HSBC Holdings plc 3Q21 Results

Presentation to Investors and Analysts

Our purpose, values and ambition support the execution of our strategy

Our purpose

Opening up a world of opportunity

Our ambition

To be the preferred international financial partner for our clients

Our values

- We value difference
- We succeed together
- We take responsibility
- We get it done

Our strategy

Focus on our strengths	**Digitise** at scale	**Energise** for growth	**Transition** to net zero

3Q21 highlights

1 **Reported PBT of $5.4bn up 76% vs. 3Q20;** adjusted PBT of $6.0bn up 36% vs. 3Q20, primarily due to net ECL release of $0.7bn

2 **Execution of strategy continues at pace**

3 **NII stabilising; strong reported fee growth, up 11% vs. 3Q20;** good growth in Asia revenue despite adverse insurance market impacts; **good profit contribution from all regions**

4 Liquidity remains strong; CET1 ratio[1] of 15.9%; **share buyback of $2bn announced**

A reconciliation of reported results to adjusted results can be found on slide 16, the remainder of the presentation unless otherwise stated, is presented on an adjusted basis
Figures throughout this presentation may be subject to rounding adjustments and therefore may not sum precisely to totals given in charts, tables or commentary

3Q21 results summary

$m	3Q21	3Q20		Δ
NII	6,610	6,646	▼	(1)%
Non interest income	5,591	5,728	▼	(2)%
Revenue	12,201	12,374	▼	(1)%
ECL	659	(823)	▼	>100%
Costs	(7,585)	(7,612)	▼	0 %
Associates	721	459	▲	57 %
Adjusted PBT	**5,996**	**4,398**	▲	**36 %**
Significant items and FX translation	(593)	(1,324)	▼	55 %
Reported PBT	**5,403**	**3,074**	▲	**76 %**
Profit attributable to ordinary shareholders	**3,543**	**1,359**	▲	**>100%**
Reported EPS, $	0.18	0.07	▲	$0.11
Impact of sig items on reported EPS, $	(0.02)	(0.05)	▲	$0.03
Reported RoTE[2] (YTD, annualised), %	9.1	3.5	▲	5.6ppt

$bn	3Q21	2Q21		Δ
Customer loans	1,040	1,045	▼	(1)%
Customer deposits	1,688	1,647	▲	2 %
Reported RWAs	839	862	▼	(3)%
CET1 ratio, %	15.9	15.6	▲	0.3ppt
TNAV per share, $	7.81	7.81	—	—

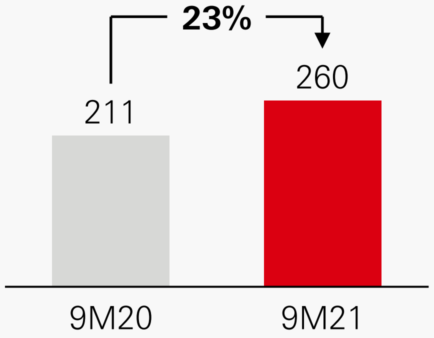
- **Adjusted PBT of $6.0bn up $1.6bn (36%) vs. 3Q20,** primarily due to a net ECL release of $0.7bn vs. $0.8bn charge in 3Q20
- **Net interest income stable vs. 3Q20,** with the global interest rate outlook improving
- **Non-interest income down 2% vs. 3Q20,** primarily due to the impact of certain volatile items; **strong fee income growth of $0.3bn (10%) vs. 3Q20** across all businesses[3]
- **Net ECL release of $0.7bn** reflecting continued stability in economic conditions and better than expected levels of credit performance
- **Costs of $7.6bn stable vs. 3Q20,** with continued investment and increased tech spend offset by cost saves and lower performance related pay accrual
- **Associate income of $0.7bn up $0.3bn (57%) vs. 3Q20,** primarily due to higher profits from BoCom
- Lending down $6bn vs. 2Q21, including the repayment of $14bn of short-term IPO loans and mortgage growth of $7bn
- TNAV per share of $7.81, with profits offsetting dividends paid and adverse FX movements

Business revenue growth drivers

WPB

- **3Q21 Private Bank NNM of $3.9bn**, with $3.1bn in Asia; AMG NNM of $4.3bn, with $1.3bn in Asia; reported Wealth Balances[4] of $1.6tn, up 10% YoY
- Insurance VNB up 8% QoQ and 59% YoY due to **strong growth in Hong Kong** onshore business
- **Over 450** Pinnacle Wealth Planners in-force[5]
- **UK YTD gross mortgage market share of 8.6%;** stock mortgage market share of 7.4%[6]
- Good new to bank customer acquisition e.g. in Premier

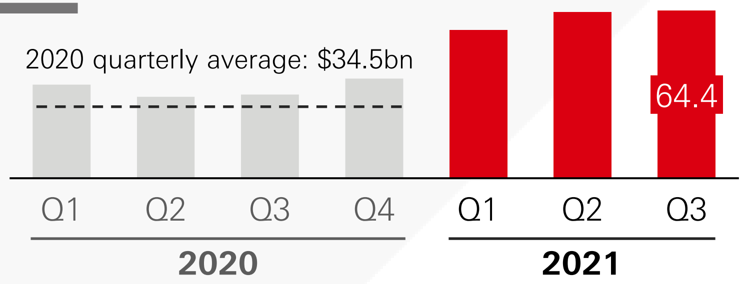
YTD global WPB new-to-bank Premier customers, '000s



CMB & GBM

- **Encouraging trends in global trade** visible; **3Q21 trade balances of $79bn up $3bn (4%) QoQ** and up $13bn (20%) YoY, with share gains in key markets:
  - Hong Kong trade market share **up 2.2ppt to 18.8%**[7]
  - Singapore trade market share **up 1.9ppt to 12.9%**[8]
- **GBM revenue stabilising,** comparing well against strong 2020 performance
  - 3Q21 equities revenue of $0.3bn up $0.1bn (49%) YoY
  - 3Q21 Securities Services Assets Under Custody up 23% YoY
- 3Q21 GBM RWAs decreased $20bn (7%) to $249bn YoY, with **only a $105m (3%) decrease in revenue***

Global CMB value of approved limits**, $bn



Geographic performance

- **Pivot to Asia: strong revenue trends;** 3Q21 revenue **up $99m (2%) QoQ** including adverse market impacts of $331m; **up $143m (2%) YoY,** including adverse insurance market impacts of $194m
- **Good UK RFB performance;** 3Q21 revenue up 6% YoY and up 2% QoQ; **strong 3Q21 fee growth,** fees up 25% YoY, up 13% QoQ

Sustainability

- **Helped our clients raise c.$170bn YTD** in Green, Social and Sustainable bonds[9], up 58% YoY
- **Joint lead manager on £10bn** UK Debt Management Office **inaugural green gilt**
- Partnership announced with **Temasek** to establish sustainable infrastructure debt financing platform
- Work underway on May 2021 AGM special resolution on **climate commitments**

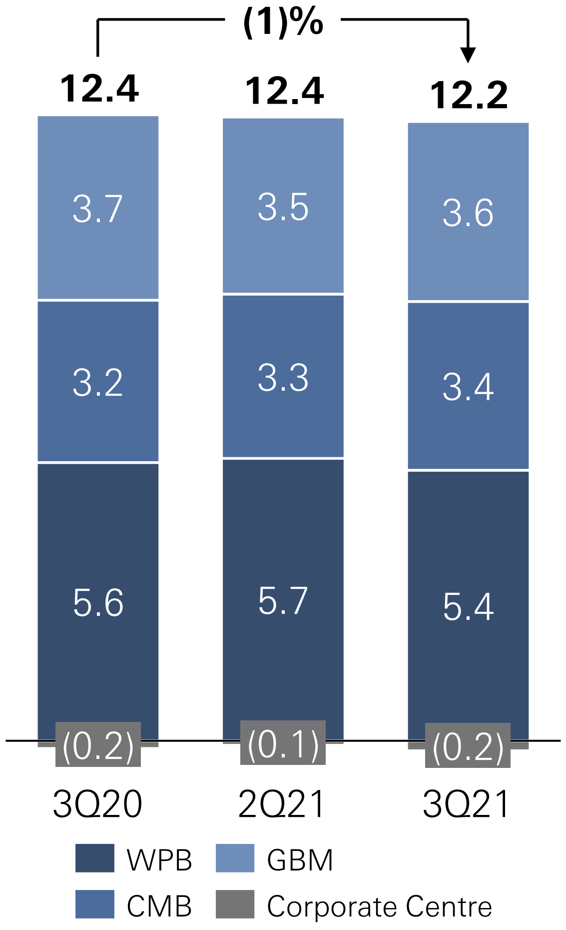
* Including adverse XVAs of $84m
** Includes renewal and refinancing activity. Note, clients may elect not to draw down on approved limits

3Q21 adjusted revenue performance

	3Q21 revenue				3Q21 vs. 3Q20
WPB	$5,418m ▼ (3)%	Wealth (excl. Market impacts)	$2,206m		145
		Market impacts	$(40)m		(167)
		Personal Banking	$3,067m		(31)
		Other	$185m		(99)
CMB	$3,374m ▲ 4%	GTRF	$500m		64
		Credit and Lending	$1,520m		38
		GLCM	$896m		(47)
		Other	$458m		72
GBM	$3,604m ▼ (3)%	MSS	$1,985m	o/w XVAs and bid-offer adjustment: $(89)m	(81)
		Banking	$1,659m		33
		of which: GLCM	*$465m*		*5*
		Principal Investments	$88m		35
		Other	$(128)m		(92)
Corp. Centre	$(195)m			o/w valuation differences: $(3)m	(43)
Group	$12,201m ▼ (1)%				**(173)** 142

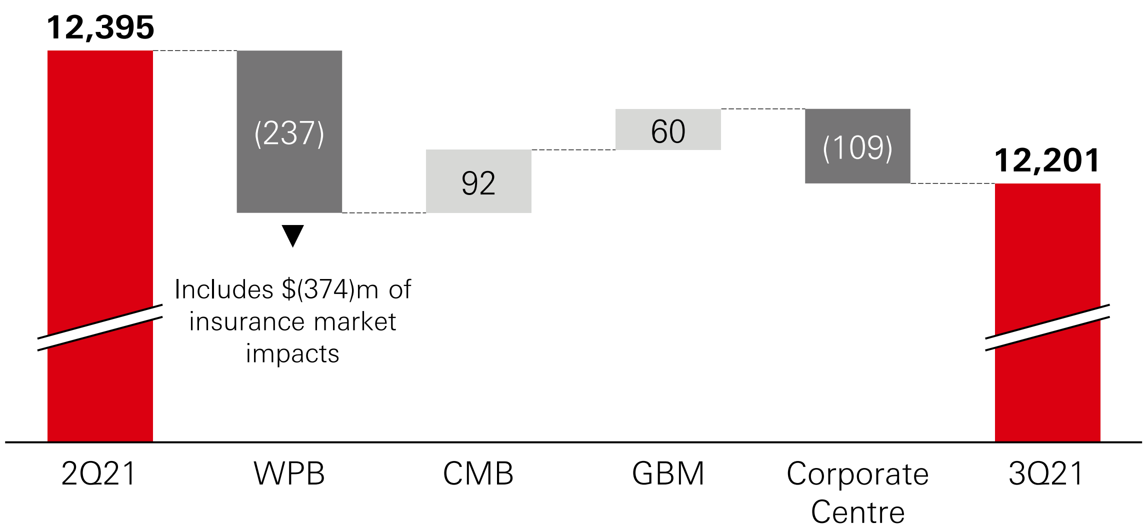
Includes $(315)m impact of certain items

