



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.

Retail Banking and
Wealth Management

◀ 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

Retail Banking and Wealth Management (numbers below relate to FY2017)

We help millions of people across the world to manage their finances, buy their homes, and save and invest for the future.

Our Insurance and Asset Management businesses support all global businesses in meeting their customers' needs.

PBT ▶
(2016: \$5.2bn)

\$6.5bn

Jaws ▶
% change in revenue
less % change in costs

+4.0%

Cost efficiency ratio ▶
Costs as a % of revenue
(2016: 65.7%)

63.3%

RBWM: an integral part of the HSBC group

■ Group excl. RBWM ■ RBWM

Revenue ▶

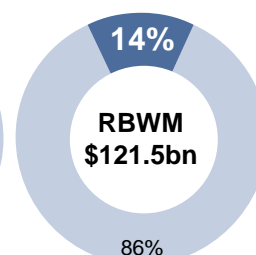
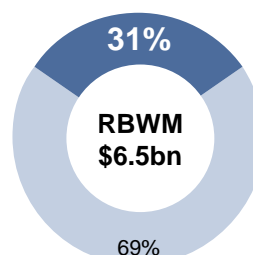
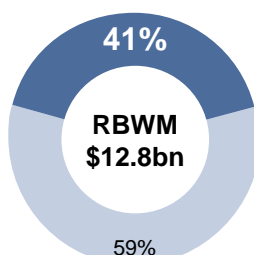
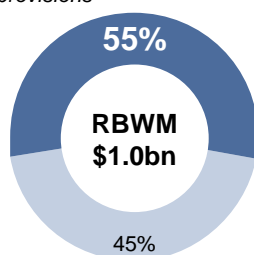
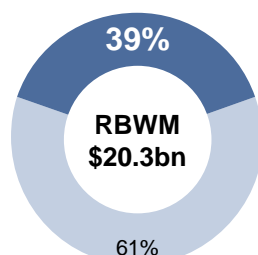
LICs ▶

*Loan impairment charges
and other credit risk
provisions*

Costs ▶

PBT ▶

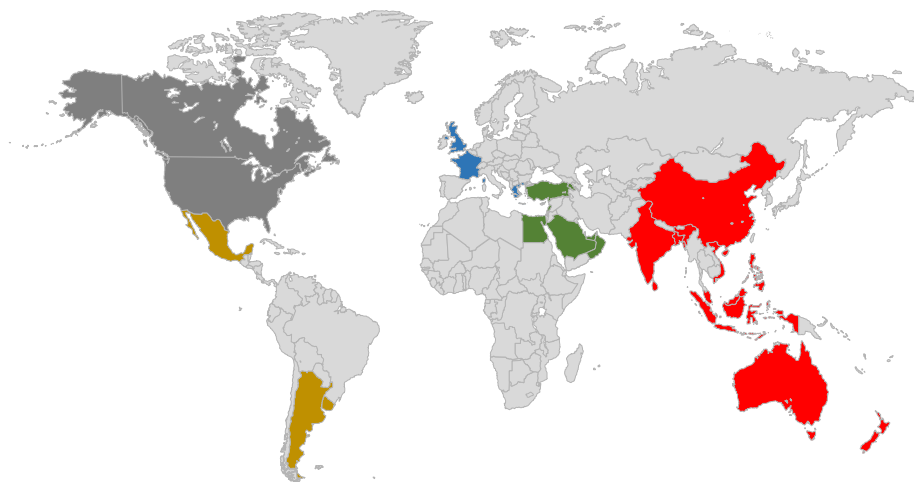
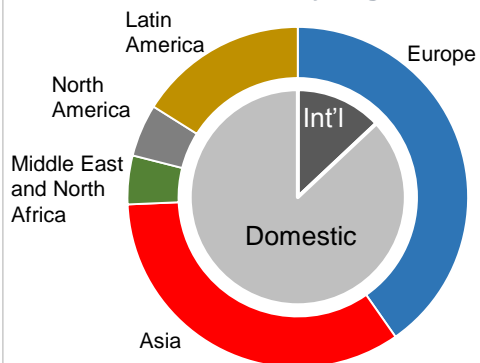
RWAs



