Asia Factbook
30 June 2019

Connecting customers to opportunities
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

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

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

Group (1H19)
Adjusted PBT
(1H18: $11.7bn)
$12.5bn

RWAs
(1H18: $865bn)
$886bn

Customer accounts
(1H18: $1,339bn)
$1,380bn

Net customer advances
(1H18: $959bn)
$1,022bn

Asia (1H19)
Adjusted PBT
(1H18: $9.2bn)
$9.9bn

RWAs
(1H18: $364bn)
$372bn

Customer accounts
(1H18: $656bn)
$677bn

Net customer advances
(1H18: $444bn)
$474bn

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 reap the benefits of Asia’s growth story. HSBC has around 3,800 offices in 65 countries and territories worldwide. 55% of the Group’s approximate 238,000 employees are based in Asia.

1H19 Key financial metrics
Asia: an integral part of the HSBC group

Revenue
ECL / LIs
Expected credit losses and other credit impairment charges

54%
23%
40%
79%
42%

Asia
$15.5bn
Asia
$260m
Asia
$6.4bn
Asia
$9.9bn
Asia
$372bn

46%
77%
60%
21%
58%

Costs
PBT
RWAs

58%
60%
77%
21%
58%
HSBC Asia today - strongly positioned to capture growth opportunities in Asia

154 years of history and presence in Asia
19 markets with dedicated in-country management teams
Proportion of the Group's employees (FTE) in Asia (2018) 55%

Strategic priorities – accelerate revenue growth in Asia

A  Build on strength in Hong Kong
- Capture growth in targeted segments
- Enhance customer experience
- Capitalise on China outbound investments

B  Develop a leading business in the Pearl River Delta
- Serve emerging middle class
- Facilitate industrial up-grade and cross-border connectivity
- Expand new business capabilities by further developing technology in PRD

C  Build leading Wealth Management business
- Capture growth in financial wealth in Asia
- Build leading wealth business, particular focus on Greater China and ASEAN
- Grow insurance to address the protection gap
- Enhance Asset Management to serve retail / institutional clients

D  Expand our business in ASEAN
- Continue to build regional product and coverage expertise to capture opportunities from Singapore’s role as a regional hub for treasury and wealth
- Support intra-ASEAN business corridor flow
- Capture infrastructure opportunity (including BRI)
- Targeted digital investments to enhance position
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 > 65 countries across Asia, Middle East, Africa and Europe, c.30% of global GDP and 62% of world population\(^1\)
- By improving the global infrastructure and network connectivity, mainland China can better facilitate international trade and development
- Mainland China’s trade with countries along the Belt and Road is expected to surpass USD2.5tn by 2025\(^2\)
- HSBC has 25 China Desks with dedicated China specialists across the Group\(^3\)

---

2. Xi Jinping in 2015 Boao Forum, Xinhuanet, 29MAR15
3. As of February 2018. Global coverage includes Argentina, Australia, Bangladesh, Canada, France, Germany, Hong Kong, India, Indonesia, Israel, Luxembourg, Macau, Malaysia, Mauritius, Mexico, Poland, Saudi Arabia, Singapore, Sri Lanka, South Africa, 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
- 1H19 key metrics¹
  - USD10.0bn Revenue
  - USD6.5bn PBT
  - CER of 34.0%

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
- 1H19 key metrics²
  - HKD22.4bn Revenue
  - HKD15.9bn PBT
  - CER of 28.2%

Market shares³

- 1H19 Market excl. HSBC
- HSBC Hong Kong

<table>
<thead>
<tr>
<th>Loans⁴</th>
<th>72%</th>
<th>28%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits³</td>
<td>71%</td>
<td>29%</td>
</tr>
<tr>
<td>Credit cards</td>
<td>#1⁵</td>
<td>Trade finance</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>#2⁷</td>
<td></td>
</tr>
</tbody>
</table>

RBWM customers⁸

Million (as at May 2019)

- 5.0

<table>
<thead>
<tr>
<th>HSBC Hong Kong</th>
<th>Population of Hong Kong⁹</th>
</tr>
</thead>
</table>

Opportunities and areas of investment

- 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

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

- 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. HKMA, as at MAY19, HSBC Hong Kong includes Hang Seng
4. For use in Hong Kong
5. HSBC data
6. Hong Kong Monetary Authority statistics as of JUNE19, excludes Hang Seng
7. Market position based on industry statistics published by IA (Insurance Authority), Hong Kong, as at 1Q19.
8. Active customers. HSBC Hong Kong excludes Hang Seng
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 the leading international bank in mainland China and widely recognised as the leading international bank for renminbi.

