

Asia Factbook

31 December 2018

◀ Denotes an adjusted measure

Our strategy

Our strategy enables us to connect customers to opportunities. It is supported by long-term global trends and our strong combination of strategic advantages:

- ◆ Leading international bank
- ◆ Exceptional access to high-growth markets
- ◆ Balance sheet strength

Group (FY18)

Adjusted PBT ▶
(FY17: \$21.1bn)

\$21.7bn

RWAs
(FY17: \$871bn)

\$865bn

Customer accounts ▶
(FY17: \$1,322bn)

\$1,363bn

Net customer advances ▶
(FY17: \$929bn)

\$982bn

For reported results and further information, please refer to the Annual Report and Accounts 2018

Asia (FY18)

Adjusted PBT ▶
(FY17: \$16.1bn)

\$17.8bn

RWAs
(FY17: \$358bn)

\$364bn

Customer accounts ▶
(FY17: \$648bn)

\$665bn

Net customer advances ▶
(FY17: \$418bn)

\$451bn

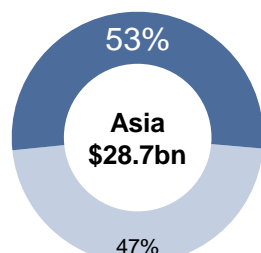
Asia

HSBC's history is founded on financing trade with Asia, and the region remains central to its strategy. The Group now generates more than two-thirds of its profits in Asia, and continues to pivot towards the region, where it is uniquely positioned to reap the benefits of Asia's growth story. HSBC has around 3,800 offices in 66 countries and territories worldwide. 55% of the Group's approximate 235,000 employees are based in Asia.

FY18 Key financial metrics

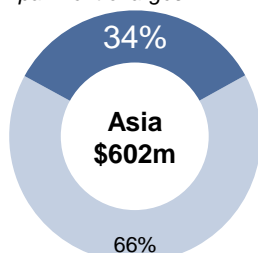
Asia: an integral part of the HSBC group

Revenue ▶

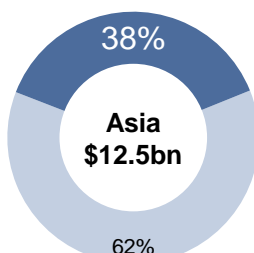


ECL / LICs ▶

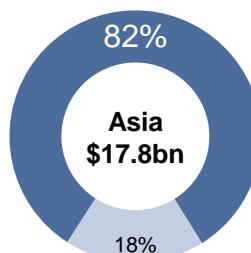
Expected credit losses and other credit impairment charges



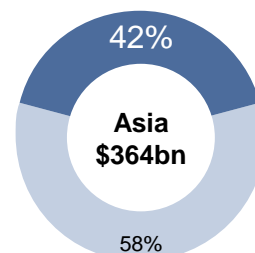
Costs ▶



PBT ▶



RWAs



HSBC Asia today - strongly positioned to capture growth opportunities in Asia



153 years

of history and
presence in Asia

17

Of the 25 Group
Business
Corridors are
Asia-linked

Proportion of the
Group's
employees (FTE)
in Asia (2018)

55%

19

Markets with
dedicated in-
country
management
teams

Strategic priorities – accelerate revenue growth in Asia

A

Build on strength in Hong Kong

- Capture growth in targeted segments
- Enhance customer experience
- Capitalise on China outbound investments

B

Develop a leading business in the Pearl River Delta

- Serve emerging middle class
- Facilitate industrial up-grade and cross-border connectivity
- Expand new business capabilities by further developing technology in PRD

C

Build leading Wealth Management business

- Capture growth in financial wealth in Asia
- Build leading wealth business, particular focus on Greater China and ASEAN
- Grow insurance to address the protection gap
- Enhance Asset Management to serve retail / institutional clients

D

Expand our business in ASEAN

- Continue to build regional product and coverage expertise to capture opportunities from Singapore's role as a regional hub for treasury and wealth
- Support intra-ASEAN business corridor flow
- Capture infrastructure opportunity (including BRI)
- Targeted digital investments to enhance position

Asia priorities

Leverage HSBC's international connectivity and continue to capture emerging opportunities



HSBC is well-positioned to capture BRI opportunities

- Belt and Road Initiative is made up of “The Silk Road Economic Belt” and “The 21st Century Maritime Silk Road”
- Seek to connect > 65 countries across Asia, Middle East, Africa and Europe, c.30% of global GDP and 62% of world population¹
- By improving the global infrastructure and network connectivity, China can better facilitate international trade and development
- China's trade with countries along the Belt and Road is expected to surpass USD2.5tn by 2025²
- HSBC has 25 China Desks with dedicated China specialists across the Group³



