Well positioned to help support the UK’s economic & societal recovery from Covid-19

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>We have <strong>strongly supported our customers, colleagues, and our community</strong> throughout the Covid-19 crisis</td>
</tr>
<tr>
<td>2</td>
<td>Delivered a <strong>robust financial performance in 2020</strong>, remaining profitable and maintaining balance sheet strength despite unprecedented disruption</td>
</tr>
<tr>
<td>3</td>
<td>Our strategy is <strong>focused on growth</strong> in areas of strength (including mortgages, wealth, commercial lending) supported by a ‘digital first’ approach</td>
</tr>
<tr>
<td>4</td>
<td>We will play a key role in financing the <strong>transition to net zero carbon emissions</strong></td>
</tr>
</tbody>
</table>
Supporting our customers, colleagues, and community throughout Covid-19

**Commercial (CMB)**
- Approved £14.1bn in Covid-19 related lending, including £11.2bn through government-backed lending schemes¹
- Approved over 9k capital repayment holidays¹

**Retail**
- Over 241k retail payment holidays (68k Mortgages, 100k Loans, 73k credit cards)
- Supported >1.6m key workers and vulnerable customers through our dedicated support line
- £500 interest free overdraft buffer
- >95% of branches remained open throughout

**CMB UK – Government-backed lending schemes¹**

- **BBLs**: £6.9bn
- **CBILS**: £3.2bn
- **CLBILS**: £1.1bn

1. Data as of 31DEC20
2. Total net lending market share equivalent as of SEP20

**Supporting colleagues & community**
- Enabled 100% of eligible employees to work remotely across all our sites within 2 weeks of lockdown
- £1m donated: National Emergencies Trust Coronavirus Appeal and British Red Cross. ~£1.4m raised by customers and colleagues for BBC’s ‘The Big Night In’ Appeal

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¹ Share of total approvals above stock lending market share (10%)²

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1. Data as of 31DEC20
2. Total net lending market share equivalent as of SEP20
Robust performance in 2020 despite unprecedented disruption

<table>
<thead>
<tr>
<th>£m</th>
<th>FY20</th>
<th>FY19</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>4,567</td>
<td>4,878</td>
<td>(6)%</td>
</tr>
<tr>
<td>Non interest income</td>
<td>1,480</td>
<td>1,735</td>
<td>(15)%</td>
</tr>
<tr>
<td>Revenue</td>
<td>6,047</td>
<td>6,613</td>
<td>(9)%</td>
</tr>
<tr>
<td>ECL</td>
<td>(2,115)</td>
<td>(613)</td>
<td>&gt; (100)%</td>
</tr>
<tr>
<td>Costs</td>
<td>(3,598)</td>
<td>(3,737)</td>
<td>4%</td>
</tr>
<tr>
<td>Adjusted PBT</td>
<td>334</td>
<td>2,263</td>
<td>(85)%</td>
</tr>
<tr>
<td>Significant items</td>
<td>(171)</td>
<td>(1,253)</td>
<td>(86)%</td>
</tr>
<tr>
<td>Reported PBT</td>
<td>163</td>
<td>1,010</td>
<td>(84)%</td>
</tr>
<tr>
<td>Reported profit after tax</td>
<td>80</td>
<td>516</td>
<td>(84)%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>£bn</th>
<th>FY20</th>
<th>FY19</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer loans</td>
<td>191.2</td>
<td>183.1</td>
<td>4%</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>259.3</td>
<td>216.2</td>
<td>20%</td>
</tr>
<tr>
<td>Reported RWAs</td>
<td>85.5</td>
<td>85.9</td>
<td>(0)%</td>
</tr>
<tr>
<td>CET1 ratio, %</td>
<td>15.2%</td>
<td>13.0%</td>
<td>2.2ppt</td>
</tr>
</tbody>
</table>

- Delivered profits (adjusted PBT of £334m) in a challenging environment
- Continued to deliver strong balance sheet growth with loans up 4% and deposits up 20% vs. FY19
- Capital position remains robust with CET1 ratio increasing 2.2ppt to 15.2%
Our portfolios have remained resilient offering a strong platform for growth