Revenue by global business, $bn



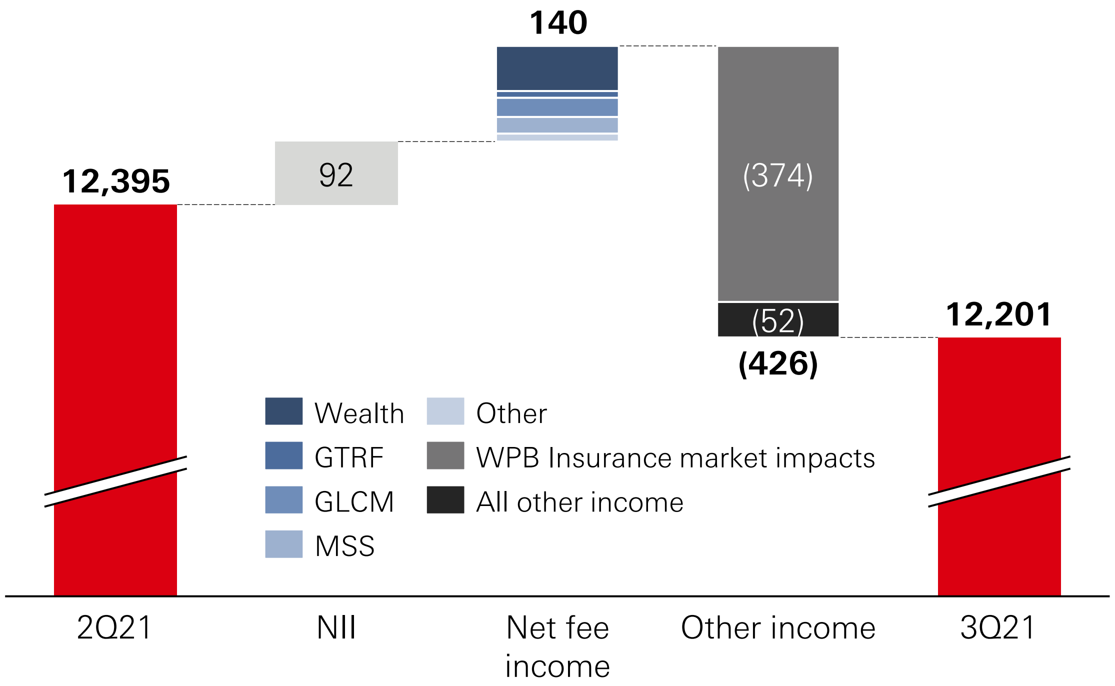
NII stabilisation and fee growth across global businesses

Adjusted revenue by global business, $m



- **WPB down $237m (4%) vs. 2Q21,** including $374m of adverse insurance market impacts
- **CMB up $92m (3%),** from increases in fees and interest income in Credit & Lending, GTRF and GLCM
- **GBM up $60m (2%),** with increased fee income in Securities Services and Banking

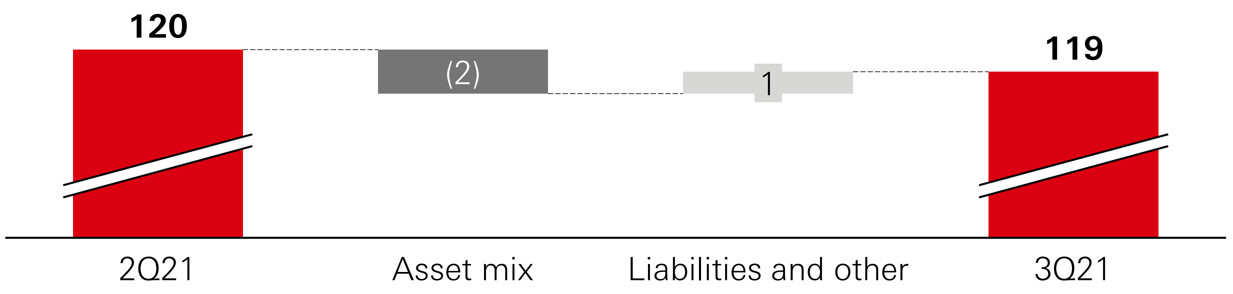
Adjusted revenue by income statement line, $m



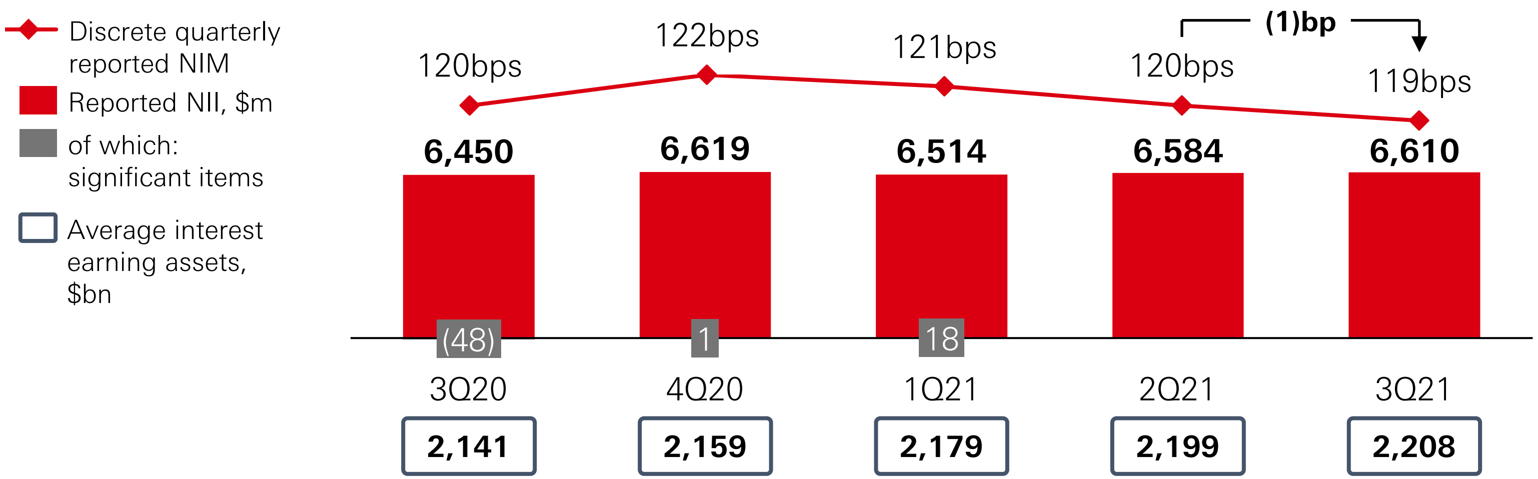
- **Strong fee growth** across businesses; up $140m (4%) vs. 2Q21 and **up $293m (10%) vs. 3Q20**
- **Trade balances of $79bn up $3bn (4%) vs. 2Q21,** and **up $11bn (17%) vs. 4Q20;** 3Q21 GTRF revenue up $68m (11%) vs. 3Q20
- 3Q21 average GLCM deposits of **c.$770bn, up c.$20bn vs. 2Q21 and up c.$50bn vs. 3Q20**

Net interest income and margin

Reported NIM progression, bps



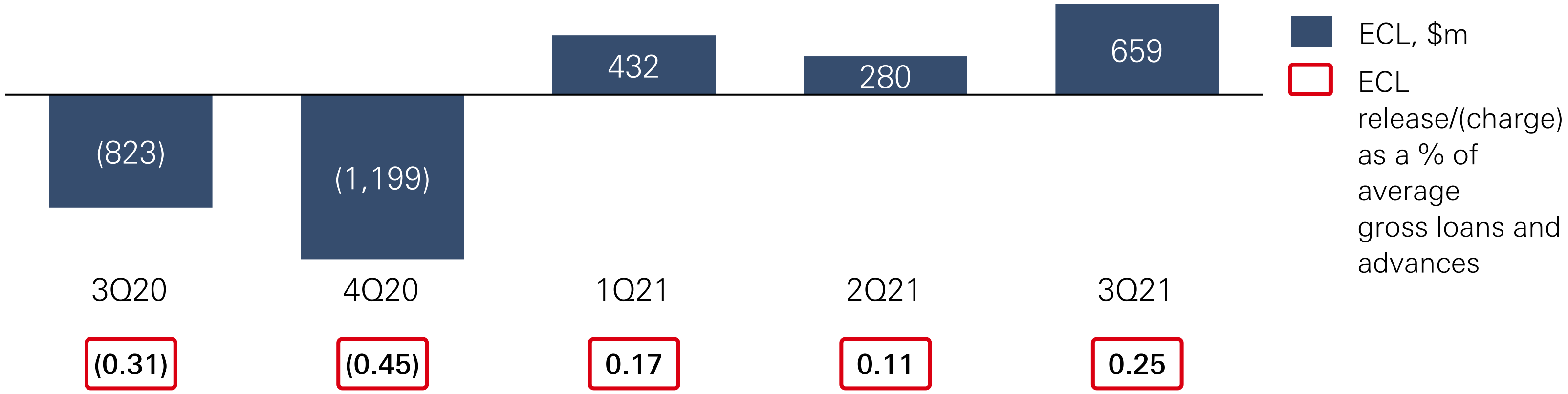
Reported NIM trend



- **3Q21 reported NII** up $26m vs. 2Q21; adjusted NII was up $92m vs. 2Q21, primarily due to day count
- **3Q21 NIM of 1.19%, down 1bp vs. 2Q21**, due to an adverse change in balance sheet mix
- NII has stabilised and the **global interest rate outlook is improving,** with the likelihood of 2022 policy rate rises having increased
- At 1H21, NII sensitivity to a +100bps parallel shift in yield curves would increase NII by $5.8bn in year 1 and by **$8.2bn in year 5**[10]

Credit performance

Adjusted ECL release/(charge) trend



ECL release/(charge) by geography, $m

	3Q21	2Q21
Hong Kong	(37)	(6)
Asia ex. Hong Kong	(68)	(168)
UK RFB	563	279
HSBC Bank plc	95	51
Mexico	(12)	(33)
Other	118	157
Total	**659**	**280**

ECL release/(charge) by stage, $bn

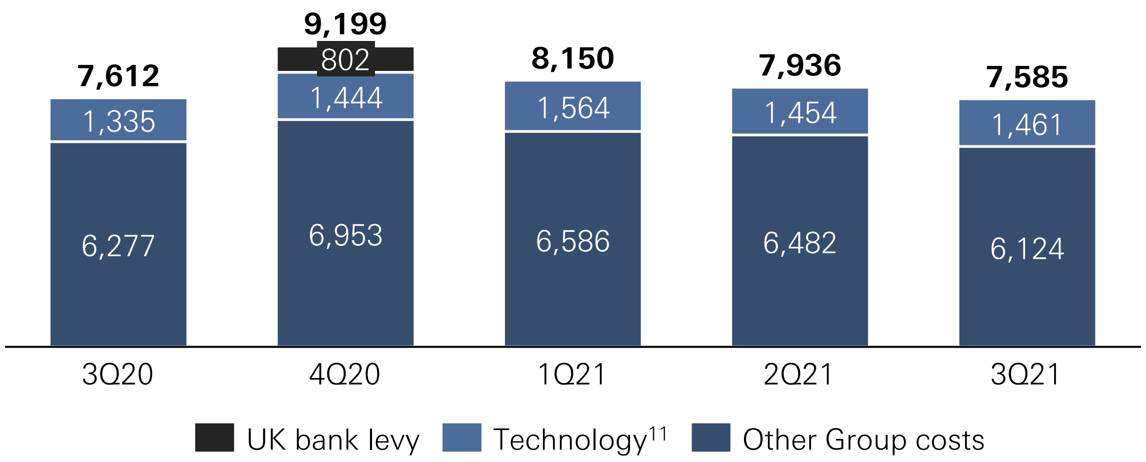
3Q21	Stage 1-2	Stage 3	Total*
Wholesale	0.6	(0.1)	0.5
Personal	0.4	(0.1)	0.3
Total	**1.0**	**(0.2)**	**0.7**

- **3Q21 net ECL release of $0.7bn;** continued low Stage 3 charges, Stage 1–2 release of $1.0bn, reflecting continued stability in economic and credit conditions
- **We retain approximately $1.2bn (31%)** of the $3.9bn Covid-19 related ECL uplift on the balance sheet
- Stage 3 loans and advances to customers as a % of total loans is **1.8%, stable vs. FY20**
- For FY21, **expect a net release of ECL charges**, with a possible further small net release in 4Q21, dependent on offsetting levels of Stage 3 charges
- **Expect ECL charges to normalise in 2H22;** medium-term ECL guidance range of 30bps to 40bps

* Total includes an additional $0.1bn ECL charge attributed to other assets, which are not staged

