costs (excl. bank levy) down 2.1% vs. 1H19

4. **CET1 ratio further strengthened by 0.4ppts vs. 3Q19 to 14.7%** driven by RWA reductions of $22bn

A reconciliation of reported results to adjusted results can be found on slide 46. The remainder of the presentation, unless otherwise stated, is presented on an adjusted basis

Strong performing franchises: FY19 selected highlights

RBWM

- **Revenue up 9%** to $23.4bn, **PBT up 15%** to $8.0bn
- **RoTE[2] of 20.5%**
- **$16bn growth in mortgage book in** the UK (up 7%) and Hong Kong (up 9%)
- **1.5m increase in active customers,** up 4% to 39.4m

GPB

- **PBT up 19%** to $0.4bn
- **Net New Money of $23bn**

CMB

- **Revenue up 6%** to $15.3bn
- **RoTE[2] of 12.4%**
- Loans and advances to customers up 3% to $346bn

Transaction banking

- **Revenue[3] up 3%** to $16.8bn
- **#1 globally** for GLCM and GTRF revenue[4]

Asia

- **Hong Kong revenue up 7%** to $19.4bn, **PBT up 5%** to $12.1bn
- **Asia excl. Hong Kong revenue up 8%** to $11.0bn
- **Asia GB&M revenue up 7%** to $7.1bn
- **RoTE[2] of 15.8%**

MENA

- **Revenue up 8%** to $2.9bn, **adjusted PBT up 3%** to $1.6bn
- **RoTE[2] of 12%**

UK RFB

- **Revenue up 3%** to $8.4bn
- **RoTE[2] of 9.9%**
- **Mortgage balances up 7%** to $134bn; stock market share of 6.8%[5]
- CMB loans and advances to customers up 2% to $85bn

Other

- **Mexico PBT up 38%** to $0.7bn, **RoTE[2] of 15.3%**
- **Canada RoTE[2] of 12.0%**

Strong performing franchises: Hong Kong business performance

Financials

Key selected financial data, $m

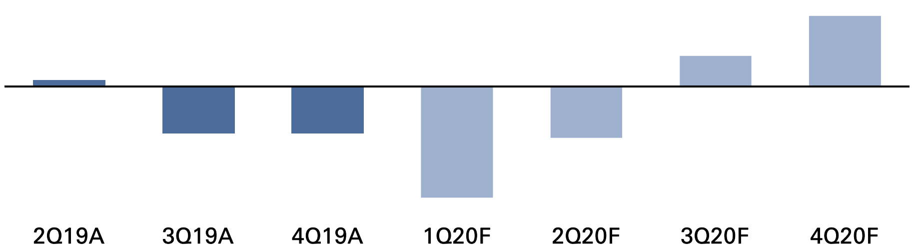
	4Q19	Δ4Q18	Δ%	FY19	ΔFY18	Δ%
Revenue	4,591	233	5%	19,438	1,196	7%
ECL	(118)	(15)	(15)%	(459)	(244)	(113)%
Costs	(1,828)	(127)	(7)%	(6,871)	(345)	(5)%
JV	2	(8)	(80)%	31	(5)	(14)%
Adjusted PBT	**2,647**	**83**	**3%**	**12,139**	**602**	**5%**
Loans and advances to customers, $bn	307	15	5%	307	15	5%
Customer accounts, $bn	500	12	3%	500	12	3%

- **Resilient performance despite softening macroeconomic environment:**
  - FY19 revenue up 7% to $19.4bn
  - FY19 adjusted PBT up 5% to $12.1bn
- **Strong balance sheet performance:**
  - Loans and advances to customers up 5% to $307bn
  - Customer accounts up 3% to $500bn
  - Number of customers[6] up 255k (3%) to 8.4m

Macro

- Weak 2H19 GDP, expected to flow into 1H20
- **Cautious on 2020 outlook** for Hong Kong given coronavirus (COVID-19) impacts

GDP, %, YoY



Forecast source: HSBC Global Research[7]

Business initiatives

- **Continued successful rollout of PayMe,** with PayMe for Business launched in 2019:
  - Now has **close to 2m customers[8],** up from 1m in 2018
  - Payments made via PayMe represented **68% of all peer-to-peer payments[9]**
  - **183k transactions** made via PayMe for Business in December 2019
- Continued strong market shares[10]:
  - 45% for credit cards
  - 54% market share in unit trust gross sales
  - Loans market share of 28%

Underperforming franchises: FY19 summary

Non ring-fenced bank in Europe and the UK

Revenue down by 3% to $7.8bn

Adjusted PBT down to $0.8bn

RoTE[2] of 0.6%

Total assets of $842bn and RWAs of $166bn

Poor RBWM profitability in France; PBT of $50m (loss of $53m in FY18)

Leverage exposures of $755bn

GB&M in the NRFB

PBT down 80% to $176m

CER of 95%

RWAs of $105bn

US

Revenue down 3% to $4.7bn

PBT down 39% to $0.6bn (largely driven by non-recurrence of FY18 ECL releases)

CER of 84%

RoTE[2] of 1.5%

Loss-making RBWM business; loss before tax of $259m vs. loss of $180m in FY18

Leverage exposures[11] of $249bn

GB&M in the US

PBT down 24% to $470m

CER of 76%

RWAs of $37bn

FY19 adjusted revenue performance

	FY19 revenue			FY19 vs. FY18, $m	
RBWM	$23,400m	$15,840m	Retail Banking	974	$2.0bn 9%
		$6,746m	Wealth Management	760	
		$814m	Other	292	
CMB	$15,292m	$5,978m	GLCM	331	$0.8bn 6%
		$1,833m	GTRF	26	
		$5,441m	Credit and Lending	273	
		$2,040m	Other	197	
GB&M	$14,916m	$7,793m	Global Markets, Securities Services	(403)	$(0.1)bn (1)%
		$7,466m	Global Banking, GLCM, GTRF	91	
		$(343)m	Principal Investments, XVA, Other	203	
GPB	$1,848m			91	5%
Corporate Centre	$(47)m			243	
Group	$55,409m			1,608 / 1,470 / 3,078	6%

Excluding certain items included in adjusted revenue (1,608)
For further information please see appendix, page 47

4Q19 adjusted revenue performance

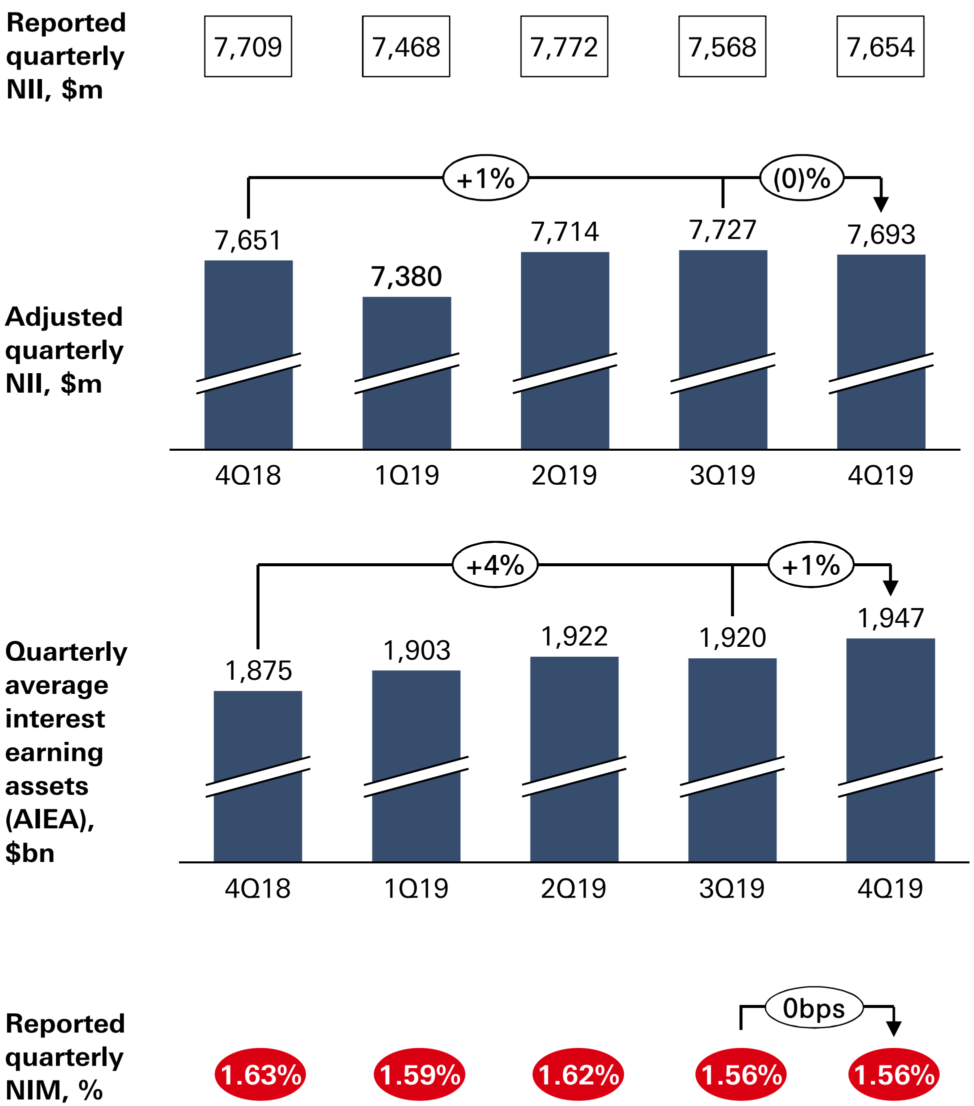
Global business	4Q19 revenue			4Q19 vs. 4Q18, $m	
RBWM	$5,852m	$3,989m	Retail Banking	85	$0.8bn 15%
		$1,655m	Wealth Management	536	
		$208m	Other	150	
CMB	$3,686m	$1,425m	GLCM	(92)	$0.0bn 0%
		$432m	GTRF	(15)	
		$1,328m	Credit and Lending	4	
		$501m	Other	117	
GB&M	$3,740m	$1,765m	Global Markets, Securities Services	190	$0.7bn 23%
		$1,858m	Global Banking, GLCM, GTRF	45	
		$117m	Principal Investments, XVA, Other	466	
GPB	$452m			28	7%
Corporate Centre	$(83)m			(331)	
Group	$13,647m			587 / 596 / 1,183	9%

Of which BSM down $178m and valuation differences down $140m

587: Excluding certain items included in adjusted revenue

For further information please see appendix, page 47

Net interest income and NIM



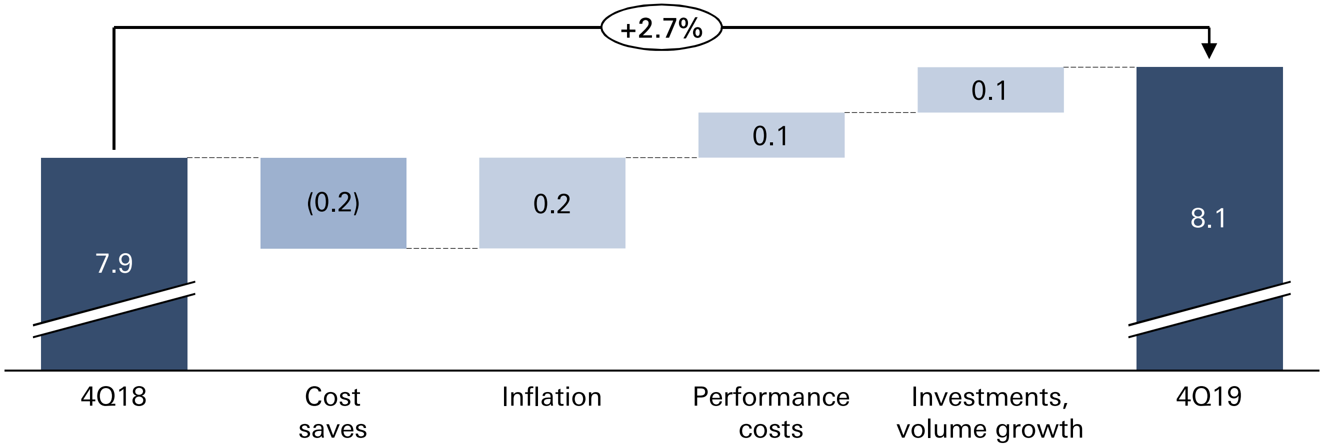
- Adjusted NII of $7.7bn, stable vs. 3Q19 and up 1% vs. 4Q18; FY19 adjusted NII of $30.6bn, up 3% or $1bn vs. FY18
- 4Q19 NIM 1.56% unchanged vs. 3Q19, driven by:
  - 4bps favourable impact from lower provisions in relation to customer redress programmes in the RFB and Argentina hyperinflation
  - Adverse impact of margin pressure and higher funding costs
- Asia (HBAP) NIM of 2.00% was down 5bps vs. 3Q19, driven by lower asset yields
- FY19 NIM of 1.58% was 8bps lower than FY18 as higher yields on AIEA were more than offset by increased funding costs. Excluding FX translation and significant items, NIM fell by 6bps

