

31 December 2019

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

◀ Denotes an adjusted measure

HSBC at a glance

With assets of \$2.7tn and operations in 64 countries and territories, HSBC is one of the largest banking and financial services organisations in the world.

We aim to deliver long-term value for our shareholders through:

- ◆ Our extensive international network
- ◆ Our access to high-growth markets
- ◆ Our balance sheet strength

Group (FY19)

Adjusted PBT ▶
(FY18: \$21.2bn)

\$22.2bn

RWAs
(FY18: \$865bn)

\$843bn

Customer accounts ▶
(FY18: \$1,380bn)

\$1,439bn

Net customer advances ▶
(FY18: \$994bn)

\$1,037bn

For reported results and further information, please refer to HSBC Holdings plc Annual Report and Accounts 2019

Asia (FY19)

Adjusted PBT ▶
(FY18: \$17.5bn)

\$18.6bn

RWAs
(FY18: \$364bn)

\$366bn

Customer accounts ▶
(FY18: \$668bn)

\$697bn

Net customer advances ▶
(FY18: \$452bn)

\$478bn

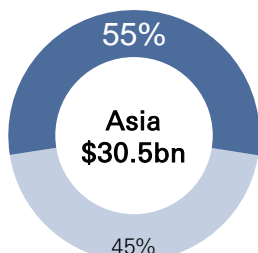
Asia

HSBC's history is founded on financing trade with Asia, and the region remains central to its strategy. The Group now generates more than two-thirds of its profits in Asia, and continues to pivot towards the region, where it is strongly positioned to access the faster-growing markets in Asia. HSBC has operations in 64 countries and territories worldwide. 55% of the Group's c.235,000 employees are based in Asia at 31 December 2019.

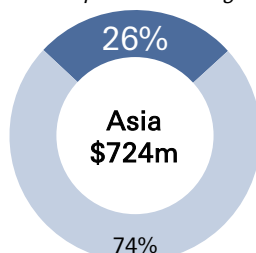
FY19 Key financial metrics¹

Asia: an integral part of the HSBC group

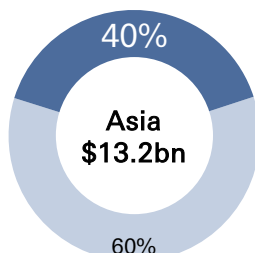
Revenue ▶
FY18: \$28.4bn



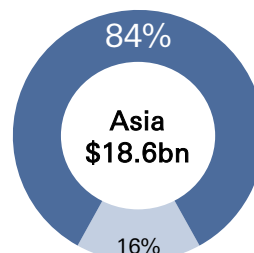
ECL ▶
FY18: \$597m
Expected credit losses and other credit impairment charges



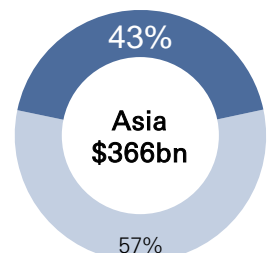
Costs ▶
FY18: \$12.3bn



PBT ▶
FY18: \$17.5bn



RWAs
FY18: \$364bn



HSBC Asia today - strongly positioned to capture growth opportunities in Asia



155 years
of history and presence in Asia

17
of the 25 Group business corridors are Asia-linked

Proportion of the Group's employees (FTE) in Asia (2019)
55%

19
markets with dedicated in-country management teams

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

Asia priorities

Leverage HSBC's international connectivity and continue to capture emerging opportunities



HSBC is well-positioned to capture BRI opportunities

- Belt and Road Initiative is made up of “The Silk Road Economic Belt” and “The 21st Century Maritime Silk Road”
- Seek to connect > 61 countries across Asia, Middle East, Africa and Europe, c.30% of global GDP and 62% of world population¹
- By improving the global infrastructure and network connectivity, mainland China can better facilitate international trade and development
- HSBC has 31 China Desk Managers, based in 24 sites². These desks look after the banking needs of Chinese Corporates in 45+ markets in which HSBC has a GB/ CMB presence.



