

◆ Denotes an adjusted measure

Corresponding reported figures and reconciliation of non-GAAP financial measures are presented in the HSBC France 2019 Interim Financial Report available at www.hsbc.com.

Long-term strategy

Our strategy enables us to connect customers to opportunities. It is supported by our distinct combination of strategic advantages:

- ◆ Leading international bank
- ◆ Exceptional access to high-growth markets
- ◆ Balance sheet strength

HSBC Group 1H19

PBT ◆
1H18: \$11.7bn

\$12.5bn

CET1 ratio
1H18: 14.2%

14.3%

A/D ratio
1H18: 71.8%

74.0%

RoTE
1H18: 9.7%

11.2%

HSBC France: an integral part of the HSBC group

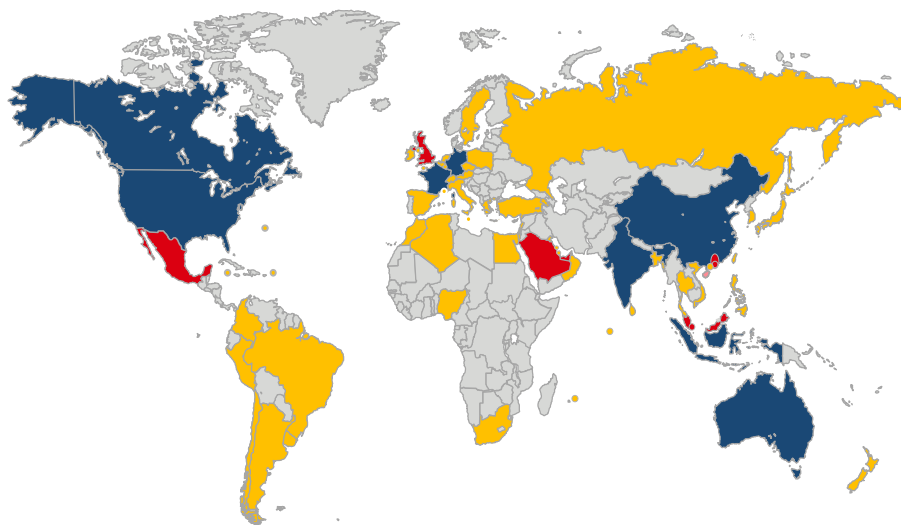
Key financial metrics

PBT ◆ 1H18: € 31m	Revenue ◆ 1H18: € 900m	ECL ◆ charge/(release) 1H18: € 15m	A/D ratio 1H18: 115%	CET1 ratio 1H18: 12.2%
€ 95m	€ 1,134m	€ 54m	103%	13.4%
Customer loans 1H18: € 45bn	Customer deposits 1H18: € 39bn	RWAs 1H18: € 36bn	LCR 1H18: 169%	Total capital ratio 1H18: 15.2%
€ 56bn	€ 55bn	€ 47bn	123%	16.6%

In 1H19, HSBC France acquired some assets and liabilities of seven European branches of HSBC Bank plc (in Belgium, Czech Republic, Ireland, Italy, Luxembourg, Netherlands and Spain). Total assets of those branches amounted to EUR 14.5 billion on 30 June 2019. Comparatives have not been restated on a pro-forma basis.

HSBC Group

- Markets at scale
- Markets where we aspire to be the leading international bank
- Markets to connect the network



HSBC France – a key market for the Group

France

France is the 6th largest global economy based on GDP¹ and a key member of the Eurozone. It also is the 6th largest trade nation² and it has a wealthy population, ranking 3rd in wealth per adult among large countries³.

