HSBC key credit messages

Conservative and consistent approach to risk
- 23bps ECL as a % of gross customer advances (annualised)
- 1.3% Stage 3 loans as a % of gross customer advances

Diversified revenue streams, with a pivot to Asia
- Asia: 23.8%
- Europe: 28.3%
- MENA: 5.6%
- NAM: 3.9%
- GPB: 14.3%
- CMB: 23.4%
- RBWM: 22.1%
- Other: 0.3%
- NII: 7.5%
- Fee: 4.2%
- Other: 0.7%

Strong capital position
- CET1 ratio: 14.3%
- Leverage ratio: 5.4%
- Liquidity Coverage Ratio: 136%
- High Quality Liquid Assets: $533bn
- Profit attributable to ordinary shareholders: $8.5bn
- MREL-eligible HoldCo Senior outstanding: $77bn
- HoldCo Senior issued in 1H19: $8bn

Strong funding and liquidity metrics
- Advances / Deposits ratio: 74.0%
- Liquid loans: 1.3%

Progress towards meeting MREL requirements
- MREL-eligible HoldCo Senior issued in 1H19: $8bn
- MREL-eligible HoldCo Senior outstanding: $77bn

Single-A credit rating or above
- HSBC Holdings S&P rating: A
- HSBC Holdings Moody’s rating: A2
- HSBC Holdings Fitch rating: AA-

Approach to issuance

Issuance strategy - single point of issuance, multiple point of entry
- Since 2015, HSBC Holdings has been the Group’s issuing entity for external AT1, T2 and MREL/TLAC-eligible Senior
- Issuance over time to broadly match group currency exposures
- Issuance executed with consideration to our maturity profile
- We are now comfortable issuing AT1 while conducting an ordinary share buyback following updated legal guidance

Forward-looking issuance plan
- HoldCo Senior: expect to issue low / mid-teens USDbn per year
  - Increasing maturities is likely to reduce net issuance toward nil over time
  - $8.9bn issued in 9M19
  - ~$2bn of HoldCo senior for 4Q19
- Tier 2: no near-term plans
- AT1: unlikely to issue any AT1 in 2019
- OpCo: expect certain subsidiaries to issue senior and secured debt in local markets

Contractual maturity profile

As at 30 June 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Covered bond</th>
<th>Senior (HSBC Holdings)</th>
<th>AT1 (HSBC Holdings)</th>
<th>Tier 2 (HSBC Group)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>9.7</td>
<td>6.0</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>23.4</td>
<td>13.3</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>26.0</td>
<td>12.2</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>21.7</td>
<td>15.4</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>19.5</td>
<td>10.2</td>
<td>0.4</td>
<td></td>
</tr>
</tbody>
</table>

1 Forward-looking issuance plan
2 Contractual maturity profile

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.
Key financials (1H19)

Adjusted revenue by global business

- GBP Corporate Centre: 42% (GB&M 27%, RBWM 27%, CMB 3%)
  - Total: $28.5bn

Adjusted PBT by global business

- GBP Corporate Centre: 35% (GB&M 23%, RBWM 8%, CMB 2%)
  - Total: $12.5bn

Adjusted revenue by region

- Europe: 29% (MENA 6%, LAM 5%, NAM 5%)
- Asia: 49% (MENA 11%, LAM 6%, NAM 2%)
- Corporate Centre: 23%
- RBWM: 27%
- CMB: 27%
- GB&M: 3%

Business Update

Drivers of growth and returns:
- Leading global transaction bank, supported by strong international wholesale bank
- Powerful and profitable retail banking and wealth management businesses in our biggest markets
- Heritage in Asia and faster-growing markets

Market conditions have changed

- Conditions reflected in 3Q19 performance, with lower interest rates, lower capital market activity levels, wealth and insurance headwinds
- The revenue environment is more challenging than in the first half of 2019, and the outlook for revenue growth is softer than we anticipated at 1H19

Business update

Parts of the portfolio not delivering acceptable returns:
- Too much capital in Continental Europe and UK NRFB, notably GB&M
- Insufficient returns from US activities – notably GB&M and Retail Banking

Organisation design to be remodelled:
- Simplify the bank
- Better role definitions
- Reduce costs associated with running the Group

We will provide an update on these plans and announce new financial targets at (or before) FY19 results
### Our network

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

![Map showing global footprint and important regions](image)

**65 Countries and territories**  
>90% Of global GDP, trade and capital flows covered by our footprint  
>50% Of Group client revenue connected to the network  
4 Interconnected global businesses share balance sheets and liquidity in addition to strong commercial links