Quarterly NIM by key legal entity, %

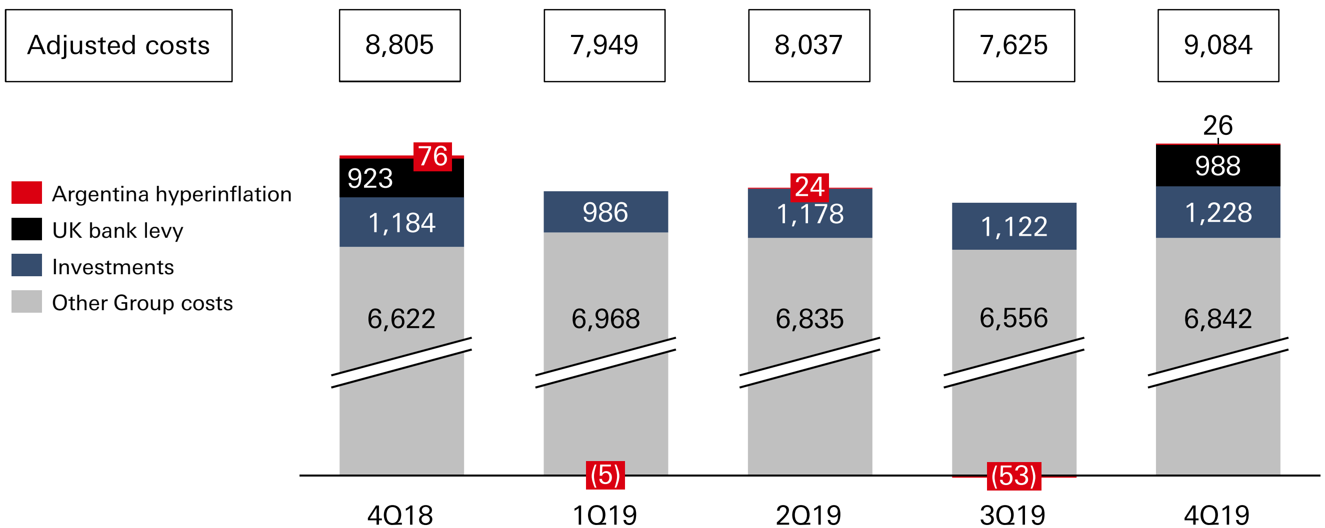
	1Q19	2Q19	3Q19	4Q19	% of 4Q19 Group NII	% of 4Q19 Group AIEA
The Hongkong and Shanghai Banking Corporation (HBAP)	1.99%	2.05%	2.05%	2.00%	55%	43%
HSBC Bank plc (NRFB)	0.34%	0.45%	0.47%	0.46%	7%	22%
HSBC UK Bank plc (RFB)[12]	2.21%	2.13%	1.93%	1.95%	20%	16%
HSBC North America Holdings, Inc	1.05%	1.01%	0.87%	0.99%	6%	10%

Adjusted costs

4Q19 vs. 4Q18, $bn
Excl. UK bank levy



Adjusted operating expenses trend, $m



Adjusted costs

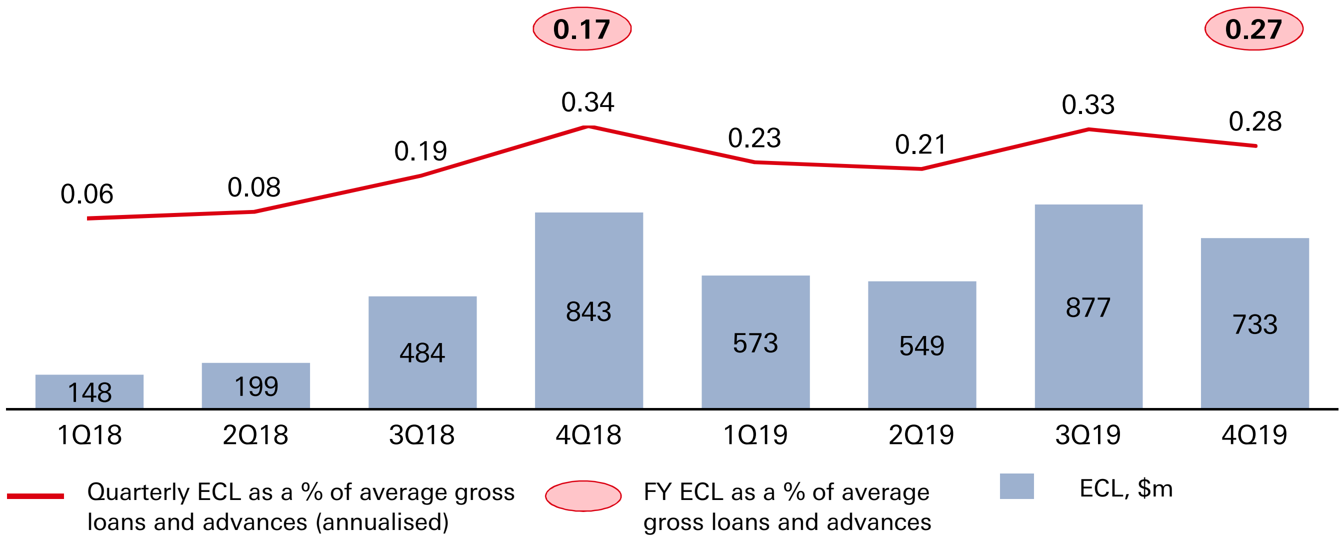
- Adjusted costs excluding UK bank levy up 2.7% to $8.1bn
- 4Q19 investment spend of $1.2bn, up 4% vs. 4Q18
- FY19 investment spend up 10% to $4.5bn vs. $4.1bn in FY18
- FY19 technology spend up 11% to $4.7bn vs. FY18

Reported costs

- 4Q19 reported costs of $17.1bn include goodwill impairment of $7.3bn and customer redress of $183m, of which $179m relates to the mis-selling of PPI
- 4Q19 restructuring costs of $400m ($827m in FY19)
- Total FTE at FY19 down 2.3k (1%) vs. 1H19 to 235k

Credit performance

Adjusted ECL charge trend



Analysis by stage

Reported basis, $bn	Stage 1	Stage 2	Stage 3	Total[13]	Stage 3 as a % of Total
4Q19					
Gross loans and advances to customers	951.6	80.2	13.4	**1,045.5**	1.3%
Allowance for ECL	1.3	2.3	5.1	**8.7**	
3Q19					
Gross loans and advances to customers	941.1	71.7	13.3	**1,026.4**	1.3%
Allowance for ECL	1.3	2.2	4.9	**8.6**	
4Q18					
Gross loans and advances to customers	908.4	68.6	13.0	**990.3**	1.3%
Allowance for ECL	1.3	2.1	5.0	**8.6**	

- 4Q19 ECL as a % of gross loans and advances to customers was **0.28%**
- 4Q19 adjusted ECL of $733m, down $144m (16%) vs. 3Q19, of which $401m was in RBWM and $276m was in CMB
- 4Q19 UK ECL charge of $67m, down $160m vs. 3Q19 primarily due to release of allowance relating to economic uncertainty of $99m. Total allowance for UK economic uncertainty at FY19 was $311m
- 4Q19 Hong Kong ECL charge of $118m, down $89m vs. 3Q19 (including an additional charge of $56m in relation to economic outlook). Total allowance for Hong Kong economic outlook at FY19 was $138m
- 2H19 ECL charge as a % of gross loans and advances to customers was **0.31%**
- FY19 ECL of $2.8bn, up 63%, with ECL as a % of gross loans and advances to customers of **0.27%**
- Stage 3 loan book stable at 1.3% of total gross loans and advances to customers

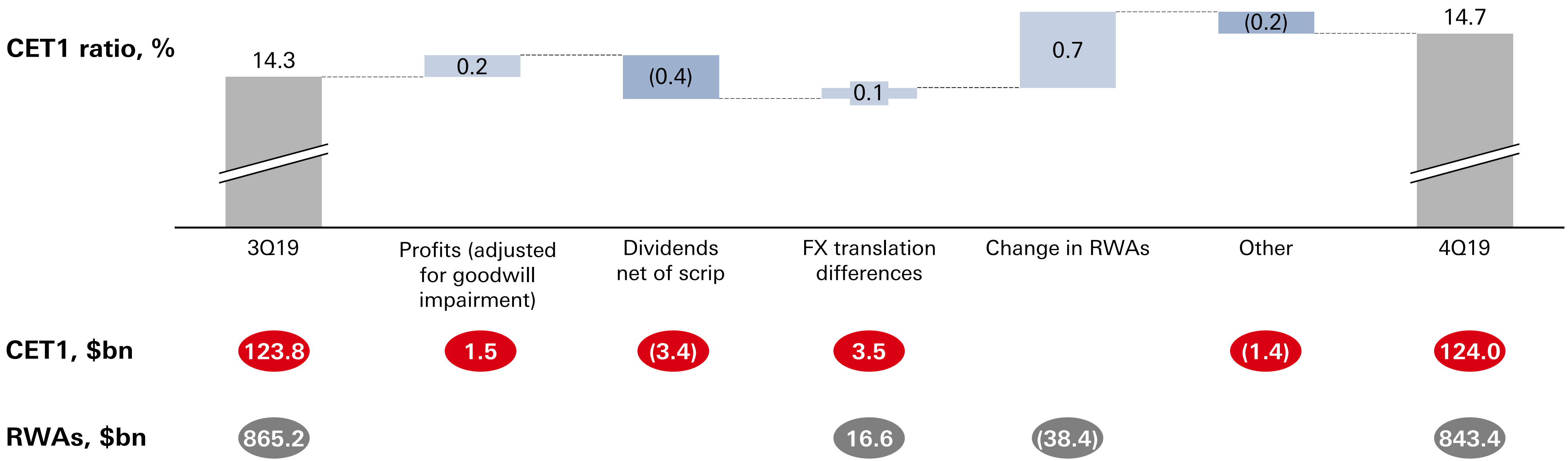
Capital adequacy

Capital progression

	4Q18	1Q19	2Q19	3Q19	4Q19
Common equity tier 1 capital, $bn	121.0	125.8	126.9	123.8	124.0
Risk-weighted assets, $bn	865.3	879.5	886.0	865.2	843.4
CET1 ratio, %	14.0	14.3	14.3	14.3	14.7
Leverage ratio exposure, $bn	2,614.9	2,735.2	2,786.5	2,780.2	2,726.5
Leverage ratio, %	5.5	5.4	5.4	5.4	5.3

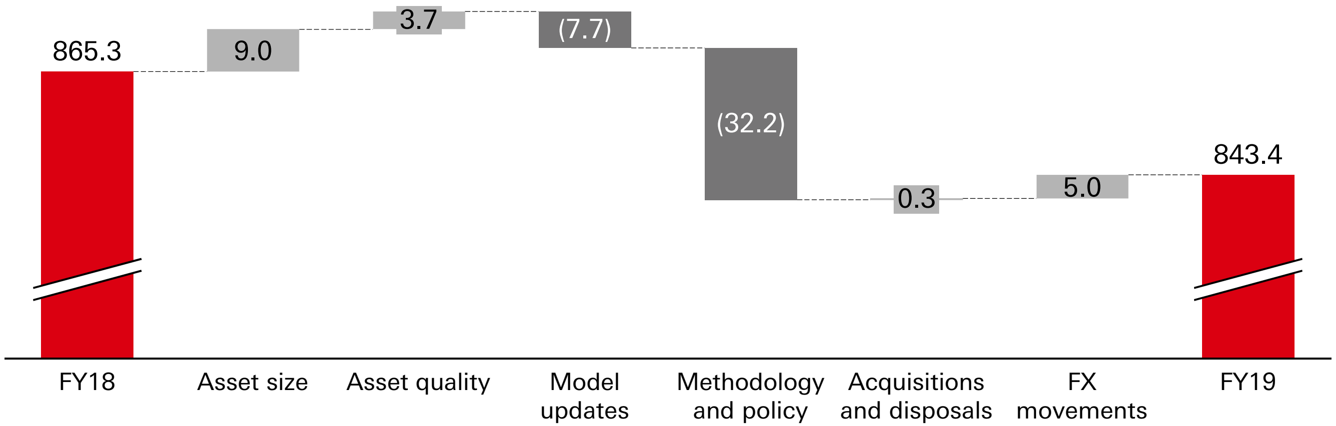
- CET1 ratio of 14.7% up 0.4ppts from 14.3% in 3Q19, mainly due to RWA reductions
- RWAs decreased by $22bn vs. 3Q19, driven by GB&M (down $19bn), primarily in the NRFB, from active portfolio management, changes to methodology and policy and model updates

CET1 and RWA movements



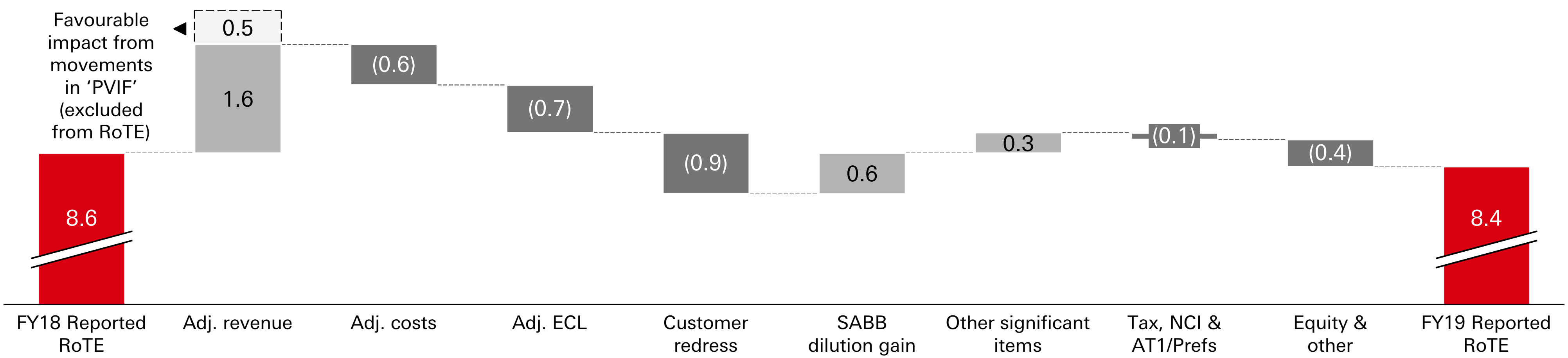
RWA and RoTE walks

Group RWA walk, FY18 vs. FY19, $bn



- **Total RWA reductions of $22bn,** of which GB&M: $23bn vs. FY18
- Renewed focus on customer profitability in CMB and GB&M
- Expect ~$10bn of regulatory RWA inflation and additional ~$10bn of business growth in 1Q20
- Risks to RWAs include:
  - RWA inflation from wholesale exposure credit rating migration in Hong Kong in 2020
  - Basel III reform implementation and mitigation and lack of equivalence recognition between the UK and the EU

Group RoTE[14] walk, FY19 vs. FY18, %



Summary

1. **FY19 adjusted revenue up 6% to $55.4bn** and adjusted PBT up 5% to $22.2bn

2. FY19 adjusted jaws of 3.1%. **FY19 adjusted cost growth of 2.8%,** well below FY18 adjusted cost growth of 5.6%

3. **Reported PBT of $13.3bn impacted by a 4Q19 goodwill impairment[1] of $7.3bn,** primarily in GB&M globally and CMB in Europe, reflecting lower growth rates

4. **RoTE[14] of 8.4%,** supported by a resilient Hong Kong and strong performance in the rest of Asia, but impacted by poor returns in the US and NRFB in Europe