HSBC France

- France is one of HSBC Group's leading international markets and one of the largest balance sheets
- Benefits from an international network
- Positioned as the largest foreign bank in the French market, by assets
- Acting as the HSBC Group's Global Markets strategic platform for Euro rates products
- Several EEA branches and subsidiaries of HSBC Bank plc were transferred to HSBC France during 2018 and the first half of 2019. HSBC France continues to build strong business relationships with the clients of these entities and strengthens its position as the leading international bank in France in GB&M and CMB activities

Our global businesses

- R B W M** **Retail Banking and Wealth Management**
Full range of banking products and services, including short and long-term financing and insurance and investments products, advising individuals to manage and protect their wealth

- C M B** **Commercial Banking**
Working capital, term loans, payment services, trade facilitation, advisory, and financial markets to serve business customers ranging from small local enterprises to global corporates

- G B & M** **Global Banking and Markets**
Supporting major government, corporate and institutional clients worldwide through a comprehensive range of transaction banking, financing, advisory, capital markets and risk management services

- G P B** **Global Private Banking**
Full range of private banking services to protect and preserve wealth for high net worth and ultra high net worth individuals and families, including those with international banking needs

Strategy

- HSBC France seeks to partner with French, European and international corporates in respect of their international development, and retail clients for their wealth management needs
- HSBC France has positioned itself for future growth through a number of strategic investments:
 - Grow Global Markets revenues by intensifying client coverage in Europe, extending the scope of traded rates products, and leveraging technology and e-platforms to enhance sales;
 - Post Brexit, HSBC France will become the hub for Global Markets activities with EEA clients, and new products will be available to this client base; this includes equities (cash and derivatives), client clearing and credit default swaps;
 - Grow its share of wallet on Corporates by leveraging specialised product teams and increase international business by focusing on key corridors (US, UK, China, Germany);
 - Implement an omni-channel model and improve customer experience in retail banking.

1. Source: IMF (2018)
 2. Source: World Trade Statistical Review (2018)
 3. Source: Wealth per adult among Top 10 GDPs (Credit Suisse Global Wealth Databook 2018)

External credit ratings

Long term senior ratings as at 30 June 2019

	Fitch		Moody's		S&P	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
HSBC Holdings plc	AA-	RWN	A2	Stable	A	Stable
HSBC Bank plc	AA-	RWN	Aa3	Stable	AA-	Stable
HSBC France	AA-	RWN	Aa3	Stable	AA-	Stable

- All the main rating agencies perceive HSBC France as a core strategic subsidiary of HSBC Group
- HSBC France has AA- Rating from S&P since 2011 and from Fitch since 2012 and Aa3 Rating from Moody's since 2017

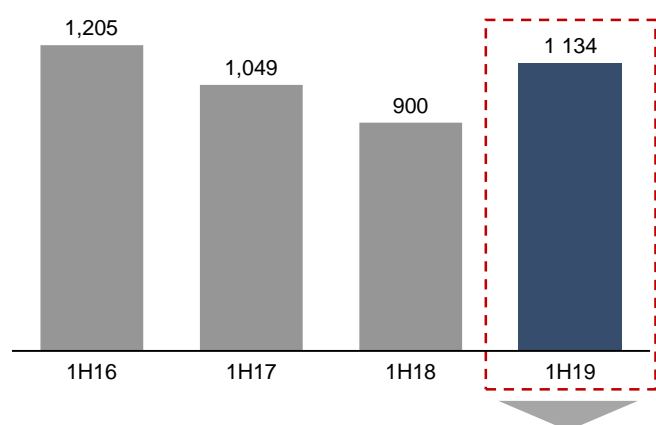
1H19 HSBC France adjusted results

€m	Global businesses and Corporate Centre					HSBC France
	RBWM	CMB	GB&M	GPB	Corp. Centre	
Revenue	415	333	324	28	34	1,134
ECL	4	1	(59)	0	0	(54)
Operating expenses	(415)	(210)	(297)	(24)	(39)	(985)
Profit/(loss) before tax	4	124	(32)	4	(5)	95

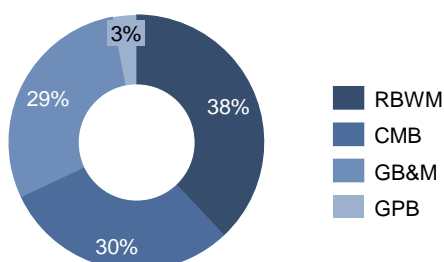
€bn

Customer advances	20.0	17.6	16.7	2.5	(0.5) ¹	56.3
Customer deposits	18.2	20.0	15.0	1.0	0.7	54.9
A/D ratio (%)	109%	88%	111%	248%	n/d	103%