1. **Credit quality (% gross carrying amount)**

   - FY19: 70% Strong, 14% Sub-Standard, 12% Satisfactory, 2% Credit Impaired
   - FY20: 72% Strong, 14% Sub-Standard, 9% Satisfactory, 1% Credit Impaired

2. **Retail\(^1\) – delinquency trends (%)**

   - Mortgages (90+ days)
     - Dec-18: 0.59
     - Jun-19: 0.16
     - Dec-19: 0.88
     - Jun-20: 0.23
     - Dec-20: 0.19
   - Credit cards (90-179 days)
     - Dec-18: 0.88
     - Jun-19: 0.23
     - Dec-19: 0.19

3. **ECL allowance\(^2\), FY19 vs. FY20**

   - **Personal**
     - FY19: 461
     - FY20: 277
     - **Corporate\(^3\)**
     - FY19: 738
     - FY20: 1,054
     - **Total\(^3\)**
     - FY19: 1,229
     - FY20: 2,118

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1. Excludes Private Bank
2. Allowance for ECL against loans and advances to customers at amortised cost
3. Includes Non-bank financial institutions, excludes POCI balances
Our strategy is focused on growth

**Our purpose**
Opening up a world of opportunity

**Our values**
- We value difference
- We succeed together
- We take responsibility
- We get it done

**Our ambition**
To be the preferred international financial partner for our clients

**Our strategy**

**Focus** on our strengths
- Play a **vital role** in the **UK’s economic and societal recovery** from Covid-19
- Collaborate across business lines and across borders to bring more of HSBC to our customers
- Support British businesses growing here or internationally
- **Invest at scale in the UK** where our opportunity is greatest, becoming a market leader in mortgages and wealth
- Improve financial accessibility and inclusion

**Digitise at scale**
- Deliver an easy and **excellent customer experience**
- **Simplify and automate** to improve services and reduce cost
- **Transform first direct** into a digital challenger
- **Scale up** innovative digital solutions like Kinetic Business Bank
- Maintain a **safe, resilient and sustainable bank**

**Energise for growth**
- Inspire a **dynamic culture** where the best want to make a positive impact
- Be a **leaner, simpler organisation**
- **Empower colleagues** to make decisions and deliver at pace
- Help colleagues develop **future-ready skills**
- Champion **diversity and inclusion**

**Transition** to net-zero
- Support the Group’s commitment to **achieve net zero in our own operations** by 2030 or sooner
- **Support and finance our customers** in their own transitions
- **Achieve net zero emission of our customer portfolio by 2050**
Mortgages – Controlled growth through intermediary expansion

Retail residential mortgage balances, £bn

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
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<tbody>
<tr>
<td>Market share of stock balances increased to 7.4%(^2) in FY20 (from 6.7% in FY18) with share of gross lending of 10.3% in FY20</td>
<td></td>
<td></td>
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<tr>
<td>Broker coverage(^3) is now &gt;93% whilst share of direct channel remains consistently high (~20%(^4))</td>
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</tbody>
</table>

Gross new lending – Broker vs. Direct channel\(^1\)

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<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker channel</td>
<td>c.£22bn</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Direct channel</td>
<td></td>
<td>47%</td>
<td></td>
</tr>
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<td>Market share of stock balances increased to 7.4%(^2) in FY20 (from 6.7% in FY18) with share of gross lending of 10.3% in FY20</td>
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Focus on delivering sustainable growth which supports pricing and returns, and remains in line with risk appetite

- Significant growth potential given historically underweight position and strong liquidity (HSBC UK LCR\(^5\): 198% at FY20)
- Growth to be supported by further intermediary expansion as we build towards a ‘whole of market’ broker ambition
- Focused on automation to streamline customer journeys (significant progress made to date with time to offer now ~7 days vs. ~17 in 2018)
- Aim to deliver growth whilst preserving margins and returns (margins remained resilient in FY20)

1. Excludes Private Bank  
2. Source: Bank of England  
3. By value of market share  
4. New business share of direct market available; source: UK Finance  
5. Liquidity Coverage Ratio
Commercial – Growing sustainably with a focus on international clients

