Connecting customers to opportunities

HSBC aims to be where the growth is, enabling businesses to thrive and economies to prosper, and ultimately helping people to fulfil their hopes and realise their ambitions.

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

<table>
<thead>
<tr>
<th>Metric</th>
<th>1H18</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBT</td>
<td>$11.7bn</td>
<td>$12.5bn</td>
</tr>
<tr>
<td>CET1 ratio</td>
<td>14.2%</td>
<td>14.3%</td>
</tr>
<tr>
<td>A/D ratio</td>
<td>71.8%</td>
<td>74.0%</td>
</tr>
<tr>
<td>RoTE</td>
<td>9.7%</td>
<td>11.2%</td>
</tr>
</tbody>
</table>

Key financial metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>1H18</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBT</td>
<td>€31m</td>
<td>€95m</td>
</tr>
<tr>
<td>Revenue</td>
<td>€900m</td>
<td>€1,134m</td>
</tr>
<tr>
<td>ECL charge/(release)</td>
<td>€15m</td>
<td>€54m</td>
</tr>
<tr>
<td>A/D ratio</td>
<td>115%</td>
<td>103%</td>
</tr>
<tr>
<td>CET1 ratio</td>
<td>12.2%</td>
<td>13.4%</td>
</tr>
</tbody>
</table>

Customer loans: €45bn
Customer deposits: €36bn
RWAs: €36bn
LCR: 169%
Total capital ratio: 15.2%

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 to connect the network

65
>50%
Markets
Of Group client revenue connected to the network

> 90%
Of global GDP, trade and capital flows covered by our footprint

4
Inter-connected global businesses share balance sheets and liquidity in addition to strong commercial links

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

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

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

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

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.

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External credit ratings

Long term senior ratings as at 30 June 2019

<table>
<thead>
<tr>
<th></th>
<th>Fitch</th>
<th>Moody’s</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rating</td>
<td>Outlook</td>
<td>Rating</td>
</tr>
<tr>
<td>HSBC Holdings plc</td>
<td>AA-</td>
<td>RWN</td>
<td>A2</td>
</tr>
<tr>
<td>HSBC Bank plc</td>
<td>AA-</td>
<td>RWN</td>
<td>Aa3</td>
</tr>
<tr>
<td>HSBC France</td>
<td>AA-</td>
<td>RWN</td>
<td>Aa3</td>
</tr>
</tbody>
</table>

- 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

<table>
<thead>
<tr>
<th></th>
<th>€m</th>
<th>€bn</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Global businesses and Corporate Centre</td>
<td>HSBC France</td>
</tr>
<tr>
<td>Revenue</td>
<td>RBWM</td>
<td>CMB</td>
</tr>
<tr>
<td></td>
<td>415</td>
<td>333</td>
</tr>
<tr>
<td>ECL</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(415)</td>
<td>(210)</td>
</tr>
<tr>
<td>Profit/(loss) before tax</td>
<td>4</td>
<td>124</td>
</tr>
</tbody>
</table>

Customer advances: 20.0 €bn, 17.6 €bn, 16.7 €bn, 2.5 €bn, (0.5) €bn
Customer deposits: 18.2 €bn, 20.0 €bn, 15.0 €bn, 1.0 €bn, 0.7 €bn
A/D ratio (%): 109%, 88%, 111%, 248%, n/d

1H19 adjusted revenue by global business:

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 €0.45bn 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

![Capital structure chart]

**Funding and liquidity**

### Advances / Deposits Ratio (A/D Ratio)

- Dec-16: 121%
- Dec-17: 117%
- Dec-18: 112%
- Jun-19: 103%

### Liquidity Coverage Ratio (LCR)

- Dec-16: 122%
- Dec-17: 80%
- Dec-18: 100%
- Jun-19: 100%

### Net Stable Funding Ratio (NSFR)

- Dec-16: 120%
- Dec-17: 116%
- Dec-18: 113%
- Jun-19: 111%

**Dec 2018 Liquid Asset Buffer**

- €17.8bn

**Maturity profile of benchmark issuances**

- 2019: 6.0 bn
- 2020: 2.3 bn
- 2021: 2.5 bn
- 2022: 1.0 bn
- 2023: 1.0 bn
- 2024: 1.0 bn
- 2025: 1.0 bn
- 2026: 0.7 bn
- 2027: -
- 2028: -

**Source:** Bloomberg

1. TLTRO: Targeted long-term refinancing operations
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 structure

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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