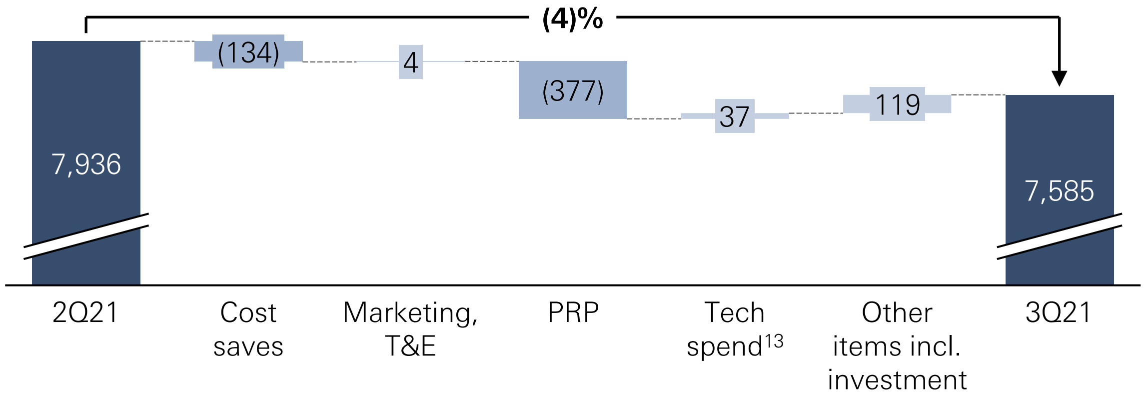
Adjusted costs

Operating expenses trend, $m

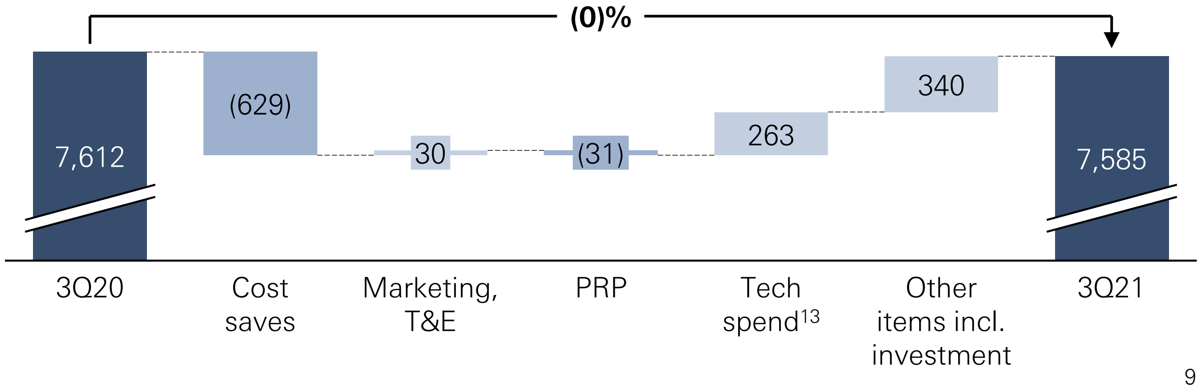


- **3Q21 costs of $7.6bn stable vs. 3Q20,** with higher technology spend and investment, offset by cost saves of $0.6bn; 3Q21 cost saves had associated CTA of $0.4bn
- **3Q21 costs were down $0.4bn (4%) vs. 2Q21,** primarily due to a lower performance-related pay (PRP) accrual and cost saves
- **Programme saves to date of $2.6bn** and associated CTA spend of $3.1bn
- Continue to expect total programme **CTA spend of $7bn by FY22**
- We now expect FY21 and FY22 adjusted costs to be **broadly stable vs. FY20 at c.$32bn**[12] excluding the bank levy, due to inflationary and performance-related pay pressure, investment and timing differences on acquisition and disposals in FY22

3Q21 vs. 2Q21, $m

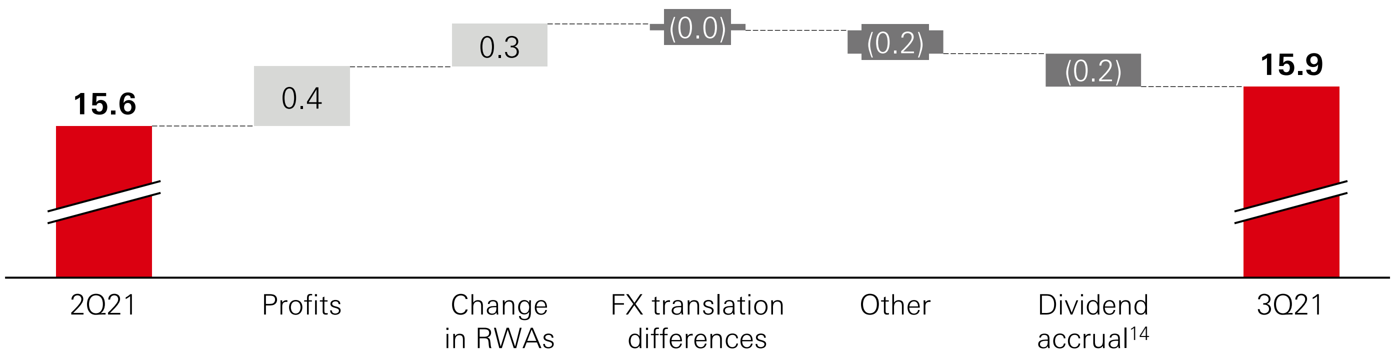


3Q21 vs. 3Q20, $m



Capital adequacy

CET1 ratio, %



	2Q21	Profits	Change in RWAs	FX translation differences	Other	Dividend accrual[14]	3Q21
CET1, $bn	134.6	3.2		(1.7)	(1.2)	(1.7)	133.2
RWAs, $bn	862.3		(14.4)	(8.7)			839.2

Capital progression

	3Q20	4Q20	1Q21	2Q21	3Q21
Common equity tier 1 capital, $bn	133.4	136.1	134.5	134.6	133.2
Reported risk-weighted assets, $bn	857.0	857.5	846.8	862.3	839.2
CET1 ratio, %	15.6	15.9	15.9	15.6	15.9
Leverage ratio exposure, $bn	2,857.4	2,897.1	2,930.2	2,968.5	2,964.8
Leverage ratio[1], %	5.4	5.5	5.4	5.3	5.2

- **CET1 ratio of 15.9%, up 0.3ppt vs. 2Q21**
  - Includes 3Q21 regulatory dividend accrual[14] of $1.7bn (YTD $3.8bn) net of payment of 7¢ interim dividend
  - Excludes c.25bps impact of announced share buyback expected in 4Q21
- **Reported RWAs of $839bn, down $23bn vs. 2Q21**, primarily due to reductions in short-term IPO lending and FX movements
- Cumulative **RWA saves of $93bn**[15], vs. FY22 target of $110bn

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- **Expect c.2% RWA inflation in 4Q21** from growth and regulatory impacts; **$20bn-$35bn in FY22** from regulatory impacts
- Expected regulatory impacts on CET1 ratio include **c.25bps each** from: Reversal of software capitalisation benefit in 1Q22; France loss on disposal in 2Q22

- Expect to be within target range of **14–14.5%** CET1 ratio by **FY22**, primarily via **growth and capital return**

Summary

1 **More positive revenue outlook;** growth in mortgages, trade and deposit balances

- Stabilisation of NII
- Strong fee growth

2 **Continued strong cost control;** seeing some inflation and performance related pay pressures. Expect **c.$32bn costs for FY21 and FY22**[12], excluding the UK bank levy

3 Interest rate outlook is constructive for returns; FY23 results onwards impacted by IFRS 17*, **remain committed to achieving a RoTE ≥10%** over the medium-term[16]

4 **Strong capital position,** well placed to **invest, grow and return** capital to shareholders; **$2bn share buyback announced**

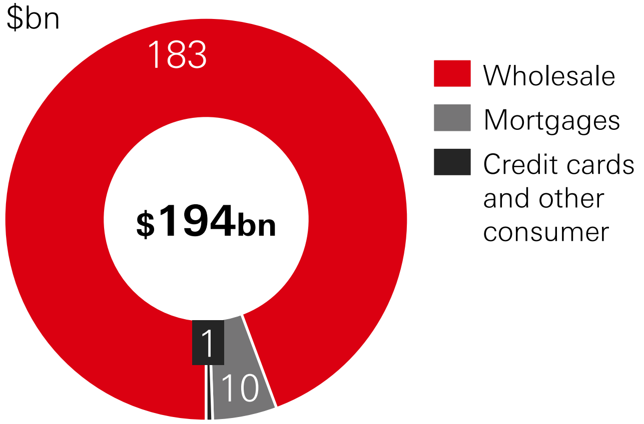
* Illustrative impacts of IFRS 17 on our Insurance manufacturing business are detailed in the appendix

Appendix

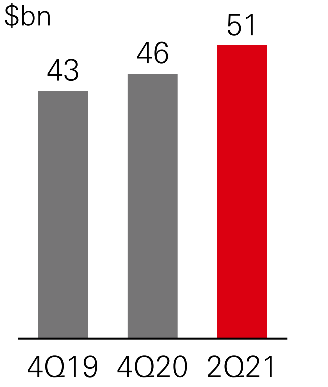
HSBC

Mainland China drawn risk exposure, at 30 June 2021

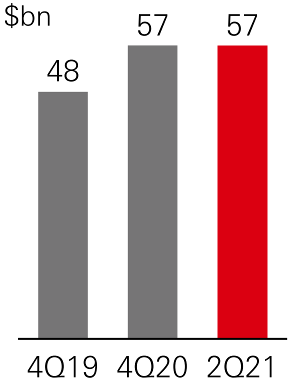
Mainland China drawn risk exposure[17]



Reported loans and advances to customers

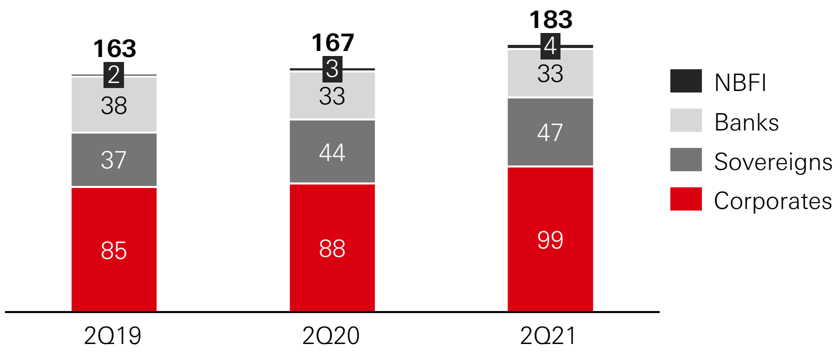


Reported customer deposits



- Mainland China drawn risk exposure (including Sovereigns, Banks and Customers) of $194bn comprising: Wholesale $183bn (of which 53% is onshore); Retail: $11bn. These amounts exclude Markets financing
- Gross loans and advances to customers of $51bn in mainland China (Wholesale: $40bn; Retail $11bn)
- At 2Q21 Stage 3 loan balances and change in ECL remained low
- HSBC is selective in its lending. HSBC's onshore corporate lending market share is 0.14% as at 2Q21[18]

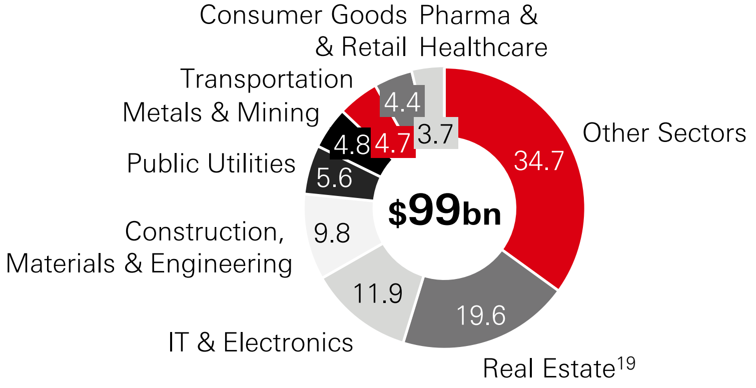
Wholesale lending analysis[17], $bn



Wholesale lending by risk type:

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

Corporate lending by sector*



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

Corporate real estate[19]:

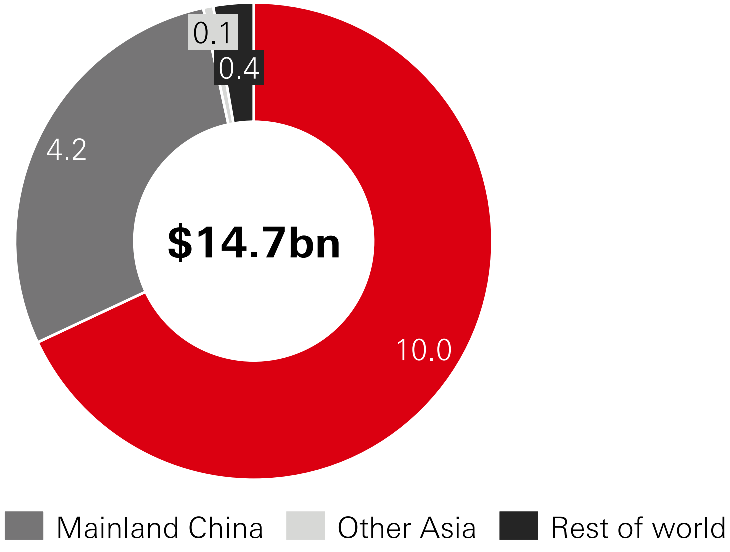
- 66% sits within CRR 1-3 (broadly equivalent to investment grade)
- Highly selective, focusing on top tier developers with strong performance track records
- Focused on Tier 1 and selected Tier 2 cities

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

Mainland China incorporated Property company exposure

Exposures to mainland China ultimate parent companies by booking location, $bn

At 30 June 2021



$bn	
Exposure to mainland China ultimate parent companies	**14.7**
Booked in mainland China	**4.2**
Booked elsewhere	**10.5**
- Of which: booked in Hong Kong	*10.0*
- Of which: booked in rest of Asia-Pacific	*0.1*
- Of which: booked in rest of world	*0.4*

Mainland China Real Estate exposures[19]

- Mainland China Real Estate exposures of $14.7bn **do not include Hong Kong incorporated property company exposures of $4.9bn** which have been booked in mainland China, but are a component of the $19.6bn of Real Estate exposure on the previous slide
- **Real Estate business to mainland China is highly selective;** focused on **top tier developers** with project lending concentrated in **Tier 1 cities and Tier 2 cities.** At 30 June 2021:
  - **63% of exposure** is to counterparties whose core business activity focuses on **Residential Real Estate Development**
  - **66% of the book is categorised as investment grade**, with 94% of exposures broadly equivalent to an external credit rating of BB- or above
- As at 30 September 2021, HSBC has **no direct credit exposure to developers in the 'Red' category** under the 3 red lines framework introduced to the sector
- We continue to monitor the potential second order impacts of recent developments

Key financial metrics

Reported results, $m	3Q21	2Q21	3Q20
NII	6,610	6,584	6,450
Other Income	5,402	5,981	5,477
Revenue	**12,012**	**12,565**	**11,927**
ECL	659	284	(785)
Costs	(7,989)	(8,560)	(8,041)
Associates	721	771	(27)
Profit before tax	**5,403**	**5,060**	**3,074**
Tax	(1,161)	(1,206)	(1,035)
Profit after tax	**4,242**	**3,854**	**2,039**
Profit attributable to ordinary shareholders	3,543	3,396	1,359
Profit attributable to ordinary shareholders excl. goodwill and other intangible impairment and PVIF	3,492	3,352	1,109
Basic earnings per share, $	0.18	0.17	0.07
Diluted earnings per share, $	0.17	0.17	0.07
Dividend per share (in respect of the period), $	—	0.07	—
Return on avg. tangible equity (annualised), %	8.7	8.6	2.9
Return on avg. equity (annualised), %	8.0	7.8	3.2
Net interest margin (annualised), %	1.19	1.20	1.20

Adjusted results, $m	3Q21	2Q21	3Q20
NII	6,610	6,518	6,646
Other Income	5,591	5,877	5,728
Revenue	**12,201**	**12,395**	**12,374**
ECL	659	280	(823)
Costs	(7,585)	(7,936)	(7,612)
Associates	721	769	459
Profit before tax	**5,996**	**5,508**	**4,398**
Cost efficiency ratio, %	62.2	64.0	61.5
ECL charge/(release) as a % of average gross loans and advances to customers (annualised)	(0.25)	(0.11)	0.31

Balance sheet, $m	3Q21	2Q21	3Q20
Total assets	2,968,791	2,976,005	2,955,935
Net loans and advances to customers	1,039,677	1,059,511	1,041,340
Adjusted net loans and advances to customers	1,039,677	1,045,360	1,058,541
Customer accounts	1,687,982	1,669,091	1,568,714
Adjusted customer accounts	1,687,982	1,647,240	1,592,284
Quarterly average interest-earning assets	2,207,960	2,198,953	2,141,454
Reported loans and advances to customers as % of customer accounts	61.6	63.5	66.4
Total shareholders' equity	198,144	198,218	191,904
Tangible ordinary shareholders' equity	157,711	157,985	152,260
Net asset value per ordinary share at period end, $	8.70	8.69	8.41
Tangible net asset value per ordinary share at period end, $	7.81	7.81	7.55

Capital, leverage and liquidity	3Q21	2Q21	3Q20
Reported risk-weighted assets, $bn	839.2	862.3	857.0
CET1 ratio, %	15.9	15.6	15.6
Total capital ratio (transitional), %	21.3	21.0	21.2
Leverage ratio, %	5.2	5.3	5.4
High-quality liquid assets (liquidity value), $bn	664	659	654
Liquidity coverage ratio, %	135	134	147

Share count, m	3Q21	2Q21	3Q20
Basic number of ordinary shares outstanding	20,201	20,223	20,173
Basic number of ordinary shares outstanding and dilutive potential ordinary shares	20,296	20,315	20,227
Quarterly average basic number of ordinary shares outstanding	20,213	20,227	20,166

Reconciliation of reported and adjusted PBT

$m	3Q21	2Q21	3Q20
Reported PBT	**5,403**	**5,060**	**3,074**
Revenue			
Currency translation	—	(130)	303
Customer redress programmes	—	—	48
Fair value movements on financial instruments	64	(45)	(11)
Restructuring and other related costs*	125	4	101
Currency translation of significant items	—	1	6
	189	**(170)**	**447**
ECL			
Currency translation	—	(4)	(38)
Operating expenses			
Currency translation	—	89	(210)
Customer redress programmes	7	27	3
Impairment of goodwill and other intangibles	—	—	57
Restructuring and other related costs	397	514	567
o/w: costs to achieve	*390*	*499*	*557*
Settlements and provisions in connection with legal and regulatory matters	—	—	3
Currency translation of significant items	—	(6)	9
	404	**624**	**429**
Share of profit in associates and joint ventures			
Currency translation	—	(2)	24
Impairment of goodwill	—	—	462
	—	**(2)**	**486**
Total currency translation and significant items	**593**	**448**	**1,324**
Adjusted PBT	**5,996**	**5,508**	**4,398**
Memo: tax on significant items (at reported FX rates)	(71)	(77)	(162)

* Primarily comprises losses associated with RWA reduction commitments

Certain items included in adjusted revenue

Certain items included in adjusted revenue highlighted in management commentary, $m	3Q21	2Q21	1Q21	4Q20	3Q20
Insurance manufacturing market impacts in WPB	(40)	334	75	298	127
of which: Asia WPB insurance manufacturing market impacts	*(52)*	*271*	*(81)*	*249*	*156*
Credit and funding valuation adjustments in GBM	(49)	3	32	72	35
Legacy Credit in Corporate Centre	(35)	6	9	3	28
Valuation differences on long-term debt and associated swaps in Corporate Centre	(35)	(27)	(28)	(12)	(32)
Argentina hyperinflation[20]*	(24)	(42)	(46)	(42)	(31)
Bid-offer adjustment in GBM*	30	35	18	7	35
Total	**(153)**	**309**	**60**	**326**	**162**

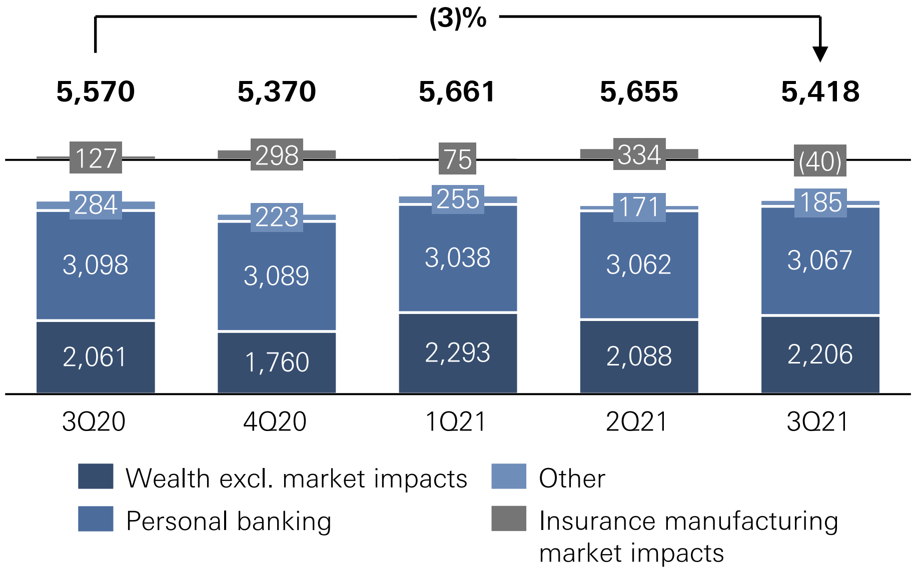
* Comparative figures have not been retranslated for foreign exchange movements

Wealth and Personal Banking

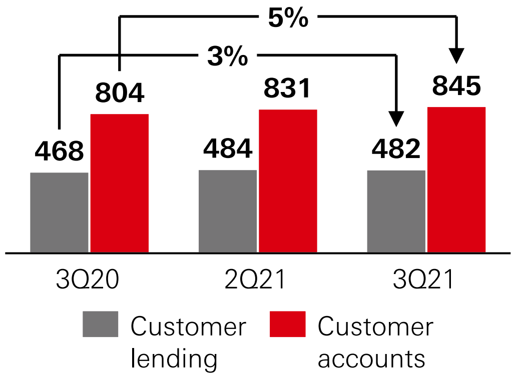
3Q21 financial highlights

Revenue	**$5.4bn**	▼	(3)% (3Q20: $5.6bn)
ECL	**$0.2bn**	▼	>100% (3Q20: $(0.4)bn)
Costs	**$(3.8)bn**	▼	0% (3Q20: $(3.8)bn)
PBT	**$1.9bn**	▲	32% (3Q20: $1.4bn)
RoTE[21]	**17.2%**	▲	9.6ppt (9M20: 7.6%)

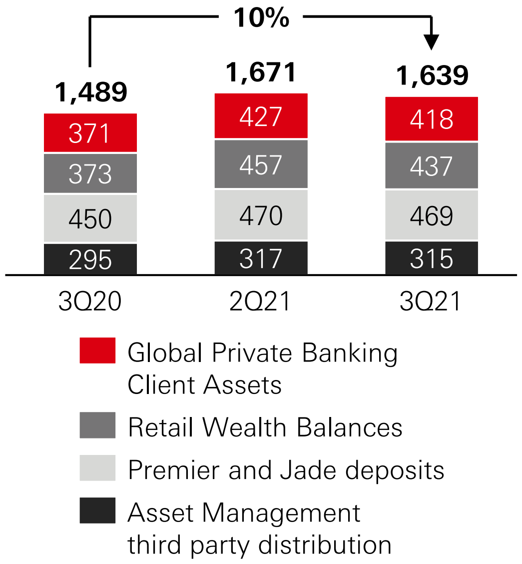
Revenue performance, $m



Balance sheet, $bn



Reported Wealth Balances[4], $bn



3Q21 vs. 3Q20

- **Revenue** down $152m (3%) driven by adverse insurance market impacts of $167m, lower Markets Treasury revenue and lower interest rates, offset by higher Wealth (excl. market impacts) revenue
- **ECL** net release of $237m vs. $370m charge in 3Q20, as economic outlooks continued to improve resulting in Stage 1-2 releases
- **Costs** stable, with cost saves funding Asia Wealth investment and offsetting higher costs related to increasing business volumes
- **Customer lending** up $14bn (3%), mainly mortgages ($23bn, net of $3bn US HFS reclassification) and Lombard lending ($2bn), partially offset by a reduction of short-term IPO loans in HK in 3Q20 ($11bn)
- **Customer accounts** up $41bn (5%) across most markets, particularly in the UK ($31bn), partially offset by reclassification of customer accounts to liabilities held for sale in the US ($10bn)
- **Wealth balances** up $150bn (10%). Growth across all segments, particularly GPB client assets and Retail Wealth, driven by inflows and higher market levels