- Significant operational strength displayed to deliver Covid-19 support to customers
- CMB UK continues to be a material contributor to our profits (46% in FY20), with ambition in place to continue growing sustainably:
  - Accelerate international client acquisition
  - Continue to invest in GLCM, GTRF and FX front-end platforms
  - Support the financing of the transition to net zero
  - Scale Kinetic

1. Gross wholesale loans & advances to customers as at 31 December 2020
2. Drawn loan value of customers under marker-wide schemes: £9,899m
Innovation – Scaling Kinetic and transforming first direct

**Kinetic**, mobile-first, cloud-first business banking

- HSBC Kinetic, the new UK mobile banking service **built on the cloud**, designed for small businesses
- Simple, fast and intuitive
- Allows customer to open an account in 15 minutes

![Image of Kinetic app]

**c.4k**

<table>
<thead>
<tr>
<th>Users</th>
<th>iOS App Store Rating</th>
<th>93% satisfaction rating</th>
</tr>
</thead>
</table>

**first direct**

- Established brand with strong platform for growth:
  - ~1.5m customers
  - Named best British brand in UK Customer Satisfaction Index\(^2\)
- Investing in technology and marketing to accelerate growth by transforming first direct into our **mobile-led challenger brand**

![Image of first direct app]

**Spending Insights:** Helping you understand your money

**Financial Planning:** Helping you with your financial wellness

**Auto-pilot:** Self-driving banking

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1. As at 16th February 2021
2. Source: The Institute of Customer Service
# Sustainability – Key to our growth story

## HSBC Group ambitions

<table>
<thead>
<tr>
<th>Become a net zero bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>♦ Align the <strong>financed emissions</strong> of our portfolio of customers to achieve net zero by 2050 or sooner</td>
</tr>
<tr>
<td>♦ Net zero in our <strong>operations and supply chain</strong> by 2030 or sooner</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Support for customers</th>
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</thead>
<tbody>
<tr>
<td>♦ Support our clients in the transition with <strong>$750bn to $1tn of financing and investment</strong> over the next 10 years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unlock new climate solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>♦ <strong>Unlock investments</strong> into the next horizon of <strong>climate solutions</strong> that are currently not accessible for investors</td>
</tr>
</tbody>
</table>

## Actions

| ♦ Work towards our Renewable Electricity commitment to source 100% of our electricity from renewables through power purchase agreements by 2030 |
| ♦ Set out clear and measurable pathways to net zero, using the Paris Agreement Capital Transition Assessment tool (PACTA) |

**HSBC UK:** Achieved c.70% of our electricity from renewable sources

| ♦ Increase portfolio of transition finance and advisory solutions building new capabilities in structuring for climate, new technology and risk management |
| ♦ Apply a climate lens to financing decisions |

**HSBC UK:** Supporting our retail & commercial customers transition to net zero – significant financing required over next 10 years and beyond

| ♦ Launched new products in 2020 (Sustainability Linked Loans & Green Deposits) |

| ♦ Created HSBC Pollination Climate Asset Management (joint venture between HSBC & Pollination with first fund aiming to raise $1bn offering investors wide exposure to global natural capital themes) |
| ♦ Leading the FAST-Infra² initiative to establish sustainable infrastructure principles and investment vehicles |

**HSBC UK:** 7,500 colleagues joined our Climate Action Network

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1. Includes Green Loans, Sustainability Linked Loans, and Sustainable Bonds
2. Finance to Accelerate the Sustainable Transition-Infrastructure (‘FAST-Infra’) in partnership with the IFC, the OECD, the Global Infrastructure Facility (World Bank), and Climate Policy Initiative under the auspices of the One Planet Lab
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Non-GAAP measures

This Presentation contains Non-GAAP financial information. The primary Non-GAAP measures we use are presented on an “adjusted performance” basis which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons. Significant items are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business.

Reconciliations between Non-GAAP financial measures and the most directly comparable measures under IFRS are provided in our 2020 Annual Report and Accounts available at www.hsbc.com.

Information in this Presentation was prepared as at 15 March 2021, unless otherwise specified.