1. World Bank
 2. As of December 2019. Global coverage includes Argentina, Australia, Bangladesh, Canada, France, Germany, Hong Kong, India, Indonesia, Ireland, Israel, Luxembourg, Macau, Malaysia, Mauritius, Mexico, Saudi Arabia, Singapore, Sri Lanka, Thailand, UAE, UK, US, Vietnam

Hong Kong

Leading position in Hong Kong supported by two brands



*Hong Kong's Best Bank
2019*



- ◆ Note issuing bank in Hong Kong since 1865
- ◆ FY19 key metrics¹
 - ◆ \$19.4bn Revenue
 - ◆ \$12.1bn PBT
 - ◆ CER of 35.3%



*Best Domestic Bank in Hong Kong
2018*
19th consecutive year



- ◆ Established 1933, majority-owned by HSBC Group since 1965
- ◆ Leading domestic bank in Hong Kong
- ◆ Recognised brand, owner of Hang Seng Index
- ◆ FY19 key metrics²
 - ◆ HKD43.5bn Revenue
 - ◆ HKD28.8bn PBT
 - ◆ CER of 30.0%

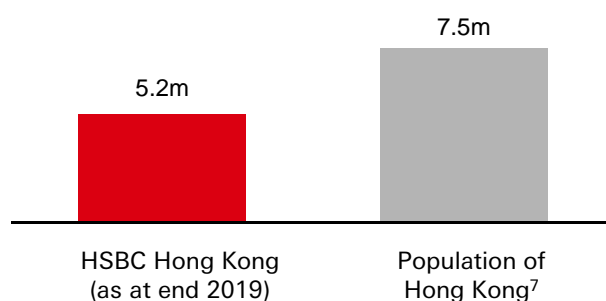
◆ Continued strong market shares³:

- ◆ 45% for credit cards
- ◆ 54% market share in unit trust gross sales
- ◆ Loans market share of 28%

Trade finance **12.8%⁴**

Life Insurance **#2⁵**

RBWM customers⁶



Opportunities and areas of investment

Capture growth in targeted segments

- ◆ Grow millennials client base to build customer generation for the future
- ◆ Enhance proposition for Non Resident Chinese customers
- ◆ Invest in insurance for sustainable market share growth

Enhance customer experience

- ◆ Develop digital payment ecosystem
- ◆ Build new capabilities in Business Banking
- ◆ Explore partnerships to launch innovative solutions

Capitalise on China outbound investments

- ◆ Capture new growth opportunities with China, in particular:
 - ◆ Belt and Road Initiative
 - ◆ International activities of Chinese corporates and financial institutions
 - ◆ Greater Bay Area / Pearl River Delta
 - ◆ Sustainable Finance/ Hong Kong as Green Financial Centre
 - ◆ RMB Internationalisation

1. HSBC numbers include Hang Seng; on an adjusted basis
 2. On a reported basis
 3. 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)

4. Hong Kong Monetary Authority statistics as of JUNE19, excludes Hang Seng
 5. Market Share figures sourced from Hong Kong Insurance Authority statistics, Hong Kong insurance market share of 17% as at 3Q19 up 4ppts from FY16, moving from 4th to 2nd largest share.
 6. Active customers. HSBC Hong Kong excludes Hang Seng
 7. As at mid 2019, The Government of the Hong Kong SAR, Census and Statistics Department

Mainland China

HSBC's founders recognised the region's potential as long ago as 1865, when they set up the Hongkong and Shanghai Banking Corporation to finance trade between Asia and the West

More than 150 years later, HSBC is a leading international bank in mainland China and widely recognised as a leading international bank for renminbi

Largest international bank network:
216 outlets in 57 cities, 23 provinces / municipalities¹

2.9

Reported PBT², \$bn

48.3

Customer accounts, \$bn

Leading international bank in mainland China

"Best Overall RMB Products and Services Provider" in 2019³ for the eighth consecutive year