5. Well-capitalised with **CET1 ratio increasing 0.7ppts to 14.7%**

   Underpinned by **net FY19 RWA reductions of $22bn,** driven by a $23bn reduction in GB&M

6. **New cost and RWA reduction plan** to address financial underperformance

Agenda

4Q & FY19 results

Business update

Restructuring for growth

Financial implications

Conclusion

Actions to deliver our 2022 financial targets

RWAs	Costs	Capital
Reduce RWAs in low return franchises (US and the NRFB in Europe and the UK, particularly GB&M) **Reinvest RWAs** in high-performing franchises	**Cut costs** and simplify the organisation **Cost programme** savings of c.$4.5bn	**Sustain the dividend** **Suspend buyback** in 2020 and 2021
Gross RWA reduction of >$100bn by end-2022	Adjusted costs of ≤$31bn in 2022	CET1 ratio >14%; manage in 14-15% range

RoTE of 10-12% in FY22

We continue to build on our differentiated, globally integrated network

Serving wholesale and personal clients in and into **high growth markets**

Leading and differentiated propositions for **mid-market** businesses globally

Leading, full-scale retail bank in **Hong Kong, the UK and Mexico** and leading international retail proposition

Strong wealth business with $1.4tn of balances

#1	**Best Global Transaction Bank**[15]
#1	World's **Best Bank for SMEs**[16]
#1	**Largest retail bank** in HK with c.28% market share[17]
#1	**Best Private Bank in Asia**[18] and Best Private Bank in HK for 11 consecutive years[19]

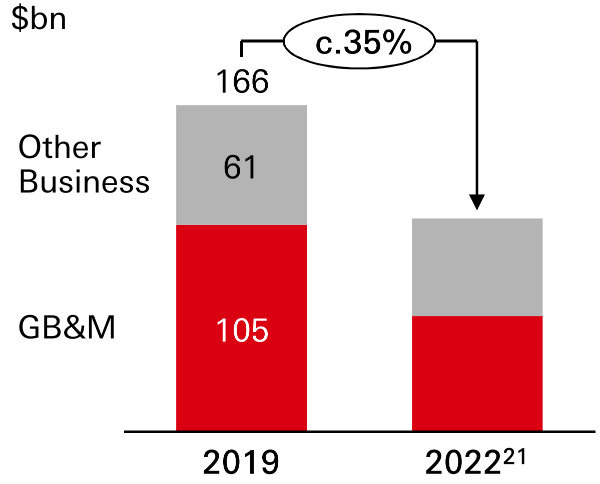
Europe: Our plan is to reduce RWAs in the Non Ring-Fenced Bank in Europe and the UK by c.35% by end of 2022

Actions

- Focus on client coverage of key international European clients and connecting them to Asia and the Middle East
- Reduce capital deployed in our Rates business, and exit G10 long-term derivative market making in the UK
- Focus European investment banking activities on the UK mid-market as well as capital flows and transactions between Europe and our franchise in high growth markets. London will remain an investment banking hub to support our global client base[20]
- Reduce Sales and Research coverage in European Cash Equities with a focus on supporting ECM
- Transition Structured Product capabilities from the UK to Asia
- Continue to invest in our transaction banking and financing capabilities
- Intend to reduce operating expenses in the Non Ring-Fenced Bank by c.25%

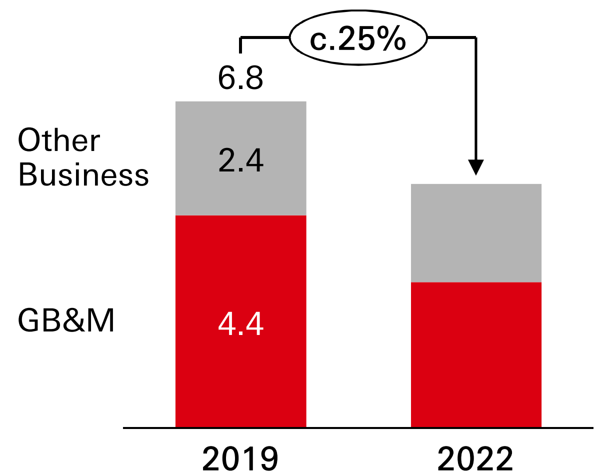
RWAs

$bn



Operating expenses

Adjusted, $bn



Bars in chart are illustrative and not to scale

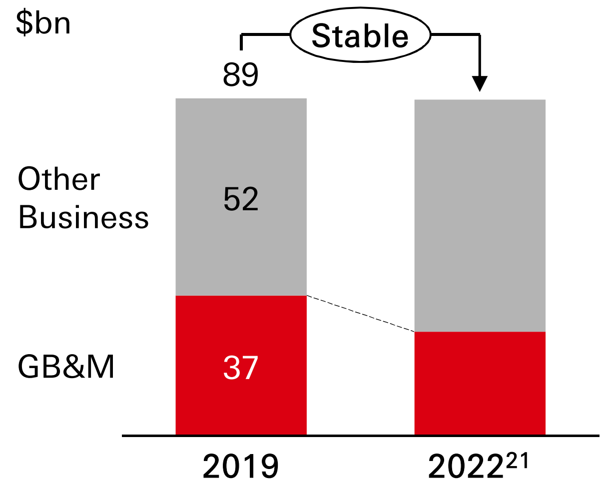
US: To generate sufficient returns, we need a new approach

Actions

- Reposition US business as an international client-focussed corporate bank with a targeted retail offering for international and affluent clients
- Focus Commercial Banking and Global Banking on multinational corporate and institutional clients as well as mid-market enterprises with our key capabilities in DCM, transaction banking and financing
- Consolidate select Fixed Income activity in London to maximise global scale and reduce US Global Markets RWAs by c.45% / c.$5bn
- Refocus retail banking on globally mobile clients, invest in digital and unsecured lending, and reduce our branch network of 224 by around 30%
- Integrate private and retail banking to seamlessly offer banking and wealth solutions across our client segments
- Consolidate middle and back office activities and streamline functions to simplify our organisation and reduce total operating costs by 10-15%

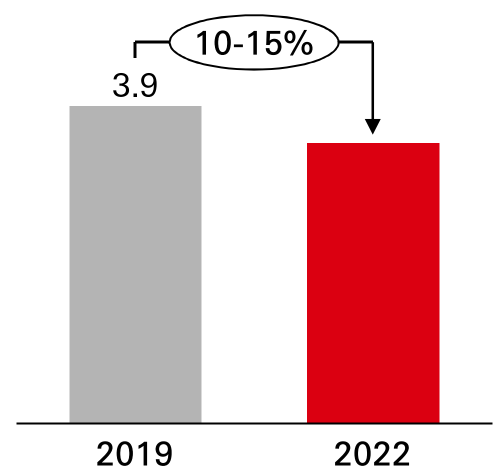
RWAs

$bn



Operating expenses

Adjusted, $bn



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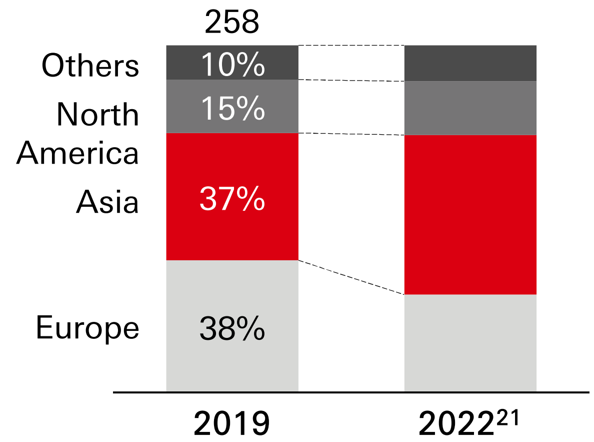
GB&M: Sharpen focus on serving international clients in and into our high-growth and franchise markets

Actions

- Serve those corporate and institutional clients with global operations who value our international network, in particular our strengths in Asia and the Middle East
- Accelerate investments in Asia and the Middle East and shift more resources over time to those regions; continue to strengthen our global transaction banking and financing capabilities
- Strengthen investment banking capabilities in Asia and the Middle East whilst maintaining a global investment banking hub in London
- Build leading emerging markets and financing capabilities in Global Markets; enhance our institutional clients business
- Increase collaboration with other global businesses; create a single middle and back office to support Commercial Banking and Global Banking
- Continue to invest in innovative digital systems and solutions

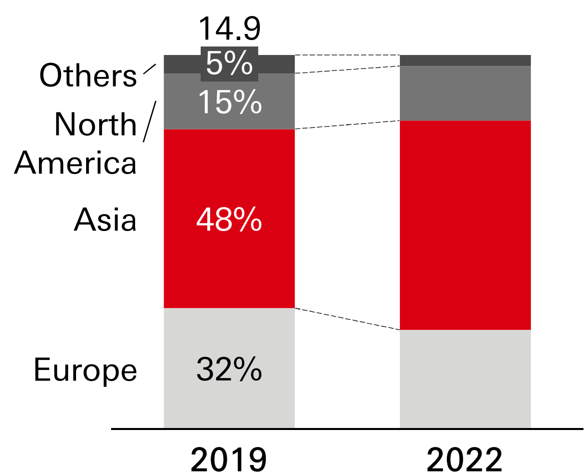
RWAs by region

$bn, %



Revenue by region

Adjusted, $bn, %



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We will continue to invest in growth opportunities, leveraging our strengths; and plan to reallocate >$100bn RWAs

Aspiration

- Leading International Bank for Transaction Banking and Financing
- International Wealth and Affluent Bank - Top 3 Asia Wealth Franchise
- Continue to invest in Asia and the Middle East
- HSBC UK (UK RFB) - Top 3 UK Financial Institution

Key enablers

- Customer centricity
- ESG, Sustainable finance
- Digital capabilities
- Collaboration and connectivity across Geographies and Business lines

There are three levers to achieve adjusted costs of ≤$31bn in 2022, representing a cost reduction programme of c.$4.5bn

Lever	Description
Portfolio decisions	Ceasing business activities
Automation & digitalisation	Investing in technology to re-engineer processes
Organisation simplification	Organising in a less matrixed and fragmented fashion

Implications

- Remove / reduce costs of exiting businesses
- Reduce processing costs and improve customer experience
- Fewer people, increased accountability and greater agility

As a result, we will create a simpler, more efficient and empowered organisation

- **Consolidate number of businesses** from 4 to 3 – GPB and RBWM to form **Wealth and Personal Banking (WPB)**
- **Implement unified** wholesale middle and back office across **CMB** and **Global Banking;** maintain separate client coverage teams to ensure focus on unique client needs
- **Reduce geographic reports** from 7 to 4 at Group Executive level[22]
- **Reorganise the Global Functions and Head office** to match the size and structure
- **Executive scorecards increasingly aligned to Group outcomes**, not just individual business units or functions