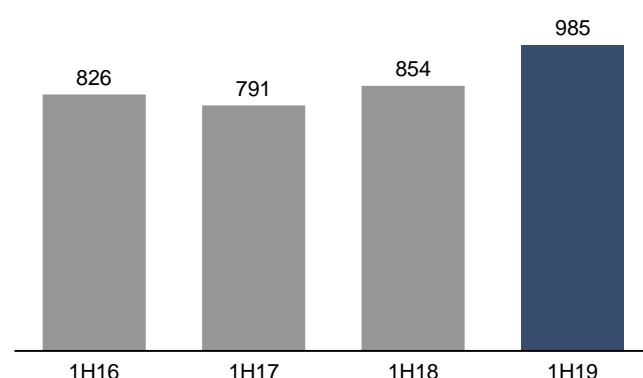
Adjusted revenue, €m



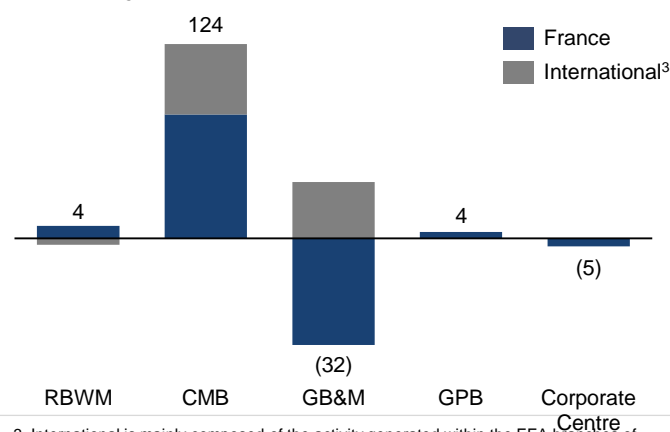
1H19 adjusted revenue by global business², %



Adjusted operating expenses, €m



1H19 adjusted PBT distribution, €m

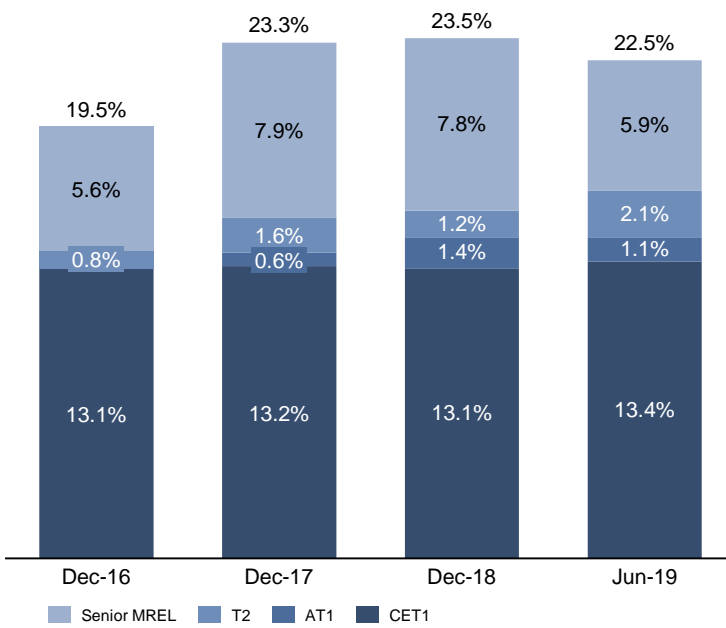


1. Relates to intragroup balances
2. Excludes Corporate Centre

3. International is mainly composed of the activity generated within the EEA branches of HSBC France in Greece, Spain, Italy, the Netherlands, Belgium, Poland, the Czech Republic, Ireland, Luxembourg, and the UK

