Asia

HSBC Asia seminar for Investors and Analysts | Day One
May 2023
Disclaimer

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Alternative Performance Measures

This Presentation contains non-IFRS measures used by management internally that constitute alternative performance measures under European Securities and Markets Authority guidance and non-GAAP financial measures defined in and presented in accordance with SEC rules and regulations (“Alternative Performance Measures”). The primary Alternative Performance Measures we use are presented on a “constant currency” basis which is computed by adjusting comparative period reported results for the effects of foreign currency translation differences, which distort period-on-period comparisons.

Reconciliations between Alternative Performance Measures and the most directly comparable measures under IFRS are provided in the 1Q 2023 Earnings Release, which is available at www.hsbc.com.

Information in this Presentation was prepared as at 15 May 2023.
Introduction to HSBC Asia

David Liao | Co-CEO, Asia Pacific
Surendra Rosha | Co-CEO, Asia Pacific
HSBC Asia – key highlights

1. Solid **macroeconomic growth** outlook particularly in **India, China and South & South-East Asia** (S&SEA)

2. Growth opportunities aligned to **HSBC’s competitive strengths**

3. **Leading international bank** in Asia with a **distinct network** to capture the largest growth opportunities

4. **Expanding Wealth business** to serve Asia’s rising wealth

5. **Renewed momentum** in Hong Kong and mainland China – further profitable growth opportunities

Unless otherwise stated, the figures in this presentation are prepared on an IFRS 4 basis; figures throughout this presentation may be subject to rounding adjustments and therefore may not sum precisely to totals given in charts, tables or commentary. Unless the context provides otherwise, ‘Asia’ and ‘HSBC Asia’ refer to The Hongkong and Shanghai Banking Corporation Limited, HSBC Holdings plc’s principal subsidiary in Asia, and its consolidated subsidiaries. HSBC Asia, HSBC Hong Kong and business line financial information can be found in the HSBC Holdings plc ‘4Q 2022 Changes to Financial Reporting Framework Data Pack’ and ‘1Q 2023 Data Pack’
Asia’s economic growth is diversifying

Projected real GDP growth rate\(^1\)

<table>
<thead>
<tr>
<th>Region</th>
<th>2023 Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>5.9%</td>
</tr>
<tr>
<td>China</td>
<td>5.2%</td>
</tr>
<tr>
<td>ASEAN-5(^2)</td>
<td>4.5%</td>
</tr>
<tr>
<td>World</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

Asia projected banking revenue pool growth\(^3\)

CAGR, 2022-2025

<table>
<thead>
<tr>
<th>Region</th>
<th>CAGR, 2022-2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>&gt;9%</td>
</tr>
<tr>
<td>India</td>
<td>&gt;8%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>8.2%</td>
</tr>
<tr>
<td>Wealth(^4)</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

Notes:
1. IMF World Economic Outlook, as of April 2023
2. Singapore, Malaysia, Philippines, Indonesia, Thailand
4. Aggregate of Asset management, Investments (retail), and Insurance and pension distribution (retail)
HSBC Asia: distinct footprint, multiple engines of growth and profitability

Number 1 international bank in most of our 6 key markets

**India**
$0.9bn PBT
- India’s largest foreign global bank\(^1\)
- Significant presence in 14 major cities

**Singapore**
$0.8bn PBT
- Best International Bank (Asiamoney 2022)
- International wealth hub and wholesale hub for South and Southeast Asia

**Malaysia**
$0.4bn PBT
- Largest International Islamic Bank by assets\(^3\)
- Market Leader for Trade Finance (Euromoney 2022)

**Mainland China**
$0.9bn PBT (excl. associates)
- Largest foreign bank\(^1\), 146 outlets across 58 cities
- 19 times Best International Bank in China (FinanceAsia)

**Hong Kong**
$6.1bn PBT
- The largest bank in Hong Kong: #1 in deposits, card spending, trade finance, cash management\(^2\)

**Australia**
$0.4bn PBT
- Strategic focus: International wholesale clients, affluent population
- #1 custody provider by AUC\(^5\)

**Hong Kong**
#1 Trade Finance Bank in Asia Pacific
- Euromoney Trade Finance Survey 2023

#1 in Hong Kong for Life Insurance
- By ANP; 24.7% market share\(^4\)

Best Private Bank Asia Pacific
- Asian Private Banker Awards 2022

#1 Cash Management for corporates
- Euromoney Survey 2022

12 international markets & other: $1.2bn PBT
- Presence in these markets for >100 years on average
- Pan-Asia Pacific corporate and institutional client offering

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1. India: by assets amongst global peers who comprise Citi and Standard Chartered. Mainland China: by total assets, source: KPMG, Mainland China Banking Survey 2022, Jun 22
3. At 31 December 2022
4. At 30 September 2022. Hong Kong Insurance Authority Statistics. HSBC Life Hong Kong and Hang Seng Insurance combined
5. At December 2022
Leading client franchise and capabilities underpinning our growth

2022 HSBC Asia PBT\(^1\) by business, $bn

<table>
<thead>
<tr>
<th>Business</th>
<th>PBT, $bn</th>
<th>Growth vs. FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>WPB</td>
<td>5.0</td>
<td>15%</td>
</tr>
<tr>
<td>CMB</td>
<td>3.0</td>
<td>26%</td>
</tr>
<tr>
<td>GBM</td>
<td>3.5</td>
<td>11%</td>
</tr>
</tbody>
</table>

Highlights

- **Leading retail bank** in Hong Kong; **wealth hubs** in Hong Kong and Singapore
- **Accelerating wealth business growth** throughout the region with organic and inorganic initiatives
- **Expanded Private Banking** to mainland China and Thailand; aim to launch in India in July 2023
- **Leading transactional banking** capabilities
- Deployed digitalised onboarding capabilities for **scale customer acquisition**
- Specialised coverage and **focus** on high growth **New Economy** sectors
- Recognised as the E-Solutions partner bank\(^2\)
- **Leading international Corporate and Institutional** franchise in Asia
- c.70% of client business\(^3\) is from clients using 5+ markets in Asia
- Top 2 FX provider in Asia\(^4\); leading Securities Services\(^5\), loan house\(^6\), bond house\(^6\) in the region

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1. FY22 total Asia PBT also includes Corporate Centre PBT of $1.5bn
2. The Asset Triple A Treasury, Trade, SSC and Risk Management 2022 Awards – 30 best client solutions across GPS and GTRF
3. Refer to glossary for definitions
4. Oliver Wyman research 1H22, excludes domestic banks in Japan and China
5. Coalition, data as of 1H22
6. HSBC market position in Asia (excl. Japan and China onshore) based on Fee payer country (volumes)
Our international network

C.60% of wholesale client business\(^1\) in Asia is cross-border

2022 HSBC Asia client business\(^1\)

- Business booked domestically includes the home market of international clients

Asia-linked wholesale cross-border client business\(^1\) by region

<table>
<thead>
<tr>
<th>Region</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>c.25%</td>
<td>c.40%</td>
</tr>
<tr>
<td>Europe</td>
<td>c.30%</td>
<td>c.40%</td>
</tr>
<tr>
<td>MENA</td>
<td>c.35%</td>
<td>c.35%</td>
</tr>
<tr>
<td>Intra-Asia</td>
<td>c.25%</td>
<td>c.25%</td>
</tr>
<tr>
<td>Latin America</td>
<td>c.20%</td>
<td>c.30%</td>
</tr>
<tr>
<td>Europe</td>
<td>c.25%</td>
<td>c.25%</td>
</tr>
<tr>
<td>MENA</td>
<td>c.35%</td>
<td>c.35%</td>
</tr>
<tr>
<td>Intra-Asia</td>
<td>c.25%</td>
<td>c.25%</td>
</tr>
</tbody>
</table>

1. Refer to glossary for definitions
2. Intra-Asia includes cross-border client business driven by HSBC's hub-and-spoke booking model
Leading international bank in Asia for corporates and institutions

- **C.95% coverage of Asia Pacific GDP, C.99% merchandise trade**¹
- **C.70% of the largest corporates active in ASEAN bank with HSBC**²
- **Top 2 FX House**⁵ (Asia excl. onshore Japan and China)
- **C.25% growth in cross-border client business**³ booked in Asia (vs. FY21)

**Average client business**³ per **mastergroup**⁴

2022 client business³, by number of sites

- >5k non-Asia corporate clients served in Asia
- >20x
- 2022 client business³, by number of products
- >30x

- **#1 custodian bank in Asia; 23% revenue market share for Securities Services**⁶
- 77% of CMB customers active on business internet banking⁷
- c.45% of the Group’s wholesale cross-border client business³ is booked in Asia
- c.95% coverage of Asia Pacific GDP, c.99% merchandise trade¹
- c.70% of the largest corporates active in ASEAN bank with HSBC²

1. IMF for GDP, S&P Market Intelligence for merchandise trade volume, as of December 2022
2. Internal analysis based on corporate ranking by Forbes, 2022
3. Refer to glossary for definitions
4. Mastergroup: the consolidated client relationships of the ultimate parent company
5. Oliver Wyman research 1H22, excludes domestic banks in Japan and China
6. Coalition Greenwich Competitor Analysis 1H21. Based on internal business structure and internal revenue numbers
7. % of CMB customers who are active on Internet Banking Channels in the last 3 months
Investing and growing to serve Asia’s wealth needs

Asia continues to drive financial wealth creation

Total financial wealth\(^1\), $tn

<table>
<thead>
<tr>
<th>Year</th>
<th>Asia ex. Japan</th>
<th>North America</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>82</td>
<td>32</td>
<td>75</td>
<td>189</td>
</tr>
<tr>
<td>2021</td>
<td>127</td>
<td>52</td>
<td>96</td>
<td>274</td>
</tr>
<tr>
<td>2026</td>
<td>159</td>
<td>79</td>
<td>117</td>
<td>355</td>
</tr>
</tbody>
</table>

CAGR 2016-26: +9.6%

CAGR 2020-2022: +9.6%

HSBC is positioned to serve Asia’s wealth needs

HSBC Asia wealth revenue, $bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Asia insurance market impacts, $bn</th>
<th>Asia wealth revenue excl. insurance market impacts, $bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>0.2</td>
<td>5.0</td>
</tr>
<tr>
<td>2021</td>
<td>0.2</td>
<td>5.5</td>
</tr>
<tr>
<td>2022</td>
<td>(1.2)</td>
<td>5.8</td>
</tr>
</tbody>
</table>

HSBC Asia net new invested assets, $bn

<table>
<thead>
<tr>
<th>Year</th>
<th>2020-2022 CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>15</td>
</tr>
<tr>
<td>2021</td>
<td>36</td>
</tr>
<tr>
<td>2022</td>
<td>59</td>
</tr>
</tbody>
</table>

CAGR 2020-2022: +98%

HSBC Asia wealth clients, millions

<table>
<thead>
<tr>
<th>Year</th>
<th>2020-2022 CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1.9</td>
</tr>
<tr>
<td>2021</td>
<td>2.0</td>
</tr>
<tr>
<td>2022</td>
<td>2.1</td>
</tr>
</tbody>
</table>

CAGR 2020-2022: +5%

1. BCG Global Wealth report ‘Standing Still is not an option’, June 2022
Hong Kong – positive outlook for the future

Hong Kong key financial metrics

Hong Kong revenue, $bn

- **FY21**: 13.8
- **FY22**: 15.5
  - **+12%**

Hong Kong PBT, $bn

- **FY21**: 5.8
- **FY22**: 6.1
  - **+6%**

- **Hong Kong borders have reopened;** getting back to **business as usual**
- **HSBC is the market leader** across many products
- **Strong track record of growth,** positive outlook for the **future**
- **Hong Kong favourable economic and financial sector policy backdrop; increased attractiveness** for business environment (international firms, family offices, green tech, digital innovation and talents)
- **Renewed momentum on Greater Bay Area and mainland China interconnection:** GBA policy releases, Connect schemes
HSBC in mainland China – leading international bank and a bridge for our clients

Mainland China key financial metrics

Revenue, $bn

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>Growth vs. FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.5</td>
<td>2.8</td>
<td>+12%</td>
</tr>
</tbody>
</table>

PBT, $bn

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>Growth vs. FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.2</td>
<td>3.2</td>
<td>+1%</td>
</tr>
<tr>
<td></td>
<td>0.7</td>
<td>0.9</td>
<td>+16%</td>
</tr>
</tbody>
</table>

Associates

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>Growth vs. FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5</td>
<td>2.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

♦ China’s economy is opening up, continued emphasis on increasing international cooperation

♦ Policy emphasis on safety, quality and stability of economic growth – with increased emphasis on new economy and new energy sectors

♦ Forecasted economic growth >5% for 2023¹

♦ HSBC is the leading foreign bank in mainland China and a bridge for international clients

♦ Our wholesale business is majority cross-border, driven by inbound from the West² and outbound to rest of Asia

♦ Investing in Wealth to serve a growing affluent population – Pinnacle, HSBC Life, HSBC Qianhai Securities

1. IMF World Economic Outlook, as of April 2023
2. West refers to Americas and Europe. East refers to Asia and the Middle East
HSBC Asia - conclusion

1. Solid macroeconomic growth outlook particularly in India, China and South & South-East Asia (S&SEA)

2. Growth opportunities aligned to HSBC’s competitive strengths

3. Leading international bank in Asia with a distinct network to capture the largest growth opportunities

4. Expanding Wealth business to serve Asia’s rising wealth

5. Renewed momentum in Hong Kong and mainland China – further profitable growth opportunities
Asia finance

Ming Lau | Chief Financial Officer, Asia Pacific and Global CMB
Asia: HSBC’s home and core to Group growth ambitions

1. Good HSBC Asia FY22 performance, delivering a RoTE\(^1\) of 12.3%, up 1.7 ppts vs. FY21; strong start to FY23, 1Q23 PBT up >100% vs. 1Q22

2. Strong balance sheet; well capitalised with 1Q23 CET1 ratio\(^2\) of 16.1%, highly liquid with 1Q23 LCR of 157%

3. Consistently strong dividend payer to Group; cumulative dividends of $32.5bn paid since 2018

4. Integral part of our global network; c.60% of wholesale client business\(^3\) in Asia is cross-border and Wealth customers benefit from our international footprint

5. Increased investment since 2020 to help deliver balanced growth, both in Hong Kong and across the rest of our Asia footprint

Unless otherwise stated, the figures in this presentation are prepared on an IFRS 4 basis; figures throughout this presentation may be subject to rounding adjustments and therefore may not sum precisely to totals given in charts, tables or commentary.