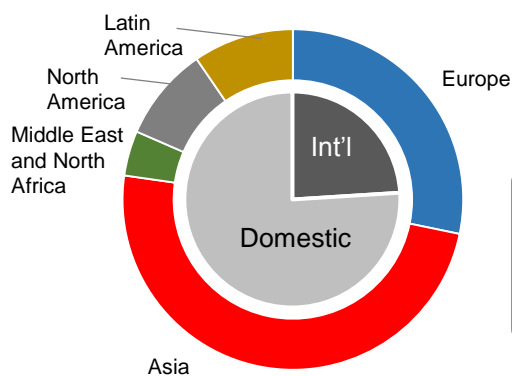
RBWM serves c37 million customers with 77,000¹ people across more than 30 markets

RBWM presence

Active customers by region



2017 revenue by region



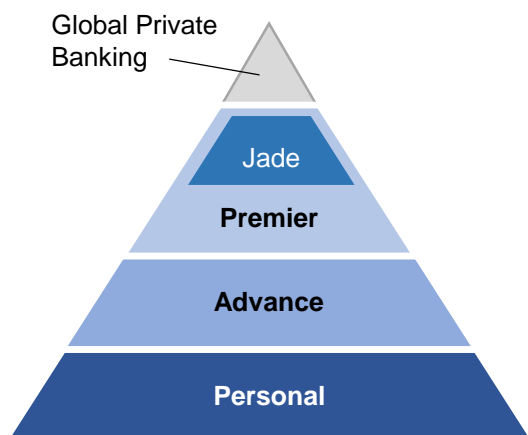
Domestic customers

- ◆ Local national residents

International customers

- ◆ Non residents
- ◆ Multiple international relationships

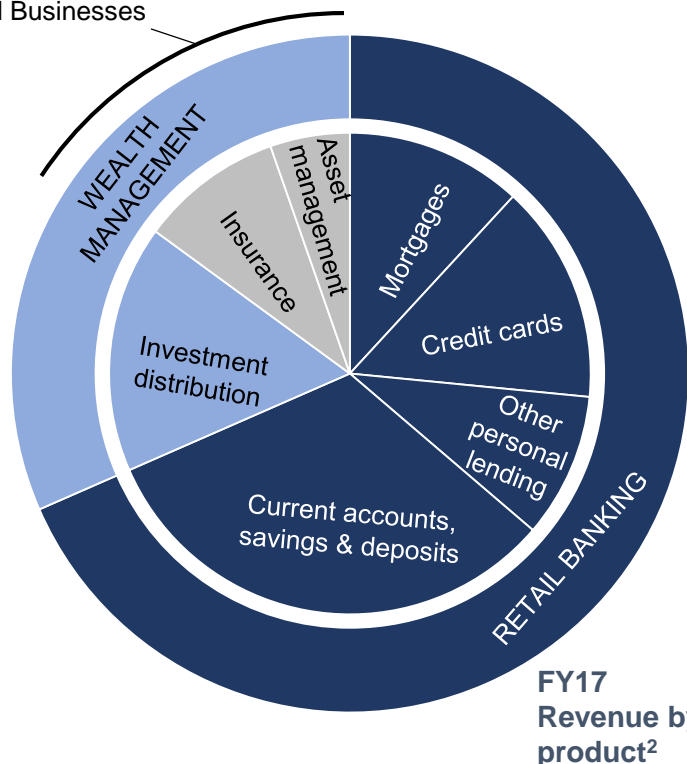
RBWM propositions



- | | |
|-------------------------|---|
| Jade by Premier | Invitation only offering for our higher value clients |
| Premier | Flagship proposition providing global privileges for affluent clients |
| Advance | Preferential banking meeting the needs of the emerging affluent |
| Personal Banking | Good value products and services for everyday banking needs |

