Deutsche Bank Global Financial Services Investor Conference

Simpler, Better, Faster

29 May 2018

Presented by Andy Maguire, Group Chief Operating Officer



Important notice and forward-looking statements

Important notice

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This presentation contains non-GAAP financial information. The primary non-GAAP financial measure we use is 'adjusted performance' 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 the 2017 20-F, the Reconciliations of Non-GAAP Financial Measures document and the 1Q 2018 Earnings Release which are available at www.hsbc.com.

Information in this presentation was prepared as at 29 May 2018.

HSBC is a leading, truly international bank



Diversified global businesses and regions¹





1 HSBC: Simpler, Better, Faster

1. Metrics relate to FY 2017 and are on an adjusted basis unless otherwise stated, totals provided are for the Group and include Corporate Centre.

Simpler, Better, Faster

\$5.3bn Technology spend in 2017

\$2.3bn Digital investment 2015-17







Ask Amy







HSBC*net*



Mobile X & Mobile Z

.



Fusion

Facial recognition



Trading apps





Client Onboarding



Artificial intelligence





Selfie account opening

Digitisation and innovation Personal customers

2015 - present



Easier access 40% of retail log-ons are now password-less (via-biometrics)

1m+ customers use VoiceID instead of a password for telephone banking



Our **Connected Money** app enables customers to see their accounts, loans and mortgages – even if they are held with other banks – in one place

Retail customers can trade securities instantly and get free market information including real time quotes, news and market data using **Easy Invest**

PayMe is the **#1** Finance app in Hong Kong. Send money to other users of the app instantly, securely and for free – whatever bank they use



Fully digital account opening from your mobile



Improved functionality

Sign application documents on your phone or tablet with LiveSign



Digitisation and innovation Business customers

2015 - present



Business clients can transact FX in real time, manage trade transactions and their liquidity globally using **HSBC***net*

- 128,000 customers transacted USD 9 trillion on the platform in 2017
- Improved functionality and easier access
- 60% growth in volume and value for HSBC*net* mobile in 2017
 - HSBC is the first bank to roll out Face ID to corporate clients globally



We completed the world's first end-to-end trade finance transaction on a scalable **Blockchain** platform

FX Everywhere Our distributed ledger platform allows for quicker processing of end-to-end FX settlements with greater transparency

\$15tn of transactions on our digital business platforms in 2017



HSBC Evolve gives customers live, executable pricing on over 1,500 currency pairs 24 hours a day, 5.5 days a week

Get real-time, trade transaction status updates using our **Trade Transaction Tracker app**





Increasing efficiency Automation

2015 - present

80% Reduction in CMB manual payments by moving customers to **automated channels**



Credit card application processing times down from 2 weeks to **2 minutes** ... and from 3-6 days to **5 seconds** for a pre-approved credit card application

1.2m transactions processed by robots in 2017 enabling faster service

to customers. Student accounts open within 24 hours from 2-3 weeks

Automation and Al

Ask Amy is an online virtual assistant, launched in February 2017, capable of answering 350 frequently-asked questions in English, traditional or simplified Chinese. She answered 96,777 questions during 2017 with 92% accuracy

Customers are receiving offers and access to funds 30% faster through **CMB HotDocs**, an automated document assembly tool aiding front office staff with the drafting and negotiation of client documentation



End-to-end visibility

Initial market intelligence is delivering Traders detailed analytics to save costs in the over the counter markets

E2E Visibility tracker allows GBM colleagues to automatically track customer on-boarding progress, including KYC

MyDeal is a one-stop shop that brings all deal-related information into a single platform



Increasing efficiency Simplification

2015 - present



Delivered over **\$1bn** of cost savings across Global Functions through process re-engineering and better use of on-shore and off-shore locations

Simplifying and optimising

processes

\$110m savings in GB&M from near-shoring/off-shoring analysis and research teams to global service centres

\$1bn+ reduction in 3rd party spend through supplier consolidation, contracts re-negotiation and outsourcing procurement



On-board Fintech vendors much faster, with pre-approved legal documentation. 21 Fintech projects delivered so far, with 20 more in the pipeline

Simplifying

Suppliers can now send their invoices straight to accounts payable procurement with Fusion procurement

> Expense claims are paid within five days instead of up to three weeks with **Fusion expenses**



Investing in our future What's next?

Machine learning and big data analytics

Fraud detection



Make financial crime compliance and sanctions screening more robust and cost efficient

Partnerships



First financial sector to partner with the Alan **Turing Institute**





TRADESHIFF

Developed a 'social network' to connect suppliers and companies.



First direct is piloting Fintech Bud's technology for open banking



HSBC supports the **Fintech Innovation** lab



USD200m allocated to invest in Fintechs and enterprise startups

Retail



Timely, relevant and personalised offers to customers

AMI and sanctions



Using AI to improve the speed and accuracy of anti-money laundering and sanctions screening