1. World Bank, <https://www.worldbank.org/en/topic/regional-integration/brief/belt-and-road-initiative>

2. Xi Jinping in 2015 Boao Forum, Xinhuanet, 29MAR15

3. As of February 2018. Global coverage includes Argentina, Australia, Bangladesh, Canada, France, Germany, Hong Kong, India, Indonesia, Israel, Luxembourg, Macau, Malaysia, Mauritius, Mexico, Poland, Saudi Arabia, Singapore, Sri Lanka, South Africa, Thailand, UAE, UK, US, Vietnam

Leading position in Hong Kong supported by two brands



**Hong Kong's Best Bank
2018**



- Note issuing bank in Hong Kong since 1865
- FY18 key metrics¹
 - USD18.2bn Revenue
 - USD11.5bn PBT
 - CER of 35.8%



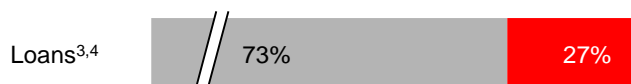
**Best Domestic Bank in Hong Kong
2018**
19th consecutive year



- Established 1933, majority-owned by HSBC Group since 1965
- Leading domestic bank in Hong Kong
- Recognised brand, owner of Hang Seng Index
- FY18 key metrics²
 - HKD41.2bn Revenue
 - HKD28.4bn PBT
 - CER of 29.5%

Market shares³

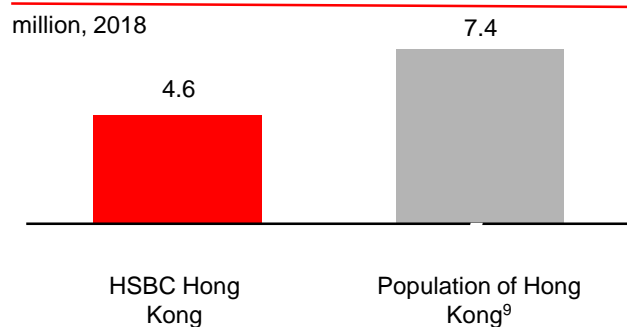
2018 Market excl. HSBC HSBC Hong Kong



Credit cards #1⁵ Trade finance 14.5%⁶

Life Insurance #1⁷

RBWM customers⁸



Opportunities and areas of investment

Capture growth in targeted segments

- Grow millennials client base to build customer generation for the future
- Enhance proposition for Non Resident Chinese customers
- Invest in insurance for sustainable market share growth

Enhance customer experience

- Develop digital payment ecosystem
- Build new capabilities in Business Banking
- Explore partnerships to launch innovative solutions

Capitalise on China outbound investments

- Capture new growth opportunities with China, in particular:
 - Belt and Road Initiative
 - International activities of Chinese corporates and financial institutions
 - Greater Bay Area / Pearl River Delta
 - Sustainable Finance/ Hong Kong as Green Financial Centre
 - RMB Internationalisation

1. HSBC numbers include Hang Seng; on an adjusted basis
 2. On a reported basis
 3. HKMA, as at NOV18, HSBC Hong Kong includes Hang Seng
 4. For use in Hong Kong
 5. HSBC data

6. As at NOV18, excludes Hang Seng
 7. Market position based on industry statistics published by IA (Insurance Authority), Hong Kong, as at 3Q18.
 Market rank #1 and market share of 21.5% across HSBC and Hang Seng
 8. As at DEC18. Active customers. HSBC Hong Kong excludes Hang Seng
 9. Year-end 2017, The Government of the Hong Kong SAR, Census and Statistics Department

Mainland China

HSBC's founders recognised the region's potential as long ago as 1865, when they set up the Hongkong and Shanghai Banking Corporation to finance trade between Asia and the West

More than 150 years later, HSBC is the leading foreign bank in mainland China and widely recognised as the leading international bank for renminbi

Largest foreign bank network:
221 outlets in 57 cities, 23 provinces / municipalities¹

2.9

FY18 Reported PBT, USDbn

45.7

FY18 Customer accounts, USDbn

Leading foreign bank in China

"Best Belt and Road Bank", "Best Bond House" and "Best ESG deal" in 2018²

Market leader in various categories

- ✓ c.15% among foreign banks by total assets as of DEC17³
- ✓ Leading market shares in custodian services⁴ for RQFII (54%) and QFII (35%)