3Q21 vs. 2Q21

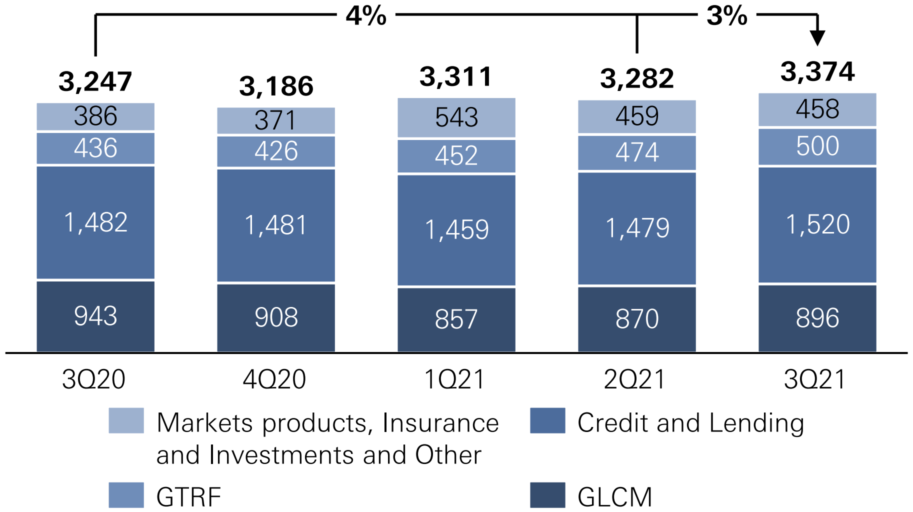
- **Revenue** down $237m (4%) driven by adverse insurance market impacts of $374m and lower interest rates, offset by higher Wealth (excl. market impacts) revenue
- **ECL** net release of $237m vs. $32m release in 2Q21, as economic outlooks continued to improve resulting in Stage 1-2 releases
- **Costs** stable, with cost saves funding investment in Asia Wealth
- **Customer lending** down $2bn (<1%), driven by a reduction in short-term IPO loans in HK in 2Q21 ($9bn), largely offset by growth in mortgages ($7bn)
- **Customer accounts** up $14bn (2%), driven by growth across most markets, particularly in Private Banking ($6bn) and the UK ($4bn)

Commercial Banking

3Q21 financial highlights

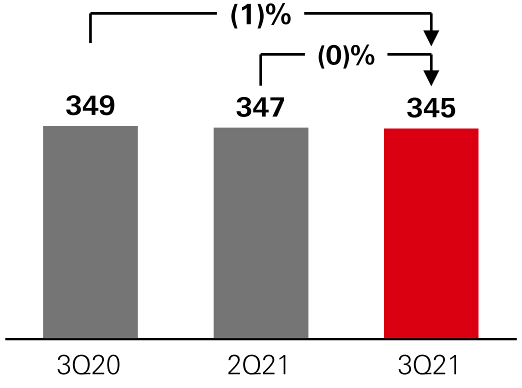
Revenue	**$3.4bn**	▲	4% (3Q20: $3.2bn)
ECL	**$0.3bn**	▼	>100% (3Q20: $(0.4)bn)
Costs	**$(1.7)bn**	▼	0% (3Q20: $(1.7)bn)
PBT	**$2.0bn**	▲	64% (3Q20: $1.2bn)
RoTE[21]	**11.6%**	▲	10.5ppt (9M20: 1.1%)

Revenue performance, $m

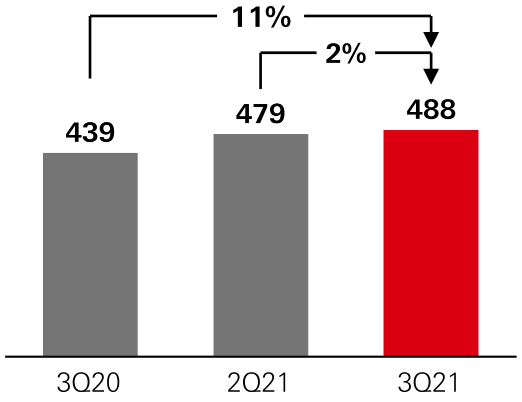


Balance sheet, $bn

Customer lending



Customer accounts



3Q21 vs. 3Q20

- **Revenue** up $127m (4%), the first YoY increase since the start of the pandemic, driven by higher fees across all products, growth in trade and deposit balances, notably in Asia, partially offset by the impact of lower rates
- **ECL** release of $272m vs. charge of $363m in 3Q20 due to release of Stage 1-2 provisions and limited Stage 3 charges
- **Costs** stable, driven by disciplined hiring and transformation saves more than offsetting our investment in technology
- **Customer lending** down $4bn (1%), as 2021 growth, notably in Asia, was more than offset by 4Q20 reductions reflecting the impact of Covid-19
- **Customer accounts** up $50bn (11%), as customers raised and retained liquidity, notably in Asia and Europe

3Q21 vs. 2Q21

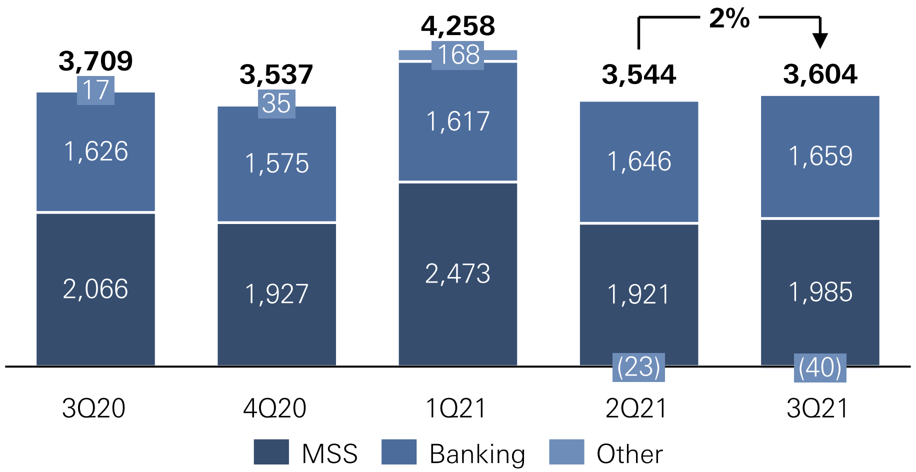
- **Revenue** up $92m (3%), driven by growth across core products in interest income and fees across all regions, notably in Asia and the UK
- **ECL** release higher by $254m due to higher release of Stage 1-2 provisions and limited Stage 3 charges
- **Costs** down $77m (4%) as 2Q included higher performance-related pay, continued disciplined hiring more than offset investment spend
- **Customer lending** down $1bn with continued growth in trade (up $2bn) offset by repayments, notably $2bn of short term IPO loans in Asia and US corporate real estate of $1bn
- **Customer accounts** up $9bn (2%), reflecting continued liquidity in the market, notably in Asia and Europe

Global Banking and Markets

3Q21 financial highlights

Revenue	**$3.6bn**	▼	(3)% (3Q20: $3.7bn)
ECL	**$0.1bn**	▼	>100% (3Q20: $(0.1)bn)
Costs	**$(2.3)bn**	▼	1% (3Q20: $(2.4)bn)
PBT	**$1.4bn**	▲	13% (3Q20: $1.2bn)
RoTE[21]	**10.1%**	▲	3.2ppt (9M20: 6.9%)

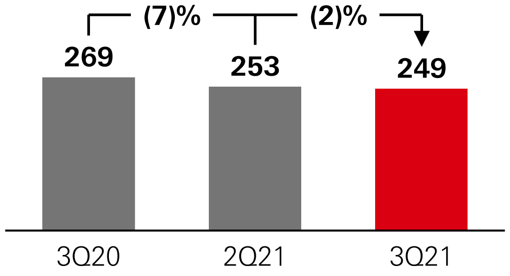
Revenue performance, $m



View of adjusted revenue

$m	3Q21	Δ3Q20
MSS	**1,985**	**(4)%**
Securities Services	528	27 %
Global Debt Markets	164	(46)%
Global FX	772	(8)%
Equities	348	49 %
Securities Financing	222	(5)%
XVAs	(49)	>(100)%
Banking	**1,659**	**2 %**
GTRF	180	2 %
GLCM	465	1 %
Credit & Lending	629	(8)%
Capital Markets & Advisory	337	18 %
Other	48	>100%
GBM Other	**(40)**	**>(100)%**
Principal Investments	88	66 %
Other	(128)	>(100)%
Net operating income	**3,604**	**(3)%**

Adjusted RWAs[22], $bn



3Q21 vs. 3Q20

- **Revenue** down $0.1bn (3%):
  - Continued momentum in Equities, driven by wealth specifically in Asia and Europe and by strong primary activity, with continued volatility in Hong Kong and Shanghai stock exchanges
  - Strong quarter for Securities Services as fees increased and we grew Assets Under Custody by 23%
  - Strong performance in Leveraged and Acquisition Finance reflecting investment and strong activity, particularly in the US
  - GLCM grew fees reflecting payment volume growth, higher card spend and relative economic recovery
  - Global Debt Markets performance was impacted by higher flow activity in the prior year particularly in G10 derivatives, while 3Q21 was also impacted by lower capital employed for G10 derivatives
  - Banking Credit & Lending revenue and balances lower primarily due to strategic RWA actions
- **ECL** was a net release of $147m, reflecting Stage 1-2 releases due to improved economic outlook compared to a $103m charge in 3Q20
- **Costs** down $23m (1%), primarily driven by cost saving initiatives which more than offset higher technology investment and performance-related pay accrual

3Q21 vs. 2Q21

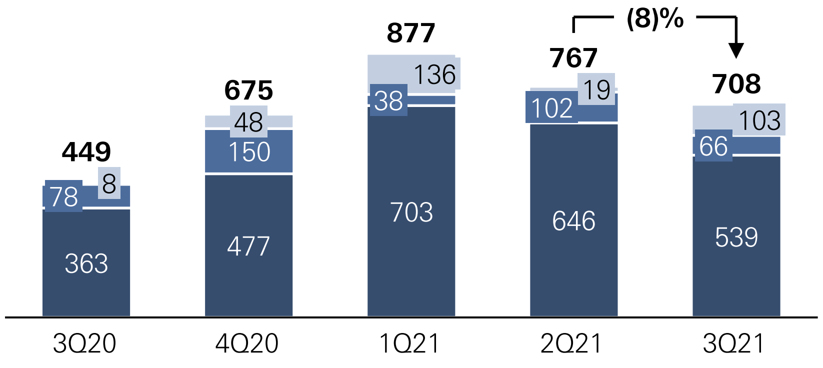
- **Revenue** higher by $60m (2%):
  - MSS up by 3% vs. prior quarter, primarily due to Securities Services and Equities, with lower Global Debt Markets
  - Good performance in M&A and US Leveraged and Acquisition Finance, partly offset by seasonal reduction in DCM client activity
- **ECL** net release of $147m, vs. a higher net release of $224m in 2Q21

Corporate Centre

3Q21 financial highlights

Revenue	**$(195)m**	▼	(28)% (3Q20: $(152)m)
ECL	**$3m**	▲	(77)% (3Q20: $13m)
Costs	**$191m**	▲	(3)% (3Q20: $196m)
Associates	**$708m**	▲	58% (3Q20: $449m)
PBT	**$707m**	▲	40% (3Q20: $506m)
RoTE[21]	**5.4%**	▲	0.8ppt (9M20: 4.6%)

