

HSBC at a glance

With assets of \$2.9tn 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 investors through:

- | | | |
|--|--|---|
| 1
Our extensive international network | 2
Our access to high-growth markets | 3
Our balance sheet strength |
|--|--|---|

Approach to issuance

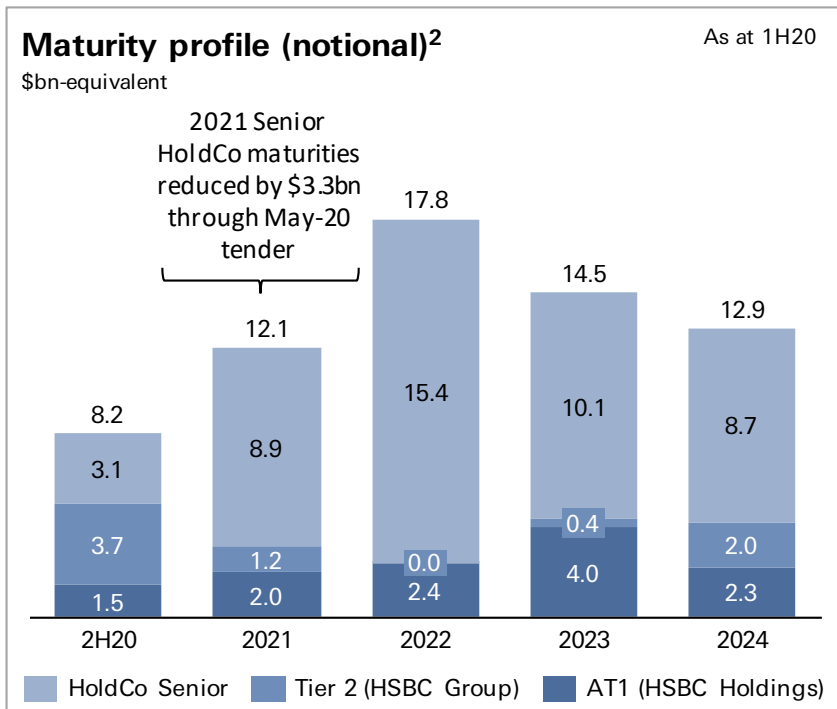
Issuance plan¹

HoldCo Senior Broadly limited to refinancing	Tier 2 No near-term plans	AT1 Broadly limited to refinancing	OpCo Expect certain subsidiaries to issue senior and secured debt in local markets
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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

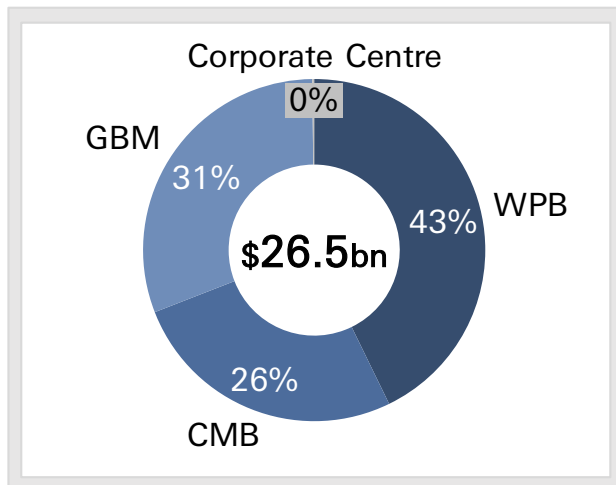


1H20 key takeaways

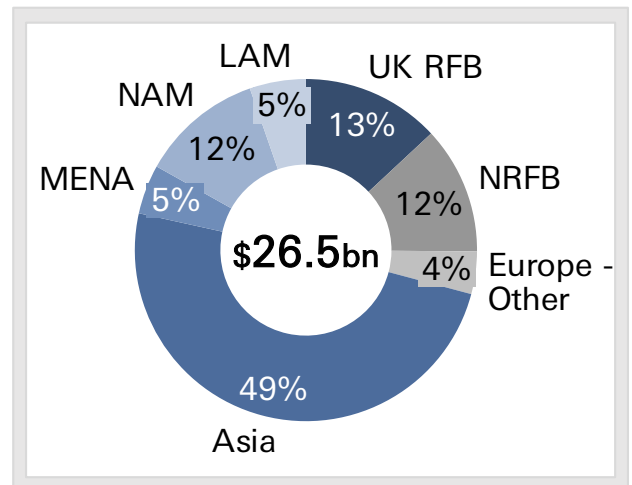
- 1 **Adjusted PBT of \$5.6bn, down 54% vs. 1H19** due to **lower revenues and a higher ECL charge, partly offset by good cost performance**, with adjusted costs down 5% vs. 1H19
- 2 **Resilience in Asia**; adjusted PBT of \$7.4bn, despite higher ECL of \$1.8bn
- 3 **Strong funding, liquidity and capital**; deposits increased by 9% on an adjusted basis vs. FY19; CET1 ratio of 15.0%
- 4 We intend to provide an update on our medium-term financial targets and dividend policy at our **year-end results for 2020**
- 5 **We are committed to the strategic plan announced in Feb 2020:**
 - Reduction in RWAs, particularly focused on the US, NRFB and GBM
 - Reallocation of capital towards Asia
 - Significant reduction in the operating complexity and cost base of the bank

