



Connecting customers to opportunities

HSBC aims to be where the growth is, enabling business to thrive and economies to prosper, and ultimately helping people to fulfil their hopes and realise their ambitions.

◀ Denotes an adjusted measure

Group Long-term strategy

Develop our international network

To facilitate international trade and capital flows and serve our clients, with potential to help them grow from small enterprises into large multinationals.

Invest in wealth and retail businesses with local scale

To make the most of global social mobility, wealth creation and long-term demographic changes in our priority markets.

Group 2017

Adjusted PBT ▶

(2016: \$18.9bn)

\$21.0bn

Adjusted Jaws ▶

+1.0%

Ordinary dividends

In respect of 2017

(2016: \$0.51)

\$0.51

For reported results and further information, please refer to the Annual Report & Accounts 2017

Commercial Banking (numbers below relate to FY2017)

We support approximately 1.7 million customers in 53 countries and territories with banking products and services to help them operate and grow. Our customers range from small enterprises focused primarily on their domestic markets, through to large companies operating globally.

2017 Key highlights

- 5% year-on-year adjusted revenue growth, driven by Global Liquidity and Cash Management.
- Over 50% of revenue originated from international clients
- \$5.7bn of CMB enabled revenue synergies

PBT ▶
(2016: \$5.9bn)

\$6.8bn

Jaws ▶
% change in revenue
less % change in costs

+1.3%

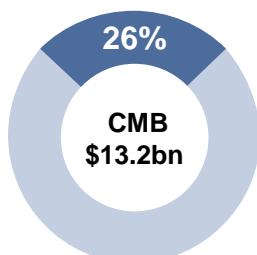
Cost efficiency ratio ▶
Costs as a % of revenue
(2016: 45.5%)