Capital structure

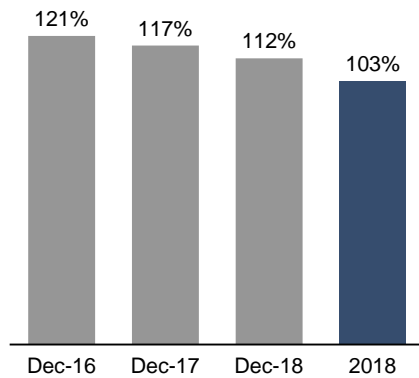
Capital and loss-absorbing instruments



- HSBC France's capital position as at 30 June 2019:
 - Stable CET1 ratio of 13.4%
 - Total Capital Ratio of 16.6% net of prudential deductions ; 2019 requirement of 13.5%
- Executed CET1 increase of €1.6bn and issuance of €0.45n Tier 2 in H1 2019 in connection with the Brexit related transfers from HSBC Bank plc
- Stable stock of €2.8bn prepositioned intragroup funding for MREL

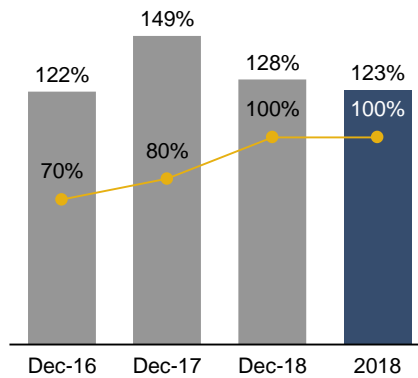
Funding and liquidity

Advances / Deposits Ratio (A/D Ratio)

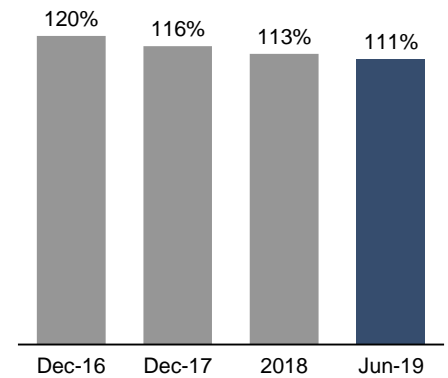


Liquidity Coverage Ratio (LCR)

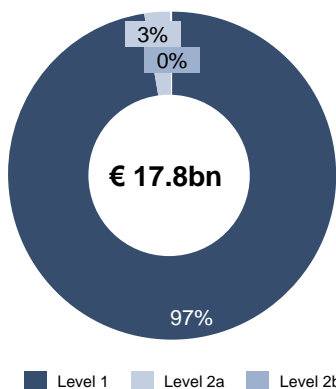
LCR requirement —●—



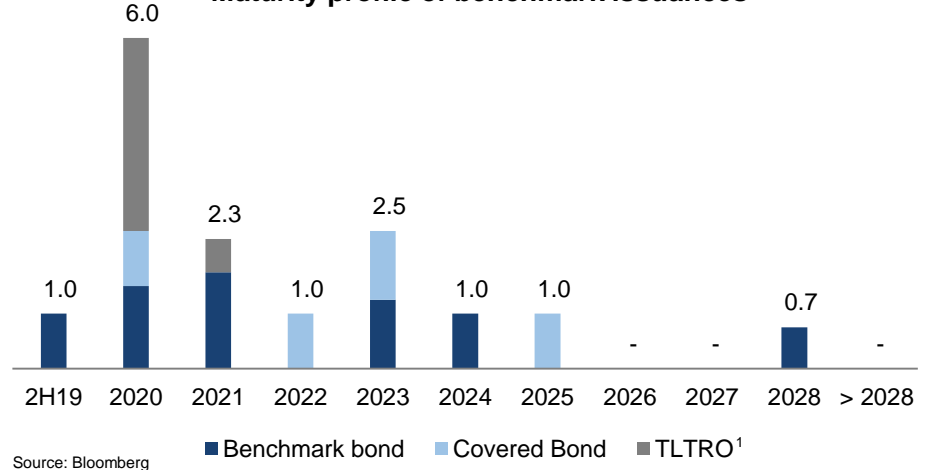
Net Stable Funding Ratio (NSFR)