Strong China franchise and capabilities

Widest range of financial sector licences among foreign financial institutions⁵:

Banking

- ◆ HSBC Bank (China) (100%)
- ◆ Hang Seng Bank (China) (100%)

Asset Management

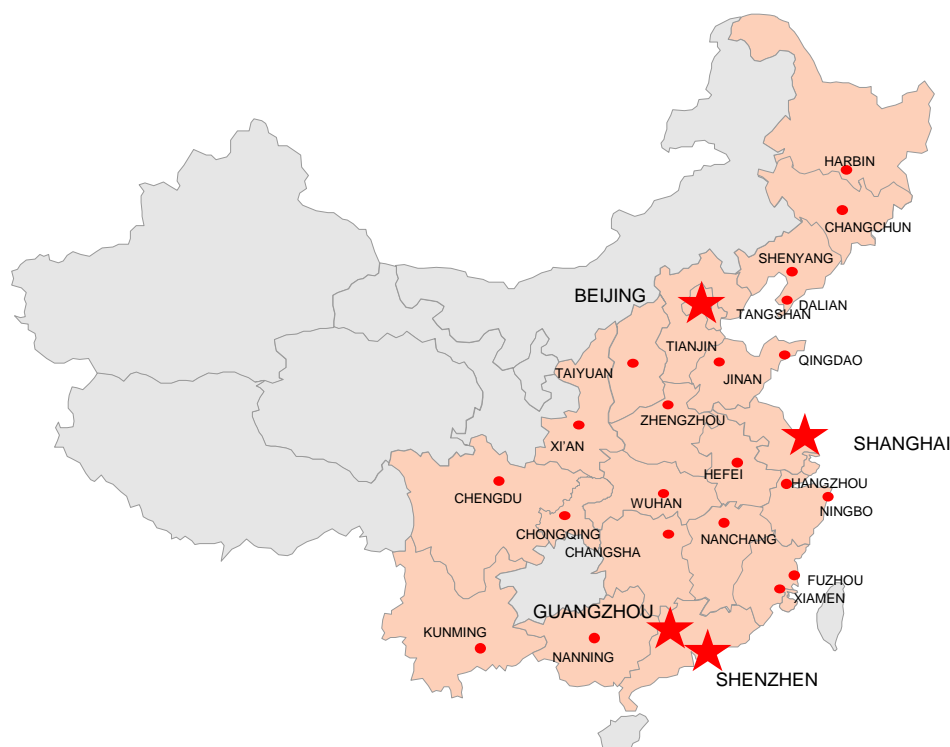
- ◆ HSBC Jintrust Fund Mgmt (49%)
- ◆ Hang Seng Qianhai Fund Mgmt (70%)

Insurance

- ◆ HSBC Life Insurance (50%)

Securities

- ◆ HSBC Qianhai Securities (51%)



Tier 1 cities with HSBC China outlets



Cities with HSBC China outlets



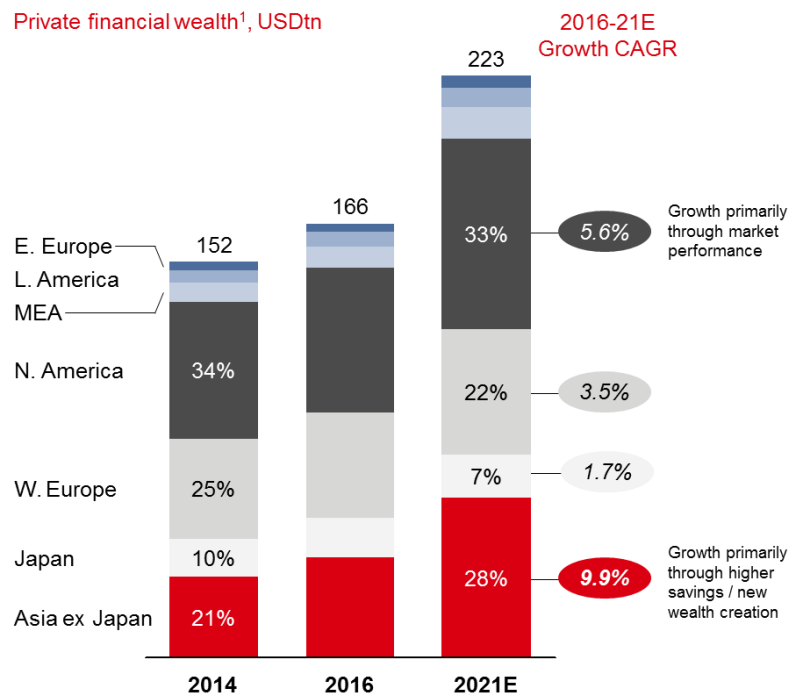
Province / municipality with HSBC China branch presence