1. Reported RoTE is computed by adjusting reported results for PVIF and for impairment of goodwill and other intangible assets (net of tax), divided by average reported equity adjusted for goodwill, intangibles and PVIF for the period
2. CET1 ratios are calculated on an HKMA basis. Unless otherwise stated, regulatory capital ratios and requirements are on a reported basis, and are based on the transitional arrangements of the Capital Requirements Regulation in force at the time. Leverage metrics exclude central bank claims in accordance with the Prudential Regulation Authority’s (“PRA”) UK leverage framework. References to EU regulations and directives (including technical standards) should, as applicable, be read as references to the UK’s version of such regulation or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018, and as may be subsequently amended under UK law
3. Refer to glossary for definitions
HSBC Asia represents c.50% of the Group across key financial metrics

### HSBC Asia dividend trend, $bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
<th>Payout Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>5.9</td>
<td>51%</td>
</tr>
<tr>
<td>2019</td>
<td>8.5</td>
<td>69%</td>
</tr>
<tr>
<td>2020</td>
<td>6.7</td>
<td>69%</td>
</tr>
<tr>
<td>2021</td>
<td>7.3</td>
<td>70%</td>
</tr>
<tr>
<td>2022</td>
<td>4.1</td>
<td>46%</td>
</tr>
</tbody>
</table>

1. Dividends paid by the Hongkong and Shanghai Banking Corporation Ltd. Asia’s contribution to Group dividends in 2018 reduced by dividends paid through internal restructuring; dividends paid in 2018 relate to FY18 and FY19 reporting periods

### HSBC Asia as a proportion of Group

**FY22**

- **Revenue (excl. France loss on sale)**: $53.7bn
  - HSBC Asia: 51%
  - BoCom: 49%
  - Rest of Group: 52%

- **PBT (excl. France loss on sale)**: $19.4bn
  - HSBC Asia: 33%
  - BoCom: 55%
  - Rest of Group: 12%

- **Loans**: $924.9bn
  - HSBC Asia: 49%
  - BoCom: 50%
  - Rest of Group: 51%

- **Deposits**: $1,570.3bn
  - HSBC Asia: 50%
  - BoCom: 50%
  - Rest of Group: 50%

- **RWAs**: $839.7bn
  - HSBC Asia: 52%
  - BoCom: 33%
  - Rest of Group: 11%

- **HSBC Asia dividend payout ratio**: 47%

- **HSBC Asia ordinary dividends paid as a % of Group ordinary dividends received from subsidiaries**: 46%

- **HSBC Asia as a % of Group revenue**: 51%

- **HSBC Asia (excl. BoCom) as a % of Group PBT**: 61%

- **Asia as a % of Group revenue**: 51%

- **Asia (excl. BoCom) as a % of Group PBT**: 61%

- **Asia (excl. BoCom) as a % of Group loans**: 49%

- **Asia (excl. BoCom) as a % of Group deposits**: 50%

- **Asia (excl. BoCom) as a % of Group RWAs**: 52%

**Key Points**

- HSBC Asia as a proportion of Group now broadly **in line with strategic aims**
- FY22 HSBC Asia tangible equity as a % of Group is 47%, vs. 42% in 2020; continue to **focus on shifting** Group tangible equity towards Asia over the medium term
- Expect Asia to continue to **grow faster** than the rest of the Group given GDP growth outlook and **continued investment**
FY22 and 1Q23 HSBC Asia financial performance

Good performance in FY22; reported **revenue of $26.3bn up $3.3bn (14%)** and reported **PBT of $13.0bn up 12%**

**Strong start to 2023**, supported by Hong Kong border reopening and higher interest rates

HSBC Asia is well diversified across global businesses, but aiming to further diversify across Asia markets

- **c.60%** of wholesale client business in Asia is **cross-border**
- **c.28%** of WPB Hong Kong customers are **international**

---

<table>
<thead>
<tr>
<th>$bn</th>
<th>1Q23</th>
<th>1Q22</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>NII</td>
<td>4.2</td>
<td>2.8</td>
<td>▲ 51%</td>
</tr>
<tr>
<td>Non-NII</td>
<td>4.1</td>
<td>2.8</td>
<td>▲ 49%</td>
</tr>
<tr>
<td>Revenue</td>
<td>8.3</td>
<td>5.6</td>
<td>▲ 50%</td>
</tr>
<tr>
<td>ECL</td>
<td>(0.1)</td>
<td>(0.3)</td>
<td>▼ 74%</td>
</tr>
<tr>
<td>Costs</td>
<td>(3.1)</td>
<td>(3.2)</td>
<td>▼ 4%</td>
</tr>
<tr>
<td>Associates</td>
<td>0.7</td>
<td>0.7</td>
<td>▼ (2)%</td>
</tr>
<tr>
<td>Reported PBT</td>
<td>5.8</td>
<td>2.8</td>
<td>▲ &gt;100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>$bn</th>
<th>FY22</th>
<th>FY21</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>NII</td>
<td>16.2</td>
<td>12.6</td>
<td>▲ 28%</td>
</tr>
<tr>
<td>Non-NII</td>
<td>10.1</td>
<td>10.4</td>
<td>▼ (3)%</td>
</tr>
<tr>
<td>Revenue</td>
<td>26.3</td>
<td>23.0</td>
<td>▲ 14%</td>
</tr>
<tr>
<td>ECL</td>
<td>(2.1)</td>
<td>(0.8)</td>
<td>▼ &gt;100%</td>
</tr>
<tr>
<td>Costs</td>
<td>(13.6)</td>
<td>(13.0)</td>
<td>▼ (4)%</td>
</tr>
<tr>
<td>Associates</td>
<td>2.4</td>
<td>2.5</td>
<td>▼ (3)%</td>
</tr>
<tr>
<td>Reported PBT</td>
<td>13.0</td>
<td>11.6</td>
<td>▲ 12%</td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>$bn</th>
<th>FY22</th>
<th>FY21</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer lending</td>
<td>468.9</td>
<td>▼ (1)%</td>
<td></td>
</tr>
<tr>
<td>Customer deposits</td>
<td>778.9</td>
<td>▼ (0)%</td>
<td></td>
</tr>
<tr>
<td>Reported RWAs</td>
<td>395.1</td>
<td>▼ (3)%</td>
<td></td>
</tr>
<tr>
<td>CET1 ratio, %</td>
<td>16.1</td>
<td>▲ 0.8ppts</td>
<td></td>
</tr>
<tr>
<td>RoTE, %</td>
<td>12.3</td>
<td>▲ 1.7ppts</td>
<td></td>
</tr>
</tbody>
</table>

---

1. 1Q23 and 1Q22 figures prepared on an IFRS 17 basis. Movement between 1Q23 and FY22 balance sheet metrics on an IFRS 17 basis; FY22 vs. FY21 figures prepared on an IFRS 4 basis
2. 'Other' includes intercompany eliminations
3. Refer to glossary for definitions
Historical performance

HSBC Asia financial performance, $bn

<table>
<thead>
<tr>
<th>Year</th>
<th>NII</th>
<th>Non-NII</th>
<th>PBT</th>
<th>CER</th>
<th>ECL as % of average gross loans and advances</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>11.3</td>
<td>16.7</td>
<td>2021</td>
<td>12.6</td>
<td>2021</td>
</tr>
<tr>
<td>2020</td>
<td>10.0</td>
<td>14.4</td>
<td>2021</td>
<td>11.6</td>
<td>2021</td>
</tr>
<tr>
<td>2021</td>
<td>10.4</td>
<td>12.1</td>
<td>2021</td>
<td>11.6</td>
<td>2021</td>
</tr>
<tr>
<td>2022</td>
<td>10.1</td>
<td>12.1</td>
<td>2022</td>
<td>13.0</td>
<td>2022</td>
</tr>
</tbody>
</table>

- **Higher central bank interest rates** present a more positive operating environment for potential better returns
- NII declined by $4bn (24%) between 2019 and 2021 due to NIM compression. Early recovery of NII and profitability in 2H22
- Costs grew 5.7% CAGR 2022 vs. 2019, with investments in Wealth and technology partly funded by cost saving initiatives

HSBC Asia NIM and key rate averages

- **Strong 1Q23** performance with NII up 51% vs. 1Q22 and NIM of 1.84%, despite an 11bps decline vs. 4Q22
- 1Q23 NII significantly impacted by transition to IFRS 17; FY22 NII of $14.0bn (down $2.2bn post-transition). FY22 NIM under IFRS 17 was 1.54% or 13bps lower
- Group NII sensitivity (+100bps) is c.25% attributable to Hong Kong; c.40% of Hong Kong NII sensitivity driven by HKD-linked rate changes

Source: Bloomberg

1.75% 1.88% 2.06% 2.02%
1.62% 1.37% 1.67%

Strong 1Q23 performance with NII up 51% vs. 1Q22 and NIM of 1.84%, despite an 11bps decline vs. 4Q22

- 1Q23 NII significantly impacted by transition to IFRS 17; FY22 NII of $14.0bn (down $2.2bn post-transition). FY22 NIM under IFRS 17 was 1.54% or 13bps lower
- Group NII sensitivity (+100bps) is c.25% attributable to Hong Kong; c.40% of Hong Kong NII sensitivity driven by HKD-linked rate changes

Source: Bloomberg

- 1m HIBOR, bps
- 1m LIBOR, bps
- NIM, %
Differentiated balance sheet with stable and diversified deposits

**HSBC Asia loans and deposits, $bn**

- **Loans by type**: Personal, HKD, Other, Wholesale
- **Deposits by type**: Personal, HKD, Other, Wholesale

- **61% loan to deposit ratio**
- **Diversified deposit base** with 56% deposits from c.14m retail customers

**HSBC Asia deposit surplus trend, $bn**

- Surplus primarily invested in government bonds and cash
- Strong deposit franchise and surplus liquidity help enable us to withstand macro uncertainties

**Hong Kong deposit mix, $bn**

- High quality deposit base, largely funded by current and savings accounts (CASA); 1Q23 deposits were 75% CASA
- 1Q23 time deposit shift of 3ppts vs. 4Q22

1. Other currencies primarily local currency balances in Asia markets other than Hong Kong
2. 1Q23 balance sheet prepared on an IFRS 17 basis
3. Source: HKMA. Converted from Hong Kong dollars using 31 March 2023 spot USDHKD rate of 7.84985

---

**Graphs and diagrams**

- Bar charts showing loan and deposit amounts for HSBC Asia and Hong Kong, with categories for years and types of deposits.
- A bar chart illustrating the deposit mix for Hong Kong in 1Q23, with breakdowns for TMD, CASA, and HSBC.
Capital and liquidity

HSBC Asia CET1 ratio trend, %

<table>
<thead>
<tr>
<th>Year</th>
<th>CET1 Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>17.2</td>
</tr>
<tr>
<td>2020</td>
<td>17.2</td>
</tr>
<tr>
<td>2021</td>
<td>15.4</td>
</tr>
<tr>
<td>2022</td>
<td>15.3</td>
</tr>
<tr>
<td>1Q23</td>
<td>16.1</td>
</tr>
</tbody>
</table>

- HSBC Asia is well capitalised and a **consistently strong dividend payer** to Group; Asia is expected to generate significant capital in the coming years as performance recovers.
- HSBC Asia’s dividend payout ratio has been in the region of **40-70%** of earnings over the last 5 years.

Funding and liquidity

- **Highly liquid balance sheet** with 4Q22 weighted HQLA of **$242bn**, equivalent to **31%** of customer deposits.
- Liquidity ratios well above regulatory requirements.

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY22</th>
<th>FY21</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCR³</td>
<td>157.8%</td>
<td>154.3%</td>
<td>3.5ppts</td>
</tr>
<tr>
<td>NSFR³</td>
<td>152.3%</td>
<td>151.9%</td>
<td>0.4ppts</td>
</tr>
<tr>
<td>Leverage ratio</td>
<td>5.9%</td>
<td>5.8%</td>
<td>0.1ppts</td>
</tr>
<tr>
<td>CET1 capital</td>
<td>$63bn</td>
<td>$62bn</td>
<td>1%</td>
</tr>
<tr>
<td>Tier 1 capital</td>
<td>$70bn</td>
<td>$68bn</td>
<td>3%</td>
</tr>
<tr>
<td>Tier 1 ratio</td>
<td>16.9%</td>
<td>16.8%</td>
<td>0.1ppts</td>
</tr>
<tr>
<td>Deposit surplus</td>
<td>$309bn</td>
<td>$300bn</td>
<td>3%</td>
</tr>
<tr>
<td>Weighted HQLA³</td>
<td>$242bn</td>
<td>$245bn</td>
<td>(1)%</td>
</tr>
</tbody>
</table>

1. Not to be interpreted as capital distribution policy.
2. Data as published in the Hongkong and Shanghai Banking Corporation Limited’s Annual Report and Accounts 2022. Originally reported in Hong Kong dollars. FY22 converted using 31 December 2022 spot USDHKD rate of 7.79575; FY21 converted using 31 December 2021 spot USDHKD rate of 7.7985.
3. Period average figure for the fourth quarter of the respective year.
### Outlook

<table>
<thead>
<tr>
<th>$bn</th>
<th>1Q23</th>
<th>FY22</th>
<th>1Q22</th>
<th>Outlook (2yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NII</td>
<td>4.2</td>
<td>16.2</td>
<td>2.8</td>
<td></td>
</tr>
<tr>
<td>Non-NII</td>
<td>4.1</td>
<td>10.1</td>
<td>2.8</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>8.3</td>
<td>26.3</td>
<td>5.6</td>
<td></td>
</tr>
<tr>
<td>ECL</td>
<td>(0.1)</td>
<td>(2.1)</td>
<td>(0.3)</td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>(3.1)</td>
<td>(13.6)</td>
<td>(3.2)</td>
<td></td>
</tr>
<tr>
<td>Associates</td>
<td>0.7</td>
<td>2.4</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Reported PBT</td>
<td>5.8</td>
<td>13.0</td>
<td>2.8</td>
<td></td>
</tr>
</tbody>
</table>

- Current interest **rate environment is positive** for HSBC Asia; **further growth expected** as wealth and capital market activity levels and sentiment normalise
- Credit environment improved and mainland China CRE asset quality has stabilised

#### HSBC Asia medium term\(^2\) ambitions

- **Wealth** | **High-single digit percentage** Wealth revenue growth
- **Lending** | **Mid-single digit percentage** growth medium to long term; cautious in the short term
- **Returns** | Aiming for **mid-teens** RoTE