Dec 2018 Liquid Asset Buffer



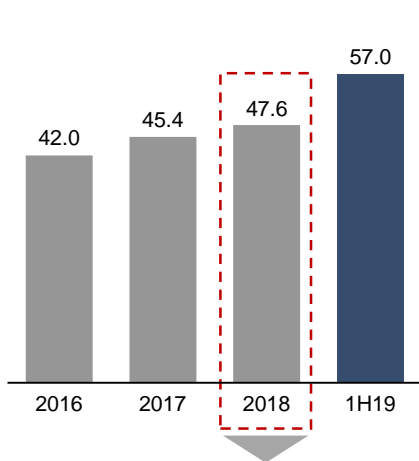
Maturity profile of benchmark issuances



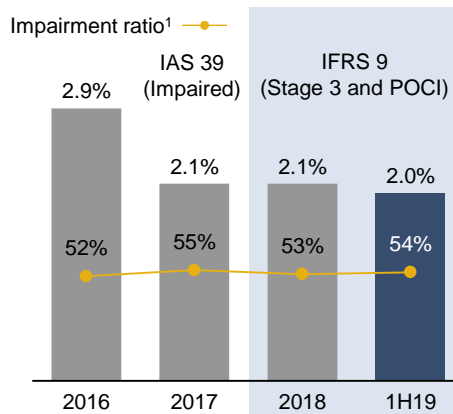
1. TLTRO: Targeted long-term refinancing operations

Asset structure and quality

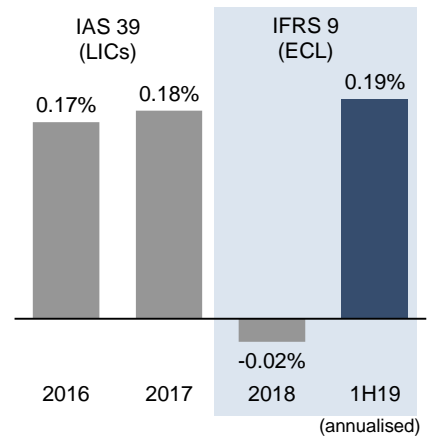
Gross loans and advances to customers, €bn



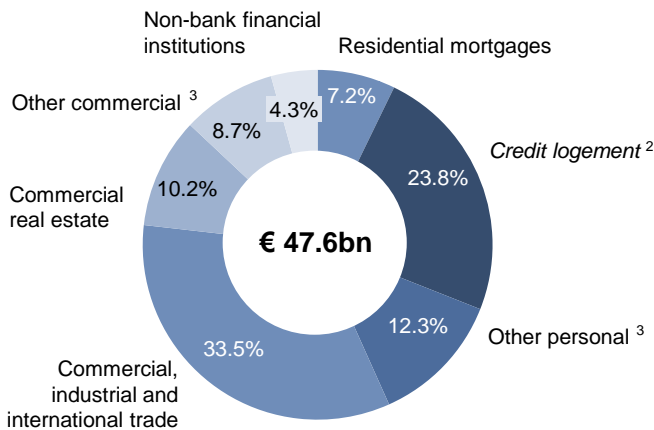
Stage 3 and POCI / Impaired loans as a % of gross loans and advances to customers