1. Includes Hang Seng Bank China, as of January 2019.
2. FinanceAsia achievement awards: House awards & Deal awards.
3. China Banking Regulatory Commission ("CBRC") Annual Report; 2018 data not available yet.

4. SAFE/CSRC website. 30JAN 2019 custodian market share in terms of total approved QFII / RQFII quota.
5. Bracket indicates HSBC shareholding; Hang Seng Bank (China) and Hang Seng Qianhai Fund Management shareholding are owned via Hang Seng Bank.

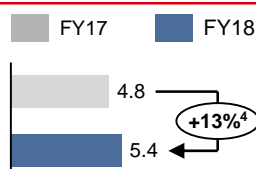
Wealth Management – accelerating the pivot of Insurance and Asset Management towards Asia

Private financial wealth¹, USDtn



Wealth in Asia (\$bn)

- ◆ Distribution revenue³ up 7%
- ◆ Manufacturing revenue³ up 23% excluding market impacts in insurance, and down 7% including market impacts



Key opportunities for HSBC

Wealth management

- ◆ Significant market – c.USD62tn in private financial wealth in Asia¹
- ◆ Private Banking solutions, tapping into connections from GB&M and CMB franchises
- ◆ Expansion through “Jade” (focussed on clients with USD1m-5m in assets)
- ◆ Strong Premier franchise (customers with USD100k-USD1m in assets)

Insurance

- ◆ Protection gap in Asia; growth opportunities in China, ASEAN
- ◆ #1 life insurance market share in Hong Kong²
- ◆ 8% Y-o-Y growth in insurance manufacturing annualised new business premiums in Asia
- ◆ Opportunity to grow through our footprint

Asset management

- ◆ HSBC Asset Management with c.USD170bn AUM in Asia (2017)
- ◆ Opportunity to serve retail and institutional clients

1. BCG Global Wealth 2017

2. Market position based on industry statistics published by IA (Insurance Authority), Hong Kong, as at 3Q18. Market rank #1 and market share of 21.5% across HSBC and Hang Seng

3. Distribution revenue includes GPB and the wealth portion of RBWM in Asia; manufacturing revenue includes insurance manufacturing and asset management in Asia

4. Excludes market impacts

Digitisation: transforming customer experience and improving staff productivity

Area	Description
Streamlining / upgrading our platforms	<p>Enhanced our key digital channels with improvements to online and mobile banking platforms</p> <ul style="list-style-type: none"> ◆ Digital Transformation for Corporates ◆ Retail Transformation Programme
Innovation / Partnerships	<p>Pursue opportunities in the FinTech space and deploy solutions with a higher level of agility than our traditional model</p> <ul style="list-style-type: none"> ◆ E.g. Kyriba, Tradeshift, WeChat, BlockChain, eCommerce
Staff enablement	<p>Investment in digital transformation, reshaping the branch network and increase sales force capacity</p> <ul style="list-style-type: none"> ◆ E.g. Tablet on-boarding, Wealth dashboards, end-to-end credit decisioning tools
Enhance customer experience	

Select highlights

Mobile App

- ◆ Biometric authentication (facial, fingerprint and voice), mobile security key, Easy Pay (in Hong Kong), Easy Invest App



PayMe (P2P payments)

- ◆ Send money instantly to anyone for free in Hong Kong



Trade Transaction Tracker

- ◆ Global view of documentary credits, collections and payments across markets and countries worldwide in one single app
- ◆ Live in Bangladesh, Australia, Hong Kong, India, Korea, Sri Lanka and Maldives, Japan, Singapore



1. PwC Report “Asset Management 2020 – A Brave New World”

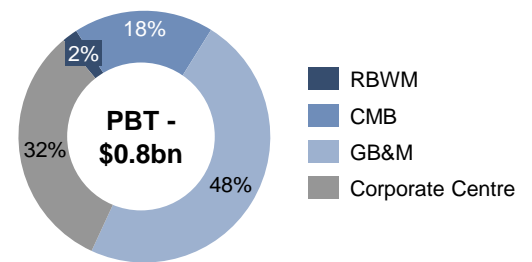
2. 2014 EY Asia-Pacific insurance outlook