Implications

Leaner and less fragmented organisation

Clearer accountability

More customer-centric organisation

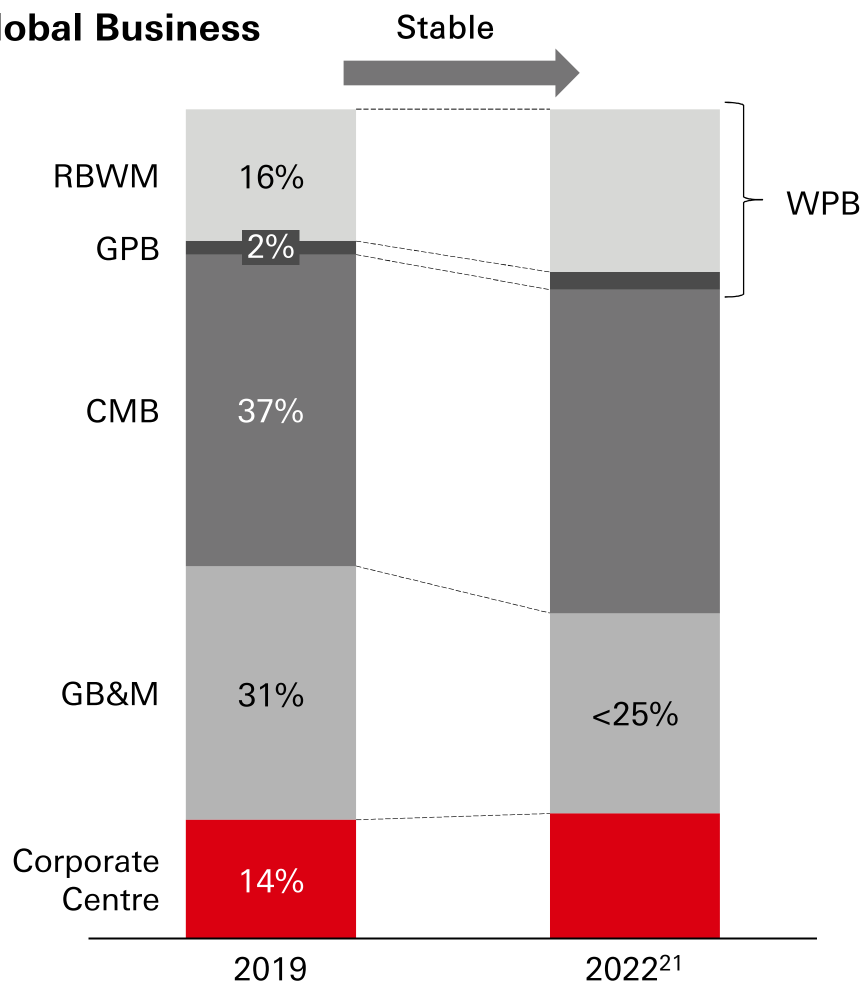
More agile decision-making

Planned shape of the Group post restructuring

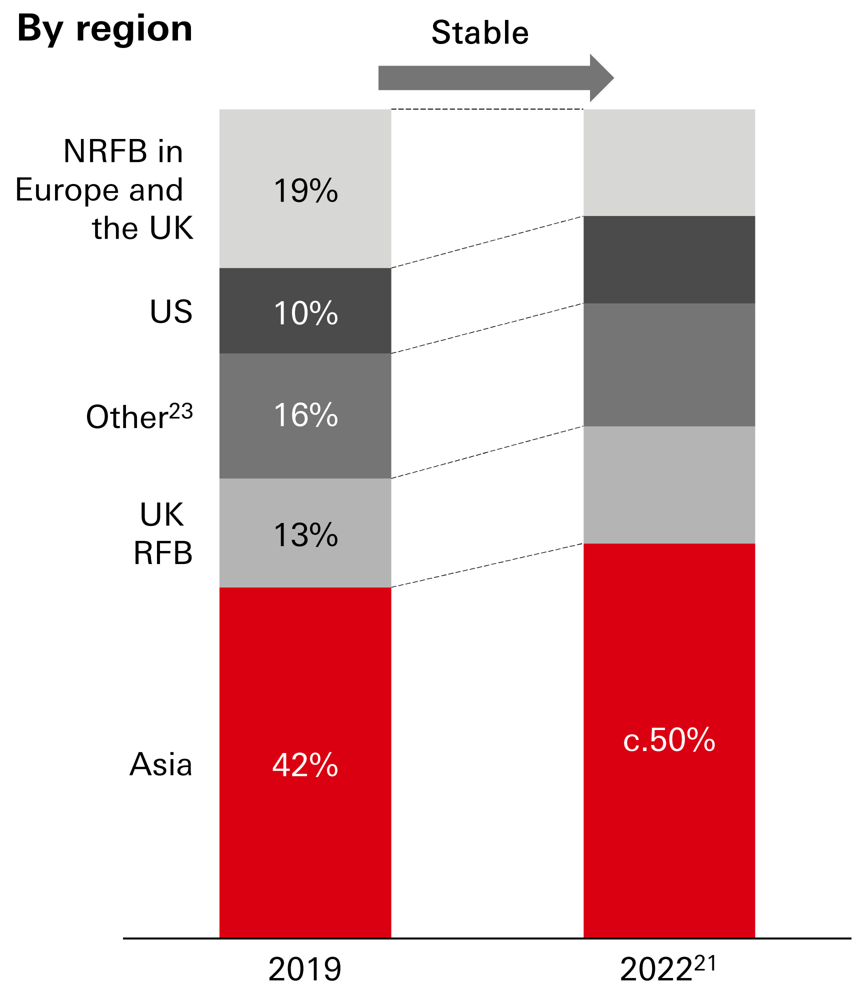
Shifts in the Group's RWA allocation

RWAs, $bn

By Global Business



By region



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To conclude, we plan to…

Restructure to address **Europe and the US**

Reposition GB&M to leverage its strengths in Transaction Banking and Asia

Reallocate freed-up capital into higher growth and higher return businesses and markets

Simplify our organisation **and reduce costs**

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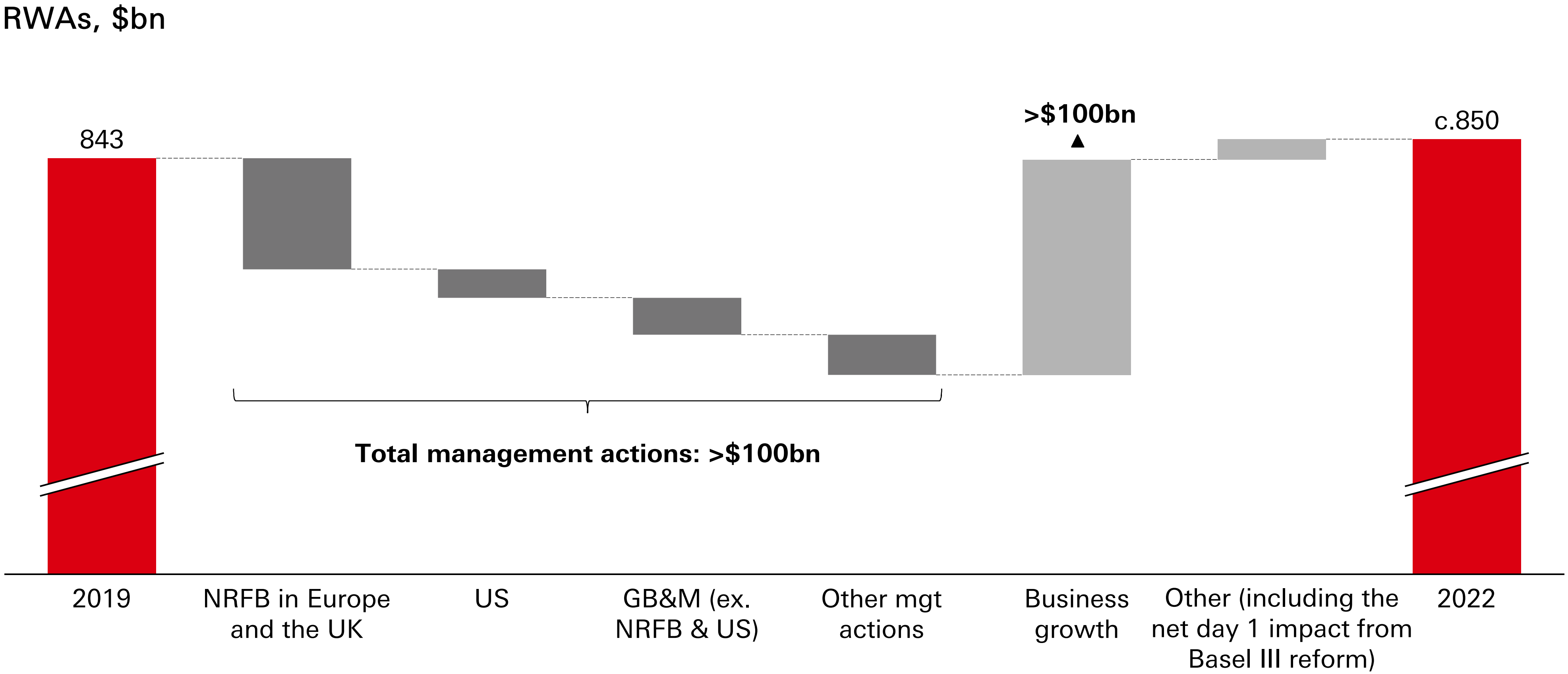
RWAs	Costs	Capital
Reduce RWAs in low return franchises (US and the NRFB in Europe and the UK, particularly GB&M) **Reinvest RWAs** in high-performing franchises	**Cut costs** and simplify the organisation **Cost programme** savings of c.$4.5bn	**Sustain the dividend** **Suspend buyback** in 2020 and 2021
Gross RWA reduction of >$100bn by end-2022	Adjusted costs of ≤$31bn in 2022	CET1 ratio >14%; manage in 14-15% range

RoTE of 10-12% in FY22

RWAs – We aim to make a gross RWA reduction of at least $100bn by 2022



- Gross RWA reductions of >$100bn planned, with c.35% completed by FY20, and c.70% completed by FY21
- RWAs saved will be redeployed to more profitable businesses, predominantly in RBWM and in Asia
- Limited Basel III reform impact expected in 2022 post mitigating actions, however output floors expected to increase RWAs towards the end of the 2022-27 transition period

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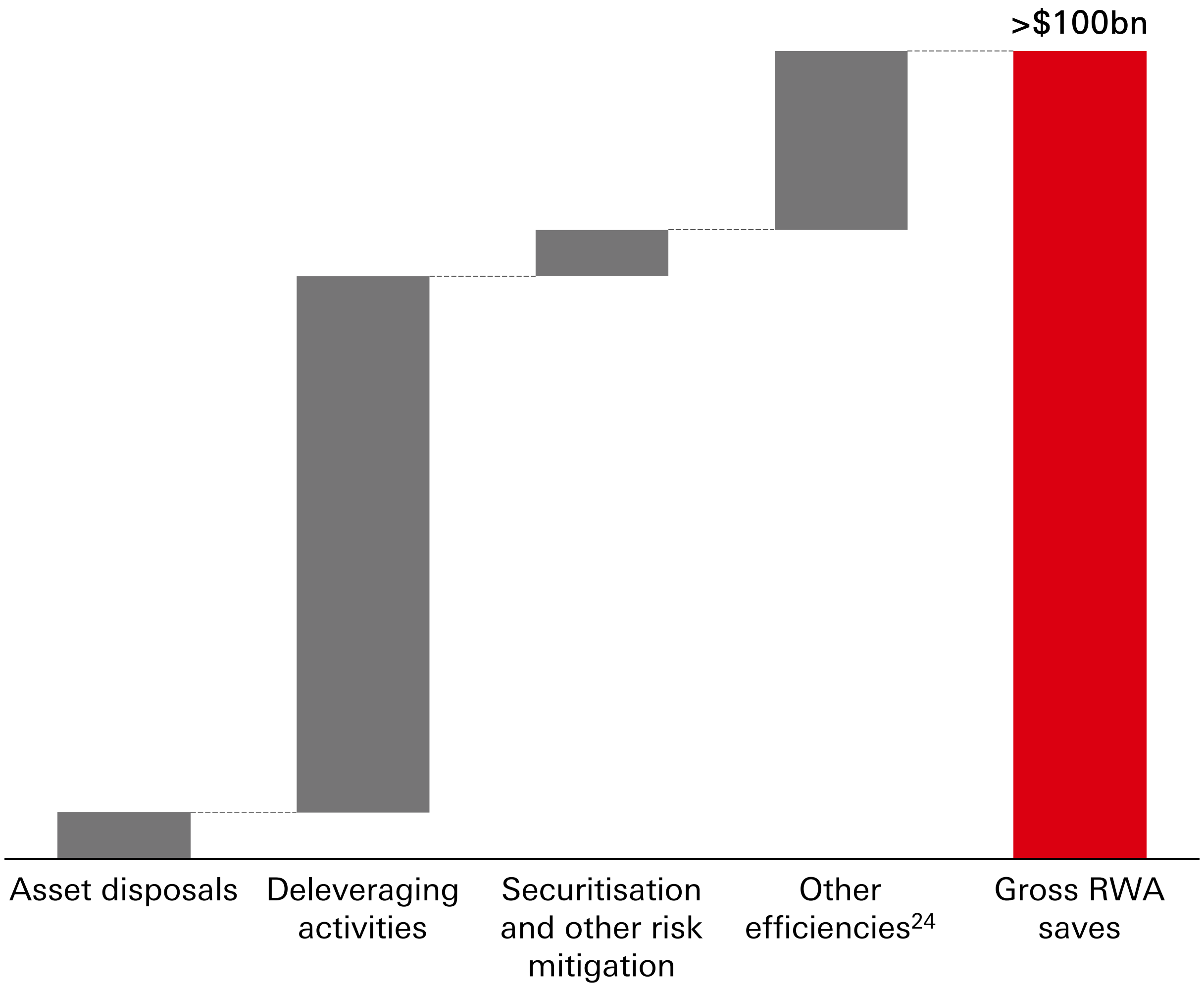
RWAs – planned gross RWA reduction

Gross RWA saves (2020-22), $bn



- Deleveraging activities across all global businesses, clients and products, primarily in Europe and the US
- Deleveraging includes some client exits for those who have purely domestic activities and/or low returns on RWAs
- GB&M RWA reduction has associated disposal losses[25] of c.$1.2bn
- GB&M net RWA reductions result in a net loss of annual revenue of c$2.5bn by end 2022, partially offset by organic growth
- Leverage exposures reduced by c.$200bn:
  - Reduction of c.$250bn on a gross basis, mainly in Global Markets in Europe and US
  - Increase of c.$50bn in Asia as we grow and invest in the business

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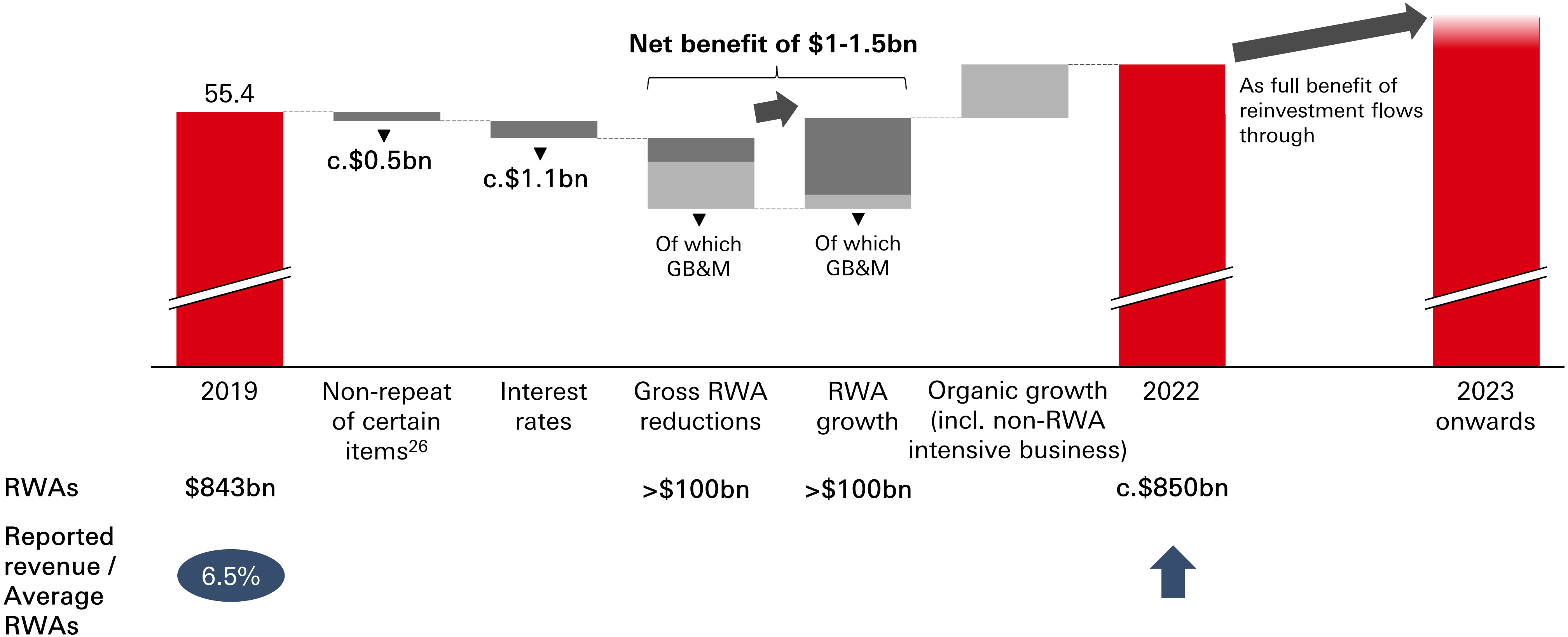
RWAs – increasing revenue on a stable RWA base