---

1. Prepared on an IFRS 17 basis
2. Medium term is defined as to 3-4 years from 1 January 2023; long term is defined as 5-6 years from 1 January 2023
HSBC Asia has distinctive strengths and is positioned to grow in a diversified way

1. **Strong deposit franchise and surplus liquidity**, well positioned to benefit from higher rates

2. **Well capitalised**, supporting self-funding of Asia business growth aspirations

3. **Continued significant dividend contributions** to Group; 5 year historical dividend payout ratio of 40-70%

4. **Strong focus on cost efficiency** by driving transformation across region and investing for growth

5. **Improved growth outlook**, benefiting from mainland China and Hong Kong border reopening and diversification across Asia
Asia transformation

David Grimme | COO, Asia Pacific
Asia transformation – today we will cover:

1. **$1.1bn gross savings realised** in Asia through the Group Transformation Programme (GTP)

2. **Investing c.$6bn in Asia** between 2021-25

3. Vision 27 Technology Strategic Plan will enable **digitisation at scale**, delivering through four pillars: Speed, Scale, Resilience, People

4. Enabling our ambition to be the **leading international bank, commercial banking franchise and wealth manager** in Asia
Asia Global Transformation Programme 2020-2022

Asia GTP was a large-scale operational transformation that has driven a sustainable increase in productivity, efficiency and process simplification. The $1.1bn of savings and c.11k reduction in gross positions have funded c.8k growth roles in 2020-22

<table>
<thead>
<tr>
<th>Key levers</th>
<th>Enablers</th>
<th>Key metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.1bn gross overall saves</td>
<td>$5.6bn global saves</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>$1.1bn gross overall saves</td>
<td>$5.6bn global saves</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>$1.1bn gross overall saves</td>
<td>$5.6bn global saves</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Operating model optimisation</td>
<td>♦ Down-sizing</td>
<td>♦ 7% ASP workforce reduction</td>
</tr>
<tr>
<td></td>
<td>♦ Right-shoring</td>
<td>♦ 44% Offshore / Total FTE Ratio (2% increase)</td>
</tr>
<tr>
<td></td>
<td>♦ Increase front office to back-office ratio</td>
<td></td>
</tr>
<tr>
<td>Process automation</td>
<td>♦ Improve efficiency through MI and analytics</td>
<td>♦ 1.5 days → 15mins Operations processing time to replenish ATMs in Hong Kong</td>
</tr>
<tr>
<td>Digitisation</td>
<td>♦ Customer journey streamlining</td>
<td>♦ 48.4% retail customers are digitally active across Asia Pacific (+3.3% from YE21)</td>
</tr>
<tr>
<td></td>
<td>♦ Self-service</td>
<td></td>
</tr>
<tr>
<td>Real estate reduction</td>
<td>♦ Branch optimisation</td>
<td>♦ 23% Office space reduction to date</td>
</tr>
<tr>
<td></td>
<td>♦ Office space optimisation</td>
<td>♦ 17% Retail space reduction to date</td>
</tr>
<tr>
<td></td>
<td>♦ Increase desk ratio through hybrid working</td>
<td></td>
</tr>
<tr>
<td>Tech infrastructure optimisation</td>
<td>♦ Optimise tech delivery model and architecture</td>
<td>♦ 33% Cloud adoption</td>
</tr>
<tr>
<td></td>
<td>♦ Asset write-off</td>
<td>♦ 59,000 Virtual Desktop Infrastructure (VDI) terminals deployed</td>
</tr>
<tr>
<td></td>
<td>♦ Reduce number of IT incidents</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>♦ Vendor saves</td>
<td>♦ $182mn vendor spend reduction</td>
</tr>
<tr>
<td></td>
<td>♦ Paper reduction</td>
<td>♦ 316 vendor count reduction</td>
</tr>
<tr>
<td></td>
<td></td>
<td>♦ 15% reduction in paper statements and cheque volumes in HK</td>
</tr>
</tbody>
</table>

1. 1 January 2020 to 31 December 2022. Excludes Global Service Centres unless noted.
A five-year strategic transformation programme investing in people and technology

Commitment

To invest c.$6bn in Asia between 2021-25

Investments made between 2021-2022 broadly align to plan

Ambition

1. To become the leading bank for Asian wealth management
2. To be the leading commercial banking franchise in Asia
3. To be the leading international bank in Asia

Strategic themes

- Growth acceleration
- Enhanced returns
- Diversification of geographic mix of revenues
- Rebalance the revenue mix

1. c.$6bn P&L spend, $7.5bn cash
Enabling growth across our businesses

<table>
<thead>
<tr>
<th>Levers</th>
<th>Outcomes</th>
</tr>
</thead>
</table>
| Wealth & Personal Banking (WPB) c.$3.5bn | *Private Bank* - launched Thailand Private Banking and expanded our presence in mainland China  
*Launched >35 products* through our asset management in-house manufacturing  
*Wellness and benefits proposition in Hong Kong has attracted c.190k members* |
| Expanding our presence and enhancing our propositions | Introduced digital investment account opening in Hong Kong, Singapore, India and Malaysia with >100k accounts opened digitally |
| Developing our digital capabilities | Digital portal with **automated credit processes** launched in 11 markets to drive process efficiency  
**Full digital client onboarding** launched in 9 markets  
**UniTransact in India – single platform to serve client needs** across trade, payments, securities services |
| Investing in our people | **Trade-as-a-Service** - platforms business to allow customers to use HSBC products on third party platform, launched in 5 markets, creating a new ways of acquiring customers at scale and enabling new types of connections with the businesses we serve |
| Wholesale (CMB and GB) c.$2bn | **Enhanced digital payment proposition**, offering cross selling opportunities across FX, trade, and GPS  
**Won key client mandates** on cross-border payments on the back of holistic payment propositions offered by UniTransact |
| Digitising customer experience and acquisition | **Core capabilities improved** to service Asian clients directly, or international clients into Asian markets, aligning East and West  
**Expansion of products offering and platform enhancements** supporting China Prime Business |
| Transaction banking and cross-border growth geographies | Invested to **grow wealth solutions across equity, FX options and non-equity products** and expanded digital connectivity to service Wealth clients |
| Platform and new economies sustainability | **Won the first China QFI Prime Financing mandate** from a hedge fund client, leveraged on MSS collaboration success in offering end-to-end solution of QFI execution, prime financing and custody |
| Markets Securities Services (MSS) c.$0.8bn | **Trade-as-a-Service launched in HK, mainland China, Taiwan, Singapore, India** |
| Grow transaction banking | **Landing Page / Workflow Tool launched in Australia, India, Indonesia, Malaysia, Mauritius, NZ, Philippines, Singapore, Sri Lanka & Maldives, Thailand, Vietnam** |
| Institutional client growth | **2. Digital Client Onboarding / SmartServe launched in Australia, India, Indonesia, Malaysia, NZ, Philippines, Singapore, Thailand, mainland China** |
| Asian Wealth | **3. Digital Client Onboarding / SmartServe launched in Australia, India, Indonesia, Malaysia, NZ, Philippines, Singapore, Thailand, mainland China** |
| Collaboration | **4. Trade-as-a-Service launched in HK, mainland China, Taiwan, Singapore, India** |

1. 2021/22 numbers unless otherwise stated  
2. Landing Page / Workflow Tool launched in Australia, India, Indonesia, Malaysia, Mauritius, NZ, Philippines, Singapore, Sri Lanka & Maldives, Thailand, Vietnam  
3. Digital Client Onboarding / SmartServe launched in Australia, India, Indonesia, Malaysia, NZ, Philippines, Singapore, Thailand, mainland China  
4. Trade-as-a-Service launched in HK, mainland China, Taiwan, Singapore, India
**HSBC Technology Strategy Vision ‘27 – a five-year plan to create and deliver fast, easy, digital customer experiences**

**Speed**
- Deliver outcomes for customers much faster through Agile ways of working, and modern and simplified processes
  - **Simplifying our core banking platforms**, demising legacy digital platforms in Asia, rewriting our code to bring efficiency and adaptability to latest technology and regulatory requirements and building a ‘coreless’ foundation
  - **Modernisation of Digital Customer Channels** (HSBCnet, HSBC Connect, Digital Business Banking) to accelerate migration of clients, remediate out-of-support software and enhance internal API security

**Scale**
- Build solutions once and deploy them rapidly across markets by using Cloud technology and data, and upgrading our platforms
  - **Increased our Cloud adoption** rate across the Group by ~35% (with a target of 70%) to allow capacity to process large volumes of data in an efficient and sustainable way
  - All Asia markets have adopted Cloud and continue to accelerate Cloud adoption on locally owned systems

**Resilience**
- Make our services more resilient, better for the environment and improve our service availability to customers
  - Introduced **Technology Resilience Maturity Framework** to assess technology services, particularly Important Business Services (IBS), are at a globally consistent level of resilience capability and risk
  - Pioneered Automated Certificate Renewal in Asia to all technology and platforms to reduce service disruptions. 2023 focus is to roll out globally to continue to include Asia IT services
  - $73m of funding allocated in Asia to support the Resilience uplift in 2023

**People**
- The right people, in the right places, equipped with skills for the future, in a modern, flexible workplace for colleagues across the bank
  - Fostering a culture of innovation in Technology, through vendor partnerships with Google, Microsoft, Amazon, and Alibaba and patent structure. In 2022, **34 patents were filed**
  - Enhancing the workforce with the right skills and capability and improving resilience by replacing target of c2k non-permanent resources globally with permanent resources
  - Enabling better collaboration and improving the colleague workplace experience across the bank with Microsoft 365, including Teams and virtual desktops
Asia transformation – summary

1. Maintaining our focus on cost efficiency through our transformation programme

2. Enhancing our digital proposition to make banking with us easier for our customers

3. Upgrading our core architecture and increasing cloud adoption to increase speed and resilience

4. Improving our colleague experience and fostering a culture of innovation
Asia risk

Martin Haythorne | Chief Risk Officer, Asia Pacific
Key risks

- Credit risk
- ESG risk
- Financial crime risk
- Digitisation and technological advances
- Geopolitical risk
- IT and operational resilience
- Macroeconomic risk
- Model risk
- IBOR transition
- Treasury risk
Key risks

- Credit risk
- ESG risk
- Financial crime risk
- Digitisation and technological advances
- Geopolitical risk
- IT and operational resilience
- Macroeconomic risk
- Model risk
- IBOR transition
- Treasury risk
Balanced and diversified product and sector portfolio in Asia

Gross loans and advances to customers
At 31 December 2022

By booking location

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>63%</td>
</tr>
<tr>
<td>Mainland China</td>
<td>10%</td>
</tr>
<tr>
<td>India</td>
<td>11%</td>
</tr>
<tr>
<td>Australia</td>
<td>6%</td>
</tr>
<tr>
<td>Singapore</td>
<td>7%</td>
</tr>
<tr>
<td>Rest of Asia</td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

$480bn

By product

<table>
<thead>
<tr>
<th>Product</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate and commercial</td>
<td>51%</td>
</tr>
<tr>
<td>Credit cards</td>
<td>31%</td>
</tr>
<tr>
<td>Residential mortgages</td>
<td>3%</td>
</tr>
<tr>
<td>Other personal lending</td>
<td>8%</td>
</tr>
<tr>
<td>NBFIs</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

$480bn

Corporate and commercial credit exposure
At 31 December 2022, by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>26%</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>19%</td>
</tr>
<tr>
<td>Real estate</td>
<td>20%</td>
</tr>
<tr>
<td>Retail and wholesale trade</td>
<td>30%</td>
</tr>
<tr>
<td>Transportation and storage</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>26%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

$246bn
Asia loan growth slowed to 1% CAGR since 2018, from 7% post-global financial crisis (2010-2018 period), with growth in Rest of Asia (2.4%) outpacing Hong Kong (0.5%) between 2018 and 2022

Average loan loss ratio of 26bps during 2007-2022; ECL from Covid-19 (2020) and mainland China CRE distress (2022) remain materially below those seen during the global financial crisis

Outside of mainland China CRE, and an idiosyncratic Singapore fraud event, ECL has remained benign through recent years

- Rest of Asia gross lending, $bn
- LICs / ECL as a % of gross loans, rest of Asia
- Hong Kong gross lending, $bn
- LICs / ECL as a % of gross loans, Hong Kong

Singapore fraud event

Global financial crisis

Covid-19

China CRE
Asia corporate and commercial portfolio overview

Corporate and commercial portfolio by credit quality, $bn

- Strong: 91 (2019), 82 (2022)
- Good: 70 (2019), 79 (2022)
- Satisfactory: 70 (2019), 78 (2022)
- Sub-standard: 2 (2019), 9 (2022)
- Credit impaired: 2 (2019), 7 (2022)

Sub-standard and credit impaired exposure trend, $bn

- ECL allowance
- Sub-standard
- Credit impaired

FY22 by sector

- Real estate: 57%
- Wholesale trade: 12%
- Hotels: 7%
- Professional services: 7%
- Consumer goods: 7%
- Industrials: 7%
- Retail: (not shown)
- Aviation: (not shown)
- Land transport & logistics: (not shown)
- Construction: (not shown)
- Other: (not shown)

FY22 Asia CRE exposures

- **Stable credit quality** over the past 3 years, excl. mainland China CRE exposure
- Given the credit quality and diversification of the book, **no significant deterioration** from rising interest rates

FY22 Asia CRE exposures breakdown:

- Mainland China CRE (offshore): 14%
- Mainland China CRE (onshore): 15%
- Hong Kong CRE: 75%
- Rest of Asia CRE: 10%

FY22 Asia CRE exposures: $66bn
Hong Kong commercial real estate

Gross Hong Kong CRE exposures at 31 December 2022

---

**By credit quality**

- **Strong**: 24%
- **Good**: 34%
- **Satisfactory**: 9%
- **Sub-standard**: 5%
- **Credit impaired**: 28%

---

**By LTV band of collateralised exposure**

- **Less than 50%**: 4%
- **50% - 75%**: 25%
- **75% - 90%**: 69%
- **90% - 100%**: 2%

---

- Hong Kong accounts for **75% of total Asia CRE exposures**
- 69% of collateralised exposures have an **LTV ratio below 50%**

**Excluding mainland China exposures:**

- **High quality portfolio** to diversified corporates:
- 69% of the book is collateralised
- Of the 31% uncollateralized portion of the book, **89% of exposures** are to borrowers with an internal credit rating broadly equivalent to investment grade
Mainland China commercial real estate