1H20 key financial metrics

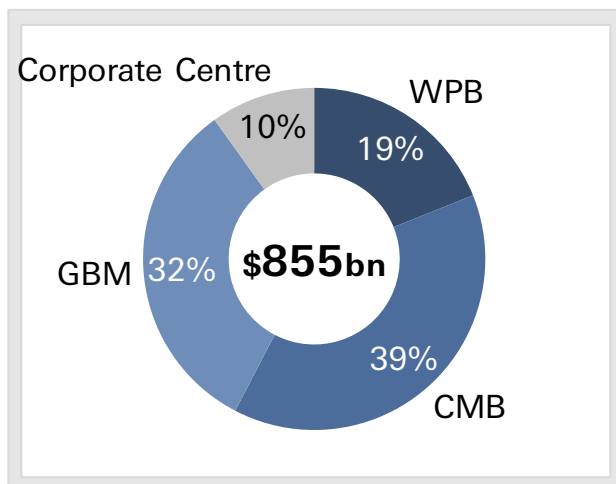
Revenue by global business



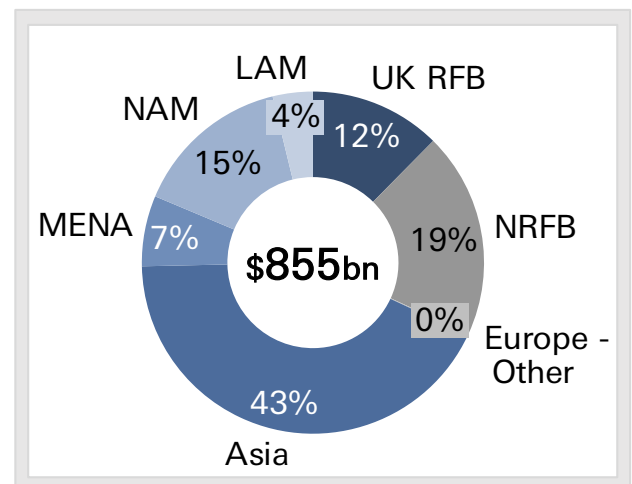
Revenue by region³



RWAs by global business

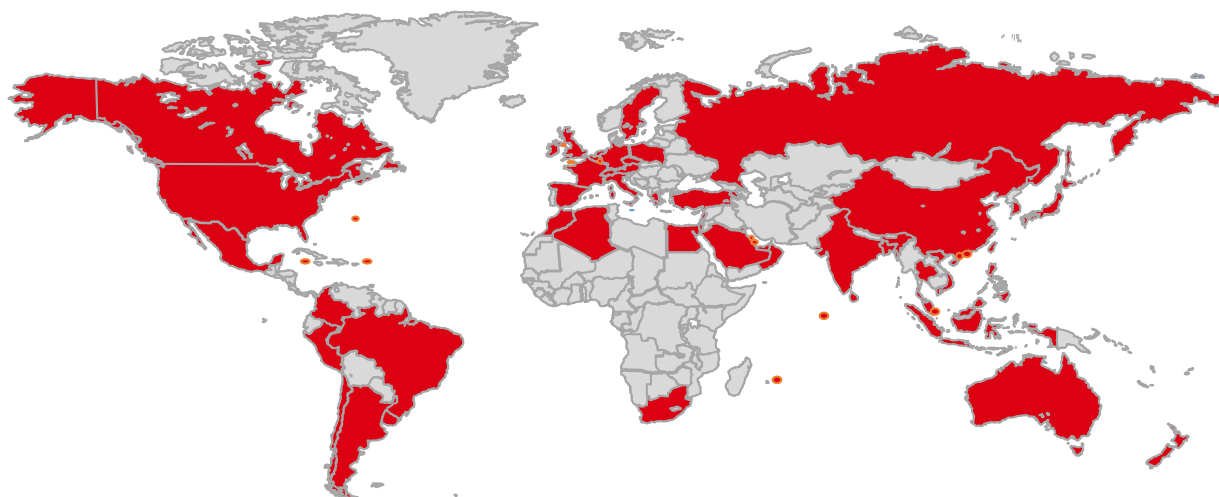


RWAs by region⁴



◆ Denotes an alternative performance measure. For a reconciliation from reported to adjusted measures, please see the HSBC Holdings plc Interim Report 2020.