Adjusted revenue, $bn

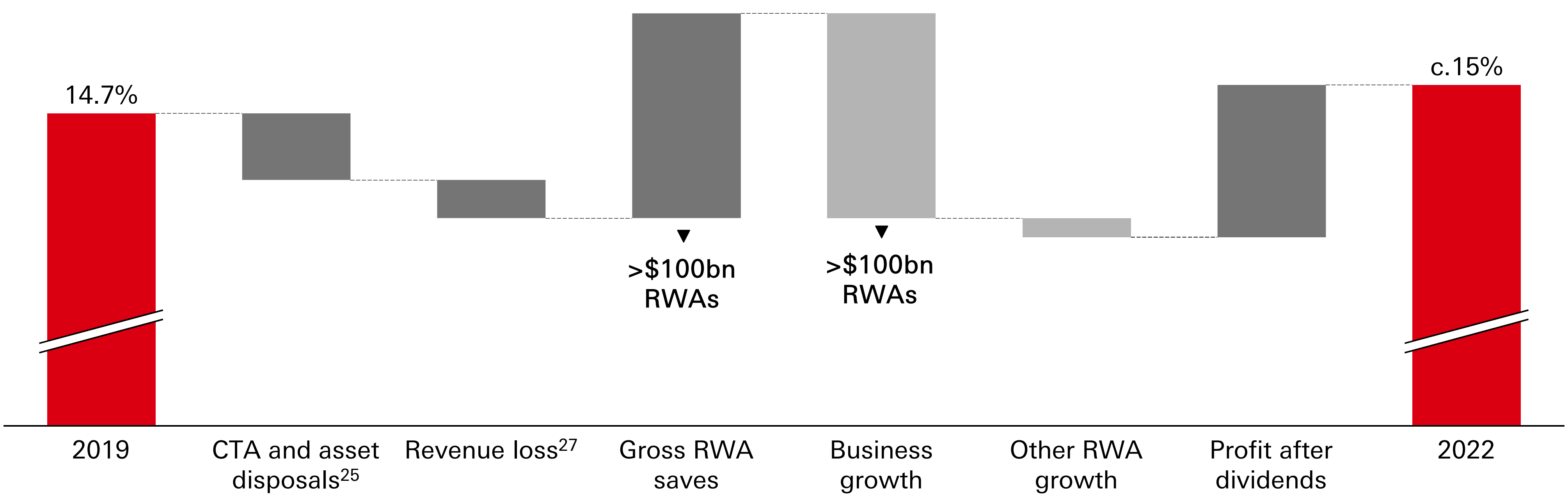


- Areas of reductions generate low revenue / RWAs, and have **very high cost efficiency ratios**
- RWAs will be deployed into higher return franchises (e.g. RBWM, Asia), which generate higher revenue / RWAs, and have **lower cost efficiency ratios**
- Revenue expected to be down modestly in 2020, impacted by lower interest rates and the non-repeat of certain items. Expect low single-digit revenue growth in 2021 and 2022
- Reduction and redeployment of RWAs, and associated revenue impacts, expected to be spread evenly across 2020 - 2022; further revenue benefits expected in 2023 and beyond

Bars in chart are illustrative and not to scale

Capital – impact of restructuring programme

Illustrative CET1 ratio evolution, %



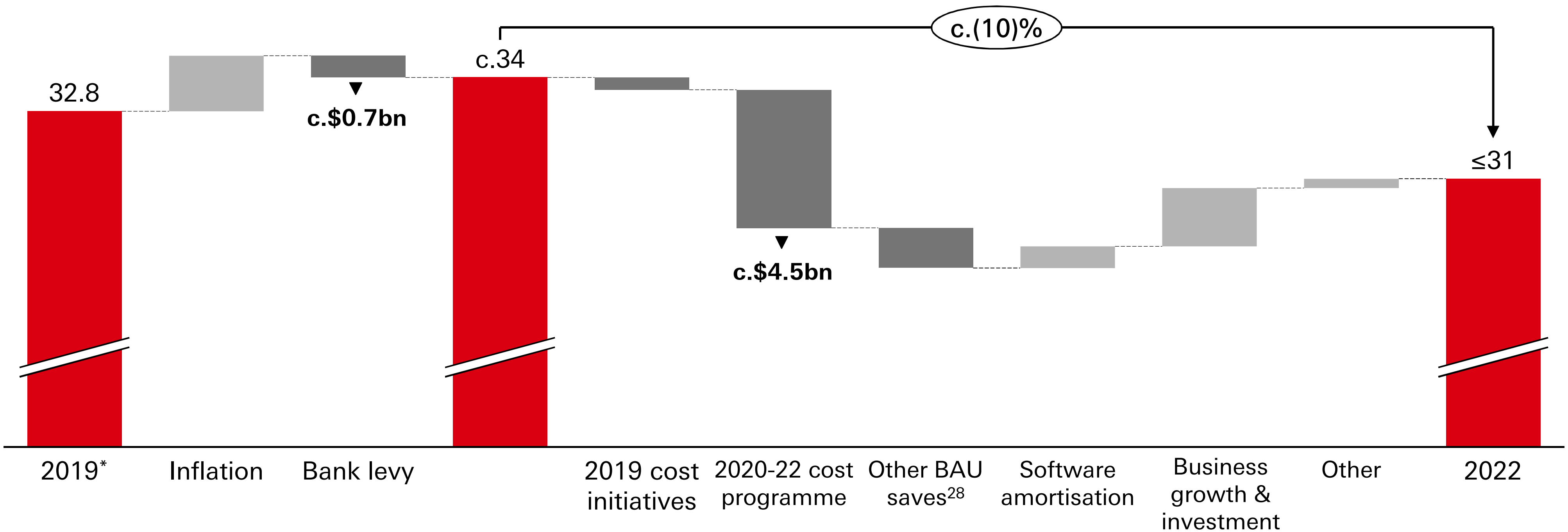
- Plan assumes share buybacks suspended in 2020-21 as we go through the period of restructuring. Plan is to recommence in 2022, and broadly neutralise the scrip in the period 2022-24
- Plan assumes substantial capital generation in 2022-24, as restructuring charges fall away and RWA redeployment is fully embedded
- Expect the CET1 ratio to be towards the top end of a 14-15% range at end-2022. CET1 target maintained at >14%

- Higher levels of CET1 capital expected during the plan, due to:
  - Basel III reform implementation and other regulatory changes (including Brexit)
  - Local RWAs higher than PRA RWAs (e.g. standardised vs. modelled approaches)
  - Higher local capital requirements in some subsidiaries
  - High level of restructuring during plan period
  - Excess capital in the US created through restructure – regulatory approval required to release

Bars in chart are illustrative and not to scale

Costs – we plan to reduce Group adjusted costs to ≤$31bn in 2022

Adjusted costs, $bn

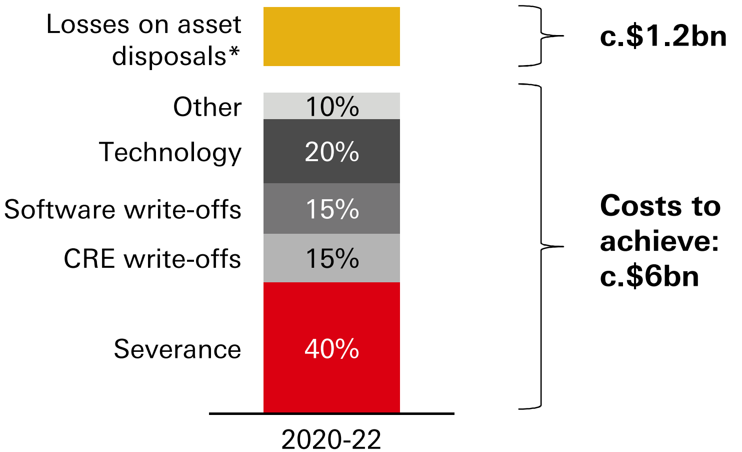


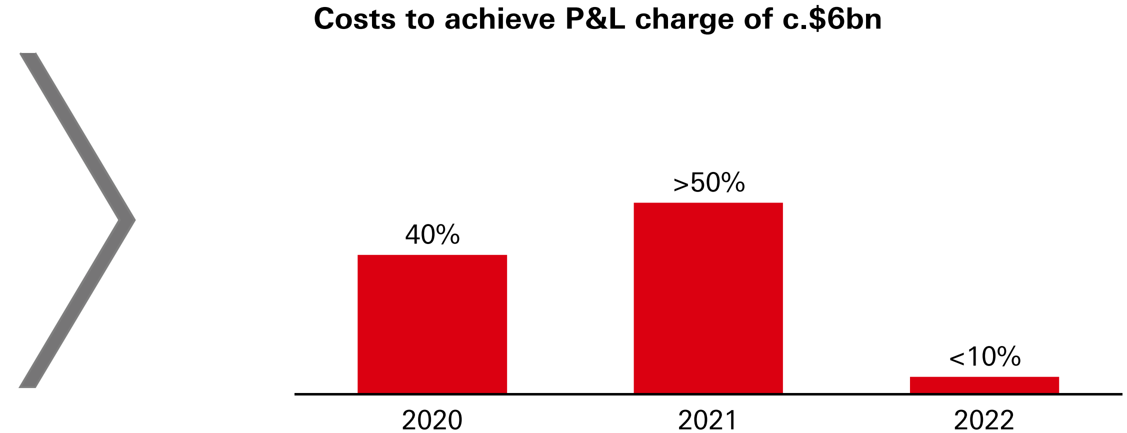
- The cost programme intends to deliver savings of c.$4.5bn between 2020-2022
- The ≤$31bn cost target will be adjusted for currency and any disposals
- From 2021 the UK bank levy will apply to the UK balance sheet only. The bank levy is forecast to reduce from $1.0bn to c.$0.3bn
- We plan to continue to increase investment spending and technology costs (FY19 investment spend of $4.5bn; technology spend of $4.7bn)
- We aim to significantly reduce the $2.5bn retained costs of HSBC Holdings plc[29] through simplification of the matrix structure, and ensuring only costs relating directly to HSBC Holdings plc and the stewardship of the Group are retained in HSBC Holdings plc

Bars in chart are illustrative and not to scale
* At 31 January the USD was weaker than it was on average during 2019. Assuming no change to FX rates that represents a c.$500m cost increase and a revenue increase of a similar amount versus FY19

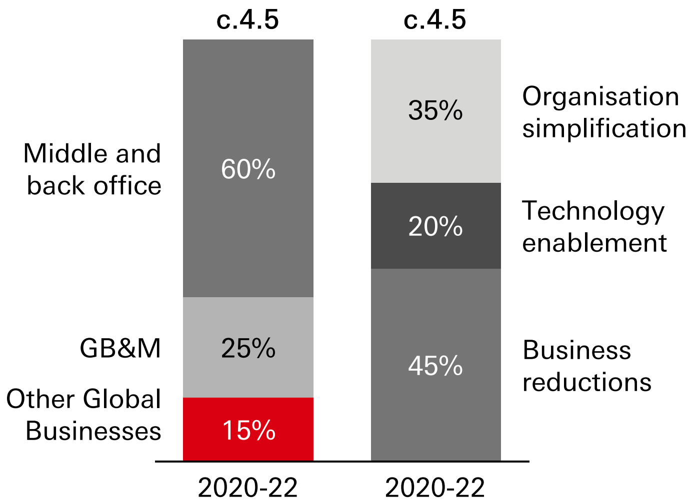
Costs – phasing and nature of restructuring charges