Mainland China CRE exposures by booking location and credit quality

At 31 December 2022

<table>
<thead>
<tr>
<th>$m</th>
<th>Memo: Hong Kong at 2Q22</th>
<th>Hong Kong</th>
<th>Mainland China</th>
<th>RoW</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>11,734</td>
<td>9,378</td>
<td>6,507</td>
<td>878</td>
<td>16,763</td>
</tr>
<tr>
<td>Strong</td>
<td>2,095</td>
<td>1,425</td>
<td>2,118</td>
<td>220</td>
<td>3,763</td>
</tr>
<tr>
<td>Good</td>
<td>2,429</td>
<td>697</td>
<td>1,087</td>
<td>370</td>
<td>2,154</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>3,104</td>
<td>1,269</td>
<td>2,248</td>
<td>77</td>
<td>3,594</td>
</tr>
<tr>
<td>Sub-standard</td>
<td>1,946</td>
<td>2,887</td>
<td>779</td>
<td>193</td>
<td>3,859</td>
</tr>
<tr>
<td>Credit impaired</td>
<td>2,160</td>
<td>3,100</td>
<td>275</td>
<td>18</td>
<td>3,393</td>
</tr>
<tr>
<td>Allowance for ECL</td>
<td>(884)</td>
<td>(1,746)</td>
<td>(241)</td>
<td>(4)</td>
<td>(1,991)</td>
</tr>
</tbody>
</table>

Hong Kong booked sub-standard and credit impaired exposures

<table>
<thead>
<tr>
<th>$m</th>
<th>Total exposure</th>
<th>Of which not secured</th>
<th>ECL allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-standard</td>
<td>2,887</td>
<td>2,581</td>
<td>(468)</td>
</tr>
<tr>
<td>Credit impaired</td>
<td>3,100</td>
<td>2,347</td>
<td>(1,268)</td>
</tr>
<tr>
<td>Total</td>
<td>5,987</td>
<td>4,928</td>
<td>(1,726)</td>
</tr>
</tbody>
</table>

- Total mainland China CRE exposure $16.8bn, down $3.0bn vs. 2Q22, primarily due to repayments in the Hong Kong booked portfolio

Hong Kong booked exposures:
- $9.4bn, down $2.4bn vs. 2Q22 primarily due to repayments; $9.1bn drawn loans & advances
- $6bn (c.60%) is classed as sub-standard and credit impaired:
  - $4.9bn not secured; $1.1bn secured
  - Total ECL allowance of $1.7bn, substantially all against the $4.9bn of not secured exposures; ECL allowance on secured exposures is minimal due to the nature of security held
  - Our coverage ratio against not secured, credit impaired (Stage 3) exposures is c.50-55%

- Management assessed a plausible downside scenario for the Hong Kong booked exposure to be around $1bn of additional ECL at 31 December 2022
- We have seen recent positive policy developments in mainland China’s commercial real estate sector and continue to monitor developments closely
Mainland China risk exposure

Mainland China risk exposure, $bn

- Mainland China risk exposure is defined as lending booked in mainland China plus wholesale lending booked offshore where the ultimate parent and beneficial owner is in mainland China. These amounts exclude MSS financing.
- Gross loans and advances to customers of $51bn booked in mainland China (Wholesale: $41bn; Retail $10bn)

Wholesale lending analysis, $bn

- 99.5% of exposures to investment grade counterparties
- Under close monitoring for second order risks following recent banking sector stress in the US and Europe

Corporate lending by sector, $bn

- 63% of portfolio is Investment Grade
- Early signs of stabilisation observed onshore in mainland CRE sector in 1Q23
- c.16% of corporate lending is to foreign-owned enterprises
- c.38% of lending is to state-owned enterprises
- c.46% of lending is to private sector owned enterprises

1. Wholesale drawn risk exposure of $176bn includes on balance sheet lending as well as issued off balance sheet exposures, excludes unutilised commitments
2. Mainland China reported Real Estate exposures comprises exposures booked in mainland China and offshore where the ultimate parent is based in mainland China, and all exposures booked on mainland China balance sheets; Commercial Real Estate refers to lending that focuses on commercial development and investment in real estate and covers commercial, residential and industrial assets; Real Estate for Self Use refers to lending to a corporate or financial entity for the purchase or financing of a property which supports overall operations of a business e.g. a warehouse for an e-commerce firm
Stable and resilient credit performance in 2022, early signs of positive outlook in 2023

High quality portfolio with low delinquencies; low LTV and predominantly owner-occupied

Total ECL allowance for Hong Kong mortgages at 1Q23 was $1m

98.5% of portfolio with current LTV > 80% are insured; majority of uninsured balances are staff mortgages; low level of uninsured negative equity

**Hong Kong mortgage exposures**

<table>
<thead>
<tr>
<th>LTV band</th>
<th>4Q22</th>
<th>4Q21</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤50%</td>
<td>44</td>
<td>61</td>
</tr>
<tr>
<td>&gt;50% - ≤60%</td>
<td>19</td>
<td>12</td>
</tr>
<tr>
<td>&gt;60% - ≤70%</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>&gt;70% - ≤80%</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>&gt;80% - ≤90%</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>&gt;90% - ≤100%</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>&gt;100%</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>101</strong></td>
<td><strong>98</strong></td>
</tr>
</tbody>
</table>

Average LTV 57% 47%
Origination LTV 59% 62%
Key messages

1. **Diversified portfolio** – by geography, industry sector and business type

2. **Stable financial risk performance** across wholesale and retail; mainland China CRE has been challenging but is evolving

3. **Strong capital and liquidity foundations** helping enable future growth

4. **Hong Kong** has scale exposures, but we are confident in positioning across each segment
HSBC Hong Kong

Luanne Lim | CEO, HSBC Hong Kong
Introduction

1. Hong Kong has a **track record of growth and resilience**, with a positive outlook

2. Founded in Hong Kong, we are the **city’s largest financial institution**, participating across the economy and society

3. We have a **strong strategic position** and an attractive financial profile

4. From a position of **market leadership**, we are continuing to **accelerate and innovate**
Hong Kong: a scale financial centre, uniquely placed in Asia

Strong fundamentals

Deep capital markets
$4.8tn equity market cap\(^1\)

#4 globally for FX turnover\(^2\)

Dominant gateway to and from China
>50% of FDI/ODI to and from China\(^3\)

#1 offshore RMB liquidity\(^4\)

Business-friendly environment

#3 globally on the ease of doing business, 2020\(^5\)

Simple, low-rate tax system

Wealth management centre of Asia

61% affluent population\(^6\)

#2 global offshore wealth management centre\(^7\)

Track record of growth and resilience

Total banking sector deposits, $bn\(^8\)

\[
\begin{array}{cccccc}
880 & 1,767 & 1,980 & \text{2010-2022 CAGR } 7.0% & \\
\end{array}
\]

Total banking sector assets, $bn\(^8\)

\[
\begin{array}{cccccc}
1,577 & 3,138 & 3,467 & \text{2010-2022 CAGR } 6.8% & \\
\end{array}
\]

Number of regional HQs and local offices\(^9\)

\[
\begin{array}{cccccc}
2010 & 2015 & 2019 & 2021 & 2022 \\
5,873 & 8,009 & 8,118 & \text{Multiple since 2010 } 1.4x & \\
\end{array}
\]

---

1. As of 31 Mar 2023. Source: Hong Kong Exchange, market statistics
3. ODI as of 2020, FDI as of 2019. Source: HKTDC
4. HKSAR, 2022
6. GlobalData Wealth Market Analytics, 2021
8. Source: HKMA; converted using 31 December 2022 USDHKD spot rate of 7.79875
9. Source: Hong Kong Census and Statistics Department, 2022
Positive outlook for continued growth

### Rapid return to normal post-Covid-19

**Ramp-up in visitors**
- 2.5m in March 2023

**Strengthening economy**
- 1Q GDP +5.3% qoq
- Retail sales +24% yoy

### Business events
- Investment Summit
- Asia Financial Forum
- ASEAN, Saudi, UAE delegations

### Cultural and sports events
- Rugby 7s
- Clockenflap
- Concerts

### Visitor arrivals (people, m)

<table>
<thead>
<tr>
<th></th>
<th>Oct-22</th>
<th>Nov-22</th>
<th>Dec-22</th>
<th>Jan-23</th>
<th>Feb-23</th>
<th>Mar-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>0.5</td>
<td>1.5</td>
<td>2.5</td>
<td></td>
</tr>
</tbody>
</table>

### Positive future outlook

#### Reaffirmation of One Country Two Systems

- Active government **policy agenda**
  - HKD$30bn co-investment fund to attract enterprises
  - Enhanced attraction of family offices
  - Development of virtual assets industry
  - Green Tech Green Fi hub
  - Attracting talent under signature programs, target of 35,000/year

#### Positive tailwinds as a gateway to mainland China
- Capital market connectivity / mutual market access
- Significant middle class (400m) with rising demand
- Policy reform under Greater Bay Area

---

1. Hong Kong Tourism Board 2023, Hong Kong Census and Statistics Department 2019
2. Hong Kong Government, Hong Kong Census and Statistics Department, 2023
HSBC: a pillar of Hong Kong’s economy and society

Founded in Hong Kong in 1865, HSBC has been a permanent presence in Hong Kong over our 157-year history. Today, we continue to play an integral role in the city’s growth and community.

**Largest bank**
- **5.4m** Retail Customers
- **>300k** Corporate Customers

**Wide breadth** of product manufacturing

**Industry development**
- Chairman Bank
- Multiple industry and Government advisory forums

**THE HONG KONG ASSOCIATION OF BANKS**
**HONG KONG MONETARY AUTHORITY**
**Banking Advisory Committee**
- Member

**Financial infrastructure**
- Sole USD Clearing Settlement Bank
- Bank note issuer
- 56% of Hong Kong bank notes issued by HSBC
- $1tn/month transaction value

**Social good**
- **HKD2.4bn** Distributed
- **>10,000** Projects
- **>1m** staff volunteering hours (since 1993)
- Leader in accessible retail banking services
- Leader in development of sustainable finance

---

1. Customer volumes represent active customers for HSBC Hong Kong as at FY22
2. Hong Kong Interbank Clearing Limited
3. HKMA Annual Report 2022
HSBC in Hong Kong—significant scale and market leadership

### FY22 Hong Kong PBT, $bn

<table>
<thead>
<tr>
<th>WPB</th>
<th>CMB</th>
<th>GBM</th>
<th>Corporate Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.5</td>
<td>1.4</td>
<td>1.0</td>
<td>(0.8)</td>
</tr>
</tbody>
</table>

Total $6.1bn  
\[ \Delta 6\% \text{ vs. FY21} \]

### Key Group contributor

**Profitability**

- 35% of FY22 Group Reported PBT
- 47% of FY22 Asia PBT

**Capital**

- Material CET1 generation

### Leading market positions (HSBC Hong Kong only)

<table>
<thead>
<tr>
<th>Product Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total deposits(^1)</td>
</tr>
<tr>
<td>Total assets(^1)</td>
</tr>
<tr>
<td>Mutual funds(^2)</td>
</tr>
<tr>
<td>Card spending(^3)</td>
</tr>
<tr>
<td>Life insurance NBP(^4)</td>
</tr>
<tr>
<td>Trade finance(^5)</td>
</tr>
<tr>
<td>Business banking(^6)</td>
</tr>
<tr>
<td>Cash management(^7)</td>
</tr>
</tbody>
</table>

- 19% #1
- 19% #1
- 32% #1
- 31% #1
- 24% #1
- 17% #1
- 30% #1
- 68% #1

**Notes:**

1. HKMA, 2023
2. Monthly gross sales figures across retail distribution channels from HKIFA (Hong Kong Investment Funds Association), 2022
3. HKMA, statistics of payment cards issued, 4Q22
4. Insurance Authority, FY22
5. Euromoney Trade Finance Survey, 2022
6. Hong Kong Commercial Bank Council, 2H22 Global NPS survey (relates to "most important bank" ranking)
7. Coalition Greenwich 2022 Asian Large Corporate Cash Management Study. Metric relates to market penetration
Strong strategic positioning

Franchise strengths (HSBC Hong Kong)

- **Scale**
  - Customer base: *5.4m WPB, >300k* corporate
  - Significant balance sheet

- **Product**
  - ‘One-stop shop’ across all segments
  - Synergies across businesses

- **Network**
  - Strong **global connectivity**
  - Deep presence in mainland China

- **Brand**
  - #1 bank brand in Hong Kong

- **Funding**
  - 78% CASA (market 47%)^2
  - Surplus supports HSBC global network

- **Returns**
  - Returns above Hong Kong peers^3

---

### Private Banking

Referrals of executives from GBM and CMB clients are a **significant** source of net new invested assets.