3. 2014 EY Waves of change

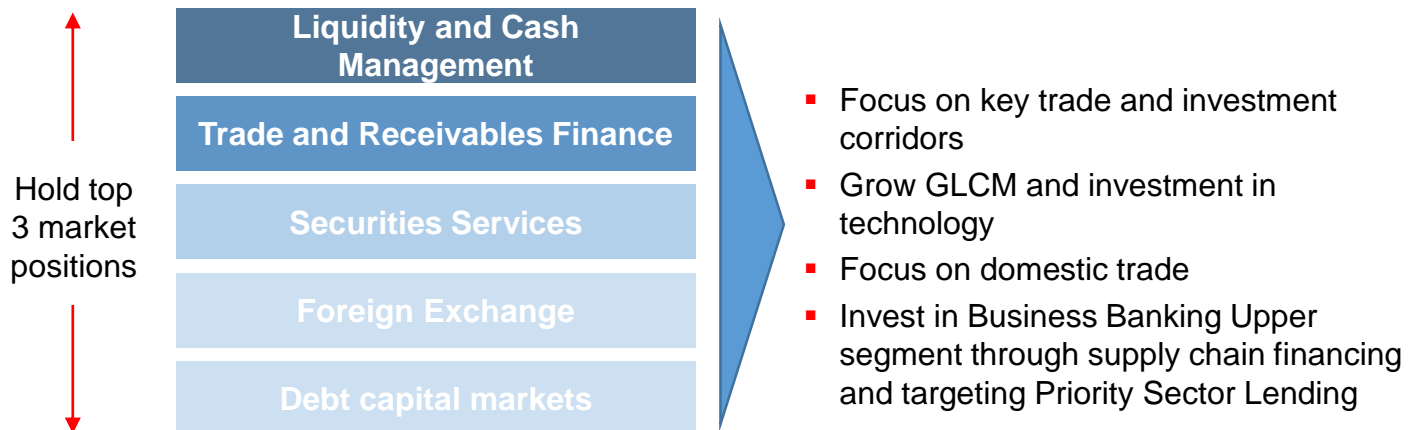
India FY18 Reported Financial highlights

PBT (FY17: \$0.9bn)	Customer accounts (FY17: \$13.2bn)	Gross customer advances (FY17 \$9.2bn)
\$0.8bn	\$14.2bn	\$10.9bn

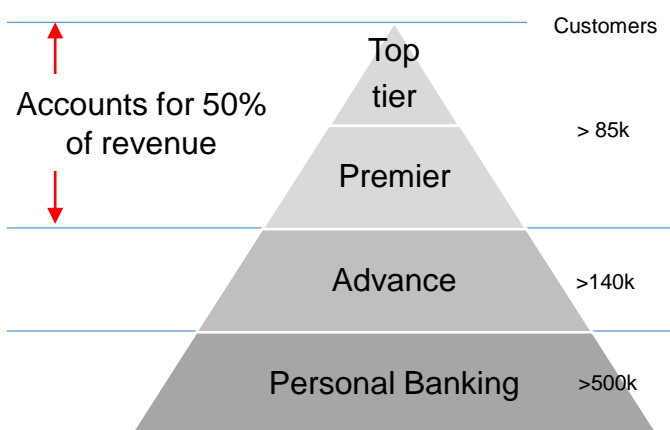
Reported PBT by global business:



CMB / GB&M: Leadership in international banking



RBWM: Be a leading bank for internationally aspirant customers



Rationalised the branch network, with focus now on our largest cities and retaining key international clients

Top 6 cities have a population of > 89m

Focused offering for mass and emerging affluent clients

Branch network

26 branches across 14 cities



Asia Financial highlights (FY18)