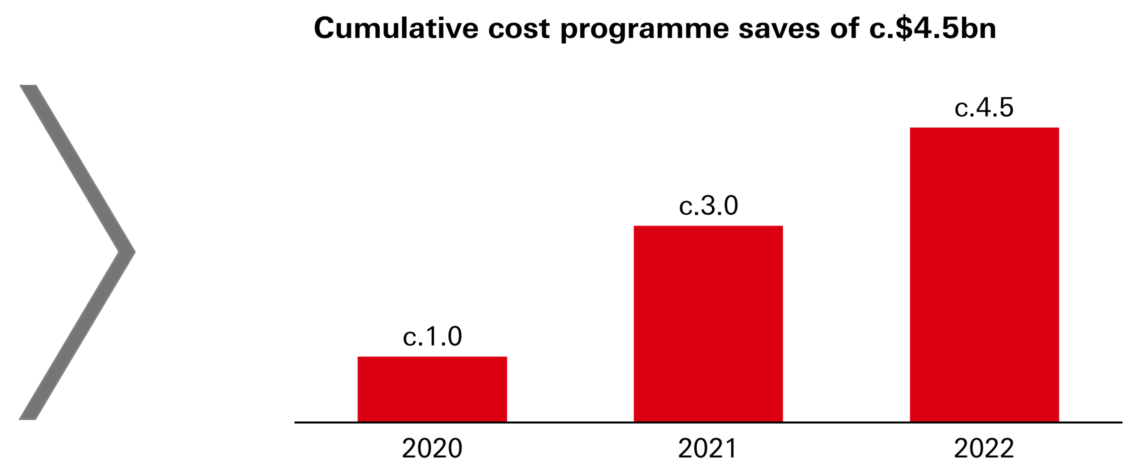
Cost of restructuring, $bn





Cost programme savings, $bn



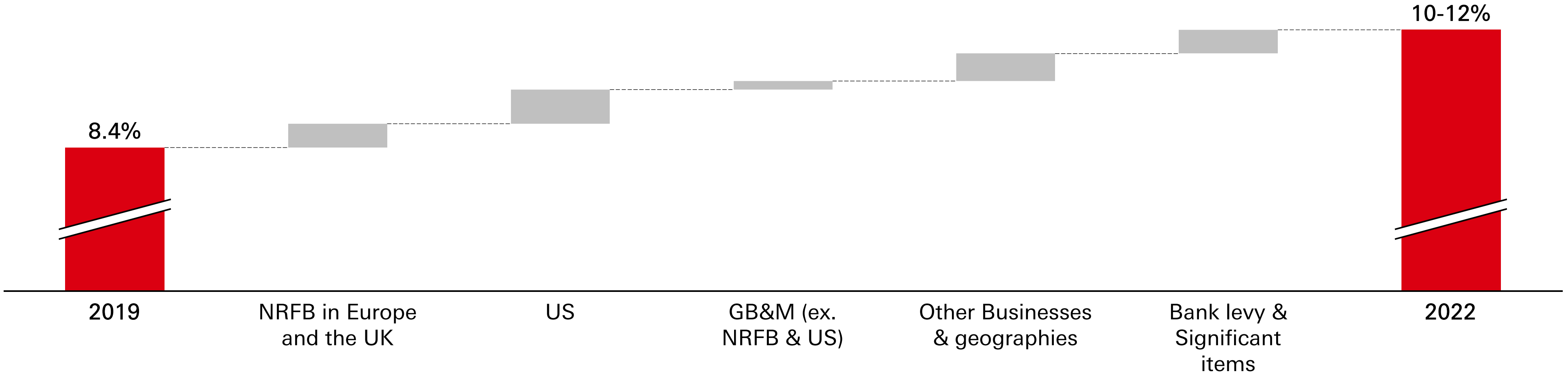


Bars in chart are illustrative and not to scale

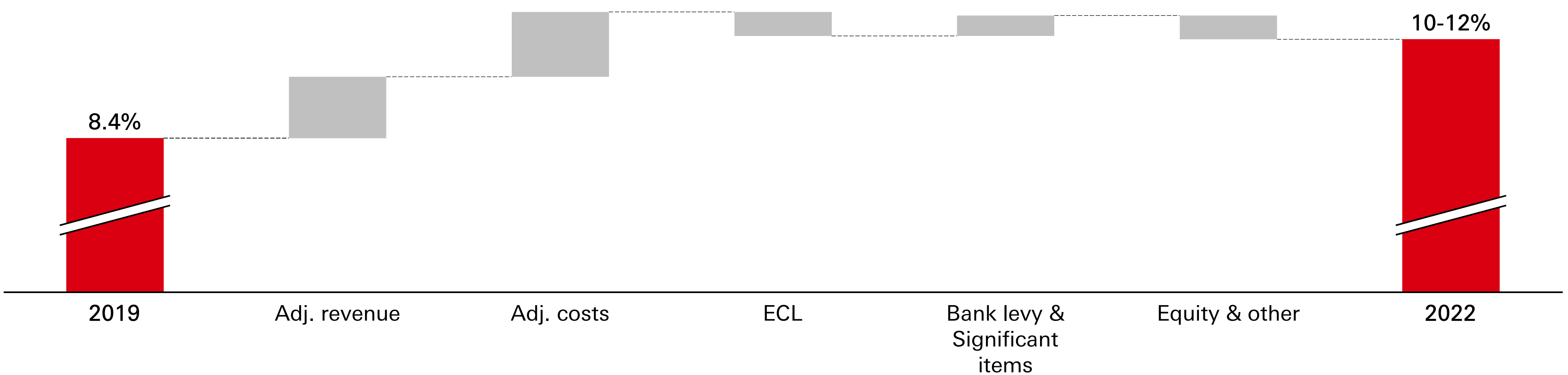
* Losses on asset disposals expected to broadly be split 40% in 2020, 40% in 2021 and 20% in 2022. Losses on asset disposals expected to be reported as a revenue significant item

Path to achieve a RoTE of 10-12% by 2022, while sustaining the dividend and maintaining a CET1 ratio >14%

RoTE walk by Global Business and geographic drivers



RoTE walk by line item



Bars in chart are illustrative and not to scale

Agenda

To conclude

1. We delivered strong revenue growth in our targeted areas with improving cost discipline in 2019

2. Our immediate aims are to increase returns, create the capacity to invest in the future, and build a platform for sustainable growth

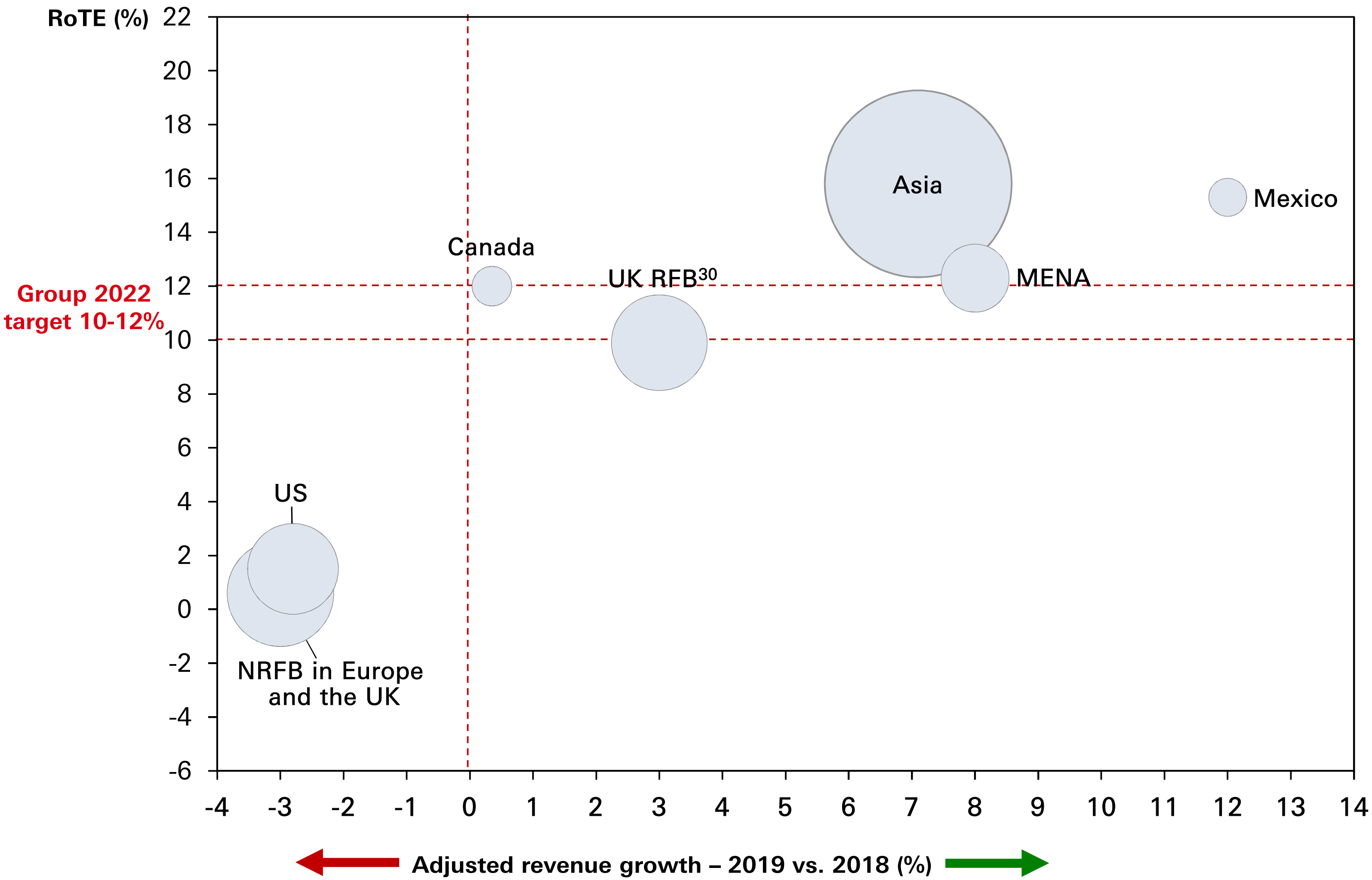
3. We will restructure in the US and Europe, reposition GB&M and plan to reallocate capital to higher growth and higher return markets. We will also simplify our organisation structure

4. To achieve a 2022 target RoTE of 10-12%, we plan to execute a gross RWA reduction and redeployment of >$100bn, and a cost reduction programme of c.$4.5bn

Appendix

Improving Group returns by addressing underperforming franchises

RoTE (excluding significant items and UK bank levy) by major legal entity[2], (2019 Tangible Equity as size)



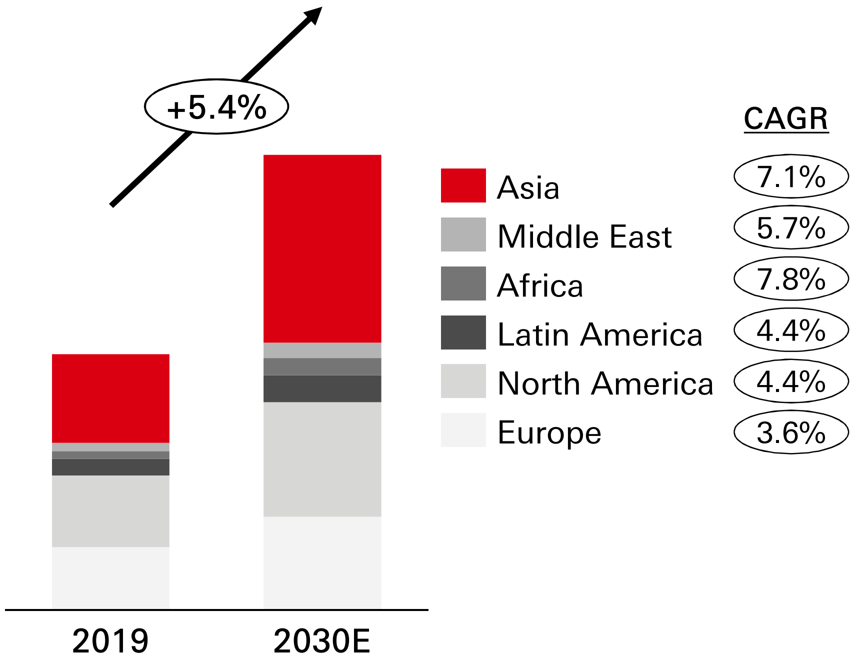
Assumptions and basis of preparation

- Assumed no changes from 2019 in IFRS accounting rules; RoTE target of 10-12% in FY22 excludes the potential impact of IFRS17
- Assumed no changes from 2019 in Common law
- Losses on asset disposals expected to be reported as a revenue significant item
- Costs to achieve expected to be reported as a cost significant item
- Bank levy forecast based upon levy rates effective 31 December 2019. From 2021, the Bank Levy will be chargeable only on the UK balance sheet equity and liabilities of banks and building societies. The bank levy is forecast to reduce from $1.0bn to c.$0.3bn
- Planned cost reductions in the Non Ring-fenced Bank in Europe and the UK, and the US are on a nominal basis
- There is no assumed impairment of the Group's investment in Bank of Communications Co., Limited
- Group effective reported tax rate of 24% is assumed in 2020. Assumed Group adjusted effective tax rate of 19-20% in 2020-2022. Note the tax rates are highly sensitive to the overall profitability of the UK group entities
- Assumed that where targeted reduction on RWAs require regulatory approvals (e.g. model changes), these will be received
- Absolute targets presented in this document will be restated for prevailing foreign exchange rates in subsequent updates to the market
- Plan assumes a steady recovery in Hong Kong from 2H20
- Plan does not include the potential impact of the recent coronavirus outbreak, which is causing economic disruption in Hong Kong and mainland China and may impact performance in 2020
- Basel III Reform assumed implementation date is on 1 January 2022, including the capital requirements of the new FRTB, CVA and Operational Risk rules. Other regulatory changes assumes UK and EU maintain broad equivalence

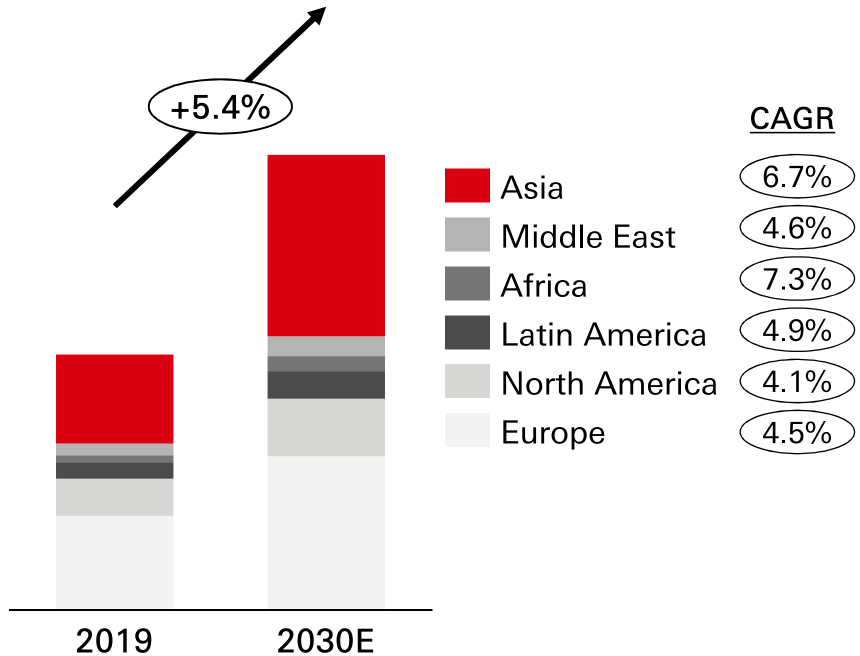
Macro[31]	2019e	2020e	2021e	2022e
World GDP growth	2.59%	2.68%	2.77%	2.84%
US Fed. funds rate (year-end)	1.50%-1.75%	1.25%-1.50%	1.25%-1.50%	1.25%-1.50%
Bank of England base rate (year-end)	0.75%	0.50%	0.50%	0.50%
1 month HIBOR (year-end)	1.55%	1.30%	1.25%	1.28%

The macro-economic and geopolitical remains uncertain, but we still see significant opportunities for growth

World Nominal GDP Growth, 2019-2030[32]



World Trade Growth, 2019-2030[32]