ECL / LICs as a % of total gross loans and advances to customers

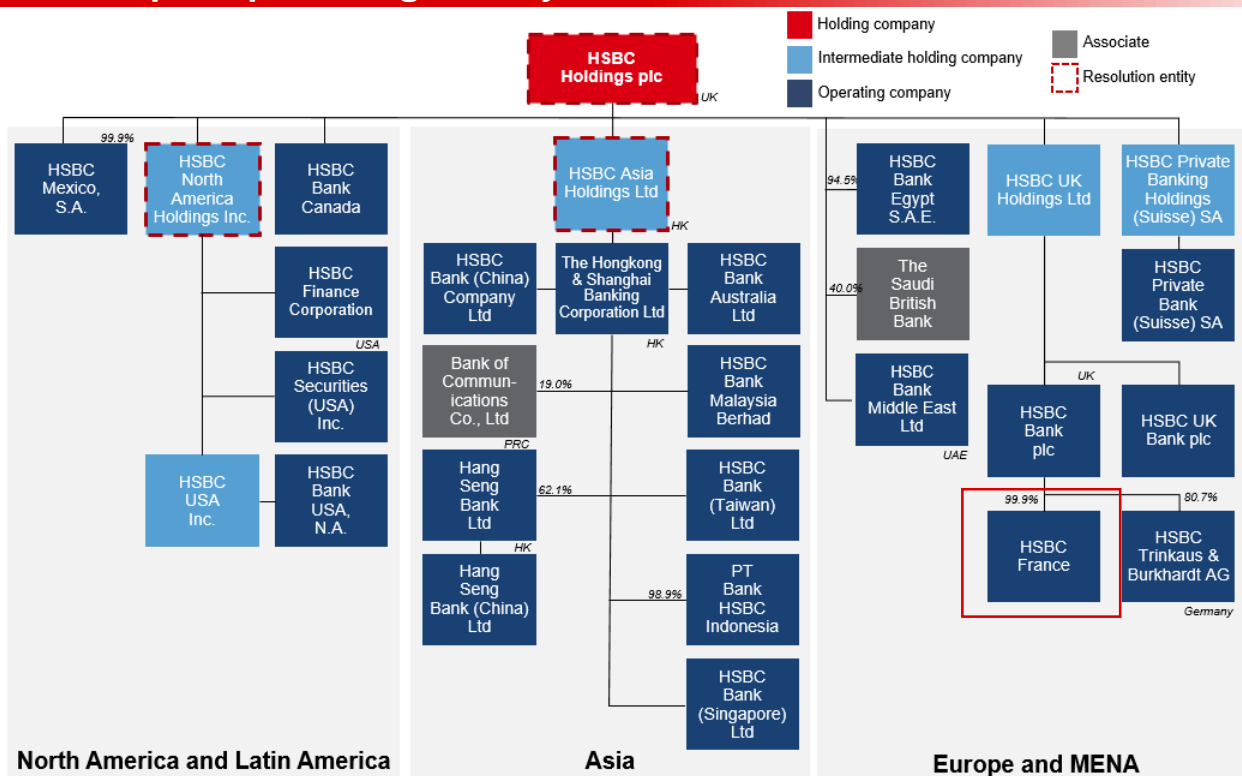


Dec 2018 Gross loans and advances to customers by lending type



- HSBC France has a conservative approach to risk management, consistent with the Group
- HSBC France has a high quality lending portfolio, with 71% of gross loans at amortised cost of 'Strong' or 'Good' credit quality in 2018
- The impairment ratio is stable, with >50% of Stage 3 and POCI loans covered by ECL allowances
- Increase in ECL in 1H19 due to an increasing provision in the impairments for GB&M, partly offset by reversals recorded in RBWM and in CMB

HSBC Group simplified legal entity structure⁴



1. Impairment ratio is calculated as Impairment allowances / Total impaired loans (up to 2017) or Total stage 3 and POCI loans (starting 2018)
 2. *Crédit Logement* is a French nationwide home loans guarantee scheme regulated by the French regulatory authority, the ACPR. It provides robust guarantees to lenders against the risk of borrower default
 3. The distribution of the portfolio by credit quality is not directly comparable between 2017 and 2018 mainly due to the reclassification of loans and advances to Self Employees which were previously classified as 'corporate and commercial' and which from now are classified as 'personal'
 4. As at 23 January 2019. Showing entities in Priority markets, wholly-owned unless shown otherwise. Excludes Service Companies, other Associates, Insurance companies and Special Purpose Entities

Appendix: 1H19 Group results¹ (comparison vs. 1H18)