45.0%

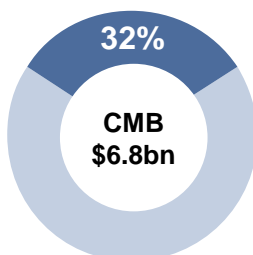
CMB: an integral part of the HSBC group

■ Group excl. CMB ■ CMB

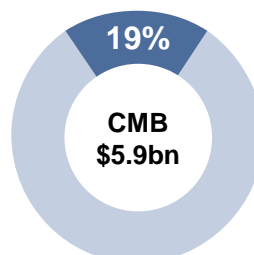
Revenue ▶



PBT ▶

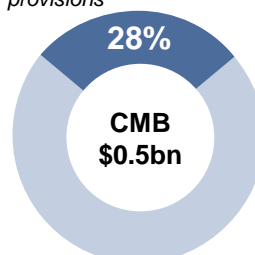


Costs ▶



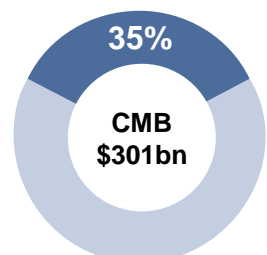
LICs ▶

Loan impairment charges and other credit risk provisions

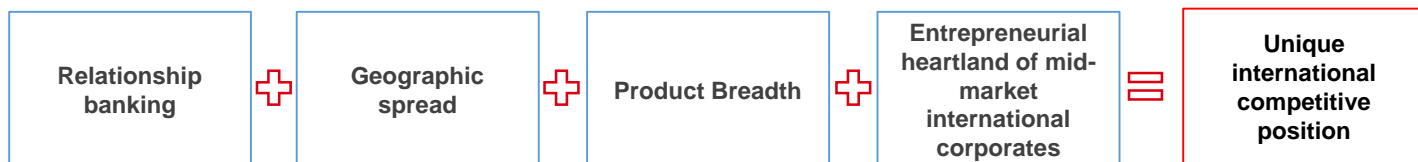


RWAs

Risk-weighted Assets

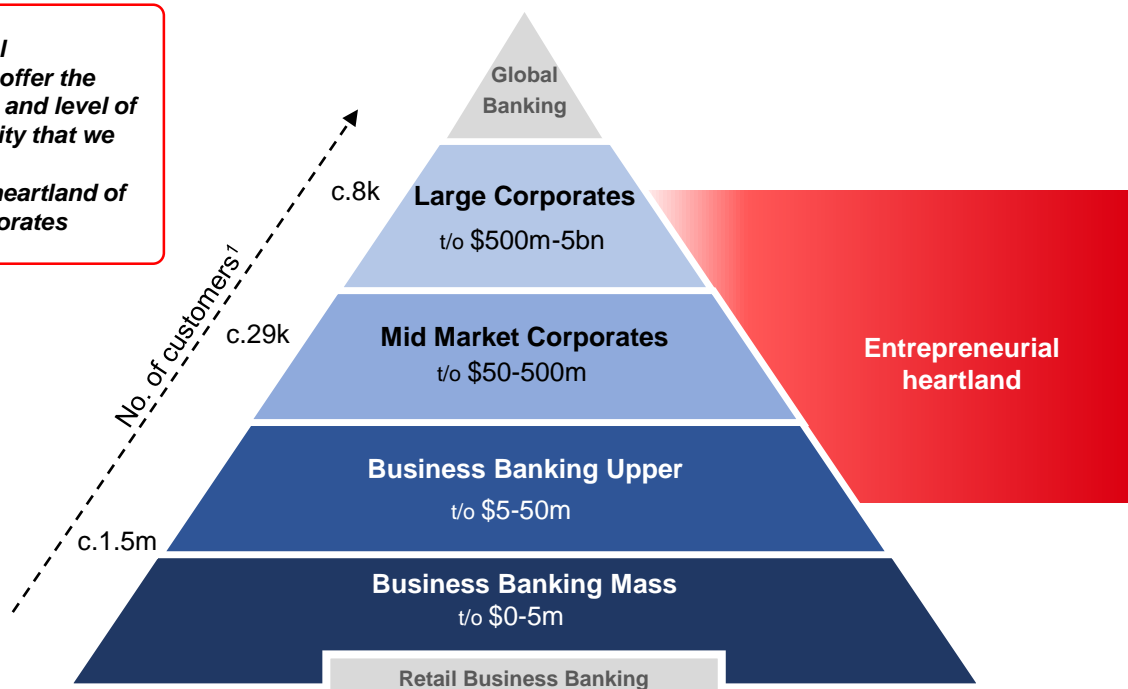


Our network is key to being a leading international bank

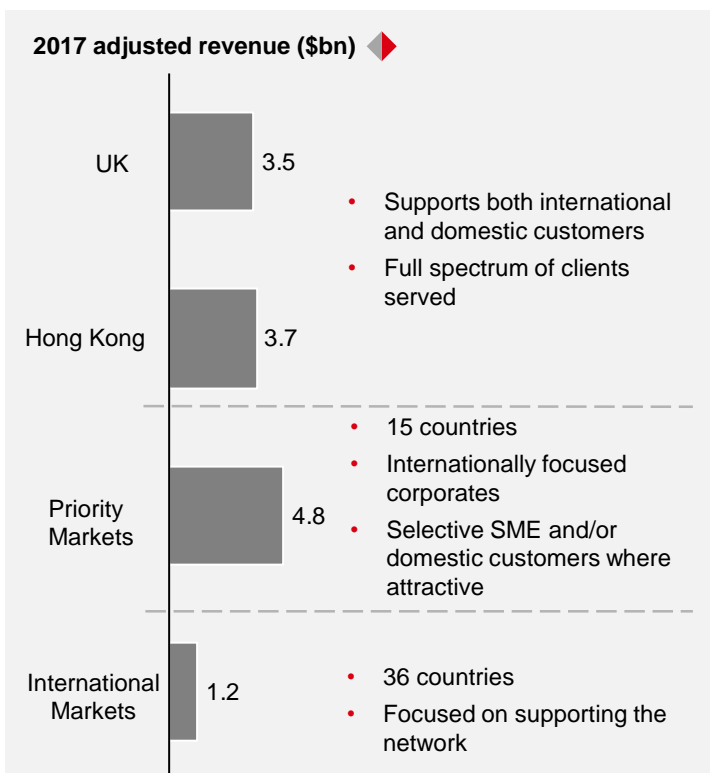


CMB has significant breadth and depth of customer relationships

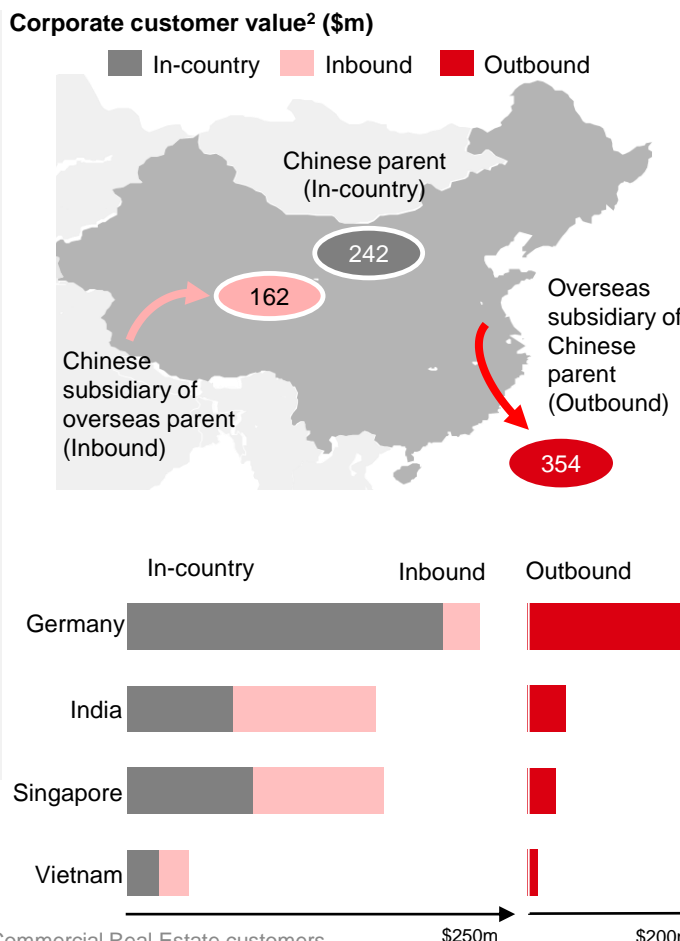
Few of our global competitors can offer the depth of product and level of global connectivity that we provide to the entrepreneurial heartland of mid-market corporates



Our clients leverage the network around the world



Our presence in international markets is a meaningful contributor in its own right and supports revenue generation in our home and priority markets



1. As at December 2017. Excludes Hang Seng. Large Corporates includes Commercial Real Estate customers
 2. 2017 revenue. Analysis relates to corporate client income which includes total income from GB&M synergy products, including Foreign Exchange and Debt Capital Markets. This measure differs from reported revenue in that it excludes Business Banking and Other and cost of funds.

Key strategic growth priorities:

Grow International Subsidiary Banking (ISB)

- Continue to grow our ISB business by increasing the wallet share of existing clients
- Increase targeted client acquisition to achieve revenue growth.

Leverage Client Network Banking franchise

- Service the client networks and supply chain relationships of our existing international clients
- Increase cross-border, cross-segment referrals to grow our Client Network Banking revenue

Grow Global Liquidity and Cash Management market share

- Grow our deposit base and continue to innovate our market-leading liquidity and payments capabilities
- Invest in digital propositions to deliver a best-in-class client experience, including mobile and enhanced self-service products

Protect and capitalise on our leading position in Global Trade and Receivables Finance

- Invest in a comprehensive programme to enhance our platforms, products and customer experience
- Partner with technology companies to maintain our market leading position in trade finance by digitising and streamlining our products

Improve processes key to enhancing client experience

- Create digital-based solutions to simplify and streamline customer onboarding and lending systems
- Deploy a best-in-class client relationship management tool to improve client service and improve the effectiveness of our sales teams

We continue to improve our clients' experience through enhanced digital propositions:

New HSBCnet User

Interface released in 11 markets.