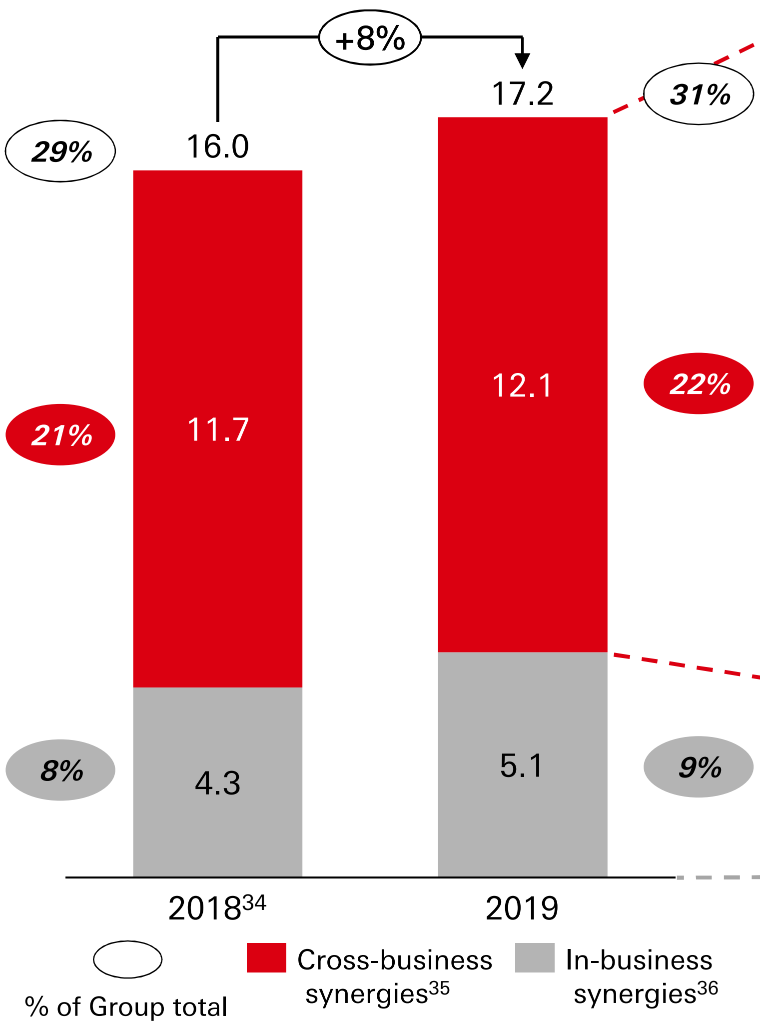


- **Asia's contribution** to incremental GDP growth from 2019 to 2030 is 50%
- Within Asia, **China** is expected to grow at 8% annually (5.2% on real basis)

- **60%** of Asia's trade flow is currently **intra-regional**[33]
- Asia continues to be among the fastest growing for trade

Collaboration: Drive more growth through cross-selling across businesses

Total revenue synergies, $bn



Revenue synergies by global business

			FY19 revenue
1	RBWM clients	**GB&M products** for retail and business banking solutions **Payroll products** to CMB and GB clients	$1.7bn
2	GPB clients	**Referrals** from other global businesses **Global Markets** products to private clients **Insurance and Asset Management** products from RBWM	$0.7bn
3	CMB clients	**GLCM** from GB&M **Global Markets and Global Banking** from GB&M **Investment and Insurance** from RBWM	$8.7bn
4	GB&M clients	**GTRF solutions** from CMB **Asset Management** products from RBWM	$1.1bn
5	In-business synergies	**Securities Services / custody** **Asset Management** (manufacturing) **Life insurance** (manufacturing)	$5.1bn
		Total revenue synergies	**$17.2bn**

Simplifying the wholesale businesses (GB&M and CMB) to deliver greater revenue synergies and cost efficiencies

Overview of our wholesale banking business today

- Two **separate wholesale banking businesses** – GB&M and CMB – each delivering c.$15bn of revenue per annum
- Both units owns their **own product and operations** capabilities
- We successfully **cross-sell from one business to the other** through collaboration – for example, selling DCM products to CMB customers

Ambition: one wholesale support model

- **Create central product teams** mandated to serve both businesses and owned by both businesses
- **Merge operational support infrastructure** serving Global Banking and CMB to deliver operating synergies
- Keep **separate frontline teams** serving CMB clients and GB clients to maintain focus on growth and customer needs
- End result to have focused relationship management teams capable of drawing on common product and operations support

We have four main levers to simplify our RBWM and GPB business to capture value

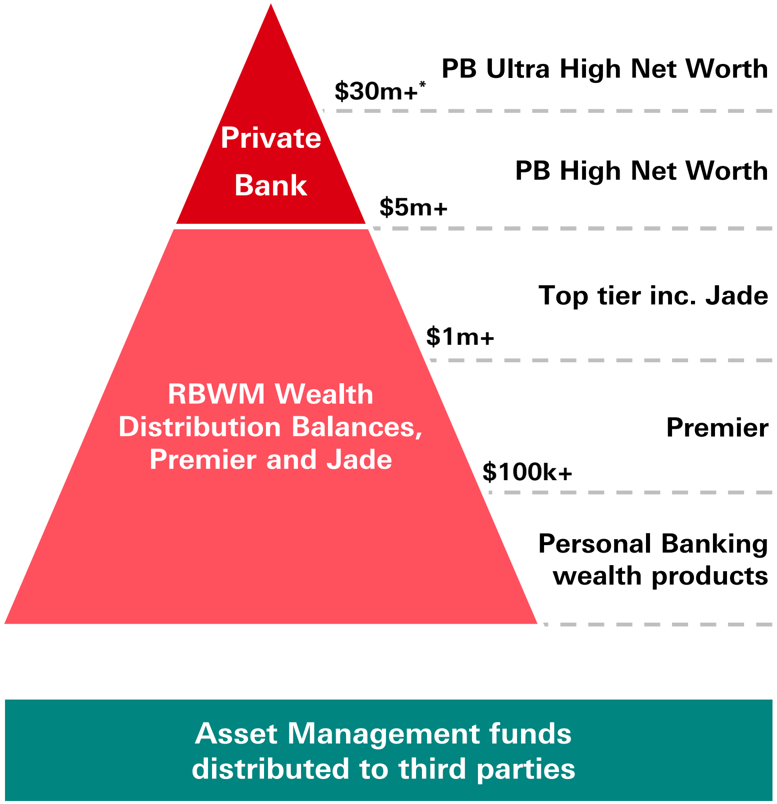
- Consolidate RBWM and GPB into one new global business called **Wealth and Personal Banking (WPB)** under a single accountable executive to serve all 39m clients along the pyramid

- Private Banking relationship teams will remain as a **distinct unit within WPB** to account for the **sophisticated needs** of client segments

- **Lower cost-to-serve** expected over time due to integration capabilities, platforms and resources for all client segments
- **Improved digital and transactional banking experience** for Private Banking clients
- **Greater access to Wealth Management capabilities** for Retail Banking customers

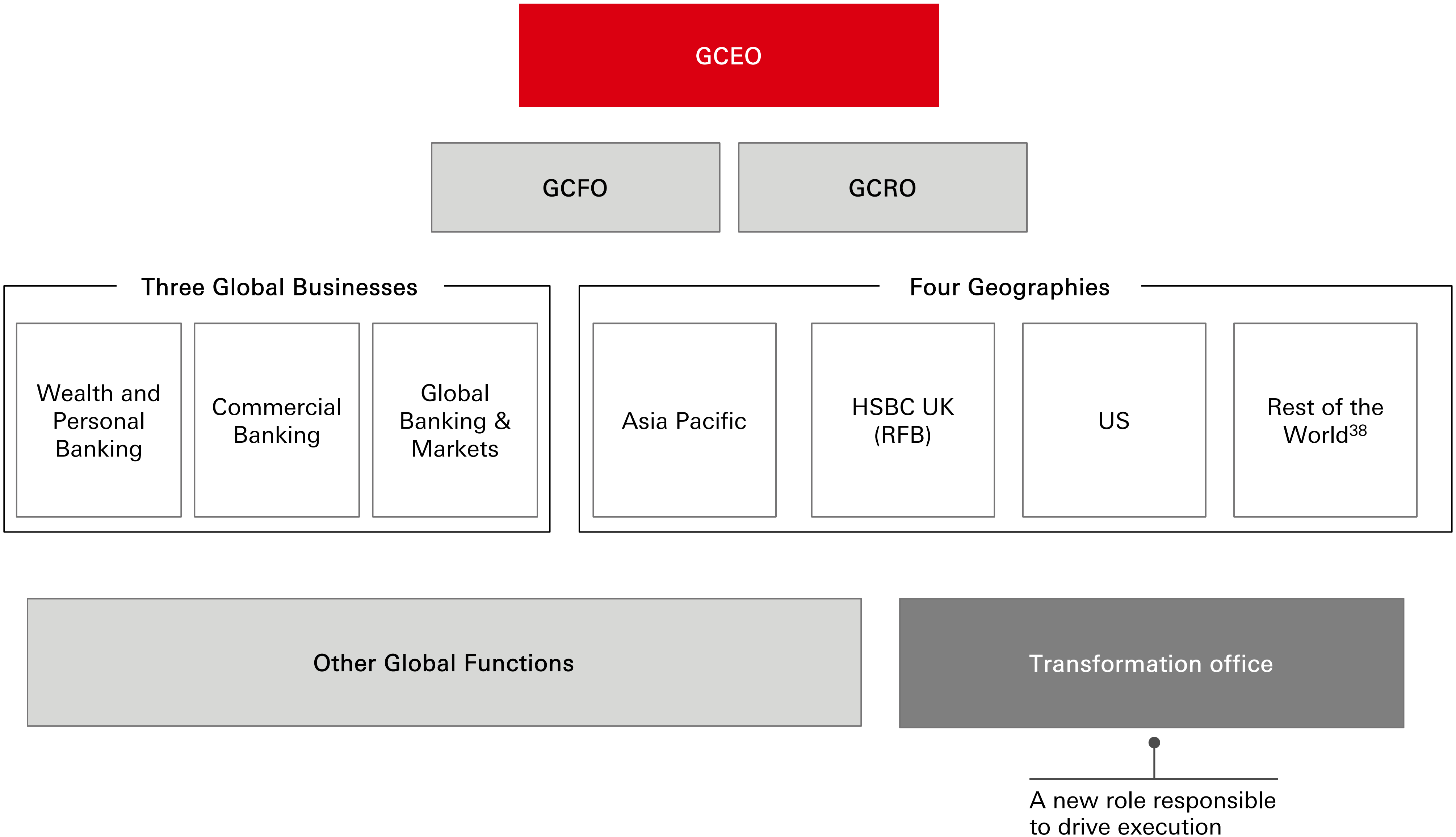
- **Cross-selling opportunities** by combining the wealth product teams to better serve the needs of our clients across the full spectrum of our WPB client pyramid

Strong Wealth business with $1.4tn of balances[37] and is one of the world's largest investment management and wealth businesses



[*] Indicates investable assets required to meet eligibility criteria for each tier

Simplifying the organisation and setting up capacity to execute the plan



Key financial metrics

Key financial metrics	FY19	FY18	Δ FY18
Return on average tangible equity[14]	8.4%	8.6%	(0.2)ppt
Return on average ordinary shareholders' equity	3.6%	7.7%	(4.1)ppt
Jaws (adjusted)[39]	3.1%	(1.2)%	4.3ppt
Dividends per ordinary share in respect of the period	$0.51	$0.51	-
Earnings per share[40]	$0.30	$0.63	$(0.33)
Common equity tier 1 ratio[41]	14.7%	14.0%	0.7ppt
Leverage ratio[42]	5.3%	5.5%	(0.2)ppt
Advances to deposits ratio	72.0%	72.0%	-
Net asset value per ordinary share (NAV)	$8.00	$8.13	$(0.13)
Tangible net asset value per ordinary share (TNAV)	$7.13	$7.01	$0.12

Reported results, $m

	4Q19	Δ 4Q18	Δ %	FY19	Δ FY18	Δ %
Revenue	13,371	676	5%	56,098	2,318	4%
ECL	(733)	120	14%	(2,756)	(989)	(56)%
Costs	(17,053)	(7,909)	(86)%	(42,349)	(7,690)	(22)%
Associates	518	(40)	(7)%	2,354	(182)	(7)%
PBT	**(3,897)**	**(7,153)**	**(>100)%**	**13,347**	**(6,543)**	**(33)%**
PAOS*	(5,509)	(7,046)	(>100)%	5,969	(6,639)	(53)%

** Profit attributable to ordinary shareholders of the parent company*

Adjusted results, $m

	4Q19	Δ 4Q18	Δ %	FY19	Δ FY18	Δ %
Revenue	13,647	1,183	9%	55,409	3,078	6%
ECL	(733)	110	13%	(2,756)	(1,067)	(63)%
Costs	(9,084)	(279)	(3)%	(32,795)	(889)	(3)%
Associates	518	(33)	(6)%	2,354	(92)	(4)%
PBT	**4,348**	**981**	**29%**	**22,212**	**1,030**	**5%**

Significant items

$m	4Q19	3Q19	4Q18	FY19	FY18
Reported PBT	**(3,897)**	4,837	3,256	**13,347**	19,890
Revenue					
Currency translation	**-**	110	(102)	**-**	(1,617)
Customer redress programmes	**45**	118	(7)	**163**	(53)
Disposals, acquisitions and investment in new businesses	**55**	4	(29)	**(768)**	113
Fair value movements on financial instruments	**176**	(210)	(95)	**(84)**	100
Currency translation on significant items	**-**	4	2	**-**	8
	276	26	(231)	**(689)**	(1,449)
ECL					
Currency translation	**-**	5	10	**-**	78
Operating expenses					
Currency translation	**-**	(99)	79	**-**	1,109
Cost of structural reform	**32**	35	61	**158**	361
Customer redress programmes	**183**	488	(16)	**1,281**	146
Goodwill impairment	**7,349**	-	-	**7,349**	-
Disposals, acquisitions and investment in new businesses	**-**	-	(2)	**-**	52
Restructuring and other related costs	**400**	140	15	**827**	66
Settlements and provisions in connection with legal and regulatory matters	**5**	(64)	(24)	**(61)**	816
Past service costs of guaranteed minimum pension benefits equalisation	**-**	-	228	**-**	228
Currency translation on significant items	**-**	23	(2)	**-**	(25)
	7,969	523	339	**9,554**	2,753
Share of profit in associates and joint ventures					
Currency translation	**-**	(2)	(7)	**-**	(90)
Total currency translation and significant items	**8,245**	552	111	**8,865**	1,292
Adjusted PBT	**4,348**	5,389	3,367	**22,212**	21,182

- Goodwill impairment of $7.3bn, of which $4.0bn related to global GB&M, in CMB $2.5bn related to Europe, $0.3bn to Latin America and $0.1bn to MENA, and in GPB $0.4bn related to NAM
- Customer redress programmes include PPI provisions of $1.2bn in FY19. 4Q19 PPI provisions totalled $179m
- FY19 restructuring and other related costs of $827m includes $753m of severance costs (4Q19: $348m) arising from cost efficiency measures