---

### 1H19 Group results

**1H19 Group results** (comparison vs. 1H18)

<table>
<thead>
<tr>
<th>$bn</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>Revenue</td>
<td>11.9</td>
<td>7.8</td>
<td>7.7</td>
<td>0.9</td>
<td>0.1</td>
<td>28.5</td>
</tr>
<tr>
<td>ECL</td>
<td>(0.5)</td>
<td>(5)%</td>
<td>(0.5)</td>
<td>(1)%</td>
<td>0.0</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Costs</td>
<td>(7.0)</td>
<td>(6)%</td>
<td>(3.3)</td>
<td>(5)%</td>
<td>(4.8) (4)%</td>
<td>(16.2)</td>
</tr>
<tr>
<td>Associates and JVs</td>
<td>0.0</td>
<td>&gt;100%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.3</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>4.4</td>
<td>24%</td>
<td>4.0</td>
<td>1%</td>
<td>2.8 (18)%</td>
<td>12.5</td>
</tr>
<tr>
<td>RoTE², %</td>
<td>23.5</td>
<td>2.2ppt</td>
<td>14.0</td>
<td>(1.1)ppt</td>
<td>9.9 (2.4)ppt</td>
<td>11.0 (0.5)ppt</td>
</tr>
<tr>
<td>Cost efficiency ratio, %</td>
<td>59</td>
<td>3ppt</td>
<td>42</td>
<td>2ppt</td>
<td>62 (4)ppt</td>
<td>57 3ppt</td>
</tr>
<tr>
<td>Reported RWAs</td>
<td>129</td>
<td>4%</td>
<td>328</td>
<td>4%</td>
<td>285 0%</td>
<td>886 2%</td>
</tr>
<tr>
<td>Customer advances</td>
<td>376</td>
<td>9%</td>
<td>347</td>
<td>7%</td>
<td>251 2%</td>
<td>1,022 6%</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>661</td>
<td>5%</td>
<td>359</td>
<td>2%</td>
<td>290 1%</td>
<td>1,380 3%</td>
</tr>
<tr>
<td>A/D ratio, %</td>
<td>57</td>
<td>2ppt</td>
<td>97</td>
<td>4ppt</td>
<td>87 0ppt</td>
<td>74 9ppt</td>
</tr>
</tbody>
</table>

### $bn

<table>
<thead>
<tr>
<th>$bn</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>Revenue⁴</td>
<td>9.1</td>
<td>9%</td>
<td>15.5</td>
<td>9%</td>
<td>1.4</td>
<td>3.4 (3)%</td>
</tr>
<tr>
<td>ECL</td>
<td>(0.5)</td>
<td>&gt;100%</td>
<td>(0.3)</td>
<td>&gt;100%</td>
<td>(0.0)</td>
<td>(0.1) &gt;100%</td>
</tr>
<tr>
<td>Costs⁴</td>
<td>(8.4)</td>
<td>(5)%</td>
<td>(6.4)</td>
<td>(8)%</td>
<td>(0.7) (5)%</td>
<td>(2.5) 4%</td>
</tr>
<tr>
<td>Associates and JVs</td>
<td>0.0</td>
<td>(53)%</td>
<td>1.1</td>
<td>4%</td>
<td>0.2 (12)%</td>
<td>-</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>0.3</td>
<td>(14)%</td>
<td>9.9</td>
<td>8%</td>
<td>0.9 9%</td>
<td>0.8 (28)%</td>
</tr>
<tr>
<td>Cost efficiency ratio, %</td>
<td>91</td>
<td>3ppt</td>
<td>42</td>
<td>0ppt</td>
<td>49 1ppt</td>
<td>75 1ppt</td>
</tr>
<tr>
<td>Reported RWAs⁸</td>
<td>309</td>
<td>3%</td>
<td>372</td>
<td>2%</td>
<td>58 (1)%</td>
<td>133 0%</td>
</tr>
<tr>
<td>Customer advances</td>
<td>383</td>
<td>6%</td>
<td>474</td>
<td>7%</td>
<td>29 0%</td>
<td>113 8%</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>504</td>
<td>3%</td>
<td>677</td>
<td>3%</td>
<td>37 8%</td>
<td>135 0%</td>
</tr>
<tr>
<td>A/D ratio, %</td>
<td>76</td>
<td>2ppt</td>
<td>70</td>
<td>2ppt</td>
<td>78 (7)ppt</td>
<td>83 6ppt</td>
</tr>
</tbody>
</table>

*Note: Balance sheet numbers may not cast due to rounding.*
**Balance sheet strength**

We continue to maintain a strong capital, funding and liquidity position with a diversified business model. We take a conservative approach to credit risk and liquidity management.