37 markets targeted in **2018**



Our new HSBCnet payments screen, **MoveMoney**, was designed **to improve customer experience** through an intuitive and simple design. It has **reduced help desk calls by 21%** with a further 40% reduction expected in 2018



HSBCnet Mobile App

- Live in **42** markets. In 2018 we will deploy **biometric security features** including TouchID and FaceID



We are the **First foreign bank in China** to offer an **Omni-Channel collections** service that operates **across all major digital channels** including e-wallets, credit cards, debit cards and bank transfers



Ask Amy and WeChat had **20,000** users in Hong Kong in 2017 with **40,000** projected in **2018**



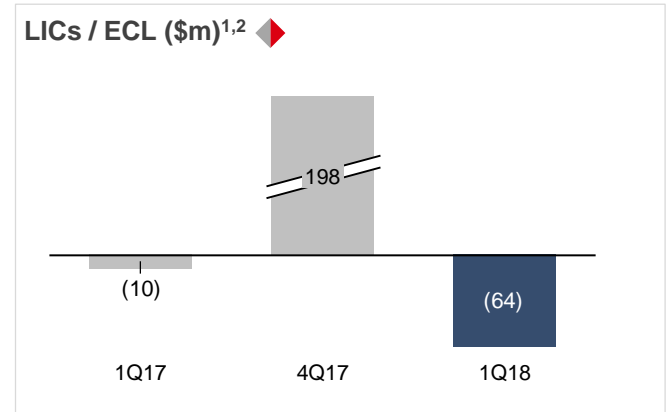
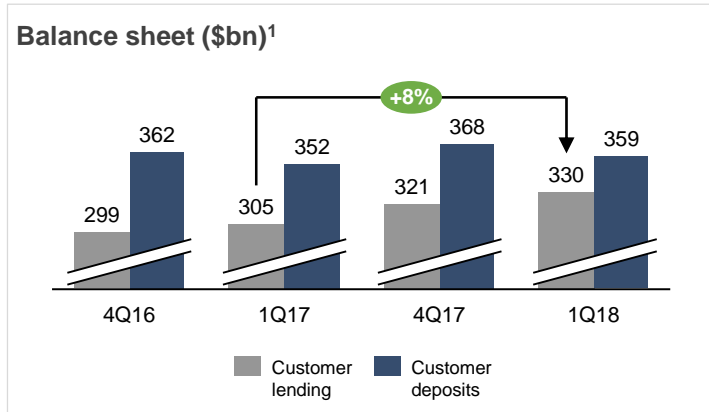
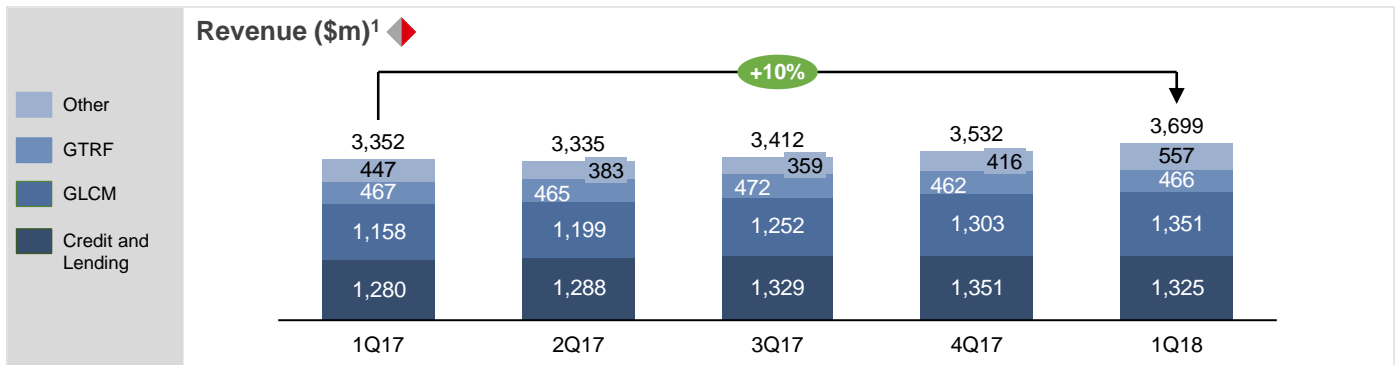
We released **Trade Transaction Tracker**, which provides clients with a **real-time global view** of their **export and import** documentary credits and collection transactions. It is **live in 15 markets** and roll out to 7 additional markets is planned for 2018