Our network



>40m

Personal, corporate
and institutional
customers

3

Interconnected
global businesses
share balance sheets
and liquidity

64

Countries and
territories

>90%

Of global GDP, trade
and capital flows*
covered by our
footprint

1H20 Group financials

\$m		1H19	2H19	1H20	1H20 vs. 1H19	
					\$	%
NII	◆	14,897	15,216	14,483	(414)	(3)
Non interest income	◆	12,918	11,416	11,994	(924)	(7)
Total revenue	◆	27,815	26,632	26,477	(1,338)	(5)
ECL	◆	(1,088)	(1,554)	(6,858)	(5,770)	>(100)
Costs	◆	(15,739)	(16,448)	(14,942)	797	5
Associates and JVs	◆	1,285	1,030	958	(327)	(25)
Adjusted PBT	◆	12,273	9,660	5,635	(6,638)	(54)
Significant items ⁵ and FX translation		134	(8,720)	(1,317)	(1,451)	>(100)
Reported PBT		12,407	940	4,318	(8,089)	(65)
Profit attributable to ordinary shareholders		8,507	(2,538)	1,977	(6,530)	(77)
RoTE (annualised, YTD), %	◆	11.2%	8.4%	3.8%		(7.4)ppt

\$bn		1H19	2H19	1H20	1H20 vs. 1H19	
					\$	%
Customer loans	◆	1,003	1,007	1,019	16	2
Customer deposits	◆	1,357	1,400	1,532	172	6
Total assets		2,751	2,715	2,923	224	8
RWAs	◆	869	821	855	(14)	(2)
CET1 ratio, %		14.3%	14.7%	15.0%		0.7ppt
Leverage ratio, %		5.4%	5.3%	5.3%		(0.1)ppt
LDR, %		74.0%	72.0%	66.5%		(7.5)ppt
ECL (annualised) / average gross loans and advances to customers		0.22%	0.30%	1.33%		(111)bps

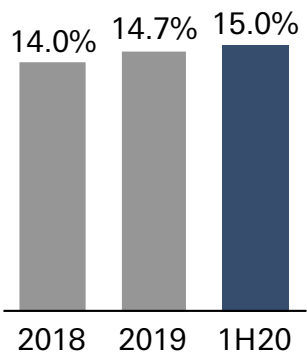
*As at 31 December 2019

Note: Variances are calculated on data in the HSBC Holdings plc Interim Report 2020, so where balances are stated in \$bn, corresponding variances in the table may not cast due to rounding.

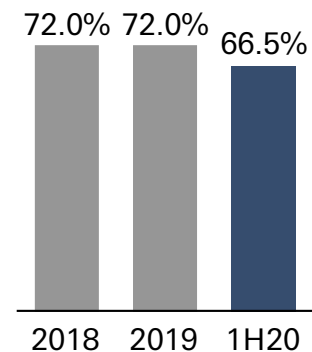
Balance sheet strength

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.