\$bn	RBWM		CMB		GB&M		GPB		Corporate Centre		Group	
Revenue	11.9	12%	7.8	9%	7.7	(3)%	0.9	2%	0.1	>100%	28.5	8%
ECL	(0.5)	(5)%	(0.5)	>(100)%	(0.1)	>(100)%	(0.0)	>(100)%	0.0	(91)%	(1.1)	>(100)%
Costs	(7.0)	(6)%	(3.3)	(5)%	(4.8)	(4)%	(0.7)	2%	(0.4)	34%	(16.2)	(4)%
Associates and JVs	0.0	>100%	-	-	-	-	-	-	1.3	(1)%	1.3	1%
Profit before tax	4.4	24%	4.0	1%	2.8	(18)%	0.2	5%	1.0	90%	12.5	7%
RoTE ² , %	23.5	2.2ppt	14.0	(1.1)ppt	9.9	(2.4)ppt	11.2	-	(4.1)	(0.2)ppt	11.0	(0.5)ppt
Cost efficiency ratio, %	58.6	3.1ppt	42.2	1.6ppt	62.1	(4.2)ppt	76.7	3.1ppt	nm	-	56.7	2.5ppt
Reported RWAs	129.0	4%	327.6	4%	284.5	0%	16.5	(3)%	128.4	3%	886.0	2%
Customer advances	376.1	9%	347.4	7%	250.8	2%	45.8	12%	1.5	(24)%	1,021.6	6%
Customer deposits	660.6	5%	358.7	2%	290.0	1%	62.2	(1)%	8.6	(11)%	1,380.1	3%
A/D ratio, %	56.9	2.0ppt	96.8	4.4ppt	86.5	0.4ppt	73.6	9.0ppt	17.7	(3.1)ppt	74.0	2.4ppt

\$bn	Europe		Asia		MENA		North America		Latin America		Group	
Revenue	9.1	9%	15.5	9%	1.4	7%	3.4	(3)%	1.9	37%	28.5	8%
ECL	(0.5)	>(100)%	(0.3)	>(100)%	(0.0)	46%	(0.1)	>(100)%	(0.2)	(10)%	(1.1)	>(100)%
Costs	(8.4)	(5)%	(6.4)	(8)%	(0.7)	(5)%	(2.5)	4%	(1.0)	(16)%	(16.2)	(4)%
Associates and JVs	0.0	(53)%	1.1	4%	0.2	(12)%	-	-	0.0	100%	1.3	1%
Profit before tax	0.3	(14)%	9.9	8%	0.9	9%	0.8	(28)%	0.7	>100%	12.5	7%
Cost efficiency ratio, %	91.4	3.1ppt	41.6	0.3ppt	48.7	1.3ppt	74.9	0.5ppt	52.2	9.7ppt	56.7	2.5ppt
Reported RWAs ³	309.4	3%	371.7	2%	57.5	(1)%	133.4	0%	40.3	9%	886.0	2%
Customer advances	383.4	6%	473.6	7%	28.5	0%	112.7	8%	23.4	21%	1,021.6	6%
Customer deposits	504.4	3%	677.3	3%	36.6	8%	135.4	0%	26.5	21%	1,380.1	3%
A/D ratio, %	76.0	2.2ppt	69.9	2.3ppt	77.9	(6.6)ppt	83.2	6.3ppt	88.6	(0.1)ppt	74.0	2.4ppt

1. All numbers presented are on an adjusted basis unless otherwise stated

2. Group RoTE and global business RoTEs are annualised. Excl. significant items and UK bank levy

3. RWAs are non-additive across geographical regions due to market risk diversification effects within the Group

Important notice and forward looking statements

Important notice

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Forward-looking statements

This Presentation may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position, strategy and business of HSBC France 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. 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 HSBC France. 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 HSBC France at the date the statements are made, and HSBC France 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 HSBC France 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 2019 Interim Financial Statements filed with the Autorité des Marchés Financiers on 05 August 2019 and in our Registration Document and annual Financial Report 2018 filed with the Autorité des Marchés Financiers on 20 February 2019.

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 2019 Interim Financial Statements filed with the Autorité des Marchés Financiers on 05 August 2019 available at www.hsbc.com.

Information in this Presentation was prepared as at 23 August 2019.

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