- **Referrals**
  - WPB international referrals^4
    - #1 in Group
    - Generator of outbound referrals
  - #2 in Group
    - Recipient of inbound referrals

- **Asset Management**
  - c.$10bn
  - Invested Assets from CMB/GBM clients^5

- **Network**
  - c.50% of CMB/GBM client business in HK is from multinational clients in HSBC’s network^4

- **Connectivity**
  - c.30% of WPB customers are international^6

---

1. Hong Kong Kantar, based on the results from the Kantar Pulse Study conducted by Kantar UK Limited
2. HKMA, 2023
3. Based on FY22 external disclosures of peers (which comprises Standard Chartered, Hang Seng Bank, Bank of China HK)
4. For FY22
5. As at 1Q23
6. As at FY22. See glossary for definition of international customer.
Continuing to accelerate and innovate

**WPB Digital**
Improving digitisation and customer experience

- **Greater adoption**
  - 2x mobile active users
    - 2022 vs 2019

- **Agile improvement**
  - +1 digital feature delivered per day (2022)

**Customer Demographics**
Future proofing our franchise

- **Refreshed positioning (WPB)**
  - ↓2 years average customer age
    - 2022 vs 2020

- **New Economy (CMB)**
  - Expanded Focus
    - Specialist funds
    - Ecosystem outreach
    - Venture debt / private credit

**Transactional Banking**
Leading the present and the future

- **Maintaining leadership**
  - #1 in HK
    - Trade Finance
    - Cash Management
    - Direct Custody

- **Leading market evolution**
  - Asset tokenisation
  - Digital currencies
  - Growth in Structured Trade

**Asian Wealth**
Increasing wealth penetration of customer base

- **Strong performance**
  - Net New Invested Assets (2022)
    - (2.5x 2020)

- **Increasing penetration**
  - 23% of customers with Wealth product (2022)
    - (2020: 20%)

**Business Banking**
Digitisation enabling improved service and scalability

- **Digitising key journeys**
  - Onboarding
  - Payments
  - Lending
  - Support

- **Increasing adoption**
  - 43% accounts opened initiated online
    - Q4 2022 (Q4 2021: 23%)

**GBA / Mainland Connectivity**
Cross-boundary flows with new reform opportunities

- **Significant cross-boundary flows**
  - Further growth potential

- **Increasing connectivity**
  - Driving 1-bank experience (CMB)
  - Three GBA specialist funds (CMB)
  - #1 international bank for Wealth Management Connect (WPB)

---

1. By P2P market share. HKMA, 2022
2. Euromoney Trade Finance Survey, 2022
3. Coalition Greenwich 2022 Asian Large Corporate Cash Management Study. Metric relates to market penetration
4. Hong Kong Exchanges and Clearing Market shareholding disclosures 4Q22
5. Asiamoney award for best international bank for Wealth Management Connect, 2022
Accelerating financial profile

Hong Kong PBT

5,763
+6%
2,674
(982)
(322)
(1,011)
(11)
6,111

Includes insurance manufacturing market impacts

Predominantly mainland China CRE

1. Driven by market impacts, partially offset by a gain following a pricing update for our policyholders’ funds held on deposit
2. HKMA (FY22 vs. FY21)
3. Monthly gross sales figures across retail distribution channels from HKIFA (Hong Kong Investment Funds Association), 2022
4. HKMA, statistics of payment cards issued, 4Q22
5. Insurance Authority, FY22
6. Euromoney Trade Finance Survey, 2022
7. Hong Kong Commercial Bank Council, 2H22 Global NPS survey (relates to “most important bank” ranking)
8. Coalition Greenwich 2022 Asian Large Corporate Cash Management Study. Metric relates to market penetration

Market share (HSBC Hong Kong)

#1 Total Deposits
- 1ppts

#1 Total Assets
- 1ppts

#1 Mutual Funds
- 2ppts

#1 Card Spending
- Maintained

#1 Life Insurance NBP
- 15ppts

#1 Trade Finance
- Maintained

#1 Business Banking
- Maintained

#1 Cash Management
- 2ppts
Key messages

1. Hong Kong remains a **key international financial centre**, with strong Central Government support

2. HSBC is an **integral part of Hong Kong’s history**, growth and community

3. We have a **strong strategic position**, an attractive financial profile and scale

4. From a **position of market leadership**, we are continuing to **accelerate and innovate**

5. As **Hong Kong’s global bank**, we are committed to **enabling Hong Kong’s success** on the global stage
Mainland China

Mark Wang | President and CEO, HSBC Bank China
Mainland China

Introduction

1. Our business has shown **great resilience** in difficult times

2. Mainland China’s economy is in rebound with **positive growth outlook** and **growth opportunities aligned to our competitive strengths**

3. HSBC is the **leading international bank** in mainland China\(^1\) with strong client franchise and capabilities

4. **International connectivity** and our role as a bridge to support client’s international needs is **our competitive edge**

5. We are building a **Wealth business** to capture the opportunities from the **rising wealth population** of mainland China

---

World’s second-largest economy; intrinsically connected to the rest of world

A global front-runner of GDP growth

<table>
<thead>
<tr>
<th>GDP, $tn</th>
<th>2019</th>
<th>2022</th>
<th>2025e</th>
</tr>
</thead>
<tbody>
<tr>
<td>RoW</td>
<td>17</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>Asia-Pacific, excl. China</td>
<td>14</td>
<td>18</td>
<td>25</td>
</tr>
<tr>
<td>China</td>
<td>56</td>
<td>63</td>
<td>71</td>
</tr>
</tbody>
</table>

China % of global GDP:
- 2019: 16.4%
- 2022: 17.7%
- 2025e: 18.7%

Strong growth in banking revenue pool

<table>
<thead>
<tr>
<th>$bn</th>
<th>2019</th>
<th>2022</th>
<th>2025e</th>
</tr>
</thead>
<tbody>
<tr>
<td>RoW</td>
<td>1,309</td>
<td>1,646</td>
<td>2,146</td>
</tr>
<tr>
<td>Asia-Pacific, excl. China</td>
<td>668</td>
<td>685</td>
<td>831</td>
</tr>
<tr>
<td>China</td>
<td>3,113</td>
<td>3,266</td>
<td>3,801</td>
</tr>
</tbody>
</table>

China % of global banking revenue:
- 2019: 25.7%
- 2022: 29.4%
- 2025e: 31.7%

The backbone of global trade

<table>
<thead>
<tr>
<th>$tn</th>
<th>2019</th>
<th>2022</th>
<th>2025e</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>18.9</td>
<td>25.0</td>
<td>26.0</td>
</tr>
<tr>
<td>RoW</td>
<td>4.6</td>
<td>6.3</td>
<td>6.6</td>
</tr>
</tbody>
</table>

China % of global trade:
- 2019: 24.3%
- 2022: 25.2%
- 2025e: 25.4%

Growing population of wealthy individuals

<table>
<thead>
<tr>
<th>Population above $m wealth levels (millions)</th>
<th>2021</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>above 1mn</td>
<td>18</td>
<td>25</td>
<td>31</td>
</tr>
<tr>
<td>above 0.5mn</td>
<td>43</td>
<td>45</td>
<td>47</td>
</tr>
<tr>
<td>above 0.25mn</td>
<td>131</td>
<td>137</td>
<td>141</td>
</tr>
</tbody>
</table>

Supportive policy backdrop

- Pro-growth – fiscal support, accommodative monetary policy
- Safety, quality and sustainability of growth
- Modernisation and innovation - new economy and net zero transition
- ‘Opening up’, international cooperation, trade and FDI

---

1. IMF 2023 Economic Outlook, Apr-23
2. McKinsey revenue pool data, Dec-22; Aggregate of Asset management, Investments (retail), and Insurance and pension distribution (retail)
YRD, GBA and JJJ: regional and mega city growth drivers—advanced and internationally oriented

Leading in advanced and emerging growth industries, and with a concentration of affluent families...

Areas of core economic activity

1. YRD
   - 30% of total national R&D expense
   - 26% of total national new IP approval obtained in 2021
   - Key industries: high-end manufacturing, electric vehicles, e-commerce, biotech and financial services
   - 1,431k affluent families

2. GBA
   - >55% industrial output in Guangdong province from advanced / high-end manufacturing industry in 2020
   - Key industries: science and tech, electronics, logistics, high-end manufacturing
   - 692k affluent families (Pearl River Delta only)

3. JJJ
   - Beijing is home to highest number of China’s high tech companies vs other mainland cities
   - Key industries: machinery / equipment, petrochemicals, aerospace, modern agriculture, tech
   - 832k affluent families (Beijing only)

China is a leader in advanced production as well as leading consumption globally

- c.75% of global solar module capacity production
- c.33% of global solar module capacity consumption
- c.60% of global Electronic Vehicle (EV) production
- #1 car consumption market in the world, with c.50% of global demand

Key indicators¹, 2021

<table>
<thead>
<tr>
<th></th>
<th>GDP, $tn</th>
<th>Population, m</th>
<th>Share of country GDP, %</th>
<th>% exports of local GDP</th>
<th>Share of national FDI, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>YRD</td>
<td>4.3</td>
<td>235</td>
<td>24%</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>GBA</td>
<td>2.0</td>
<td>88³</td>
<td>11%</td>
<td>68%</td>
<td>9%</td>
</tr>
<tr>
<td>JJJ</td>
<td>1.4</td>
<td>110</td>
<td>8%</td>
<td>15%</td>
<td>19%</td>
</tr>
<tr>
<td>UK</td>
<td>3.2</td>
<td>67</td>
<td>n/a</td>
<td>27%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

¹. World Bank, National Bureau of Statistics (YRD, JJJ, Chengdu-Chongqing), CEIC (GBA), National Bureau of Statistics, CEIC, Shanghai Fabu, HKTDC
². YRD: Shanghai govt, Development of the YRD Update, Aug-22; GBA: Guangdong govt, Guangdong Technology Innovation 14th 5 year plan, Apr-21; JJJ: Yicai, Aug-21
³. National Energy Administration; Solarbe, Feb-22
4. Statista, Leading countries by solar energy consumption worldwide in 2021, Jun-22
5. China Association of Automobile Manufacturers, Jan-23
7. Hurun Wealth Report 2022, Mar-23; “Affluent family” means assets >RMB6mn (~$860k)
HSBC is the leading foreign bank in mainland China, underpinned by a strong client franchise and capabilities

<table>
<thead>
<tr>
<th>Market positioning</th>
<th>Differentiators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Largest foreign bank by assets, &gt;2x nearest competitor¹</td>
<td>Global network capabilities to support international clients</td>
</tr>
<tr>
<td>▶ 141 outlets with &gt;80% located in GBA, YRD, JJJ and c.90% of revenue from these regions</td>
<td>▶ Strong market position in Hong Kong, the fundraising gateway for mainland China and bridge for inbound and outbound</td>
</tr>
<tr>
<td>▶ First foreign bank with branches in Lingang (Shanghai Free Trade) Zone and Hainan Free Trade port</td>
<td>▶ Cross line of business referrals, such as managers and owners of wholesale clients to our private bank</td>
</tr>
<tr>
<td>Strong capabilities with a wide range of financial sector licenses and subsidiaries</td>
<td>▶ Serving clients as one team across multiple entities, such as delivering capital markets opportunities via HSBC Qianhai Securities</td>
</tr>
<tr>
<td>▶ Banking, insurance, fintech, insurance brokerage, asset management and securities</td>
<td></td>
</tr>
<tr>
<td>Meaningful wallet shares in international business</td>
<td>19 times Best International Bank in China since 2001⁶</td>
</tr>
<tr>
<td>▶ c.10% market share of cross-border cash pooling²</td>
<td></td>
</tr>
<tr>
<td>▶ #1 player for Chinese retail customers investing overseas through Qualified Domestic Institutional Investor (QDII) scheme (c.17% share³)</td>
<td></td>
</tr>
<tr>
<td>▶ #1 international bank in lead underwriting Panda Bonds⁴</td>
<td></td>
</tr>
<tr>
<td>19% stake in BoCom, China’s 5th largest bank⁵</td>
<td></td>
</tr>
</tbody>
</table>

1. KPMG, Mainland China Banking Survey 2022, Jun-22
2. SAFE; HSBC internal data, as of 2021
3. QDII Investment Quota Approval Form, SAFE, 28-Feb-23
5. By assets, Dec-21. Source per footnote 1
6. Finance Asia
Mainland China’s wholesale client business is primarily cross-border; WPB outbound momentum also strong

**Wholesale**

- Corridor business **recovering** to pre-pandemic levels
- Cross-border business landscape is **reshaping**, with outbound taking the lead
- Hong Kong is the **primary hub** but outbound is propelled by mature destinations (e.g. UK, US, Europe) and new engines (e.g. ASEAN / MENA, with forecast 2023 GDP growth of +6.0% / +3.5% respectively)

**WPB**

- Cross-border referrals heavily weighted towards outbound
- **Hong Kong and Singapore** are the two key corridors
- Non-resident Chinese (NRC) from mainland China with accounts in Hong Kong are a key lead source to Pinnacle

---

1. Refer to glossary for definitions
2. HSBC Global Research Economic Forecasts, May-23
FY22 PBT of $3.2bn

Revenue by type

- $bn
- +6% CAGR

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.4</td>
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<td>0.7</td>
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<tr>
<td>0.9</td>
<td>0.2</td>
<td>1.1</td>
</tr>
<tr>
<td>0.2</td>
<td>0.2</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Revenue by global business

- $bn
- +6% CAGR

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.5</td>
<td>2.3</td>
<td>0.7</td>
</tr>
<tr>
<td>0.7</td>
<td>2.3</td>
<td>0.9</td>
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<tr>
<td>0.9</td>
<td>2.8</td>
<td>1.1</td>
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<tr>
<td>0.9</td>
<td>2.8</td>
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<td>0.2</td>
<td>0.2</td>
<td>1.1</td>
</tr>
<tr>
<td>0.2</td>
<td>0.2</td>
<td>1.1</td>
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</tbody>
</table>

PBT

- $bn
- +4% CAGR

<table>
<thead>
<tr>
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<th>FY22</th>
</tr>
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<tbody>
<tr>
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<td>2.8</td>
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<tr>
<td>2.4</td>
<td>2.8</td>
<td>3.2</td>
</tr>
<tr>
<td>9.8</td>
<td>39.0</td>
<td>10.2</td>
</tr>
<tr>
<td>16.0</td>
<td>50.5</td>
<td>22.3</td>
</tr>
<tr>
<td>13.2</td>
<td>39.0</td>
<td>17.9</td>
</tr>
<tr>
<td>17.9</td>
<td>50.5</td>
<td>22.3</td>
</tr>
<tr>
<td>17.9</td>
<td>50.5</td>
<td>22.3</td>
</tr>
</tbody>
</table>

Lending

- $bn
- +7% CAGR

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.2</td>
<td>50.5</td>
<td>10.2</td>
</tr>
<tr>
<td>22.3</td>
<td>50.5</td>
<td>22.3</td>
</tr>
<tr>
<td>17.9</td>
<td>50.5</td>
<td>22.3</td>
</tr>
<tr>
<td>17.9</td>
<td>50.5</td>
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<tr>
<td>17.9</td>
<td>50.5</td>
<td>22.3</td>
</tr>
<tr>
<td>17.9</td>
<td>50.5</td>
<td>22.3</td>
</tr>
</tbody>
</table>

Deposits

- $bn
- +6% CAGR

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.8</td>
<td>45.7</td>
<td>10.8</td>
</tr>
<tr>
<td>13.9</td>
<td>45.7</td>
<td>13.9</td>
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<td>20.2</td>
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<td>15.3</td>
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<tr>
<td>15.3</td>
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<td>15.3</td>
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<td>15.3</td>
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<td>15.3</td>
<td>56.9</td>
<td>15.3</td>
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<tr>
<td>15.3</td>
<td>56.9</td>
<td>15.3</td>
</tr>
</tbody>
</table>
Mainland China

Wholesale: our leading role as the bridge for international business

Overview

Focused on serving international business and offering specialist coverage in growth sectors

Our strengths

- **International connectivity**
  - We serve 25% of foreign companies in mainland China and have supported 1,400+ Chinese companies to expand overseas\(^2\)
  - Support provided via 36 China desks globally and a Global Relationship Banker ‘GRB’ model
  - Serving over 250 of >750 (c35%) of QFIs via our custodian business\(^3\)

- **Universal banking model**
  - Universal banking model allows us to serve sophisticated clients, where we bank 70% of HSBC Group’s top 100 multinational corporates in China\(^2\)
  - Capabilities across lending, trade, cash management, markets, securities services and capital markets

- **Coverage and expertise**
  - Largest network of outlets of international banks, focussed in priority regions
  - Specialist sustainable finance teams supporting clients in their transition to net zero. $5bn GBA sustainability fund launched
  - Client coverage and specialism in new economy and high growth sectors including tech, new energy and electric vehicles

CMB clients

<table>
<thead>
<tr>
<th>% of clients</th>
<th>2018</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporates(^1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Banking</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

GBM clients

<table>
<thead>
<tr>
<th>% of clients</th>
<th>2018</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Institutions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Continue to focus on these strengths, as well as...