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

1H19 Reported PBT, USDbn
1.5

1H19 Customer accounts, USDbn
45.4

Strong mainland China franchise and capabilities

Tier 1 cities with HSBC China outlets
Cities with HSBC China outlets
Province / municipality with HSBC China branch presence

Leading international bank in mainland China

“Best Belt and Road Bank”, “Best Bond House” and “Best ESG deal” in 2018³

“Best Overall RMB Products and Services Provider” in 2019⁴ for the eighth consecutive year

Market leader in various categories
✓ c.15% among foreign banks by total assets as of DEC17⁵
✓ Leading market shares in custodian services⁶ for RQFII (52%) and QFII (38%)

Wide range of financial sector licences⁷:

Banking
- HSBC Bank (China) (100%)
- Hang Seng Bank (China) (100%)

Asset Management
- HSBC Jintrust Fund Mgmt (49%)
- Hang Seng Qianhai Fund Mgmt (70%)

Insurance
- HSBC Life Insurance (50%)

Securities
- HSBC Qianhai Securities (51%)

1. As of January 2019, includes Hang Seng Bank China,
2. Includes Hang Seng and associates
3. Finance Asia achievement awards: House awards & Deal awards
4. Asiamoney Global RMB poll 2019
6. SAFE/CSRC website.31JUL 2019 custodian market share in terms of total approved QFII / RQFII quota.
7. 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 Europe
- Private Banking solutions, tapping into connections from GB&M and CMB franchises
- Expansion through “Jade” (focussed on clients with USD1m-5m in assets)
- Strong Premier franchise (customers with USD100k-USD1m in assets)

Insurance
- Protection gap in Asia; growth opportunities in mainland China, ASEAN
- #2 life insurance market share in Hong Kong
- 8% Y-o-Y growth in insurance manufacturing annualised new business premiums in Asia (FY18)
- Opportunity to grow through our footprint

Asset management
- HSBC Asset Management with c.USD178bn AUM in Asia (1H19)
- Opportunity to serve retail and institutional clients

Wealth in Asia ($bn)
- Distribution revenue\(^1\) up 7%
- Manufacturing revenue\(^3\) up 23% excluding market impacts in insurance, and down 7% including market impacts

Digitisation: transforming customer experience and improving staff’s productivity

Area
Streamlining / upgrading our platforms
Enhanced our key digital channels with improvements to online and mobile banking platforms
- Digital Transformation for Corporates
- Retail Transformation Programme

Innovation / Partnerships
Pursue opportunities in the FinTech space and deploy solutions with a higher level of agility than our traditional model
- E.g. Kyriba, Tradeshift, WeChat, BlockChain, eCommerce

Staff enablement
Investment in digital transformation, reshaping the branch network and increase sales force capacity
- E.g. Tablet on-boarding, Wealth dashboards, end-to-end credit decisioning tools

Select highlights

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

PayMe
- 1.6m accounts and around 23 million peer-to-peer transactions (1H19)
- 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
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
3. Distribution revenue includes GPB and the wealth portion of RBWM in Asia; manufacturing revenue includes insurance manufacturing and asset management in Asia
4. Excludes market impacts

Global personal financial wealth, USDtr

<table>
<thead>
<tr>
<th>Area</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealth in Asia ($bn)</td>
<td>FY17</td>
</tr>
<tr>
<td>Distribution revenue(^1) up 7%</td>
<td>4.8</td>
</tr>
<tr>
<td>Manufacturing revenue(^3) up 23% excluding market impacts in insurance, and down 7% including market impacts</td>
<td></td>
</tr>
</tbody>
</table>

Enhance customer experience
India 1H19 Reported Financial highlights

<table>
<thead>
<tr>
<th>PBT</th>
<th>Customer accounts</th>
<th>Gross customer advances</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1H18: $435m)</td>
<td>(1H18: $12.8bn)</td>
<td>(1H18: $9.5bn)</td>
</tr>
<tr>
<td>$512m</td>
<td>$15.7bn</td>
<td>$11.4bn</td>
</tr>
</tbody>
</table>

Reported PBT by global business:

- PBT - $512m
- 6% CMB
- 29% GB&M
- 46% RBWM
- 19% Corporate Centre

CMB / GB&M: Leadership in international banking

Global Liquidity and Cash Management (GLCM)

- Global Trade and Receivables Finance (GTRF)
- Securities Services
- Foreign Exchange
- Debt capital markets

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

1. Customers with turnover USD5-50m

RBWM: Be a leading bank for internationally aspirant customers

Accounts for c.50% of revenue

- Top tier
- Premier
- Advance
- Personal Banking

- Customers
  - > 93k
  - >150k
  - >730k

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

Branch network

26 branches across 14 cities
Asia Financial highlights (1H19)