<table>
<thead>
<tr>
<th></th>
<th>RBWM</th>
<th>CMB</th>
<th>GB&amp;M</th>
<th>GPB</th>
<th>Corporate Centre</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>11.9</td>
<td>7.8</td>
<td>7.7 (3)%</td>
<td>0.9</td>
<td>0.1 &gt;100%</td>
<td>28.5 8%</td>
</tr>
<tr>
<td><strong>ECL</strong></td>
<td>(0.5)</td>
<td>(5)%</td>
<td>(0.5) &gt;100%</td>
<td>(0.1) &gt;100%</td>
<td>(0.0) &gt;100%</td>
<td>0.0 (91)%</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>(7.0)</td>
<td>(6)%</td>
<td>(3.3) (5)%</td>
<td>(4.8) (4)%</td>
<td>(0.7) 2%</td>
<td>(0.4) 34%</td>
</tr>
<tr>
<td><strong>Associates and JVs</strong></td>
<td>0.0</td>
<td>&gt;100%</td>
<td>- -</td>
<td>- -</td>
<td>1.3 (1)%</td>
<td>1.3 1%</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>4.4</td>
<td>24%</td>
<td>4.0 1%</td>
<td>2.8 (18)%</td>
<td>0.2 5%</td>
<td>1.0 90%</td>
</tr>
<tr>
<td><strong>RoTE², %</strong></td>
<td>23.5</td>
<td>2.2ppt</td>
<td>14.0 (1.1)ppt</td>
<td>9.9 (2.4)ppt</td>
<td>11.2 -</td>
<td>(4.1) (0.2)ppt</td>
</tr>
<tr>
<td><strong>Cost efficiency ratio, %</strong></td>
<td>58.6</td>
<td>3.1ppt</td>
<td>42.2 1.6ppt</td>
<td>62.1 (4.2)ppt</td>
<td>76.7 3.1ppt</td>
<td>nm -</td>
</tr>
<tr>
<td><strong>Reported RWAs</strong></td>
<td>129.0</td>
<td>4%</td>
<td>327.6 4%</td>
<td>284.5 0%</td>
<td>16.5 (3)%</td>
<td>128.4 3%</td>
</tr>
<tr>
<td><strong>Customer advances</strong></td>
<td>376.1</td>
<td>9%</td>
<td>347.4 7%</td>
<td>250.8 2%</td>
<td>45.8 12%</td>
<td>1.5 (24)%</td>
</tr>
<tr>
<td><strong>Customer deposits</strong></td>
<td>660.6</td>
<td>5%</td>
<td>358.7 2%</td>
<td>290.0 1%</td>
<td>62.2 (1)%</td>
<td>8.6 (11)%</td>
</tr>
<tr>
<td><strong>A/D ratio, %</strong></td>
<td>56.9</td>
<td>2.0ppt</td>
<td>96.8 4.4ppt</td>
<td>86.5 0.4ppt</td>
<td>73.6 9.0ppt</td>
<td>17.7 (3.1)ppt</td>
</tr>
</tbody>
</table>

### $bn

<table>
<thead>
<tr>
<th></th>
<th>Europe</th>
<th>Asia</th>
<th>MENA</th>
<th>North America</th>
<th>Latin America</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>9.1 9%</td>
<td>15.5 9%</td>
<td>1.4 7%</td>
<td>3.4 (3)%</td>
<td>1.9 37%</td>
<td>28.5 8%</td>
</tr>
<tr>
<td><strong>ECL</strong></td>
<td>(0.5) &gt;(100)%</td>
<td>(0.3) &gt;(100)%</td>
<td>(0.0) 46%</td>
<td>(0.1) &gt;(100)%</td>
<td>(0.2) (10)%</td>
<td>(1.1) &gt;(100)%</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>(8.4) (5)%</td>
<td>(6.4) (8)%</td>
<td>(0.7) (5)%</td>
<td>(2.5) 4%</td>
<td>(1.0) (16)%</td>
<td>(16.2) (4)%</td>
</tr>
<tr>
<td><strong>Associates and JVs</strong></td>
<td>0.0</td>
<td>(53)%</td>
<td>1.1 4%</td>
<td>0.2 (12)%</td>
<td>- -</td>
<td>0.0 100%</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>0.3</td>
<td>(14)%</td>
<td>9.9 8%</td>
<td>0.9 9%</td>
<td>0.8 (28)%</td>
<td>0.7 &gt;100%</td>
</tr>
<tr>
<td><strong>Cost efficiency ratio, %</strong></td>
<td>91.4</td>
<td>3.1ppt</td>
<td>41.6 0.3ppt</td>
<td>48.7 1.3ppt</td>
<td>74.9 0.5ppt</td>
<td>52.2 9.7ppt</td>
</tr>
<tr>
<td><strong>Reported RWAs³</strong></td>
<td>309.4 3%</td>
<td>371.7 2%</td>
<td>57.5 (1)%</td>
<td>133.4 0%</td>
<td>40.3 9%</td>
<td>886.0 2%</td>
</tr>
<tr>
<td><strong>Customer advances</strong></td>
<td>383.4</td>
<td>6%</td>
<td>473.6 7%</td>
<td>28.5 0%</td>
<td>112.7 8%</td>
<td>23.4 21%</td>
</tr>
<tr>
<td><strong>Customer deposits</strong></td>
<td>504.4</td>
<td>3%</td>
<td>677.3 3%</td>
<td>36.6 8%</td>
<td>135.4 0%</td>
<td>26.5 21%</td>
</tr>
<tr>
<td><strong>A/D ratio, %</strong></td>
<td>76.0</td>
<td>2.2ppt</td>
<td>69.9 2.3ppt</td>
<td>77.9 (6.6)ppt</td>
<td>83.2 6.3ppt</td>
<td>88.6 (0.1)ppt</td>
</tr>
</tbody>
</table>

---

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

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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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