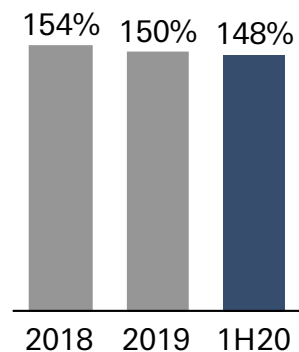
CET1 ratio⁶



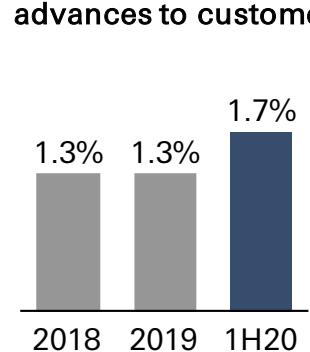
LDR⁷



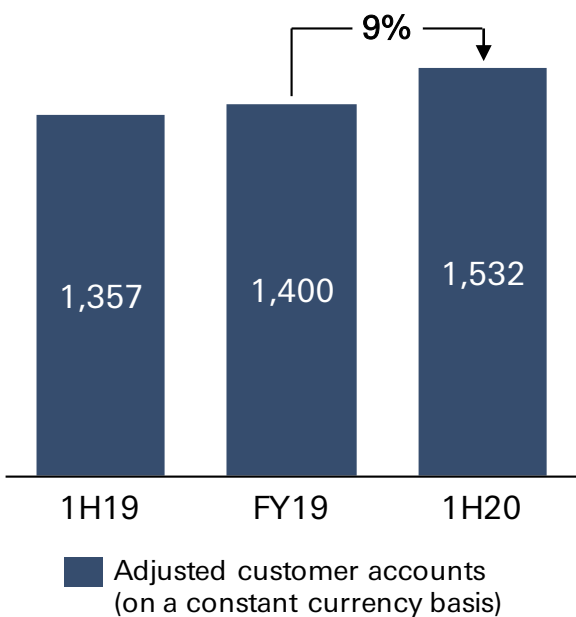
Group consolidated LCR



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

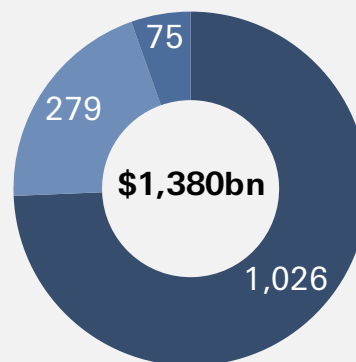


Customer deposits



Customer deposits by type (average), \$bn

As at FY19



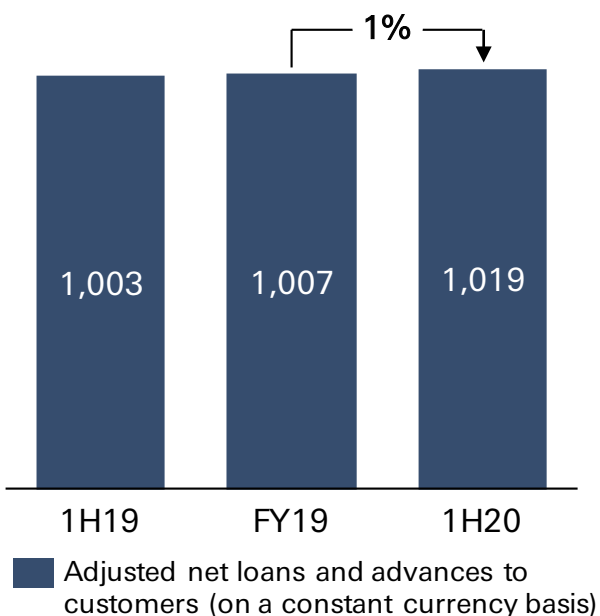
■ Demand & other - non-interest bearing and demand - interest bearing