RBWM products

Serving clients of all Global Businesses



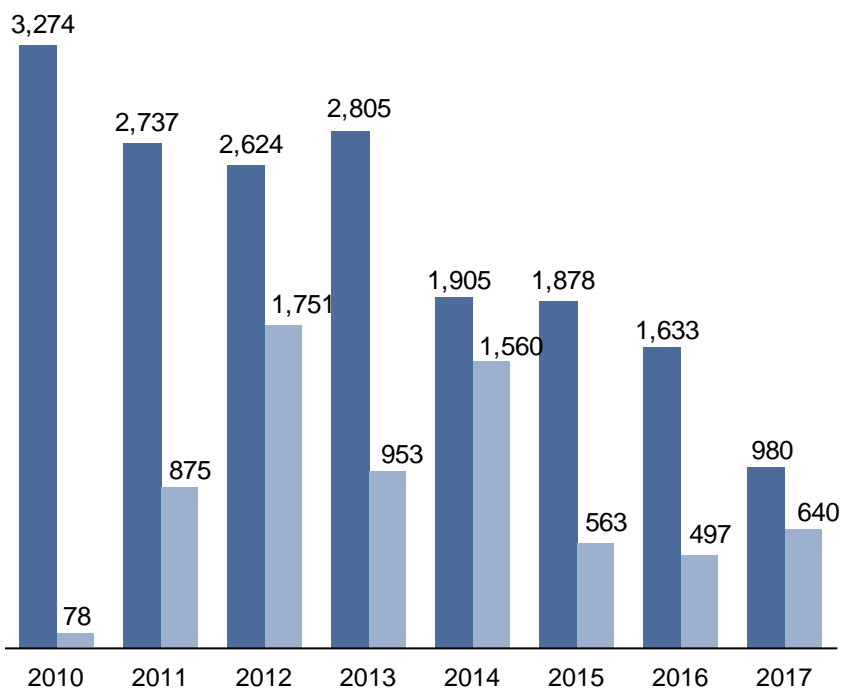
**FY17
Revenue by
product²**

1. Direct FTE

2. Excludes 'Other' revenue which mainly includes the distribution and manufacturing (where applicable) of retail and credit protection insurance. This represents 3% of adjusted RBWM revenue in FY17

Conduct risk has redefined how retail banks engage with and serve their customers

UK customer redress / CCA provisions (USDm)



■ RBWM LICs
■ UK customer redress / CCA¹ provisions

Focused action to reduce conduct risk starting in 2012

- ◆ Removed the formulaic link between product sales and remuneration: staff are paid on a discretionary basis
- ◆ Simplified our product shelf (c.30% reduction in retail products as of 2016 vs. 2012)
- ◆ Addressed pro-actively the Fair Value Exchange (FVE) between customers and shareholders
- ◆ Implemented new sales quality monitoring, including mystery shopping and strengthened assurance programme
- ◆ Deployed new investment product risk framework to better match products with clients' risk profile



Leading to sustainable high quality revenue

Our priorities remain unchanged

Growth priorities

- ◆ Our growth priorities have not changed. We will continue to focus our investment on relationship-led lending, wealth management and digital
- ◆ We will shift the focus of our Asset Management and Insurance businesses to capture opportunities in Asia
- ◆ Through these priorities, our goal is to grow our PBT faster than our RWAs, increasing our RoRWA

Digital transformation

- ◆ Digital transformation will enable process simplification and accelerate channel migration, improving productivity and customer experience
- ◆ In 2017, we made significant investments in digital transformation, including the reshaping of our branch network and sales force, and improving customer engagement. We will continue to invest in initiatives that deliver positive jaws

Portfolio optimisation

- ◆ We will continue to review our portfolio of markets from both RBWM and Group perspectives
- ◆ We will address poorly performing businesses, and focus our investment on priority growth markets

Strong results in strategic markets

- ◆ We will continue to nurture our home markets, grow our business in Asia, and turn around NAFTA markets

Interest rate sensitivity

- ◆ Our strong deposit franchise supports a stable and diversified core funding base for the Group, and positions us to benefit from higher interest rates