<table>
<thead>
<tr>
<th>CET1 ratio</th>
<th>2017</th>
<th>2018</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.5%</td>
<td>14.0%</td>
<td>14.3%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loans and advances to deposits ratio</th>
<th>2017</th>
<th>2018</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>70.6%</td>
<td>72.0%</td>
<td>74.0%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group consolidated LCR</th>
<th>2017</th>
<th>2018</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>142%</td>
<td>154%</td>
<td>136%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stage 3 loans as a % of gross loans and advances to customers</th>
<th>2017</th>
<th>2018</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAS 39 Impaired</td>
<td>1.6%</td>
<td>1.3%</td>
<td></td>
</tr>
<tr>
<td>IFRS 9 Stage 3</td>
<td>1.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Customer accounts – deposits**

<table>
<thead>
<tr>
<th>1H18</th>
<th>2H18</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,339</td>
<td>1,364</td>
<td>1,380</td>
</tr>
</tbody>
</table>

**Net loans and advances to customers**

<table>
<thead>
<tr>
<th>1H18</th>
<th>2H18</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>959</td>
<td>983</td>
<td>1,022</td>
</tr>
</tbody>
</table>

**Customer accounts by type, $bn**

As at FY18

- Demand and other - non-interest bearing and demand - interest bearing: 1,054
- Savings: 229
- Time and other: 70

Source: Form 20-F; average balances on a reported basis

**Gross loans and advances to customers by type, $bn**

As at 1H19

- Mortgages: 306
- Other personal: 108
- Wholesale: 616

**Mortgage lending**

- UK $149bn 50% average LTV
- HK $118bn 38% average LTV
14.3% CET1 ratio, up 0.3ppts from 31 December 2018, mainly as a result of:
- Capital generation through profits (0.9ppts)
- Partly offset by dividends net of scrip (-0.4ppts) and RWA growth (-0.3ppts)

Throughout the period to 2020, our plan assumes our CET1 ratio will be above 14%

$33.5bn of distributable reserves, up $2.8bn from 31 December 2018 primarily driven by profits generated of $7.2bn net of distributions to shareholders of $4.9bn
**Indicative MREL/TLAC requirement**

- HSBC Group's 2019 MREL requirement is the greater of:
  - 16% of RWAs
  - 6% of leverage exposures
  - The sum of requirements relating to Group entities ('SoTP')
- MREL requirements as at 1 Jul 2019 are driven by the SoTP calculation
- The binding constraint for end-state MREL requirements will be contingent upon factors such as:
  - The finalisation of the European resolution group Pillar 2A
  - BoE MREL recalibration in 2020
  - The future path of regulation post Brexit

**MREL-eligible capital and HoldCo senior versus estimated regulatory requirements as a % of Group RWAs**

<table>
<thead>
<tr>
<th>CET1 buffers</th>
<th>27.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.2% CET1</td>
<td></td>
</tr>
<tr>
<td>18.9% AT1</td>
<td></td>
</tr>
<tr>
<td>16.0% Tier 2</td>
<td></td>
</tr>
<tr>
<td>5.2% Amortised Tier 2</td>
<td></td>
</tr>
<tr>
<td>9.0% MREL-eligible HoldCo Senior</td>
<td></td>
</tr>
</tbody>
</table>

**Indicative summary MREL/TLAC requirement**

**HSBC Group**

- TLAC as a % of RWAs: 29.3%
- TLAC as a % of leverage exposures: 9.3%

**US Resolution Group**

- 1 Jul 2019 binding requirement: TLAC: 18% RWAs + buffers and LTD: 3.5% of average assets

**European Resolution Group**

- 1 Jul 2019 binding requirement: 6% leverage exposures

**Asia Resolution Group**

- 1 Jul 2019 binding requirement: Subject to TLAC floor of the greater of: 16% of RWAs 6% of leverage exposures

**Capital requirements of other Group entities**
### Credit Ratings

#### Long term senior ratings as at 13 November 2019

<table>
<thead>
<tr>
<th></th>
<th>Fitch</th>
<th>Moody’s</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC Holdings plc</td>
<td>AA-</td>
<td>RWN18</td>
<td>A2</td>
</tr>
<tr>
<td>The Hongkong and Shanghai Banking Corporation Ltd</td>
<td>AA-</td>
<td>RWN</td>
<td>Aa3</td>
</tr>
<tr>
<td>HSBC Bank plc</td>
<td>AA-</td>
<td>RWN</td>
<td>Aa3</td>
</tr>
<tr>
<td>HSBC UK 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>
<tr>
<td>HSBC Bank USA NA</td>
<td>AA-</td>
<td>RWN</td>
<td>Aa3</td>
</tr>
<tr>
<td>HSBC Bank Canada</td>
<td>AA-</td>
<td>RWN</td>
<td>Aa3</td>
</tr>
</tbody>
</table>