■ Savings

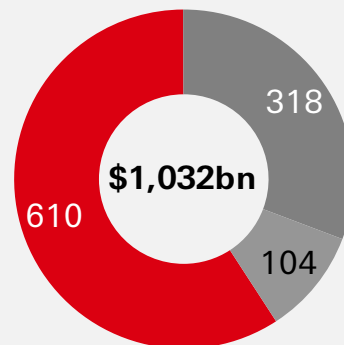
■ Time and other

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

Net loans and advances to customers



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



■ Mortgages

■ Other personal

■ Wholesale

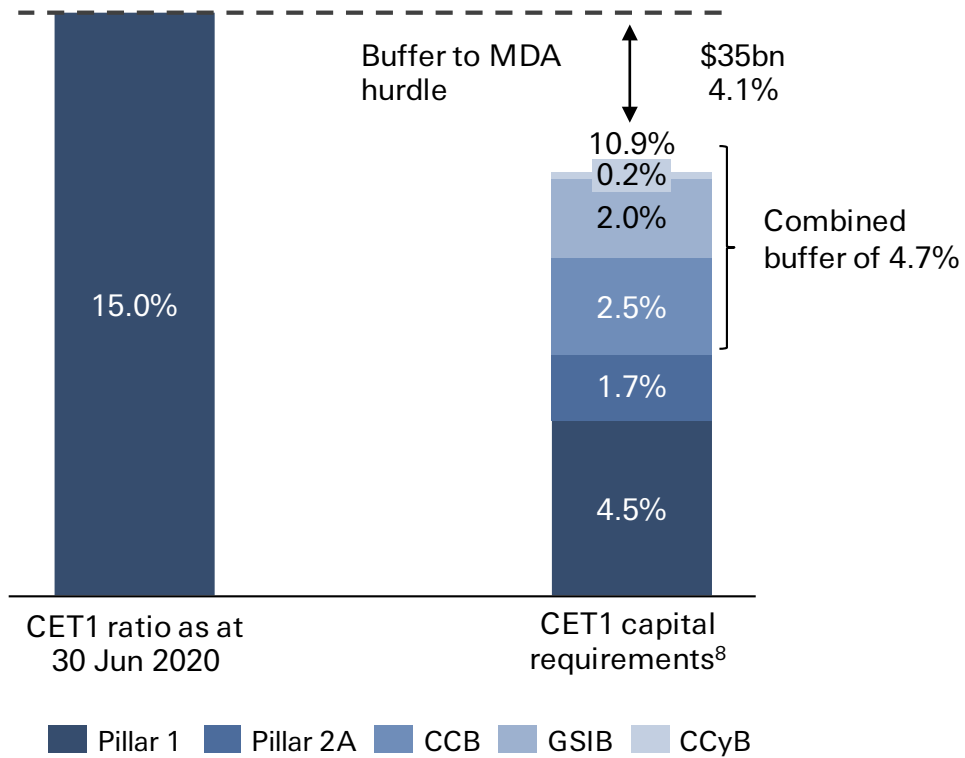
Gross mortgage lending

UK \$132bn,
Average LTV: 51%

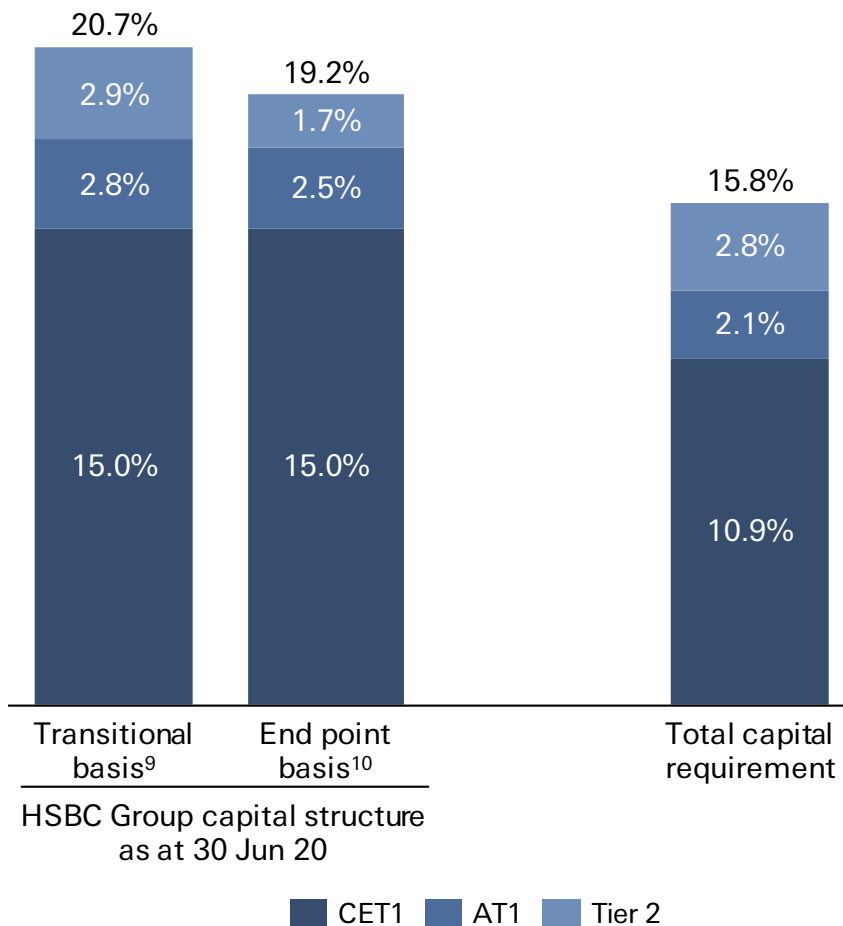
Hong Kong \$89bn,
Average LTV: 43%

Group capital requirements

CET1 ratio versus Maximum Distributable Amount ("MDA")