"Best Overall International Bank for the Belt and Road Initiative" in 2019⁴

"International Retail Bank of the Year" in 2019⁵ for the third consecutive year

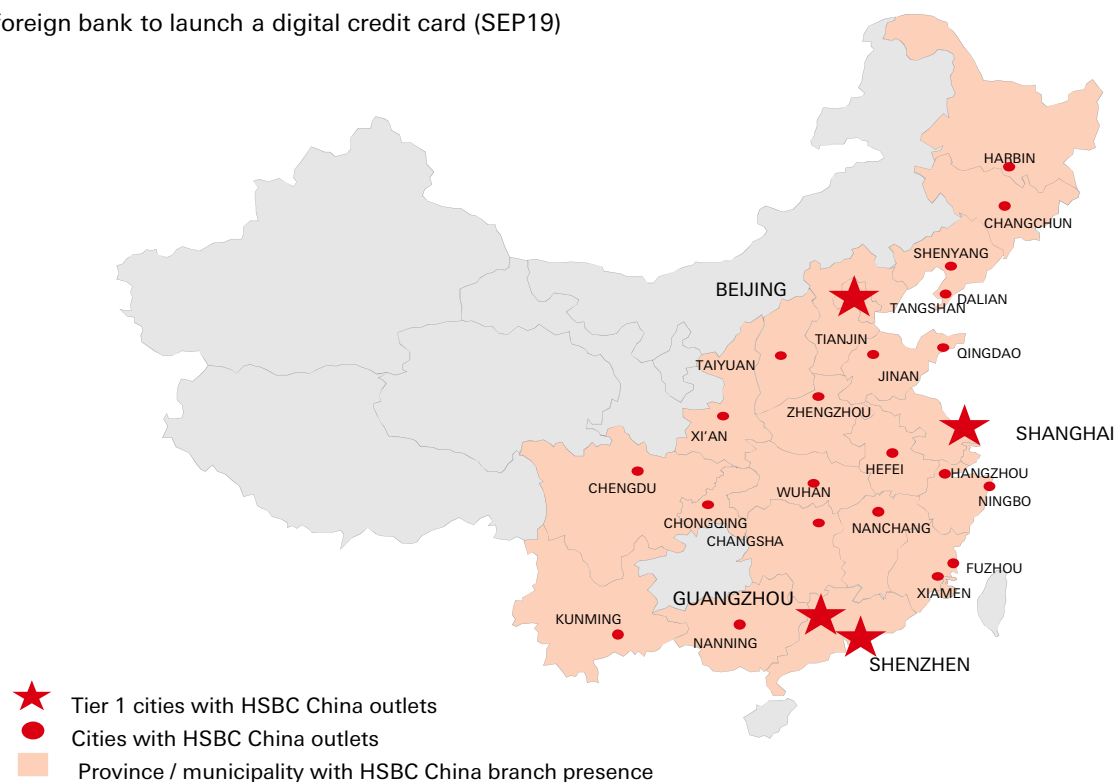
Market leader in various categories

- ✓ Largest asset base (c.15%) among foreign banks
- ✓ Leading market share in custodian services for RQFII and QFII
- ✓ 1st cross-border blockchain letter of credit in RMB (SEP19)
- ✓ 1st GDR conversion under the London-Shanghai Stock Connect Scheme (NOV19)
- ✓ 1st foreign bank to launch a digital credit card (SEP19)

Strong mainland China franchise and capabilities

Wide range of financial licences⁶:

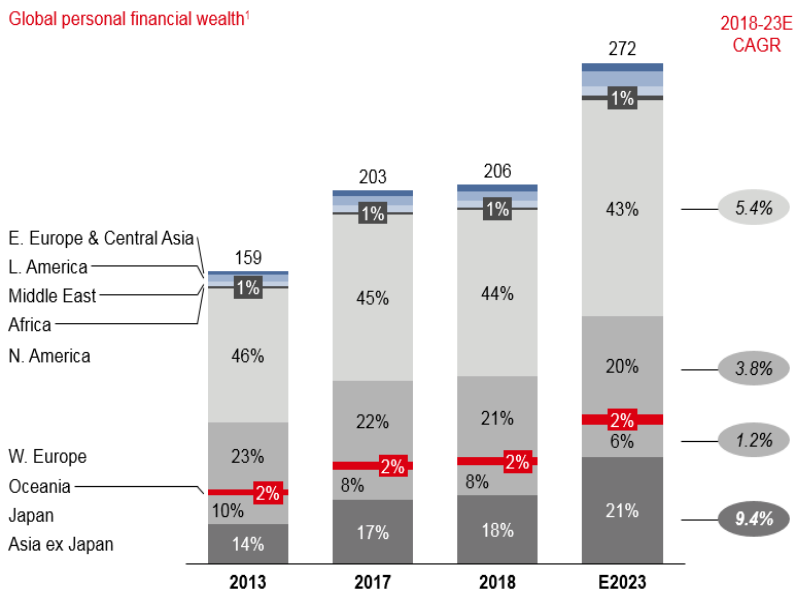
Banking	<ul style="list-style-type: none"> ◆ HSBC Bank (China) (100%) ◆ Hang Seng Bank (China) (100%)
Asset Management	<ul style="list-style-type: none"> ◆ HSBC Jintrust Fund Mgmt (49%) ◆ Hang Seng Qianhai Fund Mgmt (70%)
Insurance	<ul style="list-style-type: none"> ◆ HSBC Life Insurance (50%)
Securities	<ul style="list-style-type: none"> ◆ HSBC Qianhai Securities (51%)



