Reposition as an international client focused corporate bank with a targeted retail offering

1. **FOCUS**
   - Focus Wholesale on middle market and multinational corporate and institutional clients
   - Focus Retail on globally mobile and affluent clients

2. **RESTRUCTURE**
   - Transfer and re-scale Global Markets activity
   - Combine Global Private Banking (‘GPB’) and Retail Banking and Wealth Management (‘RBWM’) to create Wealth and Personal Banking (‘WPB’)

3. **REDESIGN**
   - Simplify US operating model
   - Streamline and upgrade the branch network and invest in digital

Plan to deliver improved and sustained returns
Focus wholesale banking on international clients

- Supply Chain Finance solution for US subsidiary of European Retailer
- Lead Bookrunner in green label private placement bond
- International access to Emerging Markets (EM) onshore markets for a public sector pension
- Lead Arranger and Bookrunner backing financial sponsor’s acquisition of a high-growth tech brand
- Multi-region card mandate for multinational Pharmaceutical client
- Global Liquidity and Cash Management (GLCM) mandate to act as sole provider of local collection services to a Brazil-based insurance company

Leverage global capabilities in Transaction Banking, DCM, Financing and EM
Focus retail and private banking on globally mobile and affluent clients

**Market opportunity**

- The US foreign national population is an attractive segment

**Annualized revenue**

- c.2.7x

**Footprint**

- # of Foreign Nationals in the US: c.50m
- % of Foreign Nationals in HSBC US footprint: 55%

**Right to Win**

- International brand relevant to target clients in the US
- Local footprint aligned to high concentration of foreign nationals
- Distinctive money movement services
- Seamless onboarding between HSBC markets
- Tailored credit procedures for mortgages, cards and unsecured loans for new-to-country clients
- Multilingual customer service

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1. HSBC internal data
2. US Migration Policy Institute, and UN International Migration Report 2017
Transfer and rescale US Global Markets activity

Consolidate select fixed income activities in London

1. Better serve clients
2. Better utilize HSBC balance sheet
3. Better manage risk

Plan to reduce US Global Markets RWAs by c.$5bn

- c.45%

US clients will have access to the full suite of Global Markets products
Create Wealth and Personal Banking: Seamless continuum of banking and wealth solutions for our target clients

We intend to:

- Leverage strengths of RBWM and GPB to create a cohesive product and proposition
- Maximize investment across the client continuum
- Improve digital and transaction banking services for Private Banking clients
- Increase access to wealth solutions for retail banking clients
- Lower cost to serve clients over time

* Indicates investable assets required to meet eligibility criteria for each tier
US business update

Simplify US operating model: One wholesale and one retail structure

- Preserve dedicated front office staff for distinct client segments
- Consolidate middle and back office functions under single operating structure
- Streamline support functions, IT, and Operations
- Concentrate investments in servicing enhancements and digitization
- Serve clients in a more consistent and efficient way
Streamline and upgrade the branch network and invest in digital

Digital investment

- Enhance mobile app / user experience
- Payments (RTP / Zelle / Bill Payments)
- Digital unsecured lending
- Remote client management capabilities
- Customer engagement tools

Streamline and modernize branch footprint

Consolidation:

<table>
<thead>
<tr>
<th>Region</th>
<th>Current</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Coast</td>
<td>224</td>
<td>c.150</td>
</tr>
<tr>
<td>NY Metro</td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Coast</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Modernization:

- Modernizing branches to create an integrated digital / physical experience
- Smarter footprint with updated floor plans and in-branch digital services

Creating a better omnichannel customer experience
Seek to deliver improved and sustained returns

**PBT**
- Goal: Stable, sustainable earnings growth

**Balance sheet**
- Goal: Less trading, more accrual balances to reduce volatility and boost margins
- More funding from customer deposits vs. wholesale

**Capital**
- Goal: Redeploy capital from low to higher return assets

**Revenue**
- Lower revenue volatility

**Costs**
- 10-15% reduction by 2022

**FTE**
- Approximately 15% reduction

**B/S mix**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>27%</td>
<td>&gt;35%</td>
</tr>
<tr>
<td>GM assets(^1)</td>
<td>46%</td>
<td>&lt;25%</td>
</tr>
<tr>
<td>Deposits</td>
<td>~40%</td>
<td>&gt;55%</td>
</tr>
<tr>
<td>GM liabilities(^2)</td>
<td>~30%</td>
<td>&lt;25%</td>
</tr>
</tbody>
</table>

**Improved and sustained returns**
- Drive a balanced approach to returns growth that is generated from revenue growth, cost productivity and improved balance sheet management

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1. GM assets are assets in Global Markets division which include reverse repos and trading assets
2. GM liabilities are liabilities in Global Markets division which include repos and trading liabilities
3. RWAs are on a PRA RWA basis. 2022 RWAs are pre-Basel III reform
### Appendix

#### US: 2019 financial overview (IFRS)

#### Adjusted income statement, $m

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>Δ2018</th>
<th>Growth, YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4,704</td>
<td>(134)</td>
<td>(3)%</td>
</tr>
<tr>
<td>ECLs</td>
<td>(170)</td>
<td>(369)</td>
<td>(185)%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(3,940)</td>
<td>127</td>
<td>3%</td>
</tr>
<tr>
<td>Adjusted PBT</td>
<td>594</td>
<td>(376)</td>
<td>(39)%</td>
</tr>
<tr>
<td>Significant items</td>
<td>(159)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported PBT</td>
<td>435</td>
<td>482</td>
<td>&gt;200%</td>
</tr>
</tbody>
</table>

#### Adjusted PBT by global business, $m

<table>
<thead>
<tr>
<th>Global Business</th>
<th>2018</th>
<th>2019</th>
<th>Δ2018</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>GB&amp;M</td>
<td>1,924</td>
<td>1,959</td>
<td>35</td>
<td>2%</td>
</tr>
<tr>
<td>CMB</td>
<td>1,016</td>
<td>1,019</td>
<td>3</td>
<td>0%</td>
</tr>
<tr>
<td>RBWM</td>
<td>1,196</td>
<td>1,124</td>
<td>(72)</td>
<td>(6)%</td>
</tr>
<tr>
<td>GPB</td>
<td>259</td>
<td>205</td>
<td>(54)</td>
<td>(21)%</td>
</tr>
<tr>
<td>Corporate Center</td>
<td>443</td>
<td>397</td>
<td>(46)</td>
<td>(10)%</td>
</tr>
<tr>
<td>Total US</td>
<td>4,838</td>
<td>4,704</td>
<td>(134)</td>
<td>(3)%</td>
</tr>
</tbody>
</table>

#### Balance sheet, $bn

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>Δ2018</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loans and advances to customers</td>
<td>64.0</td>
<td>63.6</td>
<td>(0.4)</td>
<td>(1)%</td>
</tr>
<tr>
<td>Customer accounts</td>
<td>82.5</td>
<td>90.8</td>
<td>8.3</td>
<td>10%</td>
</tr>
<tr>
<td>Risk-weighted assets</td>
<td>99.5</td>
<td>89.4</td>
<td>(10.1)</td>
<td>(10)%</td>
</tr>
<tr>
<td>Total assets¹</td>
<td>286.0</td>
<td>261.9</td>
<td>(24.1)</td>
<td>(8)%</td>
</tr>
</tbody>
</table>

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¹. This amount reflects assets of US entities determined in accordance with International Financial Reporting Standards and excludes asset balances with affiliates that are eliminated by HSBC Holdings PLC in consolidation.
Appendix

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Information in this Presentation was prepared as at 2 March 2020.