- Good progress on digitalisation including client on-boarding, e-sign and self-servicing tools. We will continue to invest including further enhancements to on-boarding portal, client servicing, trade, payments and roll-out of digital lending

- Increase our coverage and expertise into the priority areas of GBA, YRD and JJJ to enhance our penetration of emerging, high growth and internationally oriented sectors

---

1. Comprises Large Corporates and Mid-Market Corporates
2. Internal data
3. China Securities Regulatory Commission register of Qualified Foreign Institutional Investors, Mar-23
Wealth and Personal Banking: progressing our vision of being a leading international bank and wealth manager

**Strategic focus**

- **Expansion of Pinnacle’s reach** by development of health and wealth focused financial planning service
- **Deepening Wealth relationships** via our leading HSBC international capabilities and promotion of wealth offerings
- **Development of HSBC owned manufacturing and tech capabilities** to create differentiated products, content and tools to fulfill customer needs throughout their life cycle

**Key pillars**

- **Global Private Banking**
  - **U/HNW solutions** in wealth management, international and legacy planning
  - The only international private bank operating in six cities. **Best international PB** in mainland China in 2022

- **Premier**
  - **21 years** serving Premier customers, offering global flagship proposition for mass affluent

- **Pinnacle**
  - Integrated financial planning, serving the protection and wealth needs of affluent customers via “digital + human” hybrid financial planning experience

**Wealth capabilities and strengths**

- **No.1** Qualified Domestic Institutional Investor (QDII) quota, with $4.6bn representing 17.4% of the banking industry
- **First** International Bank to distribute Trust Plans with hedge funds for U/HNW
- **The only** foreign bank ranked among Top 100 Asset Under Management (AUM) in market
- **Top** league position for Insurance Annualised Premium amongst International banks

---

1. Asian Private Banker 12th Awards for Distinction 2022
2. QDII Investment Quota Approval Form by SAFE as of 28 Feb 2023
3. Xinhua Finance and Asia Private Banker
4. Asset Management Association of China
5. Market share & competitor info provided by MetLife collected from Industrial Association data.
Wealth and Personal Banking: comprehensive wealth management matrix

A new era of wealth customisation
Summary

1. Largest foreign bank in mainland China\(^1\) with strong franchise capabilities and a commitment to the market

2. Our strategic focus areas are aligned to capture growth opportunities in mainland China

3. In wholesale, we are focused on internationally oriented, innovative and environmentally advancing business in high growth industries and regions

4. We are investing in wealth to become a leading international bank and wealth manager, serving the growing affluent population

5. Renewed momentum coupled with our strong foundations and competitive strength creates opportunity for further profitable growth

---

1. Measured by total assets. Source: KPMG, Mainland China Banking Survey 2022, Jun-22
CMB Hong Kong and mainland China

Frank Fang | Head of CMB, HSBC Hong Kong
Key highlights

1. Our **Commercial Banking franchise in Asia** caters to the needs of clients, leveraging our international connectivity and wide suite of products

2. We are a **market leader in Hong Kong**, with a diversified business of >300k customers and have shown **strong growth in FY22**, with revenue up **35%** vs. FY21

3. Through an **integrated 1-bank customer experience**, we are positioned to capture opportunities in GBA and mainland China

4. We aim to continue to build on our momentum and **support shifting customer needs and new business models**, leveraging our **GBA sustainability fund and funds supporting fast growing industries**
Our Commercial Banking franchise serves the international banking needs of clients in Asia and provides a strong suite of products

We serve client needs across various stages of their lifecycle and across 16 markets in Asia Pacific

<table>
<thead>
<tr>
<th>Customer segments (Turnover, $m)</th>
<th>Business Banking ($5-50m)</th>
<th>Mid-Market Enterprises ($50-500m)</th>
<th>Large Corporates ($500m-5bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers, # (YoY growth)</td>
<td>~416k (4%)</td>
<td>~14k (7%)</td>
<td>~2k (13%)</td>
</tr>
</tbody>
</table>

Proportion of International customers

- International: c.40%
- Domestic: c.60%

Asia’s revenue contribution to Global CMB

- Asia: 45%
- Rest of World: 55%

CMB Asia revenue by segment

- Large Corporates
- Mid-Market Enterprises
- Business Banking

Key product rankings

1. Market leader for Cash Management in Asia
   - ~4% revenue market share
   - (up ~2% YoY) and 34% market penetration

2. Leading bank in Asia for Trade Finance with ~7% revenue market share and lead both Traditional Trade (~14%)

3. Asia’s best bank for Sustainable Finance

4. International bank in 5 countries

---

1. International customers means customers who hold a relationship with HSBC in two or more markets
2. Coalition Greenwich Competitor Analytics, 2022. Based on HSBC’s internal business structure and internal revenue numbers, and the following banks: BofA, BARC, BNPP, Citi, DB, DBS, JPM, SCB. Analysis includes all Institutional clients and Corporates with turnover of >$5-10mn
3. Coalition Greenwich Voice of Client, 2022 Asian Large Corporate Cash Management Study. Market penetration is the proportion of companies interviewed that consider each bank an important provider of corporate cash management services. Based on 1,179 respondents for large corporate cash management
4. Coalition Greenwich Competitor Analytics, 2022. Based on HSBC’s internal business structure and internal revenue numbers, and the following banks: BofA, BARC, BNPP, Citi, DB, DBS, JPM, MS, SG, UBS. Analysis includes all Institutional clients and Corporates with turnover of >$1.5bn.
5. Asia’s Best Bank for Sustainable Finance 2022, Euromoney Awards for Excellence
7. Coalition Greenwich Competitor Analytics, 2022. Based on HSBC’s internal business structure and internal revenue numbers, and the following banks: BofA, BARC, BNPP, Citi, DB, GS, JPM, MS, SG, UBS. Analysis includes all Institutional clients and Corporates with turnover of >$1.5bn.
8. Asiamoney ‘Best International Bank in Indonesia, Sri Lanka, Thailand, Vietnam and Singapore’
CMB Asia financial performance

**Rising interest rates and resilient fees** contributed to CMB Asia’s strong growth in FY22

**Revenue** up 31% vs. FY21, with growth driven by transaction banking and higher FX revenue. PBT up by 26%

**ECL charge** of $1.5bn, mainly associated with the offshore HK book related to mainland China commercial real estate (CRE)

**Customer lending** down by 6%, balanced growth from South and South East Asia was more than offset by the slowdown in Hong Kong

**Customer deposits** up marginally with notable growth in South and South East Asia
CMB Hong Kong and mainland China financial performance

<table>
<thead>
<tr>
<th>CMB Hong Kong</th>
<th>$bn</th>
<th>FY22</th>
<th>FY21</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>NII</td>
<td>3.1</td>
<td>2.0</td>
<td>▲ 57%</td>
<td></td>
</tr>
<tr>
<td>Non-NII</td>
<td>0.9</td>
<td>1.0</td>
<td>▼ (10)%</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>4.0</td>
<td>3.0</td>
<td>▲ 35%</td>
<td></td>
</tr>
<tr>
<td>ECL</td>
<td>(1.2)</td>
<td>(0.2)</td>
<td>▲ (100)%</td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>(1.4)</td>
<td>(1.4)</td>
<td>▼ 1%</td>
<td></td>
</tr>
<tr>
<td>Associates</td>
<td>—</td>
<td>—</td>
<td>n.m.</td>
<td></td>
</tr>
<tr>
<td>Reported PBT</td>
<td>1.4</td>
<td>1.3</td>
<td>▲ 5%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CMB mainland China</th>
<th>$bn</th>
<th>FY22</th>
<th>FY21</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>NII</td>
<td>0.7</td>
<td>0.6</td>
<td>▲ 13%</td>
<td></td>
</tr>
<tr>
<td>Non-NII</td>
<td>0.2</td>
<td>0.2</td>
<td>▼ (2)%</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>0.9</td>
<td>0.8</td>
<td>▲ 10%</td>
<td></td>
</tr>
<tr>
<td>ECL</td>
<td>(0.1)</td>
<td>(0.0)</td>
<td>▲ (100)%</td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>(0.4)</td>
<td>(0.4)</td>
<td>▼ 5%</td>
<td></td>
</tr>
<tr>
<td>Associates</td>
<td>—</td>
<td>—</td>
<td>n.m.</td>
<td></td>
</tr>
<tr>
<td>Reported PBT</td>
<td>0.3</td>
<td>0.3</td>
<td>▲ 5%</td>
<td></td>
</tr>
</tbody>
</table>

* Revenue for HK and mainland China combined up by 30% vs. FY21, primarily driven by growth in GPS and GTRF
* Net ECL charge of $1.4bn across both markets, associated with our mainland China commercial real estate portfolio
* Lending and deposits down in Hong Kong, by 11% and 3% respectively. Customer lending broadly stable in mainland China on a constant currency basis. Hong Kong loan contracted due to market-wide slow down during 2H22
We are a market leader in Hong Kong, with a diversified business and supporting customers across all segments

We support customers across their entire lifecycle

<table>
<thead>
<tr>
<th>Customer segments</th>
<th>Customers (Dec 22), #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Corporates</td>
<td>c.0.5k</td>
</tr>
<tr>
<td>Mid-Market Enterprises</td>
<td>c.2.0k</td>
</tr>
<tr>
<td>Business Banking</td>
<td>c.305k</td>
</tr>
</tbody>
</table>

- A diversified business with >300k customers
- From startups to companies established for over 100 years
- c.30% of HK customers are international

Market share in Trade Finance at 17.3%

Market penetration in Cash management at 68%

Overall CMB and Business Banking NPS Rank

MME Market Share

Business Banking Market Share

Robust liquidity with strong deposit base

Revenue by product

Supporting our community

- HKMA Pre-approved Principal Payment Holiday Scheme (PPPHS) – Twelve waves have been rolled out since May 2020 with total opt-in loan amount over $32.8bn
- HKMC SME Financing Guarantee Scheme – market share as of January 2023 at 34.6%

Note: This slide is in reference to HSBC CMB HK, excluding Hang Seng Bank
1. International customers means customers who hold a relationship with HSBC in two or more markets
2. HKMA, 2022
3. Coalition Greenwich Voice of Client, 2022 Asian Large Corporate Cash Management Study. Market penetration is the proportion of companies interviewed that consider each bank an important provider of corporate cash management services.
4. RFI Global NPS Survey 2H22 Hong Kong Commercial Banking Council
5. "Most Important Bank" ranking of RFI Global NPS Survey 2H22 Hong Kong Commercial Banking Council
6. Aggregate opt-in loan of all waves i.e. duplicated counts if customer opts in for more than one wave
7. By approved amount
Mainland China: Capture sustainable growth, focusing on international connectivity, growth sectors and digitised client journeys

FY22 financial performance

- Mainland China contributed 12% of Asia CMB revenue in FY22\(^1\)

|                      | 
|----------------------|-------------------------|
| Revenue              | $0.9bn \(\uparrow 10\%\) vs. FY21 |
| PBT                  | $0.3bn \(\uparrow 5\%\) vs. FY21 |

FY22 revenue breakdown\(^2\)

- Large Corporates
- MME
- Business Banking

- GBA, YRD, Beijing
- Rest of mainland China

c.50% international\(^3\) customer base

- We primarily serve customers based in economically important areas with international needs
- Our international customers include expanding mainland Chinese corporates and multinationals investing into mainland China

Supported by our range of capabilities

- "Best Trade Finance - Digital Solutions\(^4\)"
- "Best Supply Chain Solution – ESG\(^4\)"

Strong domestic network - 141 outlets across 58 cities\(^5\)

Strategic priorities

- Deepen wallet share clients with international needs in GBA, YRD and Beijing
- Grow MME and Business Banking segments
- Increase specialised coverage in emerging and high growth industries
- Focus portfolio on growth industries
- Continue digitisation of key customer journeys including onboarding, credit decisioning, trade and payments
- Focus on ESG product suite development and upskilling RMs

1. Including consolidated Hang Seng Bank (China) and BoCom
2. Excluding Hang Seng Bank (China) and BoCom
3. Excluding Hang Seng Bank (China) and BoCom; International customers hold a relationship with HSBC in two or more markets
4. The Asset’s Triple A awards 2022
5. As of 23 March 2023
Greater Bay Area (GBA): Positioned to connect customers with opportunities across the integrated area

GBA is the growth engine of mainland China

GBA and rest of China GDP growth\(^1\), %

- GBA is a priority region – economic powerhouse that generates 11% of the GDP of mainland China, Hong Kong and Macau together\(^2\)
- c.70% of overseas enterprises plan to further expand their operations in GBA within the next 3 years\(^3\)
- Science and Technology expected to contribute >60% of regional GDP growth by 2035\(^4\)
- Growing financial, industry and infrastructure integration across the region\(^5\)

Building our capabilities in the region

- GBA Business Connect: Provide 5 integrated product offerings (e.g. account opening in Hong Kong using video conferencing, making payments within GBA in <2mins)
- Have one connected team of RMAs for customers through further integration of resources
- Aim to provide integrated, digitised customer journeys (e.g. streamlined credit lending)

- Launched GBA+ Technology Fund to support tech companies and sub-sectors of the Tech industry
- Launched GBA+ Healthcare Fund that is focused on 6 sub-sectors poised to benefit from structural shifts

- Introduced the market’s first ESG Index for the GBA to track and evaluate ESG progress within the GBA on a regular basis
- Launched a $5bn GBA Sustainability Fund in 2022, in addition to providing financing (e.g., green loans, sustainability-linked loans)

---

2. China’s Greater Bay Area, HSBC Global Research, 01-Feb-23
3. HSBC news article Near 70% of overseas companies plan to expand in the Greater Bay Area, 30-Jan-23
5. Hong Kong GBA Development Office website (www.bayarea.gov.uk)
6. Other high growth sectors such as Renewables, Advanced manufacturing are also focus areas for GBA
Digital capabilities built across customer journeys

Our simpler and faster digital banking services in Hong Kong have led to an improved customer experience. Capabilities to be replicated to rest of Asia.