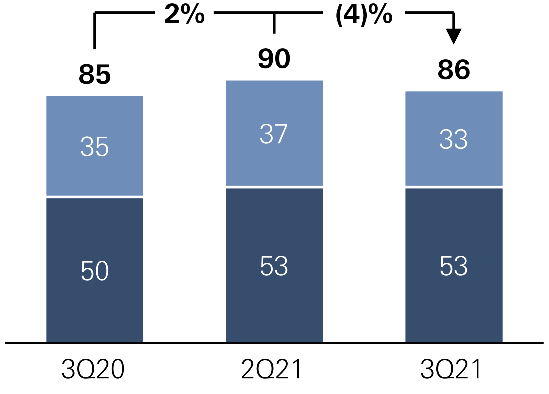
Associate income detail, $m



Revenue performance, $m

	3Q20	4Q20	1Q21	2Q21	3Q21
Central Treasury	(32)	(12)	(28)	(27)	(35)
Legacy Credit	28	3	9	6	(35)
Other	(148)	(138)	(21)	(65)	(125)
Of which: FX revaluation on Holdings balance sheet and net investment hedge	*(26)*	*(4)*	*10*	*(1)*	*(11)*
Total	**(152)**	**(147)**	**(40)**	**(86)**	**(195)**
Not included in Corporate Centre revenue: Markets Treasury revenue allocated to global businesses	672	603	798	510	524

Adjusted RWAs[22], $bn



3Q21 vs. 3Q20

- **Revenue** down $43m, primarily due to a loss on disposal of legacy portfolios in the US in 3Q21, against favourable funding fair value adjustments in 3Q20
- **Associates** up substantially ($259m, 58%), primarily due to higher share of profits from BoCom and BGF

3Q21 vs. 2Q21

- **Revenue** down $109m, primarily due to a loss on disposal of legacy portfolios in the US in 3Q21 and a one-off litigation cost in 3Q21 related to the sale of operations in Latin America
- **Associates** down $59m (8%), primarily due to lower share of profits from BoCom and SABB

Net interest margin supporting information

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

At 30 June 2021

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

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

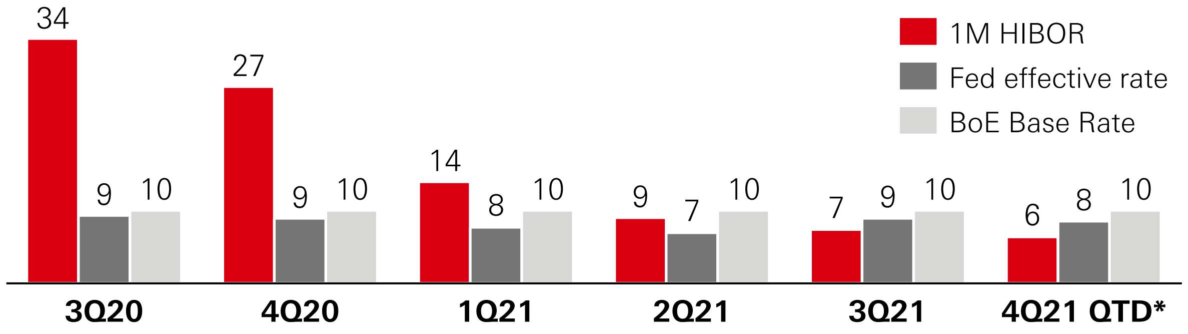
At 30 June 2021

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

Quarterly NIM by key legal entity

	3Q20	4Q20	1Q21	2Q21	3Q21	% of 3Q21 Group NII	% of 3Q21 Group AIEA
The Hongkong and Shanghai Banking Corporation (HBAP)	1.44%	1.42%	1.40%	1.37%	1.35%	48%	42%
HSBC Bank plc (NRFB)	0.50%	0.53%	0.51%	0.48%	0.47%	9%	22%
HSBC UK Bank plc (UK RFB)	1.60%	1.60%	1.59%	1.56%	1.51%	24%	19%
HSBC North America Holdings, Inc	0.83%	0.95%	0.96%	0.97%	0.90%	7%	9%

Key rates (quarter averages), basis points



* At 22 October 2021

Source: Bloomberg

3Q21 vs. 2Q21 equity drivers

	Shareholders' Equity, $bn	Tangible Equity[23], $bn	TNAV per share, $	Basic number of ordinary shares, million
As at 30 June 2021	**198.2**	**158.0**	**7.81**	**20,223**
Profit attributable to:	4.0	3.8	0.19	—
Ordinary shareholders	*3.5*	*3.8*	*0.19*	—
Other equity holders	*0.5*	—	—	—
Dividends	(1.9)	(1.4)	(0.07)	—
On ordinary shares	*(1.4)*	*(1.4)*	*(0.07)*	—
On other equity instruments	*(0.5)*	—	—	—
FX	(2.0)	(1.8)	(0.09)	—
Actuarial gains/(losses) on defined benefit plans	(0.0)	(0.0)	—	—
Fair value movements through 'Other Comprehensive Income'	(0.2)	(0.2)	(0.01)	—
Of which: changes in fair value arising from changes in own credit risk	*0.2*	*0.2*	*0.01*	—
Of which: Debt and Equity instruments at fair value through OCI	*(0.4)*	*(0.4)*	*(0.02)*	—
Other	0.0	(0.7)	(0.02)	(22)
As at 30 September 2021	**198.1**	**157.7**	**7.81**	**20,201**

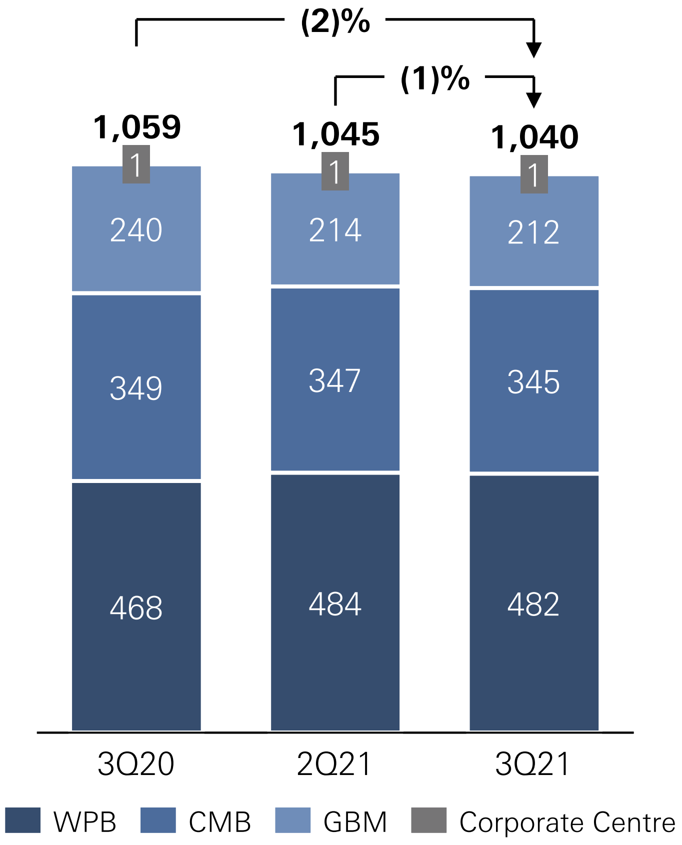
$7.77 on a fully diluted basis

20,296 million on a fully diluted basis

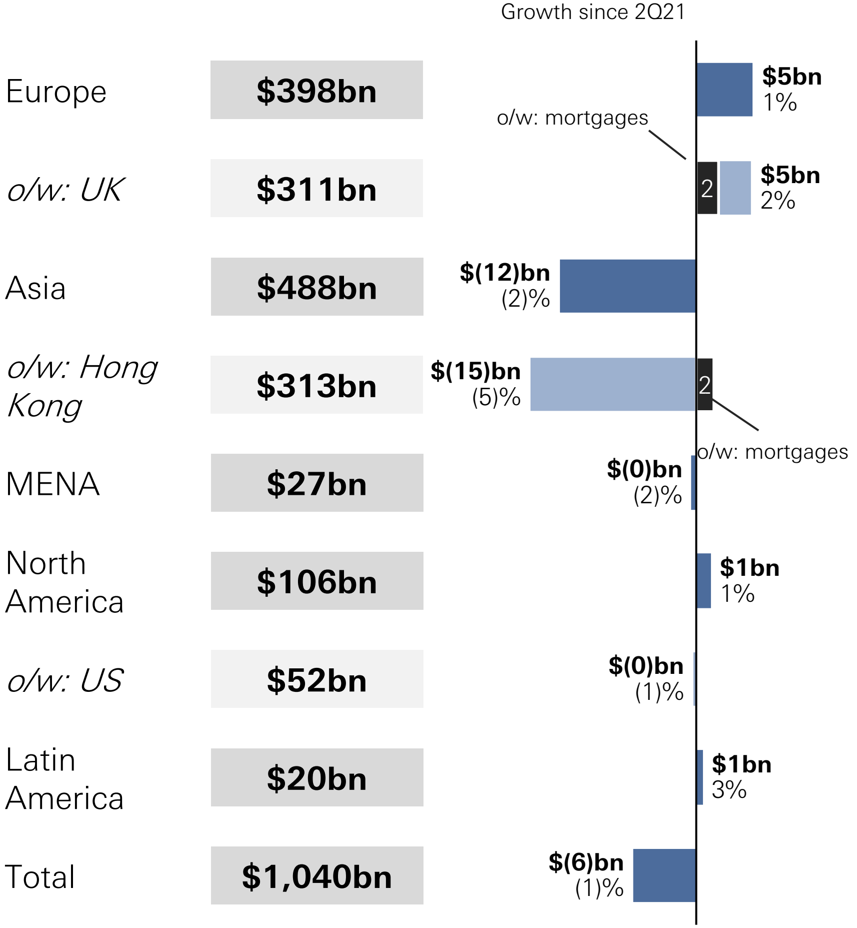
- Average basic number of shares outstanding during 3Q21: 20,213 million
- **3Q21 TNAV per share of $7.81 stable vs. 2Q21,** mainly due to profits of 19¢ offset by adverse FX movements and dividends paid in the quarter

Balance sheet – customer lending

Balances by global business, $bn



Balances by region, $bn

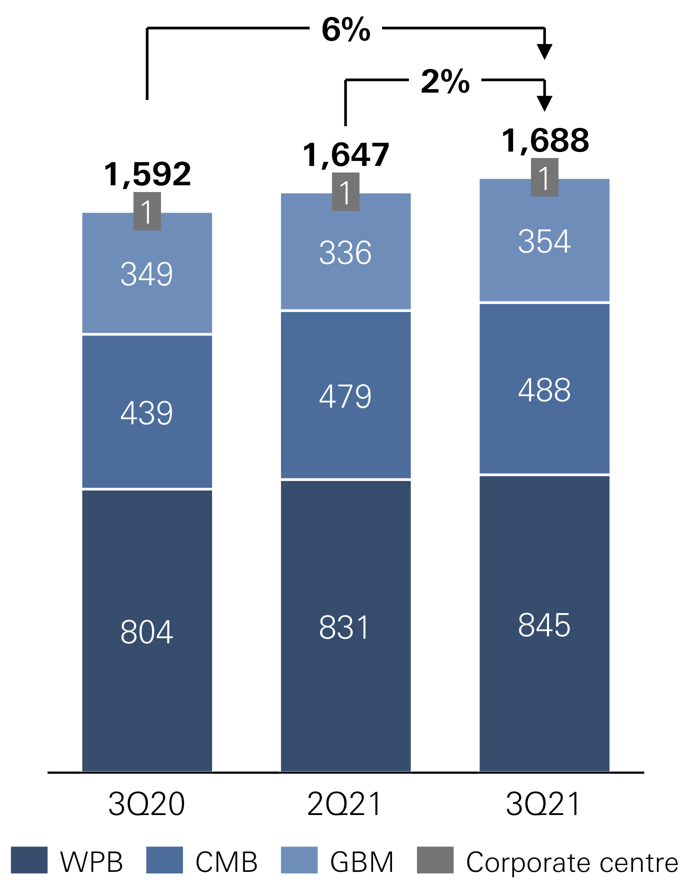


Adjusted customer lending of $1,040bn down $6bn (1%) vs. 2Q21; primarily due to the repayment of $14bn of short-term IPO loans in Hong Kong