HSBC Evolve, which offers integrated and customisable FX execution, was awarded **Best e-FX Platform** for Corporates by FX Week in 2017. For SME clients, **HSBC GetRate** provides customers with direct **access to live FX rates** and is used to make c.200k payments per month **in 24 markets**

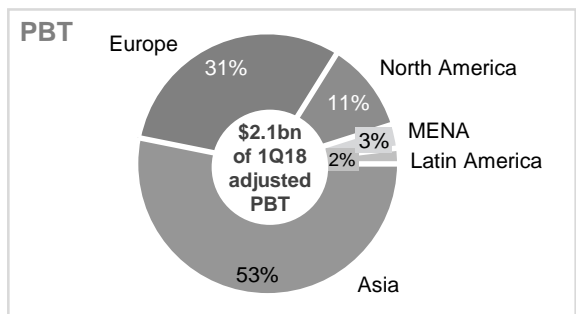
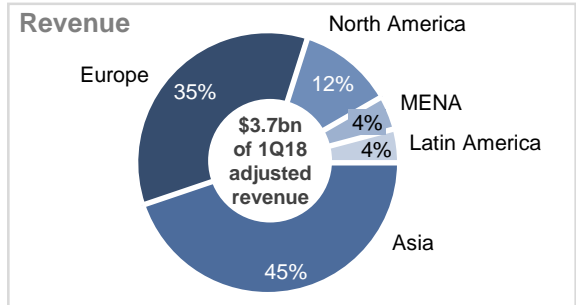


Results: 1Q18 Highlights



Adjusted Income Statement

| \$m | 1Q17 | 1Q18 | % change |
|-----------------------------|----------------|----------------|-----------------|
| Revenue | 3,352 | 3,699 | 10% |
| GTRF | 467 | 466 | (0)% |
| Credit and Lending | 1,280 | 1,325 | 4% |
| GLCM | 1,158 | 1,351 | 17% |
| Other | 447 | 557 | 25% |
| LICs/ECL² | 10 | 64 | >100% |
| Costs | (1,474) | (1,652) | (12)% |
| Profit before tax | 1,888 | 2,111 | 12% |
| RoTE³ | 15.7% | 15.5% | (0.2)ppt |



CMB is central to the Group's revenue synergies

- CMB enabled revenue synergies of \$1.7bn accounted for approximately half of the Group's revenue synergies
- CMB clients accounted for \$0.8bn of revenue synergies between Global Businesses⁴

Important notice and forward looking statements

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The information, statements and opinions set out in this presentation and subsequent discussion do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

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This presentation contains non-GAAP financial information. The primary non-GAAP financial measure we use is 'adjusted performance' which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons. Significant items are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business. Reconciliations between non-GAAP financial measurements and the most directly comparable measures under GAAP are provided in the 2017 20-F, the Reconciliations of Non-GAAP Financial Measures document and the 1Q 2018 Earnings Release which are available at www.hsbc.com.

Information in this presentation was prepared as at 21 May 2018.

1. Quarterly revenue and LICs/ECL presented at average 1Q18 FX rates. Balance sheet presented at spot 1Q18 FX rates.
2. Numbers relating to 1Q17 and 4Q17 refer to LICs, whereas 1Q18 refers to Expected credit losses and other impairment charges (ECL) following the adoption of IFRS 9.
3. Excludes significant items and UK bank levy
4. 1Q18 revenue generated by CMB clients and shared between CMB and other Global Businesses. CMB's share of revenue is included within 'Markets products, Insurance & Investments and Other' of \$0.6bn.