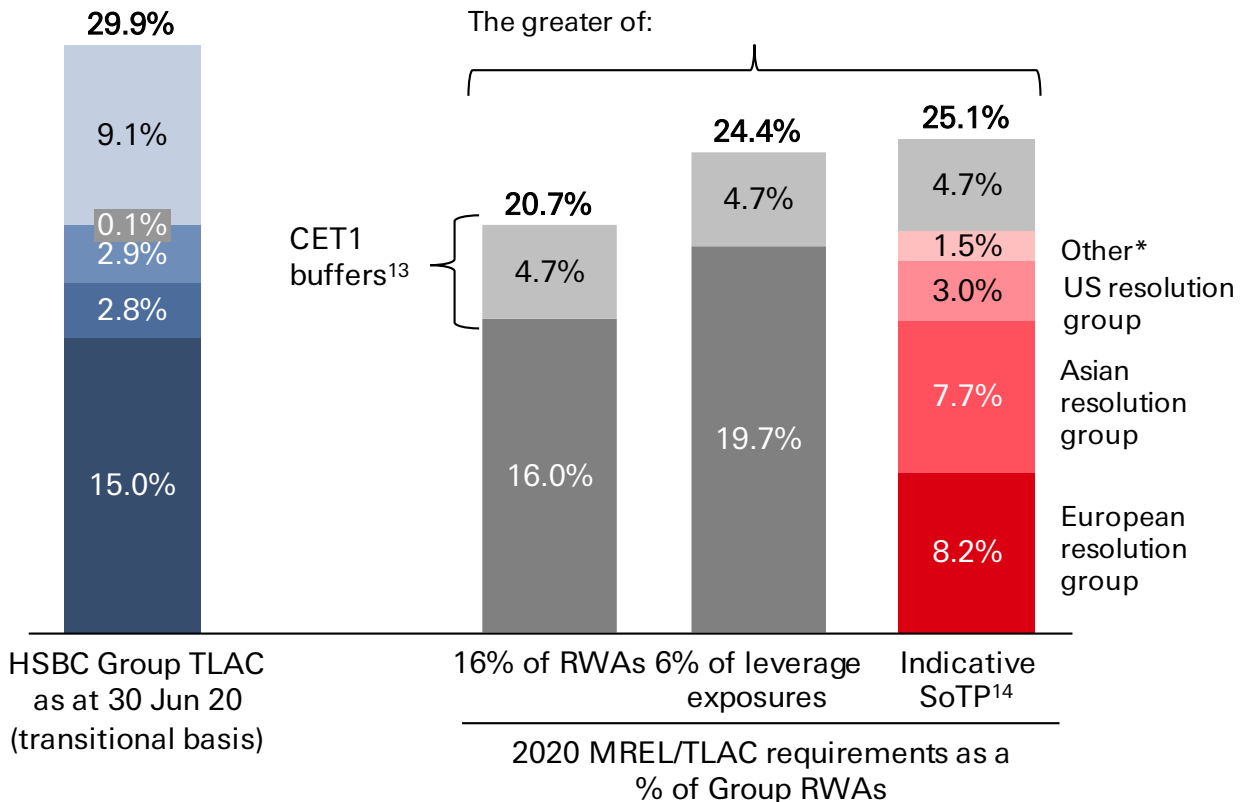
Regulatory capital versus regulatory requirements as a % of RWAs



Indicative MREL/TLAC requirement

- HSBC Group's 2020 MREL requirement¹¹ is the greater of:
 - 16% of RWAs
 - 6% of leverage exposures¹²
 - The sum of requirements relating to Group entities ('SoTP')
- MREL requirements as at 1 Jul 2020 are driven by the SoTP calculation