1. As of January 2020, includes Hang Seng Bank China
 2. Includes Hang Seng and associates
 3. Asiamoney Global RMB poll 2019
 4. 2019 Asiamoney New Silk Road Finance Awards

5. Asian Banking & Finance poll 2019
 6. Bracket indicates HSBC shareholding; Hang Seng Bank (China) and Hang Seng Qianhai Fund Management shareholding are owned via Hang Seng Bank.

Wealth Management – accelerating the pivot of Insurance and Asset Management towards Asia



Key opportunities for HSBC

Wealth management

- ◆ Significant market by 2023, revenue pools of the private banking channel in Asia could equal or exceed those of Western Europe¹
- ◆ Private Banking solutions, tapping into connections from GB&M and CMB franchises
- ◆ Expansion through Jade (focussed on clients with \$1m-5m in assets)
- ◆ Strong Premier franchise (customers with \$100k-\$1m in assets)

Insurance

- ◆ Protection gap in Asia; growth opportunities in mainland China, ASEAN
- ◆ #2 life insurance market share in Hong Kong²
- ◆ 4% growth in insurance manufacturing annualised new business premiums in Asia vs FY18
- ◆ Opportunity to grow through our footprint

Asset management

- ◆ HSBC Asset Management with \$161bn AUM in Asia (FY19)
- ◆ Opportunity to serve retail and institutional clients

Digitisation: transforming customer experience and improving staff productivity

Area	Description
Streamlining / upgrading our platforms	<p>Enhanced our key digital channels with improvements to online and mobile banking platforms</p> <ul style="list-style-type: none"> ◆ Digital Transformation for Corporates ◆ Retail Transformation Programme
Innovation / partnerships	<p>Pursue opportunities in the FinTech space and deploy solutions with a higher level of agility than our traditional model</p> <ul style="list-style-type: none"> ◆ E.g. Kyriba, Tradeshift, WeChat, BlockChain, eCommerce
Staff enablement	<p>Investment in digital transformation, reshaping the branch network and increase sales force capacity</p> <ul style="list-style-type: none"> ◆ E.g. Tablet on-boarding, Wealth dashboards, end-to-end credit decisioning tools



Enhance customer experience

Select highlights

Mobile App

- ◆ Biometric authentication (facial, fingerprint and voice), mobile security key, Easy Pay (in Hong Kong), Easy Invest App



PayMe

- ◆ 1.9m accounts
- ◆ PayMe for business app launched in Hong Kong in March 2019



Trade Transaction Tracker

- ◆ Global view of documentary credits, collections and payments across markets and countries worldwide in one single app
- ◆ Live in Bangladesh, Australia, Hong Kong, India, Korea, Sri Lanka and Maldives, Japan, Singapore



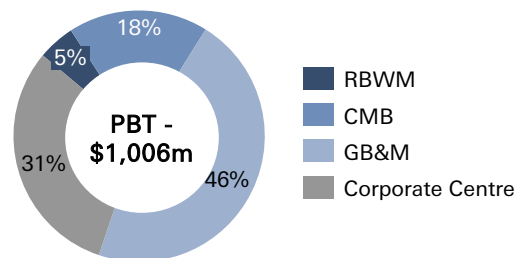
1. BCG Global Wealth 2019 (\$m)