Open an account
First remote account opening solution for SMEs in HK.

Manage trade / supply chain
Near real-time approval of working capital for merchants using sales and inventory data.

Apply for a loan
One in two auto-credit approvals\(^1\) for simple credit\(^2\) through Digital Credit Portal.

Manage cash and treasury
Keep track of payments, receivables, liquidity in the all-in-one banking platform HSBCnet.

Pay and Receive
‘Like a local’ in 10 currencies using Global Wallet.

Get support digitally
Enabling customer self-serve on Internet Banking.

Channel NPS ranking improved to 2\(^{\text{nd}}\) in 2022, from 3\(^{\text{rd}}\) in 2021\(^3\).

Time taken for credit decisioning reduced from an average of 19 days to 11 days\(^4\).

43% of business accounts openings were initiated online in 4Q22, +20% vs 4Q21\(^5\).

204k conversations handled by Virtual Assistant for CMB customers in 2022\(^6\).

---

1. Refers to automated credit approvals without a physical approver
2. Refers to deals defined as $0.5m or less and credit risk rating 5.1 or better
3. Refers to depth of customer penetration amongst competitor Hong Kong banks, as measured by external customer surveys (e.g. NPS score surveys)
4. From 2021 - 19 days to 1Q23 -11 days
5. Refers to all accounts opened physically but were online initiated, data from internal tracker
6. Data from vendor “CreativeVirtual”
New Economy Sectors: leveraging our innovating capabilities to support shifting customer needs and new business models

New Economy Sectors are an attractive and growing opportunity

Green Technology and Digital Health market size\(^1\), $bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>c.450</td>
</tr>
<tr>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td></td>
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<tr>
<td>2025</td>
<td></td>
</tr>
<tr>
<td>2026</td>
<td></td>
</tr>
<tr>
<td>2027</td>
<td>c.800-900</td>
</tr>
</tbody>
</table>

- The New Economy consists of **high growth, disruptive start-ups** and **tech-led businesses** in Technology, Healthcare, Industrials, Consumer and Climate Technology sectors.
- New economy companies also play a critical part in our sustainability strategy as we look to focus on climate technology market penetration.
- We are focused on **high growth, quality customers** as the market continues to evolve and rapidly grow.

Well positioned to incubate New Economy businesses

- **Customer acquisition: Ecosystem approach** via:
  - Business Go, our ‘beyond banking’ platform for SMEs
  - Banking VCs
  - Current portfolio companies
  - Collaboration with Private banking

- **Innovation**: Meeting evolving customer needs with innovative new products and services, including:
  - Venture Debt
  - Private Credit origination
  - $1.13bn GBA+ Technology Fund
  - $700m GBA+ Healthcare Fund

---

Sustainability vision: Be the leading ESG bank for commercial banking clients in Hong Kong and mainland China

- **GBA ESG Index**: First-in-market index to track ESG performance in the GBA
- **HSBC ESG Academy**: Free ESG education targeting SMEs

GSA Sustainability Fund: $5bn to support sustainable activities in the GBA

Hybrid Taxi Programme: Support HK taxi industry to transition to low carbon economy

#1 in brand association with ‘Leader in Sustainability’

- Thought leadership
- Market-first propositions
- ESG ecosystem engagement
- Client engagement
- HSBC ESGenie: c.15% of frontline colleagues in Corporate segments are ESGenie (network of frontline colleagues externally accredited in sustainable finance)
- Accolade-winning deals: HKQAA Hong Kong Green and Sustainable Finance Awards², Asset Country Awards for Sustainable Finance³

Diginex Partnership: Provision of ESG Reporting services to customers

Strong brand presence: Sponsorship and other external events to promote sustainability

- **c.$2.5bn of incremental sustainable finance assets in 2022**

Focus for next 12-24 months

- Transition planning and assessment of clients, starting with high climate risk sectors
- Beyond banking ESG services via partnerships
- New sustainability solution for SMEs to improve accessibility to sustainable finance
- New economy climate technology market penetration and market leadership
- Sustainable infrastructure opportunities both onshore and offshore across the value chain

---

1.Ranked 1st in brand association as ‘Leader in Sustainability’ in RFI Sustainability Voice of Customer survey 1H22
2. “HKQAA Hong Kong Green and Sustainable Finance Awards 2022”
Summary

1. Hong Kong CMB is a market leader across client segments and supported by a wide range of products and robust liquidity with strong deposit base.

2. We are the largest foreign commercial bank in mainland China.

3. We continue to focus on customer experience as a priority to meet our customers' needs.

4. Looking ahead, we plan to focus on New Economy sectors and partner with businesses in the transition to a low-carbon economy.

---

WPB Hong Kong

Maggie Ng | Head of WPB, HSBC Hong Kong
1. FY22 PBT of $4.5bn, equivalent to c.25% of Group PBT

2. We continue to differentiate our product offering and grow market share

3. Well positioned for future sustainable growth
Solid financial performance despite market headwinds in 2022

- Strong growth in NII, driven by higher interest rates and margin optimisation
- Non-NII was impacted by a slowdown in capital markets activity and muted customer sentiment which was partially offset by insurance sales
- We continue to invest in our people and technology
- All businesses are delivering growth, capitalising on our market leading positions

<table>
<thead>
<tr>
<th>$bn</th>
<th>FY22</th>
<th>FY21</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>NII</td>
<td>6.9</td>
<td>4.6</td>
<td>▲ 49%</td>
</tr>
<tr>
<td>Non-NII</td>
<td>1.8</td>
<td>3.4</td>
<td>▼ (47)%</td>
</tr>
<tr>
<td>o/w: Insurance market impacts</td>
<td>(1.1)</td>
<td>0.2</td>
<td>▼ &gt;(100)%</td>
</tr>
<tr>
<td>Revenue</td>
<td>8.6</td>
<td>8.0</td>
<td>▲ 8%</td>
</tr>
<tr>
<td>ECL</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>▲ (24)%</td>
</tr>
<tr>
<td>Costs</td>
<td>(4.0)</td>
<td>(3.8)</td>
<td>▲ (4)%</td>
</tr>
<tr>
<td>Reported PBT</td>
<td>4.5</td>
<td>4.1</td>
<td>▲ 11%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>$bn</th>
<th>FY22</th>
<th>FY21</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer lending</td>
<td>135</td>
<td>133</td>
<td>▲ 1%</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>354</td>
<td>354</td>
<td>▲ 0%</td>
</tr>
<tr>
<td>RWAs</td>
<td>61</td>
<td>59</td>
<td>▲ 3%</td>
</tr>
<tr>
<td>Active customers, ’000s</td>
<td>8,643</td>
<td>8,586</td>
<td>▲ 1%</td>
</tr>
</tbody>
</table>
Maintained #1 market position in 2022; continue to grow market share

Card spending volume\(^1\)

<table>
<thead>
<tr>
<th>2022 HSBC Hong Kong</th>
<th>2022 total (incl. Hang Seng Bank)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.0</td>
<td>30.8</td>
<td>1.3ppts</td>
</tr>
<tr>
<td>48.3%</td>
<td>49.4%</td>
<td></td>
</tr>
</tbody>
</table>

Mutual funds turnover\(^2\)

<table>
<thead>
<tr>
<th>2022 HSBC Hong Kong</th>
<th>2022 total (incl. Hang Seng Bank)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.9</td>
<td>29.5</td>
<td>1.3ppts</td>
</tr>
<tr>
<td>41.0%</td>
<td>39.4%</td>
<td></td>
</tr>
</tbody>
</table>

Mortgage balances\(^3\)

<table>
<thead>
<tr>
<th>2022 HSBC Hong Kong</th>
<th>2022 total (incl. Hang Seng Bank)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.1</td>
<td>25.2</td>
<td>0.1ppts</td>
</tr>
<tr>
<td>39.1%</td>
<td>39.2%</td>
<td></td>
</tr>
</tbody>
</table>

Unsecured lending\(^4\)

<table>
<thead>
<tr>
<th>2022 HSBC Hong Kong</th>
<th>2022 total (incl. Hang Seng Bank)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.0</td>
<td>17.9</td>
<td>2.1ppts</td>
</tr>
<tr>
<td>31.2%</td>
<td>29.3%</td>
<td></td>
</tr>
</tbody>
</table>

Life Insurance NBP\(^5\)

<table>
<thead>
<tr>
<th>2022 HSBC Hong Kong</th>
<th>2022 total (incl. Hang Seng Bank)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.0</td>
<td>9.4</td>
<td>14.6ppts</td>
</tr>
<tr>
<td>33.2%</td>
<td>13.3%</td>
<td></td>
</tr>
</tbody>
</table>

Retail deposits as a % of Hong Kong banking system deposits\(^6\)

<table>
<thead>
<tr>
<th>2022 HSBC Hong Kong</th>
<th>2022 total (incl. Hang Seng Bank)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.6%</td>
<td>17.9%</td>
<td>0.3ppts</td>
</tr>
</tbody>
</table>

1. HKMA, statistics of payment cards issued, 2022
2. Monthly gross sales figures across retail distribution channels from The Hong Kong Investment Fund Association (HKIFA), 2022
3. HKMA, December 2022
4. TransUnion, 2022
5. HK Insurance Authority (IA), FY22
6. HSBC retail deposits as a proportion of total banking deposits. Source: HKMA, as at FY21 and FY22
Well positioned for future sustainable growth

Diversified revenue mix

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Banking</td>
<td>c.65%</td>
<td>c.45%</td>
</tr>
<tr>
<td>Wealth</td>
<td>c.30%</td>
<td>c.50%</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

% of total, excluding insurance manufacturing market impacts

Strong pipeline of customers to move up the continuum

- Sticky and loyal customers:
  - 43% customer primacy\(^2\) relationship (+14.7% YoY)
  - 3.3 average number of products per customer (+3.5% YoY)
  - 18.5 years of average tenure (+2.5% YoY)

1. Also excludes a 2022 gain following a pricing update for our insurance policyholders’ funds held on deposit
2. Primacy: customers have their primary banking relationship with HSBC. This is measured where we are the bank to fulfill clients’ primary transaction requirements and/or hold a certain proportion of their Wealth business
Pull on four core levers to further anchor our growth

Our customers
Digital & customer experience

Our core competencies
Wealth

Lending & payments

Our distinct advantage
International
Digital and customer experience: mobile first and always on

Co-create our solutions with our customers, putting them at the centre

Doubled mobile active customers

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile active customers, m</td>
<td>2.0</td>
<td>1.6</td>
<td>1.4</td>
<td>1.0</td>
</tr>
<tr>
<td>Mobile X active, %</td>
<td>40%</td>
<td>31%</td>
<td>27%</td>
<td>20%</td>
</tr>
<tr>
<td>New-to-bank mobile active, %</td>
<td>63%</td>
<td>57%</td>
<td>53%</td>
<td>53%</td>
</tr>
</tbody>
</table>

+24ppts shift to digital transactions vs. 2019

Transaction volume, %
Digital and customer experience: futureproofing our business

#1 customer advocacy in banking in 2022

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC sNPS Ranking</td>
<td>#1</td>
<td>#4</td>
</tr>
<tr>
<td>Brand awareness</td>
<td>93%</td>
<td>92%</td>
</tr>
<tr>
<td>Brand preference</td>
<td>74%</td>
<td>73%</td>
</tr>
</tbody>
</table>

Creating the pipeline for the future

Average customer age, years

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2020</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;18</td>
<td>51</td>
<td>49</td>
</tr>
<tr>
<td>18-25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26-35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36-45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>46-55</td>
<td>127x</td>
<td>121x</td>
</tr>
<tr>
<td>56-65</td>
<td>121x</td>
<td>89x</td>
</tr>
<tr>
<td>65+</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Market penetration among Millennials

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2020</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26-35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36-45</td>
<td>55%</td>
<td>60%</td>
</tr>
<tr>
<td>46-55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>56-65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>65+</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue multiplier by age group

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2020</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;18</td>
<td>1x</td>
<td>17x</td>
</tr>
<tr>
<td>18-25</td>
<td></td>
<td>48x</td>
</tr>
<tr>
<td>26-35</td>
<td></td>
<td>88x</td>
</tr>
<tr>
<td>36-45</td>
<td></td>
<td>127x</td>
</tr>
<tr>
<td>46-55</td>
<td></td>
<td>121x</td>
</tr>
<tr>
<td>56-65</td>
<td></td>
<td>89x</td>
</tr>
<tr>
<td>65+</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Source: Kantar Brand Pulse 2022

Rejuvenate the brand

Win hearts and minds

180+ awards in 2022
Wealth: unleash the wealth opportunities across our client base

Deepen wealth penetration across the customer continuum

23% insurance & investment penetration (2020: 20%)

<table>
<thead>
<tr>
<th>Wealth revenue factor per client</th>
<th>Wealth penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;2,000x</td>
<td>100%*</td>
</tr>
<tr>
<td>c.140x</td>
<td>c.80%</td>
</tr>
<tr>
<td>c.15x</td>
<td>c.45%</td>
</tr>
<tr>
<td>1x</td>
<td>c.10%</td>
</tr>
</tbody>
</table>

(PayMe-only and MPF-only customers are excluded)

- Aim to deepen our relationships with our Jade and GPB clients through widening our product selection and providing tailored client solutions
- Within the Premier and mass retail segments, we aim to:
  - Develop our digital and hybrid wealth management solutions
  - Widen our product set across channels and simplify sophisticated wealth products

Wealth products and channels

- Product Availability
- Mobile Accessibility

<table>
<thead>
<tr>
<th>Products</th>
<th>Mass</th>
<th>Premier</th>
<th>Jade</th>
<th>GPB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>FX &amp; Commodities</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Funds</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Structured Products</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Wealth Lending</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Alternatives &amp; Private Equity</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Discretionary</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Structured Lending</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
</tr>
</tbody>
</table>

* Based on total wealth products incl. deposits as investable asset
### Wealth: segmentation analytics to better serve our customer needs

<table>
<thead>
<tr>
<th>Security Investment Product</th>
<th>AUM%</th>
<th>Security</th>
<th>Low</th>
<th>Low</th>
<th>Medium</th>
<th>Low</th>
<th>High</th>
<th>High</th>
<th>Low</th>
<th>Low</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend Earners</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
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<tr>
<td>Resources</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
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<td>Medium</td>
<td>Low</td>
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</tr>
<tr>
<td>Deposit</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
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<td></td>
</tr>
<tr>
<td>Risk Level (RPQ)</td>
<td>Very Low</td>
<td>Mid</td>
<td>Low</td>
<td>High</td>
<td>Mid</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenure</td>
<td>Mid</td>
<td>Long</td>
<td>Mid</td>
<td>Shortest</td>
<td>Short</td>
<td>Long</td>
<td>Short</td>
<td>Short</td>
<td>Long</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relative Frequency</td>
<td>Average</td>
<td>Average</td>
<td>Rare</td>
<td>Frequent</td>
<td>Rare</td>
<td>Average</td>
<td>Average</td>
<td>Frequent</td>
<td>Frequent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relative Tenure</td>
<td>Average</td>
<td>Long</td>
<td>Average</td>
<td>Short</td>
<td>Average</td>
<td>Longest</td>
<td>Average</td>
<td>Short</td>
<td>Long</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading Frequency</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>-</td>
<td>Highest</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Mid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Herding*</td>
<td>-</td>
<td>-</td>
<td>Against</td>
<td>-</td>
<td>Against</td>
<td>Follow</td>
<td>-</td>
<td>Against</td>
<td>Against</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active Market*</td>
<td>-</td>
<td>-</td>
<td>Bull</td>
<td>-</td>
<td>Bull</td>
<td>Bear</td>
<td>-</td>
<td>Bull</td>
<td>Bull</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversity</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>Mid</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>Mid</td>
<td></td>
</tr>
</tbody>
</table>

**Herding** – Correlation between customer trading amount and market trading volume. Positive correlation indicates herding.