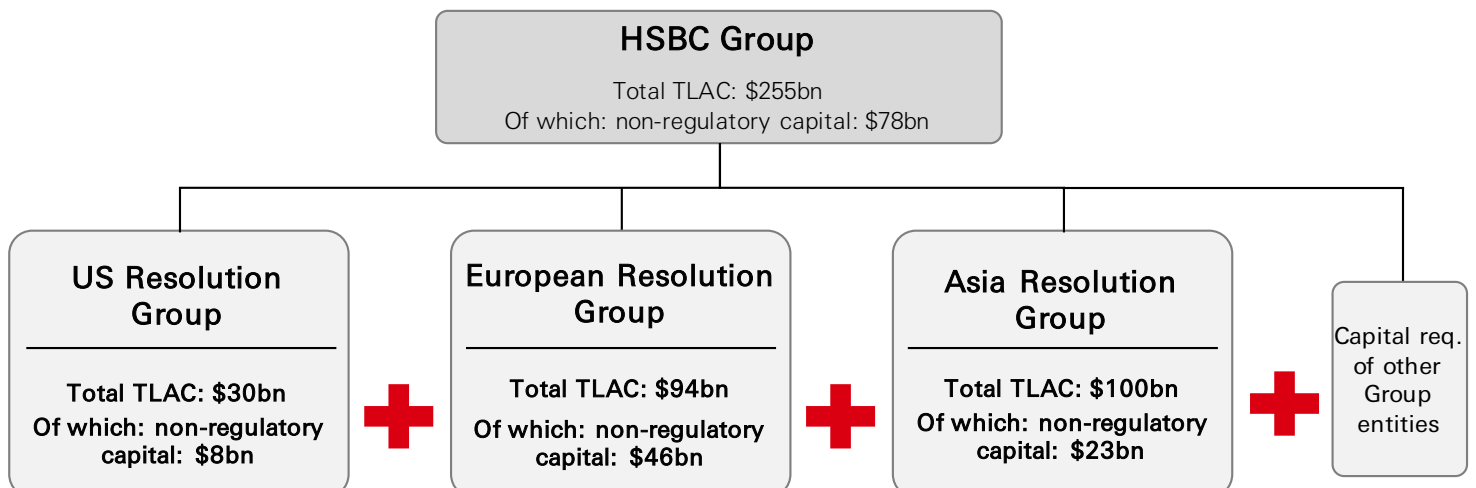
MREL-eligible capital and HoldCo senior versus estimated regulatory requirements as a % of Group RWAs



■ CET1 ■ AT1 ■ Tier 2 ■ Amortised Tier 2 ■ MREL-eligible HoldCo Senior

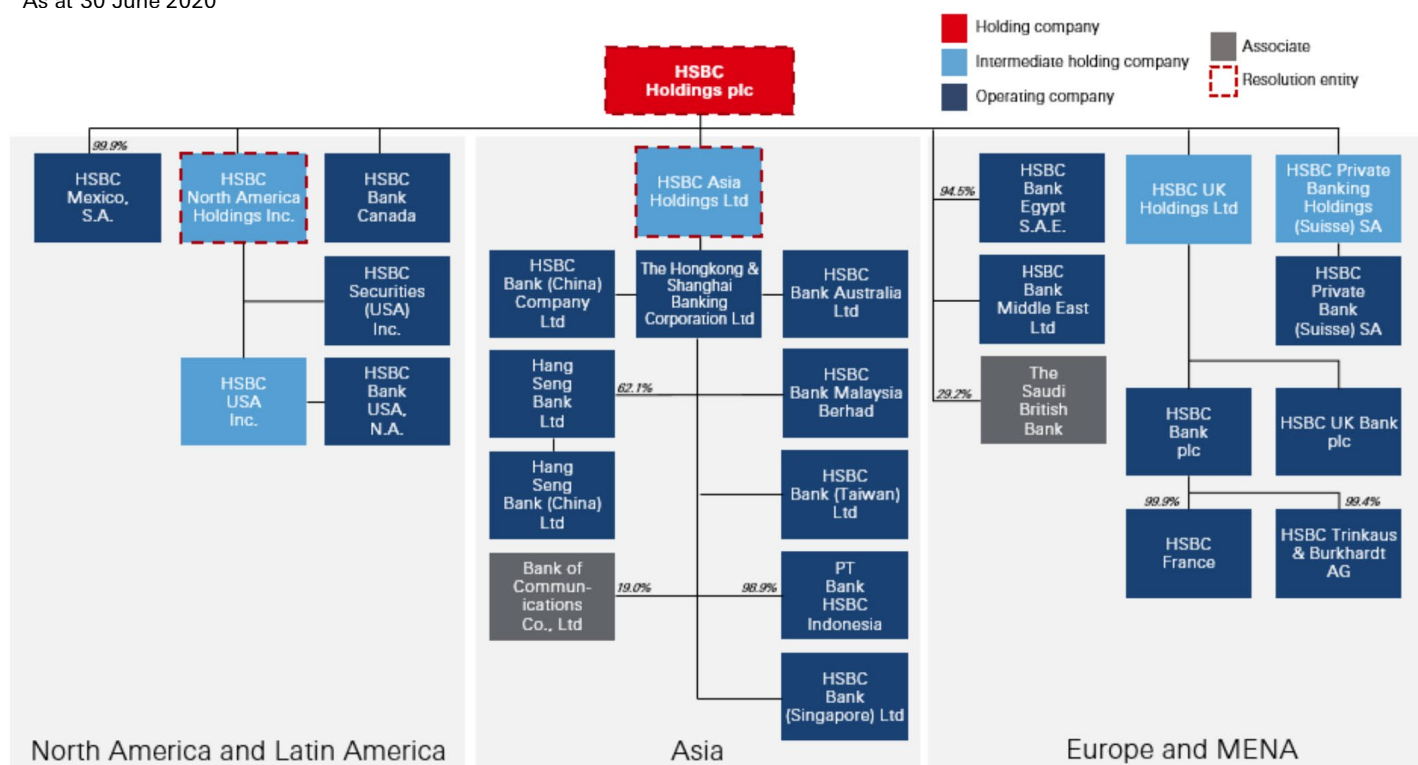
*Capital requirements relating to other Group entities such as HSBC Bank Canada, and HSBC Mexico where the entities are not subject to a TLAC requirement