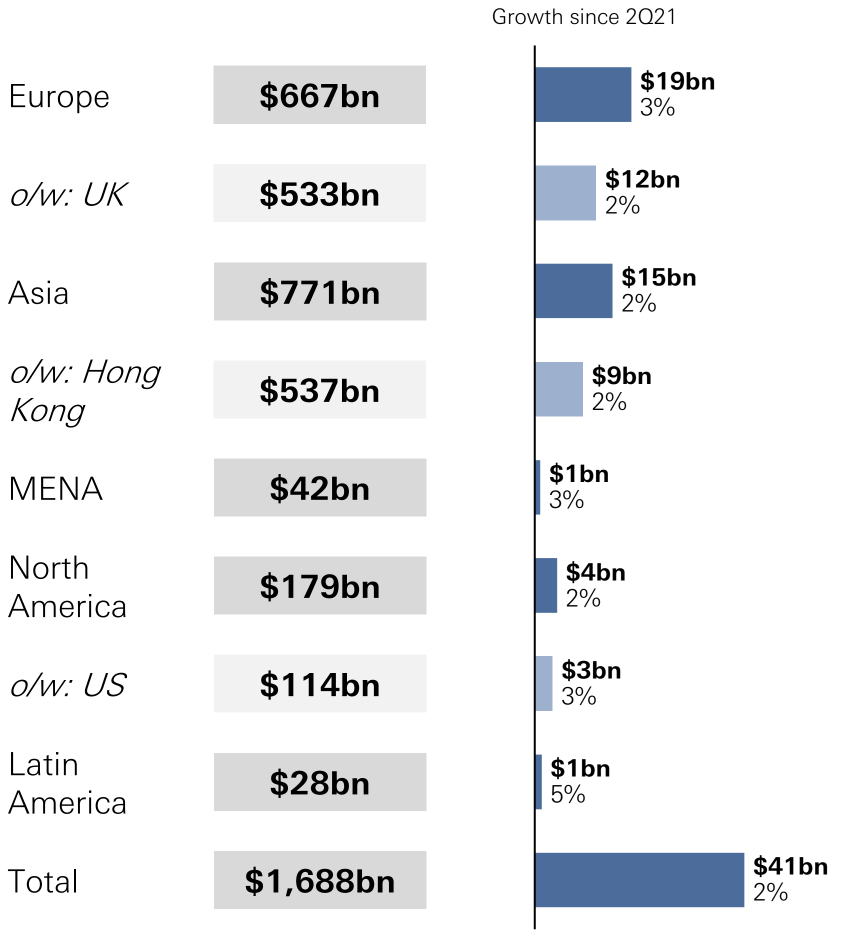
- **WPB lending of $482bn decreased $2bn (<1%),** $9bn of IPO lending repayments were partly offset by $7bn of mortgage growth, primarily in the UK and Hong Kong
- **CMB lending of $345bn down $1bn (1%)** with growth in trade (up $2bn) offset by repayments, notably $2bn of short term IPO loans in Asia and US CRE of $1bn

Balance sheet – customer accounts

Balances by global business, $bn



Balances by region, $bn



Adjusted customer accounts of $1,688bn, up $41bn (2%) vs. 2Q21

- **WPB customer accounts of $845bn increased $14bn (2%),** with broad-based growth across markets
- **Wholesale customer accounts of $842bn increased $27bn (3%)** as clients continue to build and retain liquidity

IFRS 17[24] - Summary

IFRS 17 'Insurance Contracts'

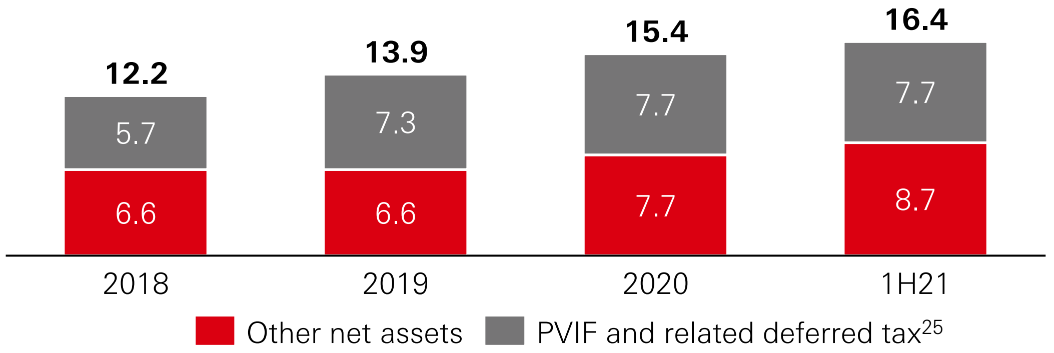
- IFRS 17 is **effective from 1 January 2023** and will result in a number of changes compared to our current accounting policies
- No PVIF asset is recognised, rather the estimated future profit will be included in the measurement of the insurance contract liability as the contractual service margin ('CSM') and **gradually recognised in revenue as services are provided over the duration of the insurance contract**
- While the profit over the life of an individual contract will be unchanged, its emergence will be later under IFRS 17
- Directly attributable costs will be incorporated in the CSM which will result in a reduction in reported operating expenses
- Our initial assumption (based on analysis of the expected 2022 position) is that the resultant accounting changes **may result in a step down in the profitability of our insurance business by approximately two thirds on the transition,** albeit with a range of expected outcomes. **The RoE of the insurance business is not expected to be significantly impacted**
- A similar impact is expected on the equity of the insurance business, primarily reflecting the elimination of the PVIF asset of $9.4bn, with an associated deferred tax liability of $1.7bn as at 1H21 and the creation of a CSM liability (the latter impacting tangible equity)
- No significant effects on the distribution of dividends from insurance subsidiaries nor on the bank's regulatory capital are expected
- Insurance remains a core part of HSBC's Wealth strategy. Continued growth in new business sales will support ongoing earnings growth from the new baseline after transition to IFRS 17

Insurance manufacturing

Reported income statement, $m	FY18	FY19	FY20	1H21
Revenue	**2,040**	**2,711**	**1,977**	**1,555**
Of which: VNB	1,117	1,225	776	563
Of which: market impacts	(326)	124	102	413
Operating expenses	(491)	(505)	(509)	(280)
Profit before tax	**1,578**	**2,135**	**1,377**	**1,262**

- Items in table are non-additive
- VNB will no longer be recognised in the income statement under IFRS 17; instead revenue will emerge over the life of the contracts written
- The current intention is that VNB, Embedded Value and other return and performance metrics will continue to be provided as disclosures for comparability

Reported Embedded value, $bn



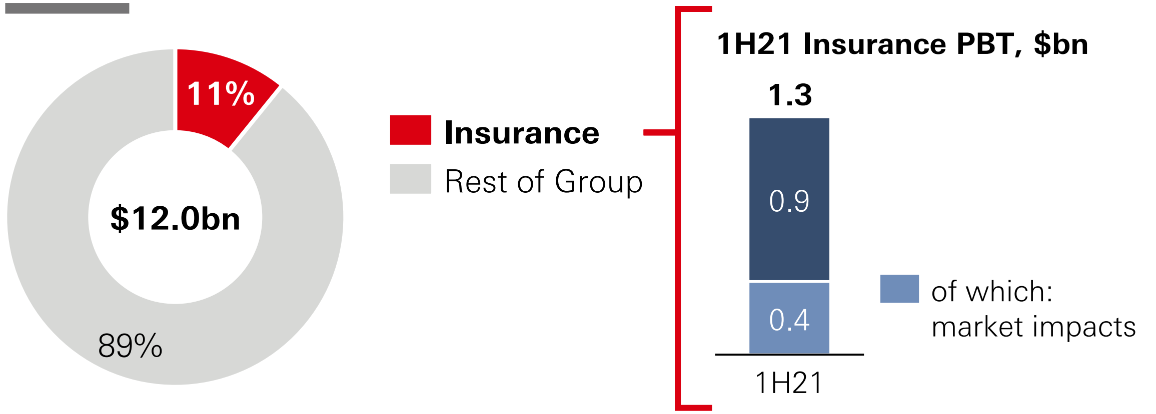
Insurance manufacturing reporting today

Current accounting treatment

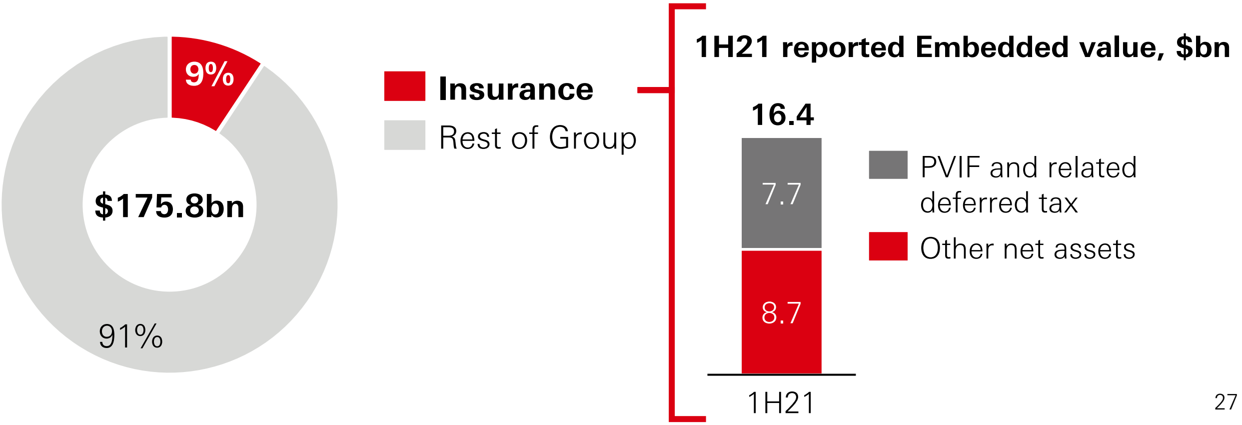
- Today HSBC reports Insurance Manufacturing results under IFRS 4:
  - Insurance liabilities **reflect current local market practices and regulatory approaches**
  - **Value of New Business (VNB)**, a measure that recognises the expected profit to be earned over the lifetime of that business, **is reported upfront as revenue** when a new policy is written
  - **An intangible asset for the present value of in-force life insurance business (PVIF)** is created on the balance sheet as permitted under the UK approach to bancassurance
  - VNB and PVIF are calculated based on **future expected investment return assumptions** based on the assets held
- **PVIF** is incorporated in ordinary shareholders' equity, but **eliminated from tangible equity** and CET1 calculations

Insurance as part of HSBC Group

1H21 Group adjusted PBT, $bn



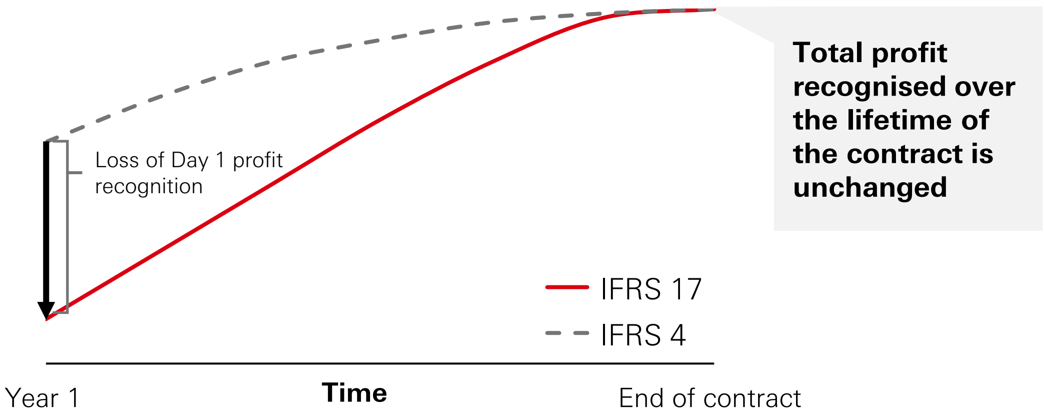
1H21 Group ordinary shareholders' equity, $bn