Certain revenue items and Argentina hyperinflation

Certain items included in adjusted revenue highlighted in management commentary[43], $m	4Q19	3Q19	2Q19	1Q19	4Q18	FY19	FY18
Insurance manufacturing market impacts in RBWM	201	(210)	(33)	182	(185)	129	(325)
Credit and funding valuation adjustments in GB&M	191	(166)	(34)	47	(177)	44	(181)
Legacy Credit in Corporate Centre	13	(41)	(13)	(71)	(12)	(111)	(91)
Valuation differences on long-term debt and associated swaps in Corporate Centre	(73)	76	93	50	67	147	(313)
Argentina hyperinflation[44]	30	(132)	15	(56)	73	(143)	(231)
RBWM disposal gains in Latin America	-	-	-	133	-	133	-
CMB disposal gains in Latin America	-	-	-	24	-	24	-
GB&M provision release in Equities	-	-	-	106	-	106	-
Total	**362**	**(473)**	**28**	**415**	**(234)**	**329**	**(1,141)**

Argentina hyperinflation[44] impact included in adjusted results (Latin America Corporate Centre), $m	4Q19	3Q19	2Q19	1Q19	4Q18	FY19	FY18
Net interest income	33	(61)	24	(8)	55	(12)	(54)
Other income	(3)	(71)	(9)	(48)	18	(133)	(177)
Total revenue	**30**	**(132)**	**15**	**(56)**	**73**	**(143)**	**(231)**
ECL	(10)	12	(3)	1	(12)	(0)	8
Costs	(26)	53	(24)	5	(76)	8	63
PBT	**(6)**	**(67)**	**(12)**	**(50)**	**(15)**	**(135)**	**(160)**

Sustainable Finance & ESG Highlights

		Target	2019 Progress
Environment			
	Sustainable finance and investment	**Provide & facilitate $100bn** by the end of 2025[45]	**$52.4bn** cumulative progress since 2017
	Reduce operational CO_2 emissions	**2.0 tonnes** used per full time equivalent by the end of 2020	**2.26 tonnes** per full time equivalent[46] (on track)
	Climate-related disclosures	Continued implementation of the Financial Stability Board Task Force on Climate related Disclosures (TCFD)	We published our 3rd TCFD, which can be found on pages 24 and 25 in the HSBC Holdings plc Annual Report and Accounts 2019
Social			
	Customer satisfaction	**Customer satisfaction improvements in 8 major markets**[47]	**6 RBWM markets and 4 CMB markets** sustained top three rank and/or improvement in customer satisfaction[47]
	Employee advocacy	**69%** of employees recommending HSBC as a great place to work by the end of 2019[48]	**66% employees** would recommend HSBC as a great place to work[48] (2018: 66%)
	Employee gender diversity	**30% women in senior leadership roles** by the end of 2030[49]	**29.4% women** in senior leadership roles[49]
Governance			
	Achieve sustained delivery of global conduct outcomes and effective financial crime risk management	**98%** of staff to complete annual conduct training	**98.2%** of staff have completed conduct training in 2019

Highlights	
2019 Awards	
Euromoney Awards for Excellence	◆ **World's Best Bank for Sustainable Finance** ◆ Asia's Best Bank for Sustainable Finance ◆ The Middle East's Best Bank for Sustainable Finance
Extel Survey	◆ No. 1 in a range of categories including ESG, Socially Responsible Investment & Sustainability
Environmental Finance Awards	◆ Lead manager of the year, Green Bonds: Local authority/municipality ◆ Lead manager of the year, Social Bonds: Corporate ◆ Lead manager of the year, Sustainability Bonds: Corporate
Communicate Magazine Awards	◆ Best CSR or ESG Report: Gold awards
Achievements	
Carbon Disclosure Project	◆ **Leadership score of A-** (higher than the financial services sector average of C)
World Resources Institute	◆ **9 out of 10 (high green).** Referenced in FRC guidance on good examples of climate reporting
Dealogic league table	◆ 2nd in green, social & sustainability bond 2019 league table. On an excluding self-mandated* basis **HSBC ranked 1st**[50]
HSBC's ESG rating from Sustainalytics	◆ Medium ESG risk rating. Outperformed compared to a basket of peers
Achieve 100% of our electricity from renewable sources by 2030	◆ **29.4% Signed renewable electricity** from power purchase agreements as at Dec 2019 (2018: 24%, 2017: 27%)
Sustainability modules through HSBC University	◆ **>5,300 modules completed** in 2019 (>7,500 since program was launched in 2018)

Glossary

AIEA	Average interest earning assets
AUM	Assets under management
BAU	Business as usual
Bps	Basis points. One basis point is equal to one-hundredth of a percentage point
BSM	Balance Sheet Management
CET1	Common Equity Tier 1
Corporate Centre	In December 2016, certain functions were combined to create a Corporate Centre. These include Balance Sheet Management, legacy businesses and interests in associates and joint ventures. The Corporate Centre also includes the results of our financing operations, central support costs with associated recoveries and the UK bank levy
CMB	Commercial Banking, a global business
CRD IV	Capital Requirements Directive IV
CRR	Customer risk rating
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.
ESG	Environmental, social and governance
FICC	Fixed Income, Currencies and Commodities
GB&M	Global Banking and Markets, a global business
GLCM	Global Liquidity and Cash Management
GPB	Global Private Banking, a global business
GTRF	Global Trade and Receivables Finance
IAS	International Accounting Standards
IBOR	Interbank Offered Rate
IFRS	International Financial Reporting Standard
Jaws	The difference between the rate of growth of revenue and the rate of growth of costs. Positive jaws is where the revenue growth rate exceeds the cost growth rate. Calculated on an adjusted basis

Legacy credit	A portfolio of assets including securities investment conduits, asset-backed securities, trading portfolios, credit correlation portfolios and derivative transactions entered into directly with monoline insurers
LTV	Loan to value
MENA	Middle East and North Africa
NAV	Net Asset Value
NBFI	Non-Bank Financial Institutions
NCI	Non-controlling interests
NII	Net interest income
NIM	Net interest margin
NRFB	Non ring-fenced bank in Europe and the UK
PAOS	Profit attributable to ordinary shareholders
PBT	Profit before tax
POCI	Purchased or originated credit-impaired
Ppt	Percentage points
PRD	Pearl River Delta
PVIF	Present value of in-force insurance contracts
RBWM	Retail Banking and Wealth Management, a global business
HBUK (RFB)	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
TNAV	Tangible net asset value
XVAs	Credit and Funding Valuation Adjustments

Footnotes

1. The goodwill impairment of $7.3bn arose from an update to long-term growth assumptions reflecting the more challenging revenue outlook impacting a number of our businesses, and specifically to GB&M arising from the reshaping of the business
2. RoTE excludes significant items and the UK bank levy. RBWM RoTE includes an adverse impact reflecting lower discount rates on Insurance liabilities, but excludes a broadly offsetting favourable movement in PVIF. Asia = The Hongkong and Shanghai Banking Corporation limited; MENA = HSBC Bank Middle East; Canada = HSBC Canada; Mexico = HSBC Mexico; Non ring-fenced bank (NRFB) in Europe and the UK = HSBC Bank plc; US = HSBC North America Holdings Inc.; UK Ring-fenced bank (RFB) = HSBC UK Bank plc (excludes conduct charges relating to the mis-selling of payment protection insurance of $1.2bn)
3. GTRF, GLCM, FX and HSS revenue across all business lines globally
4. As at FY18, HSBC estimates from HSBC Global Research report 'EU Investment Banks: Weighed down by macro factors', 14 August 2019 and internal data
5. Mortgage market share as at 31 December 2019, mortgage market sourced from Bank of England (BoE)
6. Including Hang Seng
7. HSBC Global Research report on Greater China Economics 'The hit to GDP from the coronavirus', published 12 February 2020
8. As at January 2020. FY19 customer numbers of 1.9m as per HSBC Holdings plc Annual Report and Accounts 2019
9. In value terms during 3Q19
10. Credit cards market share: HKMA data as at 30 September 2019 (including Hang Seng); Mutual funds market share: Hong Kong Investment Funds Association (HKIFA) as at 30 September 2019 (including Hang Seng); Loans market share: total loans for use in Hong Kong as of 30 November 2019 (including Hang Seng)
11. Under local rules
12. Due to customer redress programmes, HBUK 4Q19 NIM has been adversely impacted by 5bps (3Q19 NIM impacted by 19bps), FY19 NIM of 2.05% has been adversely impacted by 6bps
13. Total includes POCI balances and related allowances
14. Due to falling interest rates in the year to date, the regulator-prescribed 'Valuation Interest Rate' parameters used to discount the insurance liabilities in Hong Kong and Singapore were reduced. This led to an increase in the liabilities under insurance contracts of $1.2bn, and a corresponding increase in the Present Value of In-Force business ('PVIF') of $1.1bn. Because the increase in PVIF is excluded from both the numerator and denominator of the Group's RoTE calculation, the reduction in the discount rates lowered FY19 RoTE by 0.6ppts
15. The Banker Transaction Banking Awards, 2019
16. Euromoney Awards for Excellence, 2019
17. Total loans for use in HK market share of 27.9% as of November 2019 (including Hang Seng)
18. WealthBriefingAsia Awards, 2019
19. FinanceAsia Country Awards for Achievement, 2009-2019
20. With client coverage and decision-making in Paris for EU 27 clients
21. 2022 RWAs are pre-Basel III reform
22. Seven geographic reports include Asia, UK, Canada, US, LATAM, Europe and MENA; four geographic reports include Asia, UK, US and Rest of the World
23. Including MENA, LATAM and Canada
24. Includes model updates, data improvements
25. Losses on asset disposals will negatively impact reported revenue
26. Positive revenue items: insurance manufacturing market impacts, credit and funding valuation adjustments, valuation differences on long term debt and associated swaps, disposal gains and a provision release in Equities
27. Revenue loss related to Gross RWA saves
28. Includes saves to partly offset inflation. These are the BAU saves built into to business and functions plans to offset inflation, such as: vacancy and attrition management, supply chain and location optimisation, management of third party spend
29. FY19 data. Defined as HSBC Holdings plc costs, excluding recharges (which net off against 'Other income' in HSBC Holdings plc's company income statement) and the UK bank levy
30. UK RFB negatively impacted by a pension surplus. In the event that the current IAS 19 Pension fund surplus was zero, additional CET1 capital would be required to be held and Adjusted RoTE would be 11.3%
31. World GDP source: HSBC internal 3Q19 Forward Economic Guidance; US Fed. Funds rate, Bank of England base and 1 month HIBOR source: HSBC internal guidance, Bloomberg market consensus
32. Global Insights Jan20; World trade based on imports plus exports; North America includes US and Canada.
33. International Merchandise Trade data from UNCTAD

Footnotes

34. Prior period revenue synergies presented on constant currency basis where available and the rest are on reported basis.
35. Cross-business synergies are presented as gross revenue and do not reflect any revenue sharing arrangement between Global Businesses
36. In-business synergies include separately managed operations that are reported within a global business line
37. Wealth balances includes RBWM Premier and Jade deposits (inc. HASE Prestige), RBWM Wealth distribution and Insurance balances, GPB client assets and Asset Management assets distributed through third parties and managed for institutional clients. Figure excludes Personal Banking customer deposits but includes wealth assets distributed to personal banking clients
38. Rest of the World includes: Europe (ex-HBUK); the Middle East, North Africa and Turkey; Latin America; and Canada
39. FY18 Jaws (adjusted) is as reported at FY18
40. 20,158 million weighted average basic ordinary shares outstanding during the period
41. Unless otherwise stated, risk-weighted assets and capital amounts at 31 December 2019 are calculated in accordance with the Capital Requirements Regulation and Directive, as implemented ('CRR II'), and specifically using its transitional arrangements for capital instruments and for IFRS 9 Financial instruments
42. Leverage ratio at 31 December 2019 is calculated using the CRR II end-point basis for additional tier 1 capital
43. Where a quarterly trend is presented on the Income Statement, all comparatives are re-translated at average 4Q19 exchange rates
44. From 1st July 2018, Argentina was deemed a hyperinflationary economy for accounting purposes
45. The sustainable finance commitment and progress figure includes green, social and sustainability activities. For a full break down see pages 20 and 21 of the Annual Report and Accounts 2019
46. 2018 CO_2 emissions per FTE: 2.39 tonnes. See reporting guidelines on hsbc.com for further details on carbon emissions reporting. As we define new baseline for the next phase of our operational sustainability strategy, an updated reporting methodology for air travel – including cabin seating class – will be incorporated as our new baseline
47. Our customer satisfaction performance is based on improving from our 2017 baseline. Our scale markets are Hong Kong, the UK, Mexico, the Pearl River Delta, Singapore, Malaysia, the UAE and Saudi Arabia
48. Our target was to improve employee advocacy by three points each year through to 2020. Our employee advocacy score in 2018 was 66%. Performance is based on our employee Snapshot results.
49. Senior leadership is classified as 0 to 3 in our global career band structure
50. Self mandated bonds are bonds issued by the financial institution who recorded the bond in their own results.

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.

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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", "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. Certain of the assumptions and judgements upon which forward-looking statements regarding strategic priorities and targets are based are discussed under "Targeted Outcomes: Basis of Preparation", available separately from this Presentation at www.hsbc.com. 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 or regulatory changes). 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 2018 filed with the Securities and Exchange Commission (the "SEC") on Form 20-F on 20 February 2019 (the "2018 Form 20-F") and in our Interim Report for the six months ended 30 June 2019 furnished to the SEC on Form 6-K on 5 August 2019 (the "2019 Interim Report"), as well as in our Annual Report and Accounts for the fiscal year ended 31 December 2019 which we expect to file with the SEC on Form 20-F on 19 February 2020.

Non-GAAP financial information

This Presentation contains non-GAAP financial information. The primary non-GAAP financial 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 non-GAAP financial measurements and the most directly comparable measures under GAAP are provided in our 2018 Form 20-F, our 1Q 2019 Earnings Release furnished to the SEC on Form 6-K on 3 May 2019, the 2019 Interim Report, our 3Q 2019 Earnings Release furnished to the SEC on Form 6-K on 28 October 2019, and the corresponding Reconciliations of Non-GAAP Financial Measures document, each of which are available at www.hsbc.com.

Information in this Presentation was prepared as at 18 February 2020.