- PBT: $9.9bn (1H18: $9.2bn)
- Revenue: $15.5bn (1H18: $14.2bn)
- Costs: $6.4bn (1H18: $6.0bn)
- Jaws: 1.0% (1H18: 1.0%)
- Cost efficiency ratio: 41.6% (1H18: 41.9%)

Key adjusted financials: Asia

<table>
<thead>
<tr>
<th>Sm</th>
<th>RBWM</th>
<th>CMB</th>
<th>GB&amp;M</th>
<th>GPB</th>
<th>CC</th>
<th>Total</th>
<th>% change vs. 1H18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>4,238</td>
<td>2,734</td>
<td>1,604</td>
<td>185</td>
<td>(578)</td>
<td>8,183</td>
<td>7</td>
</tr>
<tr>
<td>Net fee income</td>
<td>1,262</td>
<td>689</td>
<td>632</td>
<td>178</td>
<td>6</td>
<td>2,765</td>
<td>(11)</td>
</tr>
<tr>
<td>Other income*</td>
<td>1,002</td>
<td>228</td>
<td>1,345</td>
<td>73</td>
<td>1,903</td>
<td>4,551</td>
<td>32</td>
</tr>
<tr>
<td>Revenue</td>
<td>6,502</td>
<td>3,651</td>
<td>3,581</td>
<td>434</td>
<td>1,331</td>
<td>15,499</td>
<td>9</td>
</tr>
<tr>
<td>ECL / LICs</td>
<td>(109)</td>
<td>(124)</td>
<td>(26)</td>
<td>1</td>
<td>(2)</td>
<td>(260)</td>
<td>(136)</td>
</tr>
<tr>
<td>Costs</td>
<td>(2,745)</td>
<td>(1,178)</td>
<td>(1,584)</td>
<td>(243)</td>
<td>(693)</td>
<td>(6,443)</td>
<td>(8)</td>
</tr>
<tr>
<td>Share of profit in assoc. and joint ventures</td>
<td>36</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,035</td>
<td>1,071</td>
<td>4</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>3,684</td>
<td>2,349</td>
<td>1,971</td>
<td>192</td>
<td>1,671</td>
<td>9,867</td>
<td>8</td>
</tr>
<tr>
<td>Customer lending (net), $bn</td>
<td>155</td>
<td>163</td>
<td>134</td>
<td>21</td>
<td>0</td>
<td>474</td>
<td>7</td>
</tr>
<tr>
<td>Customer accounts, $bn</td>
<td>361</td>
<td>165</td>
<td>126</td>
<td>24</td>
<td>0</td>
<td>677</td>
<td>3</td>
</tr>
<tr>
<td>RWAs, $bn</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>372</td>
<td></td>
</tr>
</tbody>
</table>

Key adjusted financials: Hong Kong

<table>
<thead>
<tr>
<th>Sm</th>
<th>RBWM</th>
<th>CMB</th>
<th>GB&amp;M</th>
<th>GPB</th>
<th>CC</th>
<th>Total</th>
<th>% change vs. 1H18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>3,269</td>
<td>1,827</td>
<td>743</td>
<td>155</td>
<td>(487)</td>
<td>5,507</td>
<td>11</td>
</tr>
<tr>
<td>Net fee income</td>
<td>951</td>
<td>459</td>
<td>295</td>
<td>139</td>
<td>16</td>
<td>1,890</td>
<td>(14)</td>
</tr>
<tr>
<td>Other income*</td>
<td>772</td>
<td>122</td>
<td>648</td>
<td>57</td>
<td>968</td>
<td>2,567</td>
<td>28</td>
</tr>
<tr>
<td>Revenue</td>
<td>5,022</td>
<td>2,408</td>
<td>1,686</td>
<td>351</td>
<td>497</td>
<td>9,964</td>
<td>9</td>
</tr>
<tr>
<td>ECL / LICs</td>
<td>(40)</td>
<td>(71)</td>
<td>(22)</td>
<td>0</td>
<td>(1)</td>
<td>(134)</td>
<td>(&lt;200)</td>
</tr>
<tr>
<td>Costs</td>
<td>(1,552)</td>
<td>(629)</td>
<td>(781)</td>
<td>(167)</td>
<td>(255)</td>
<td>(3,384)</td>
<td>(7)</td>
</tr>
<tr>
<td>Share of profit in assoc. and joint ventures</td>
<td>19</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>23</td>
<td>15</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>3,449</td>
<td>1,708</td>
<td>883</td>
<td>184</td>
<td>245</td>
<td>6,469</td>
<td>8</td>
</tr>
<tr>
<td>Customer accounts, $bn</td>
<td>103</td>
<td>107</td>
<td>79</td>
<td>16</td>
<td>0</td>
<td>304</td>
<td>7</td>
</tr>
<tr>
<td>Customer accounts, $bn</td>
<td>300</td>
<td>119</td>
<td>51</td>
<td>17</td>
<td>0</td>
<td>488</td>
<td>2</td>
</tr>
</tbody>
</table>