MREL/TLAC position



Simplified legal entity structure

As at 30 June 2020



Credit ratings

Long term senior ratings as at 02 August 2020

	S&P		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
HSBC Holdings plc	A-	STABLE	A2	NEG	A+	NEG
The Hongkong and Shanghai Banking Corporation Ltd	AA-	STABLE	Aa3	NEG	AA-	NEG
HSBC Bank plc	A+	STABLE	Aa3	NEG	AA-	NEG
HSBC UK Bank plc	A+	STABLE	Aa3	NEG	AA-	NEG
HSBC France	A+	STABLE	Aa3	NEG	AA-	NEG
HSBC Bank USA NA	A+	STABLE	Aa3	NEG	AA-	NEG
HSBC Bank Canada	A+	STABLE	A3	STABLE	A+	NEG

Footnotes

- The issuance plan is guidance only; it is a point in time assessment and subject to change
- To next call date if callable; otherwise to maturity. Included in 2H20 maturities/calls are \$1.95bn of Tier 2 instruments and \$1.45bn of AT1 instruments that are past their first call date but available for discretionary call during the period
- Revenue by region: Regional percentage composition calculated with regional figures that include intra-Group revenue. Intra-Group revenue is excluded from the total Group revenue number.
- RWA by region: Risk-weighted assets are non-additive across geographical regions due to market risk diversification effects within the Group.
- Significant items: For 1H20: Of the \$1,198m software intangibles impairment, \$1,025m related to changes in long-term growth rates to applicable cash-generating units and \$173m was due to planned restructuring activity
- Unless otherwise stated, risk-weighted assets and capital amounts at 30 June 2020 are calculated in accordance with the revised Capital Requirements Regulation and Directive, as implemented ('CRR II'), and specifically using its transitional arrangements for capital instruments and for IFRS9 Financial instruments
- Loan to deposit ratio
- CET1 capital requirements as at 30 June 2020, and subject to change
- Numbers presented under the transitional arrangements in CRR II for capital instruments
- Numbers presented after the expiry of the transitional arrangements in CRR II for capital instruments. For the avoidance of doubt, the end point numbers do not include the benefit of the regulatory transitional arrangements in CRR II for IFRS 9.
- The Bank of England has written to HSBC confirming the preferred resolution strategy for HSBC Group remains a multiple-point-of-entry ('MPE') resolution strategy and setting out the binding requirement for 2020 external MREL requirements applicable to the HSBC Group
- Leverage exposure is calculated as the higher of either the requirements as defined in the Capital Requirements Regulation or the PRA's leverage ratio requirement
- Group CET1 buffers are shown in addition to the MREL requirements. The buffers shown in addition to the RWA, leverage and SoTP TLAC/MREL requirement are calculated in accordance with the PRA Supervisory statement 16/16 updated in December 2017
- 2020 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, any BoE MREL recalibration as part of setting the 2021 requirements, and as we gain further clarity on the components of end-state requirements across the Group

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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. 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, regulatory changes or due to the impact of Covid-19). 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 2019 filed with the Securities and Exchange Commission (the "SEC") on Form 20-F on 19 February 2020 (the "2019 Form 20-F"), our 1Q 2020 Earnings Release furnished to the SEC on Form 6-K on 28 April 2020 (the "1Q 2020 Earnings Release"), and our Interim Financial Report for the six months ended 30 June 2020 which we furnished to the SEC on Form 6-K on 03 August 2020 (the "2020 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 2019 Form 20-F, our 1Q 2020 Earnings Release, our 2020 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 03 August 2020.