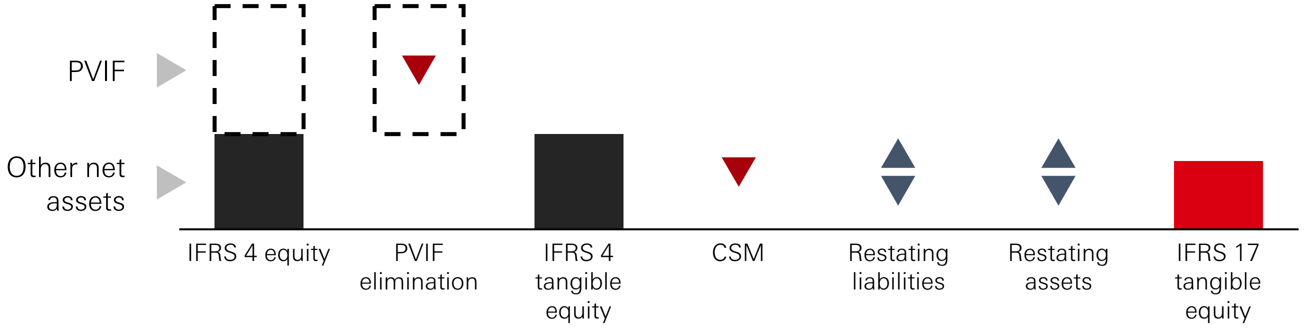
Insurance manufacturing reporting under IFRS 17

- **HSBC will adopt IFRS 17 from 1 January 2023**, with 2022 comparatives restated
- Equity at transition will be impacted by the following:
  - Elimination of PVIF intangible and the related deferred tax liability
  - Establishing a Contractual Service Margin ('CSM') liability representing the unearned margins of the in-force business. It is calculated based on **market consistent assumptions** where future investments spreads are excluded
  - Reclassification of certain assets to fair value, matching updated IFRS 17 liability measurement
- **Revenue will no longer be booked up-front, but instead will be recognised as services are provided over the life of the contracts written**
  - Earnings will predominantly be generated by the unwind of the CSM of the in-force business and the emergence of asset spreads above the IFRS 17 discount rate
  - Unlike current accounting where market impacts and changes in assumptions are reported immediately in profit or loss, under IFRS 17 these are spread over the remaining life of the impacted contracts

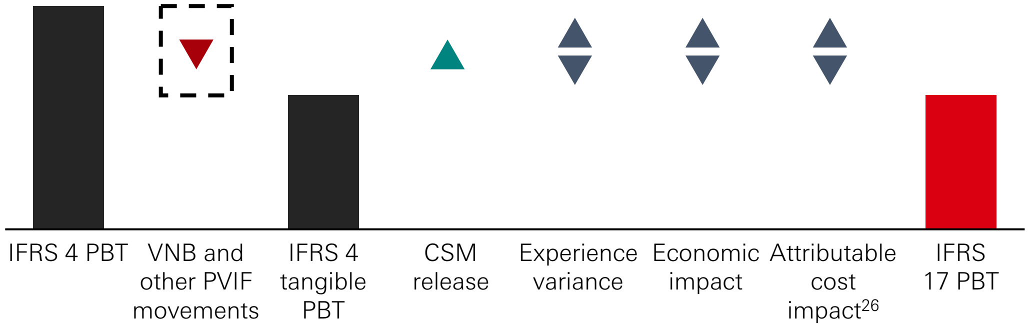
Recognised profit over time



Directional expected impact on tangible equity on transition



Directional expected profit impact on 2022 comparatives



IFRS 4 vs. IFRS 17 – Key differences

	IFRS 4	IFRS 17
Profit emergence / recognition	◆ Value of new business (VNB) is reported as revenue on Day 1	◆ Contractual service margin (CSM) will be reported as liability on Day 1 and recognised in revenue as services are provided (i.e. no Day 1 profit)
Investment return assumptions (discount rate)	◆ VNB is calculated based on long-term investment return assumptions based on assets held. It therefore includes future investment margins expected to be earned in future, unlike under IFRS 17	◆ CSM is calculated based on market consistent assumptions aligned with the characteristics of the liability ◆ Under the market consistent approach, future 'investment spreads' (the risk premia expected to be earned for taking equity risk, default risk, and liquidity risk) are excluded from reported earnings until they are actually earned in future time periods
Expenses	◆ Total expenses to acquire and maintain the contract over its lifetime are included in the VNB calculation ◆ Expenses are recognised across operating expenses and fee expense as incurred, and the allowances for those costs released from the PVIF simultaneously	◆ Projected lifetime expenses that are directly attributable to acquiring and maintaining the portfolio of contracts are included in the CSM calculation, and amortised over the life of the contract as a deduction from Insurance Service revenue, not recognised as incurred ◆ Non-attributable costs are reported in operating expenses as incurred
Balance sheet	◆ Assets mostly measured at amortised cost and fair value. ◆ Liabilities measured per local statutory/ regulatory requirements. ◆ An intangible asset for the present value of in-force life insurance business (PVIF) is created	◆ CSM balance will be recognised as a liability ◆ Assets and liabilities will be measured at current value ◆ PVIF asset will no longer be recognised, and existing PVIF asset will be eliminated to equity on transition
Impact on key metrics		◆ Cost income ratio of HSBC may be impacted ◆ **The combined impact of the changes in equity and profits will not significantly impact Group RoE** ◆ We intend to introduce a new suite of IFRS 17 KPIs to help facilitate peer to peer comparisons

Glossary

AIEA	Average interest earning assets
BGF	Business Growth Fund, an associate of HSBC
BoCom	Bank of Communications Co. Limited, an associate of HSBC
Bps	Basis points. One basis point is equal to one-hundredth of a percentage point
CET1	Common Equity Tier 1
Corporate Centre	Corporate Centre comprises Central Treasury, our legacy businesses, interests in our associates and joint ventures, central stewardship costs and the UK bank levy
CMB	Commercial Banking, a global business
CRR	Customer Risk Rating
CTA	Costs to achieve
C&L	Credit and Lending
DCM	Debt Capital Markets
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
GBM	Global Banking and Markets, a global business
GLCM	Global Liquidity and Cash Management
Group	HSBC Holdings plc and its subsidiary undertakings
GTRF	Global Trade and Receivables Finance
HIBOR	Hong Kong Interbank Offered Rate
IFRS	International Financial Reporting Standard
LCR	Liquidity coverage ratio
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
MENA	Middle East and North Africa
MSS	Markets and Securities Services
NCI	Non-controlling interests
NII	Net interest income
NIM	Net interest margin
NNM	Net new money
NRFB	Non ring-fenced bank in Europe and the UK
OCI	Other Comprehensive Income
PBT	Profit before tax
Ppt	Percentage points
PVIF	Present value of in-force insurance contracts
SABB	The Saudi British Bank, an associate of HSBC
UK RFB	HSBC UK, the UK ring-fenced bank, established July 2018 as part of ring fenced bank legislation
RoTE	Return on average tangible equity
RWA	Risk-weighted asset
TNAV	Tangible net asset value
WPB	Wealth and Personal Banking, a global business
XVAs	Credit and Funding Valuation Adjustments

Footnotes

1. Unless otherwise stated, regulatory capital ratios and requirements are based on the transitional arrangements of the Capital Requirements Regulation in force at the time. These include the regulatory transitional arrangements for IFRS 9 'Financial Instruments'. Following the end of the transition period after the UK's withdrawal from the EU, any reference to EU regulations and directives (including technical standards) should be read as a reference to the UK's version of such regulation and/or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018
2. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric
3. WPB adjusted fees up $0.1bn (6%), CMB adjusted fees up $0.1bn (13%) and GBM adjusted fees up $0.1bn (11%)
4. Inclusive of Premier & Jade deposits and AUM, GPB client assets and AMG AUM
5. At 30 September 2021
6. Source: BoE. Stock mortgage market share at 30 August 2021. Gross market share is for August YTD
7. Source: HKMA at 31 August 2021; Hong Kong market share includes HASE
8. Source: MAS monthly statistical bulletin at 30 June 2021
9. Source: Dealogic, at 30 September 2021. Volume shows the full (non-apportioned) amount of financing raised in transactions in which HSBC led or co-led
10. Based on a static balance sheet at 30 June 2021
11. Technology costs in operating expenses trends include transformation saves and are presented on a net basis
12. Previous guidance for FY22 was $31.5bn including the bank levy on a constant currency basis at 30 June 2021 average FX rates
13. Technology cost increases in quarterly walks are presented on a gross basis (excl. saves)
14. Regulatory dividend accrual for the purposes of capital calculations. Over 9M21 we accrued 25.7¢, equal to 47.5% of reported EPS of 54¢, the mid-point of our 40%-55% targeted payout ratio range. In line with our dividend policy, we will retain the flexibility to adjust EPS for non-cash significant items. Additionally, in 2022, we expect to exclude from EPS the forecast loss on the sale of our retail banking operations in France
15. Cumulative RWA saves under our transformation programme as measured from 1 January 2020 to 30 September 2021, including $9.6bn of accelerated saves made over 4Q19
16. Medium term defined as three to four years from 1 January 2020
17. Mainland China drawn risk exposure. Retail drawn exposures represent retail lending booked in mainland China; Wholesale lending where the exposure is booked in mainland China or the ultimate parent/beneficial owner is in mainland China
18. Source: People's Bank of China Financial Statistics Report H1 2021
19. Mainland China reported Real Estate exposures of $19.6bn at 1H21 comprises exposures to mainland China parent Real Estate companies of $14.7bn as shown in the table on slide 14, and $4.9bn of exposures not included in the table, but booked on mainland China entity balance sheets by corporates incorporated outside of mainland China (primarily Hong Kong incorporated companies); Real Estate is defined as lending to companies involved in Commercial Real Estate, Real Estate for Self Use and Real Estate Management & Service companies; Commercial Real Estate refers to lending that focuses on commercial development and investment in real estate and covers commercial, residential and industrial assets; Real Estate for Self Use refers to lending to a corporate or financial entity for the purchase or financing of a property which supports overall operations of a business i.e. a warehouse for an e-commerce firm
20. From 1st July 2018, Argentina was deemed a hyperinflationary economy for accounting purposes
21. YTD, annualised. RoTE by Global Business excludes significant items. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric. RoTE by Global Business considers AT1 Coupons on an accruals basis, vs. Reported RoTE where it is treated on a cash basis
22. Data to reconcile components of reported RWAs to adjusted RWAs can be found in the 'HSBC Holdings plc 3Q 2021 Datapack'
23. Differences between shareholders' equity and tangible equity drivers primarily reflect AT1 capital, goodwill and other intangibles and PVIF. 'Profit Attributable to Ordinary shareholders' differences primarily include goodwill and other intangibles impairment, PVIF movements and amortisation expense. 'FX' differences primarily include FX on goodwill and intangibles. 'Other' differences primarily include intangible additions and redemption of securities
24. The information in this slide is based on HSBC's current expectation of the manner in which the IFRS 17 standard will be implemented, which may be subject to further changes, as HSBC is currently in the process of implementing IFRS 17 and industry practice and interpretation of the standard are still developing. Additionally, the impact on the forecast future returns of HSBC's insurance business is dependent on the growth, duration and composition of its insurance contract portfolio. Therefore, the likely numerical impact of its implementation remains uncertain
25. Gross PVIF as reported at 1H21 is $9.4bn, and deferred tax liabilities arising on recognition of PVIF is $1.7bn
26. Reported operating expenses will reduce as expenses directly attributable to insurance contracts will be reported as a deduction from Insurance service revenue

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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 ESG target/commitments described herein. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. The assumptions and judgments may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors (including without limitation those which are referable to general market conditions, regulatory changes or due to the impact of the Covid-19 pandemic). Any such forward-looking statements are based on the beliefs, expectations and opinions of the Group at the date the statements are made, and the Group does not assume, and hereby disclaims, any obligation or duty to update, revise or supplement them if circumstances or management's beliefs, expectations or opinions should change. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. No representations or warranties, expressed or implied, are given by or on behalf of the Group as to the achievement or reasonableness of any projections, estimates, forecasts, targets, 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"), our 1Q 2021 Earnings Release furnished to the SEC on Form 6-K on 27 April 2021 (the "1Q 2021 Earnings Release"), our Interim Financial Report for the six months ended 30 June 2021 furnished to the SEC on Form 6-K on 2 August 2021 (the "2021 Interim Report") and our 3Q 2021 Earnings Release, which we expect to furnish to the SEC on Form 6-K on 25 October 2021 (the "3Q 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, our 1Q 2021 Earnings Release, our 2021 Interim Report and our 3Q 2021 Earnings Release, when filed, each of which are available at www.hsbc.com.

Information in this Presentation was prepared as at 25 October 2021.