Results: 1Q18 Highlights

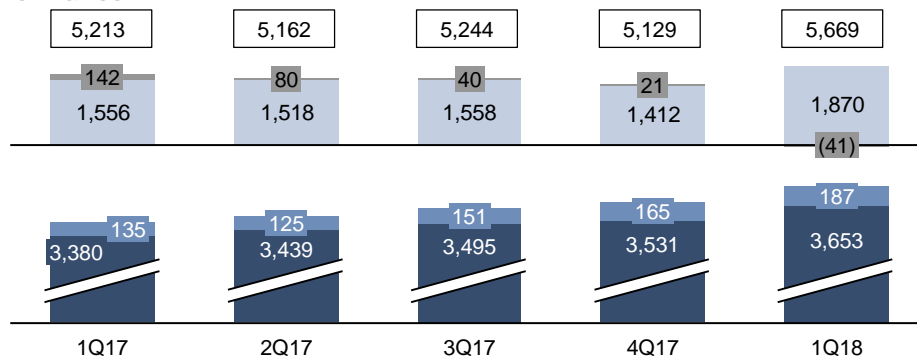
Revenue¹ \$m

- Insurance manufacturing market impacts
- Wealth Management excl. market impacts
- Other
- Retail banking

Quarterly performance

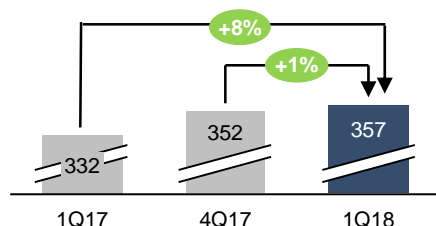
Wealth Mgt.

Retail banking and other

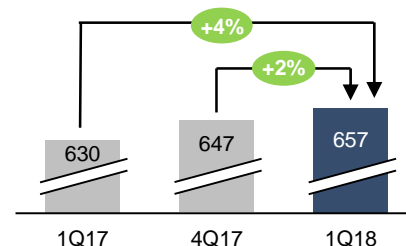


Balance Sheet² \$bn

Customer lending



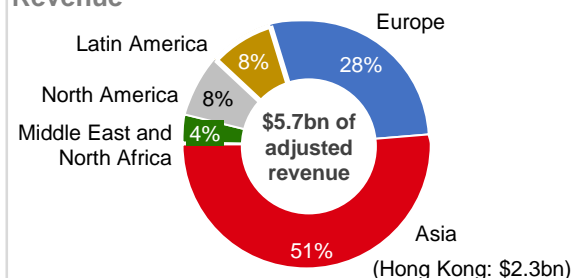
Customer deposits



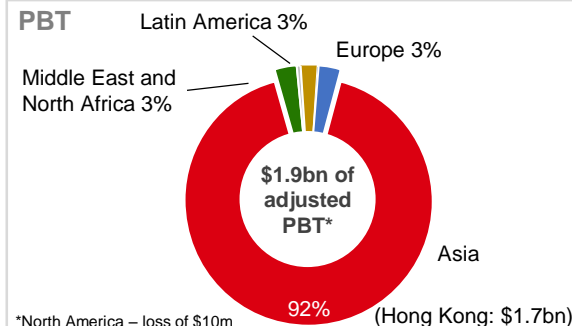
Adjusted Income Statement

\$m	1Q17	1Q18	% change
Revenue	5,213	5,669	9%
Retail Banking	3,380	3,653	8%
Current accounts, savings and deposits	1,510	1,857	23%
Personal lending	1,870	1,796	(4)%
- mortgages	630	579	(8)%
- credit cards	753	725	(4)%
- other personal lending	487	492	1%
Wealth Management	1,698	1,829	8%
- investment distribution	821	1,044	27%
- life insurance manufacturing	614	503	(18)%
- asset management	263	282	7%
Other	135	187	39%
LICs / ECL³	(311)	(303)	3%
Costs	(3,096)	(3,463)	(12)%
Share of profit in associates and joint ventures	9	3	(67)%
Profit before tax	1,815	1,906	5%
RoTE⁴	25.0%	23.1%	(1.9)ppt

Revenue



PBT



*North America – loss of \$10m

Important notice and forward looking statements

Important notice

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.

- Quarterly revenue translated at average 1Q18 FX rates
- Balance sheet presented at spot 1Q18 FX rates.
- Numbers relating to 1Q17 refer to LICs, whereas 1Q18 refers to Expected credit losses and other impairment charges (ECL) following the adoption of IFRS 9
- Excludes significant items and UK bank levy