2. Market position based on industry statistics published by IA (Insurance Authority), Hong Kong, as at 1Q19. Market rank #1 and market share of 19.8% across HSBC and Hang Seng

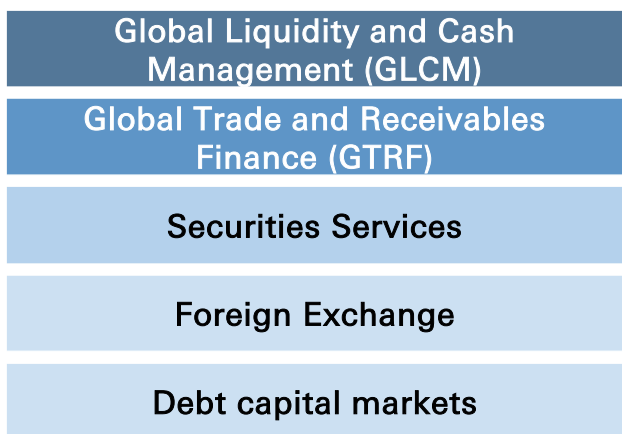
India FY19 Reported Financial highlights

PBT (FY18: \$825m)	Customer accounts (FY18: \$14.2bn)	Gross customer advances (FY18: \$10.9bn)
\$1,006m	\$14.9bn	\$10.9bn

Reported PBT by global business:

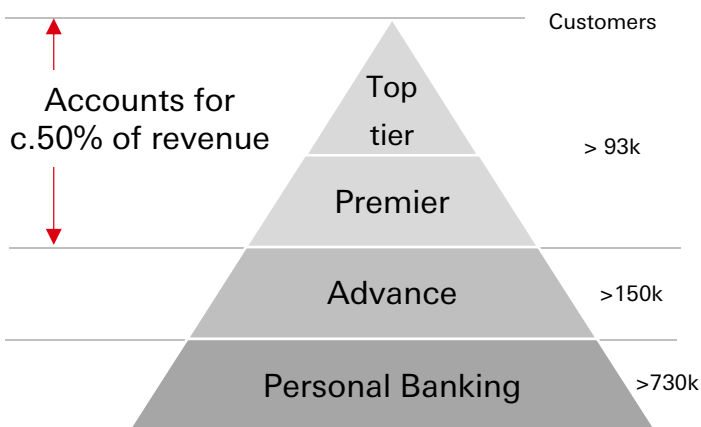


CMB / GB&M: Leadership in international banking



- ◆ Focus on key trade and investment corridors
- ◆ Grow GLCM and continued investment in technology
- ◆ Focus on cross border trade
- ◆ Invest in Business Banking Upper¹ segment through supply chain financing and targeting Priority Sector Lending

RBWM: Be a leading bank for internationally aspirant customers



Branch network



Enhanced digitisation to support branch network, retaining key international clients

Digital native customers are reshaping the market for financial products and services

Focused offering for mass and emerging affluent clients

1. Customers with turnover \$5-50m

Asia financial highlights (FY19)

◆ Denotes an adjusted measure

PBT ◆ FY18: \$17.5bn \$18.6bn	Revenue ◆ FY18: \$28.4bn \$30.5bn	Costs ◆ FY18: \$12.3bn \$13.2bn	Jaws ◆ FY18:(0.8)% (0.2)%	Cost efficiency ratio ◆ FY18: 43.2% 43.2%
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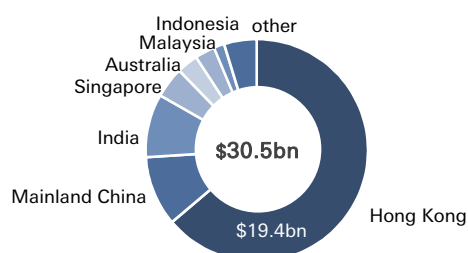
Key adjusted financials: Asia