#### Footnotes

1. The issuance plan is guidance only; it is at 30 September 2019 and is subject to change.
2. To first call date if callable; otherwise to maturity.
3. “Other term senior” means senior unsecured debt securities with an original term to maturity of > 1.5 years and an original principal balance of > $250mn issued by HSBC Group entities.
4. Excludes inter-regional eliminations.
5. As at 3019.
6. All numbers presented are on an adjusted basis unless otherwise stated. For reported results, please see the Interim Report 2019.
7. Group RoTE and global business RoTEs are annualised. Excl. significant items and UK bank levy.
8. RWAs are non-additive across geographical regions due to market risk diversification effects within the Group.
9. Capital figures and ratios at 30 June 2019 are reported on a CRR II basis for Additional Tier 1 and Tier 2 capital. Unless otherwise stated, all figures are calculated using the EU’s regulatory transitional arrangements for IFRS 9 ‘Financial Instruments’ in article 473a of the Capital Requirements Regulation.
10. Minimum requirement for own funds and eligible liabilities (MREL) consists of a minimum level of equity and eligible debt liabilities that will need to be maintained pursuant to a direction from the Bank of England in the exercise of its powers under the Bank Recovery and Resolution Directive (BRRD) and associated UK legislation, with the purpose of absorbing losses and recapitalising an institution upon failure whilst ensuring the continuation of critical economic functions. The criteria for eligibility are defined in CRR II and ‘The Bank of England’s approach to setting a minimum requirement for own funds and eligible liabilities (MREL)’ policy statement, published in June 2018.
11. Group CET1 buffers are shown in addition to the MREL requirements. The buffers shown in addition to the RWA and leverage TLAC/MREL requirement are calculated in accordance with the PRA Supervisory statement 16/16 updated in December 2017.
12. 2019 indicative SoTP derived per HSBC’s current understanding of regulatory guidance. The requirement will change over time as the TLAC requirements of our subsidiaries change per regulatory rules, the BoE 2020 MREL recalibration and as we gain further clarity on the components of end-state requirements across the Group.
13. This is a simplified representation of our current view of the Group’s MREL requirements. The “sum of the parts” effectively includes the expected requirements for each of our resolution groups and any loss-absorbing capacity requirements and other capital requirements relating to any other entities outside of these resolution groups. To be noted that any applicable regulatory capital buffers apply on top of the indicative MREL/TLAC requirements.
14. Reporting for the US resolution group is prepared in accordance with local regulatory rules. The equivalent accounting standard to IFRS 9 for current expected credit losses (CECL) is not yet effective; implementation is planned for 2020. Leverage exposure and ratio are calculated under both sets of rules, US supplementary leverage ratio (SLR) and US Basel III. Other adjustments for the US resolution group relate to allowances for loan and lease losses that are not TLAC eligible and Tier 2 instruments that currently do not qualify as TLAC. Under the US Final TLAC rules, in addition to the risk-weighted assets component of the TLAC requirement, the US resolution group is subject to an external 2.5% TLAC buffer that is analogous to the capital conservation buffer. The US resolution group is subject to an external 2.5% TLAC buffer plus any CCyB. Buffers must be met with CET1. Average assets is in accordance with the US Tier 1 leverage ratio requirements, calculated as average adjusted consolidated total assets.
15. The European resolution group reports in accordance with the applicable provisions of the Capital Requirements Regulation as amended by CRR II. Unless otherwise stated all figures are calculated using the EU’s regulatory transitional arrangements for IFRS 9 in article 473a of the Capital Requirements Regulation.
16. Reporting for the Asian resolution group follows HKMA regulatory rules. IFRS 9 has been implemented but no regulatory transitional arrangements apply. The effective date of LAC requirements was 1 July 2019.
17. Reporting for other group subsidiaries follows local rules for capital requirements and, where applicable, TLAC requirements.
18. RWN - Rating Watch Negative
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**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 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 1Q 2019 Earnings Release furnished to the SEC on Form 6-K on 3 May 2019, the 2019 Interim Report and our 3Q 2019 Earnings Release available at www.hsbc.com and which was furnished to the SEC on Form 6-K on 28 October 2019, and the corresponding Reconciliations of Non-GAAP Financial Measures document, each of which are available at www.hsbc.com.

This factbook was prepared as at 13 November 2019. The information included in this factbook is as at 30 June 2019, unless otherwise stated.