Reported balance sheet


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

- Adjusted PBT by market:
  - Indonesia: $9.9bn adjusted PBT (1H18: $6.5bn)
  - Malaysia: $10.0bn
  - Singapore: $15.5bn
  - Australia: $13.0bn
  - India: $13.0bn
  - Mainland China: $10.0bn
  - Hong Kong: $13.0bn

- Adjusted revenue by market:
  - Indonesia: $15.5bn adjusted revenue (1H18: $10.0bn)
  - Malaysia: $10.0bn
  - Singapore: $15.5bn
  - Australia: $13.0bn
  - India: $13.0bn
  - Mainland China: $14.2bn
  - Hong Kong: $14.2bn
Disclaimer

Important notice

The information, statements and opinions set out in this presentation and accompanying discussion ("this Presentation") are for informational and reference purposes only and do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

This Presentation, which does not purport to be comprehensive nor render any form of legal, tax, investment, accounting, financial or other advice, has been provided by HSBC Holdings plc (a company incorporated with limited liability in England and, together with its consolidated subsidiaries, the "Group") and has not been independently verified by any person. You should consult your own advisers as to legal, tax investment, accounting, financial or other related matters concerning any investment in any securities. No responsibility, liability or obligation (whether in tort, contract or otherwise) is accepted by the Group or any member of the Group or any of their affiliates or any of its or their officers, employees, agents or advisers (each an "Identified Person") as to or in relation to this Presentation (including the accuracy, completeness or sufficiency thereof) or any other written or oral information made available or any errors contained therein or omissions therefrom, and any such liability is expressly disclaimed.

No representations or warranties, express or implied, are given by any Identified Person as to, and no reliance should be placed on, the accuracy or completeness of any information contained in this Presentation, any other written or oral information provided in connection therewith or any data which such information generates. No Identified Person undertakes, or is under any obligation, to provide the recipient with access to any additional information, to update, revise or supplement this Presentation or any additional information or to remedy any inaccuracies in or omissions from this Presentation. Past performance is not necessarily indicative of future results. Differences between past performance and actual results may be material and adverse.

Forward-looking statements

This Presentation may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position, strategy and business of the Group which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "seek", "intend", "target" or "believe" or the negatives thereof or other variations thereon or comparable terminology (together, "forward-looking statements"), including the strategic priorities and any financial, investment and capital targets described herein. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct.

There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. Certain of the assumptions and judgements upon which forward-looking statements regarding strategic priorities and targets are based are discussed under "Targeted Outcomes: Basis of Preparation", available separately from this Presentation at www.hsbc.com. The assumptions and judgments may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors (including without limitation those which are referable to general market conditions or regulatory changes). Any such forward-looking statements are based on the beliefs, expectations and opinions of the Group at the date the statements are made, and the Group does not assume, and hereby disclaims, any obligation or duty to update, revise or supplement them if circumstances or management's beliefs, expectations or opinions should change. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. No representations or warranties, expressed or implied, are given by or on behalf of the Group as to the achievement or reasonableness of any projections, estimates, forecasts, targets, prospects or returns contained herein.

Additional detailed information concerning important factors that could cause actual results to differ materially from this Presentation is available in our Annual Report and Accounts for the fiscal year ended 31 December 2018 filed with the Securities and Exchange Commission (the "SEC") on Form 20-F on 20 February 2019 (the "2018 Form 20-F") and in our Interim Report for the six months ended 30 June 2019 furnished to the SEC on Form 6-K on 5 August 2019 (the "2019 Interim Report").

Non-GAAP financial information

This Presentation contains non-GAAP financial information. The primary non-GAAP financial measures we use are presented on an 'adjusted performance' basis which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons. Significant items are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business.

Reconciliations between non-GAAP financial measurements and the most directly comparable measures under GAAP are provided in our 2018 Form 20-F, our 2Q 2019 Earnings Release furnished to the SEC on Form 6-K on 28 August 2019, the 2019 Interim Report and the corresponding Reconciliations of Non-GAAP Financial Measures document, each of which are available at www.hsbc.com.

Information in this Presentation was prepared as at 30 August 2019.

Key contacts

Richard O'Connor
Global Head of Investor Relations
richard.j.oconnor@hsbc.com
+44 (0) 20 7991 6590

Mark Phin
Head of Investor Relations Asia
mark.j.phin@hsbc.com
+852 2822 4908

Laurence Chan
Senior Manager, Investor Relations
laurencechchan@hsbc.com
+852 2288 5513

Tenny Chau
Investor Relations Manager
tenny.s.w.chau@hsbc.com
+852 2288 8597