\$m	RBWM	CMB	GB&M	GPB	CC	Total	% change vs. FY18
Net interest income	8,725	5,464	3,208	376	(1,166)	16,607	4
Net fee income	2,400	1,271	1,282	361	11	5,325	(5)
Other income*	1,659	420	2,622	140	3,681	8,522	24
Revenue	12,784	7,155	7,112	877	2,526	30,454	7
ECL	(265)	(386)	(70)	0	(3)	(724)	(21)
Costs	(5,627)	(2,491)	(3,184)	(497)	(1,372)	(13,171)	(7)
Share of profit in assoc. and joint ventures	44	-	-	-	2,026	2,070	4
Profit before tax	6,936	4,278	3,858	380	3,177	18,629	6
Customer lending (net), \$bn	160	160	137	21	0	478	6
Customer accounts, \$bn	373	173	126	25	0	697	4
RWAs, \$bn						366	

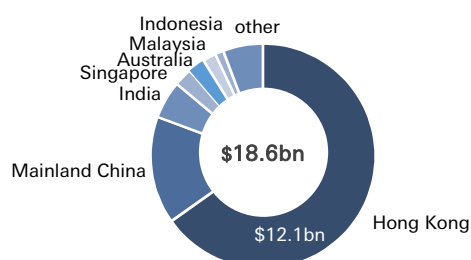
Key adjusted financials: Hong Kong

\$m	RBWM	CMB	GB&M	GPB	CC	Total	% change vs. FY18
Net interest income	6,763	3,651	1,494	313	(983)	11,238	7
Net fee income	1,893	847	610	289	31	3,670	(7)
Other income*	1,204	209	1,236	108	1,773	4,530	20
Revenue	9,860	4,707	3,340	710	821	19,438	7
ECL	(156)	(233)	(69)	(1)	0	(459)	(>100)
Costs	(3,176)	(1,363)	(1,569)	(345)	(418)	(6,871)	(5)
Share of profit in assoc. and joint ventures	22	-	-	-	9	31	(14)
Profit before tax	6,550	3,111	1,702	364	412	12,139	5
Customer lending (net), \$bn	106	103	83	15	0	307	5
Customer accounts, \$bn	308	123	51	18	0	500	3
RWAs, \$bn						187	

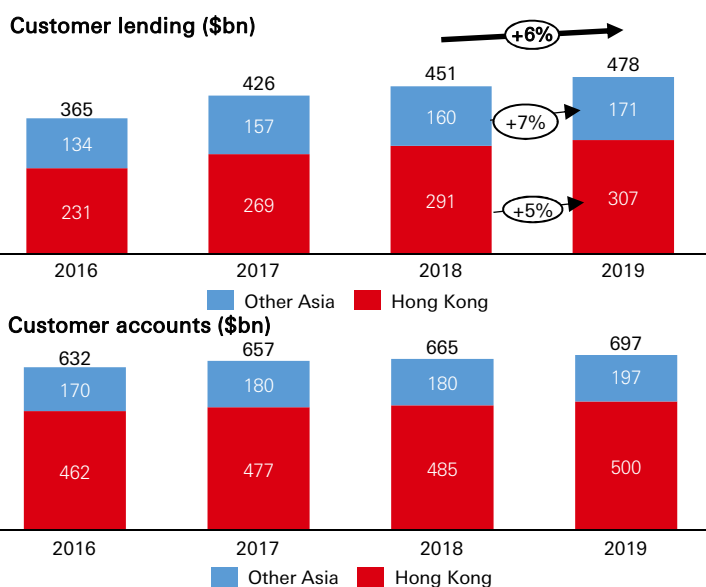
Adjusted revenue by market



Adjusted PBT by market:



Reported balance sheet



* Includes Net income from financial instruments measured at fair value and Other income

Note: Numbers may not cast due to rounding.

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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 Annual Report and Accounts for the fiscal year ended 31 December 2019 filed with the Securities and Exchange Commission (the “SEC”) on Form 20-F on 19 February 2020 (the “2019 Form 20-F”).

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 Form 20-F and the Reconciliations of Non-GAAP Financial Measures document, each of which are available at www.hsbc.com.

This presentation was prepared as at 27 March 2020. The information included in this factbook is as at 31 December 2019, unless otherwise stated.

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