**Active Market** – Correlation between customer trading amount and market return. Positive (negative) correlation indicates active under bull (bear) markets.
Wealth: improved front line productivity and KPIs

**Client meetings**
+11% vs. 2020

**Relationship manager productivity**
+17% vs. 2020

**Contact centre sales productivity**
+30% vs. 2020

**Branch iNPS: 78**
+21 pts vs. 2020

---

**Digital Capabilities**

**Wealth shopping cart**
Trade UT products via HSBC online banking & staff assisted service

**Smartview**
Customer insight platform to identify sales opportunities

**RM chat**
Connect with assistants through mobile

**iKnow**
Single source of truth for content queries

---

**Learning & Development**

- INSEAD partnership
- 1,200-hour leadership programs for branch leaders
- 24x7 on-the-go interactive staff platform with video and gamification features
- Network-wide booster program on market, culture and language
Lending and payments: continuously innovate to excite the market

Credit card spending

- +11% CAGR
- 2020: Light grey
- 2021: Light grey
- 2022: Dark red

Deposit balances

- +2% CAGR
- 2020: Light grey
- 2021: Light grey
- 2022: Dark red

New unsecured lending drawdowns

- +32% CAGR
- 2020: Light grey
- 2021: Light grey
- 2022: Dark red

Mortgage drawdowns

- +2% CAGR
- 2020: Light grey
- 2021: Light grey
- 2022: Dark red

Wealth lending balances

- +116% CAGR
- 2020: Light grey
- 2021: Light grey
- 2022: Dark red

FX daily average turnover

- +2% CAGR
- 2020: Light grey
- 2021: Light grey
- 2022: Dark red
Lending and payments: credit cards

Need-based cards product range

**Travel Lovers**
- EveryMile Credit Card (Launched in 2021)

**Online Shoppers**
- Red Credit Card (Launched in 2019)

**Day-to-day F&B & Gourmet Lovers**
- Visa Signature Card

**Lifestyle & Family**
- Premier Mastercard (Rebranded in 2022 in partnership with A.S. Watson Group)

**Grocery Shoppers**
- Visa Platinum Card

**GBA Commuters**
- Pulse Dual Currency Credit Card (Launched in 2019)

**Integrated loyalty and rewards platform with scalability**
- HSBC Reward+ app as a dedicated Card offers hub, connecting 1.5m+ users to external partners & merchants
- Instant conversion of RewardCash with 30+ partners for fulfilment through API integration
- Extensive network of travel loyalty programmes among Hong Kong card issuers, capturing travel revival opportunities
Lending and payments: PayMe is the #1 wallet in Hong Kong

- **P2P market leadership** with >75% market share\(^1\)
- **2.9m** PayMe users
- >60% Millennials and Gen Z base
- Pay friends, family & **50k+ merchant outlets** in HK
- **Open architecture**
- **c.11m** transactions per month
- NPS score: **28.5**
- **4.7** app score rating

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1. PayMe P2P market share 4Q22. Source: HKMA
International: “Opening up a world of opportunity”

1. **Mainland China a key corridor for Hong Kong**
   - Inbound and outbound new customer acquisitions

2. **Favorable macro environment for international business**
   - **Strong financial hub** in Asia with scale financial infrastructure
   - **#1 in IPO fundraising** worldwide in 7 out of previous 13 years
   - **#2 in stock market** capitalisation in Asia ex-Japan
   - >50% of foreign direct investment (FDI) / outward direct investment (ODI) to/from China intermediated via HK

3. **Our 6 international ambitions**
   - 1. **Make it simpler to open an international account**
   - 2. **Provide access to credit when relocating**
   - 3. **Simplify cross border banking**
   - 4. **Help me plan for my future**
   - 5. **Support me globally**
   - 6. **Beyond Banking**

1. See glossary for definition of international customers
2. HKEX, 2023
3. Securities and Futures Commission, 2023
4. ODI as of 2020, FDI as of 2019. Source: HKTDC

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**c.30% of our customers are international**

International customer revenue is **c.3x** that of domestic customers

- 100%
- 29%
- 8%

- International
- Chinese
- Total customer

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**Mainland China**

- Australia
- Singapore
- UK
- Other

- FY20
- FY21
- FY22
- 1Q23
International: capturing the International Chinese opportunity

Three-pronged engagement approach

1. Pre-arrival
   - 1 + 1 HSBC Premier proposition: 1+1 proposition between Hong Kong and mainland China driving referral leads
   - KOL x Social media presence
   - Partnership: health and international education

2. Upon arrival
   - Concierge services
   - Covid-19 vaccine offer at HSBC Paramedical Centre

3. At branches
   - Product offers tailored to investment preference of International Chinese customers
   - 7-day branch support

Recapture our stronghold of international Chinese customers

- New-to-Bank (NTB) account opening has exceeded pre-Covid levels. HSBC has re-captured demand faster than market (mainland visitors below 1H19)
- Launched new digital campaigns and localised promotions for Golden Week to capture opportunities from the surge of mainland visitors

Daily average mainland visitor arrivals

<table>
<thead>
<tr>
<th>Date</th>
<th>Arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/23</td>
<td></td>
</tr>
<tr>
<td>02/23</td>
<td></td>
</tr>
<tr>
<td>03/23</td>
<td></td>
</tr>
<tr>
<td>04/23</td>
<td></td>
</tr>
<tr>
<td>05/23</td>
<td></td>
</tr>
</tbody>
</table>

International Chinese NTB account opening (% of 2019)

<table>
<thead>
<tr>
<th>Period</th>
<th>HSBC ONE</th>
<th>Premier</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H19</td>
<td>119%</td>
<td>190%</td>
</tr>
<tr>
<td>Jan-23</td>
<td>31%</td>
<td>119%</td>
</tr>
<tr>
<td>Feb-23</td>
<td>88%</td>
<td>190%</td>
</tr>
<tr>
<td>Mar-23</td>
<td>222%</td>
<td>222%</td>
</tr>
<tr>
<td>Apr-23</td>
<td>190%</td>
<td>222%</td>
</tr>
</tbody>
</table>

1. Hong Kong Immigration Department
2. Based on daily average
Summary: delivering increased market share, with a strong pipeline for future growth by...

1. Enhancing the **customer experience**; mobile first

2. Deepening and widening our **wealth penetration**

3. **Innovating** retail and payment products

4. Delivering our **international customer proposition**, looking towards our 6 international ambitions
Appendix
Appendix

Glossary

ANP Annualised new business premiums

ASEAN The Association of Southeast Asian Nations (ASEAN) is a trade bloc of 10 member states: Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam

AT1 Additional Tier 1

AUM Assets under management

BoCom Bank of Communications Co. Limited, an associate of HSBC

Bps Basis points. One basis point is equal to one-hundredth of a percentage point

C&L Credit and Lending

CASA Current accounts and savings accounts

CER Cost efficiency ratio

CET1 Common Equity Tier 1

CIIOM Channel Islands and Isle of Man

Client business Client business differs from reported revenue as it relates to certain client specific income, and excludes certain products (including Principal Investments, GBM "other" and asset management), Group allocations, recoveries and other non-client related and portfolio level revenue. It also excludes Hang Seng. GBM client business includes an estimation of client-specific day one trade specific revenue from MSS products, which excludes ongoing mark-to-market revenue and portfolio level revenue such as hedging. Cross-border client business represents the income earned from a client’s entity domiciled in a different geography than where the client group’s global relationship is managed. ‘Booking location’ represents the geography of the client’s entity or transaction booking location where this is different from where the client group’s global relationship is managed. Cross-border client business represents the income earned from a client’s entity domiciled in a different geography than where the client group’s global relationship is managed

CMB Commercial Banking, a global business

Corporate Centre (CC) Corporate Centre comprises Central Treasury, our legacy businesses, interests in our associates and joint ventures and central stewardship costs

CRE Commercial Real Estate

CRR Customer Risk Rating

ECL Expected credit losses. In the income statement, ECL is recorded as a change in expected credit losses and other credit impairment charges. In the balance sheet, ECL is recorded as an allowance for financial instruments to which only the impairment requirements in IFRS 9 are applied

FDI Foreign direct investment

ESG Environmental, Social and Governance

GBA Greater Bay Area

GBM Global Banking and Markets, a global business

GDP Gross domestic product

GPB Global Private Banking

GPS Global Payments Solutions (formerly GLCM: Global Liquidity and Cash Management)

Group HSBC Holdings plc and its subsidiary undertakings

GTP Group transformation programme

GTRF Global Trade and Receivables Finance

HBAP The Hongkong and Shanghai Banking Corporation, HSBC Group’s principal operating subsidiary in Asia

HIBOR Hong Kong Interbank Offered Rate

HKMA Hong Kong Monetary Authority

HKMC The Hong Kong Mortgage Corporation Ltd

HKTDC Hong Kong Trade Development Council

HNW High net worth

HQLA High-quality liquid assets

HQLA High quality liquid assets

I&I Insurance and investments

IAS International Accounting Standard

IAS 39 IAS 39 ‘Financial Instruments’

IFRS International Financial Reporting Standard

IFRS 17 IFRS 17 ‘Insurance Contracts’

International customer (CMB) International customers means customers who hold a relationship with HSBC in two or more markets

International customer (WPB) WPB international customers comprises customers who are either multi-country, non-resident or resident foreigners within International markets in the UK, Hong Kong, Canada, the US, India, Singapore, Malaysia, UAE, Australia, mainland China and CIIOM. Multi-country are those customers who bank in more than one market; Non-Resident customers are those whose address is different from market; Resident Foreigners are customers whose nationality, or country of birth for non-resident Indians and overseas Chinese is different to market we bank them in. Note, customers may be counted more than once when banked in multiple countries

IP Intellectual property

JJJ Beijing-Tianjin-Hebei Region

LCR Liquidity coverage ratio

LIBOR London Interbank Offered Rate
### Glossary

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>LICs</td>
<td>Loan impairment charges and other credit risk provisions</td>
</tr>
<tr>
<td>Mastergroup</td>
<td>The consolidated client relationships of the ultimate parent company</td>
</tr>
<tr>
<td>MENA</td>
<td>Middle East and North Africa</td>
</tr>
<tr>
<td>MME</td>
<td>Mid-Market Enterprises, a CMB customer segment</td>
</tr>
<tr>
<td>MSS</td>
<td>Markets and Securities Services</td>
</tr>
<tr>
<td>NBP</td>
<td>New Business Premium</td>
</tr>
<tr>
<td>NII</td>
<td>Net interest income</td>
</tr>
<tr>
<td>NiM</td>
<td>Net interest margin</td>
</tr>
<tr>
<td>NPS</td>
<td>Net promoter score</td>
</tr>
<tr>
<td>NRC / NRI</td>
<td>Non-resident Chinese / Indian</td>
</tr>
<tr>
<td>NSFR</td>
<td>Net stable funding ratio</td>
</tr>
<tr>
<td>ODI</td>
<td>Outward direct investment</td>
</tr>
<tr>
<td>PB</td>
<td>Private Bank / Private Banking</td>
</tr>
<tr>
<td>PBT</td>
<td>Profit before tax</td>
</tr>
<tr>
<td>PWP</td>
<td>Personal Wealth Planner</td>
</tr>
<tr>
<td>QDII</td>
<td>Qualified Domestic Institutional Investor</td>
</tr>
<tr>
<td>QFII</td>
<td>Qualified Foreign Institutional Investors</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and development</td>
</tr>
<tr>
<td>RM</td>
<td>Relationship manager</td>
</tr>
<tr>
<td>RoTE</td>
<td>Return on average tangible equity</td>
</tr>
<tr>
<td>RoW</td>
<td>Rest of the world</td>
</tr>
<tr>
<td>RWA</td>
<td>Risk-weighted asset</td>
</tr>
<tr>
<td>SME</td>
<td>Small and medium sized enterprises</td>
</tr>
<tr>
<td>TMD</td>
<td>Time deposits</td>
</tr>
<tr>
<td>UHNW</td>
<td>Ultra-high net worth</td>
</tr>
<tr>
<td>VDI</td>
<td>Virtual desktop infrastructure</td>
</tr>
<tr>
<td>WPB</td>
<td>Wealth and Personal Banking, a global business</td>
</tr>
<tr>
<td>YRD</td>
<td>Yangtze River Delta</td>
</tr>
</tbody>
</table>