◀ Denotes an adjusted measure

PBT ▶
FY17: \$16.1bn

\$17.8bn

Revenue ▶
FY17: \$25.8bn

\$28.7bn

Costs ▶
FY17: \$11.1bn

\$12.5bn

Jaws ▶

-0.8%

Cost efficiency ratio ▶ FY17: 43.0%

43.3%

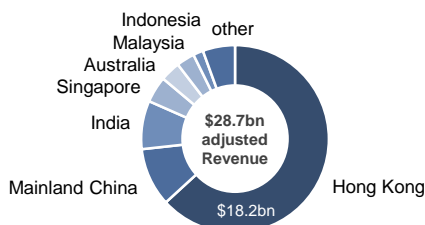
Key adjusted financials: Asia

\$m	RBWM	CMB	GB&M	GPB	CC	Total	% change vs. FY17
Net interest income	8,017	4,977	2,882	342	(110)	16,108	14
Net fee income	2,711	1,352	1,265	336	12	5,676	1
Other income*	900	432	2,633	92	2,905	6,962	14
Revenue	11,628	6,761	6,780	770	2,807	28,746	11
ECL / LICs	(258)	(295)	(50)	(2)	3	(602)	(7)
Costs	(5,210)	(2,290)	(3,004)	(430)	(1,516)	(12,450)	(12)
Share of profit in assoc. and joint ventures	31	-	-	-	2,043	2,074	8
Profit before tax	6,191	4,176	3,726	338	3,337	17,768	11
Customer lending (net), \$bn	147	156	132	16	0	451	9
Customer accounts, \$bn	351	167	121	25	1	665	3
RWAs, \$bn						364	

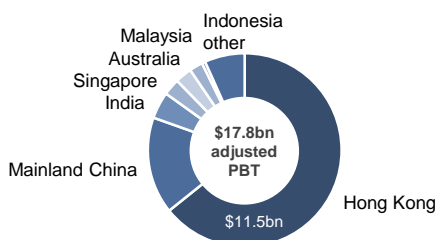
Key adjusted financials: Hong Kong

RBWM	CMB	GB&M	GPB	CC	Total	% change vs. FY17
6,140	3,301	1,235	278	(462)	10,492	20
2,163	909	586	274	30	3,962	0
613	238	1,306	67	1,558	3,782	15
8,916	4,448	3,127	619	1,126	18,236	14
(106)	(116)	6	0	2	(214)	45
(2,885)	(1,218)	(1,485)	(302)	(633)	(6,523)	(13)
26	-	-	-	10	36	>200
5,951	3,114	1,648	317	505	11,535	18
97	102	80	12	0	291	10
293	123	51	18	0	485	2
					190	

Adjusted revenue by countries and territories:

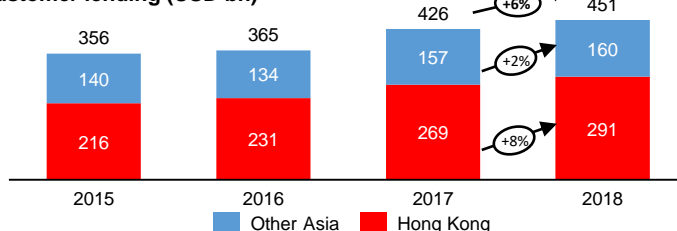


Adjusted PBT by countries and territories:

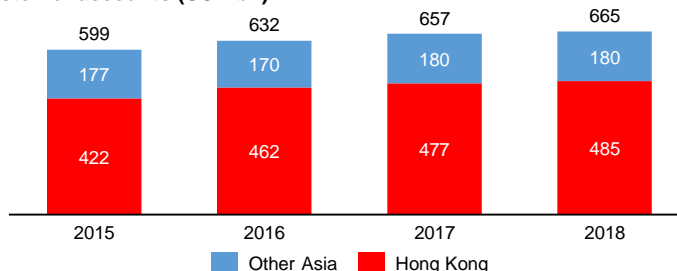


Reported balance sheet

Customer lending (USD bn)



Customer accounts (USD bn)



Important notice

The information, statements and opinions set out in this presentation and accompanying discussion ("this Presentation") are for informational and reference purposes only and 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.

This Presentation, which does not purport to be comprehensive nor render any form of legal, tax, investment, accounting, financial or other advice, has been provided by HSBC Holdings plc (together with its consolidated subsidiaries, the "Group") and has not been independently verified by any person. You should consult your own advisers as to legal, tax investment, accounting, financial or other related matters concerning any investment in any securities. No responsibility, liability or obligation (whether in tort, contract or otherwise) is accepted by the Group or any member of the Group or any of its affiliates or any of its or their officers, employees, agents or advisers (each an "Identified Person") as to or in relation to this Presentation (including the accuracy, completeness or sufficiency thereof) or any other written or oral information made available or any errors contained therein or omissions therefrom, and any such liability is expressly disclaimed.

No representations or warranties, express or implied, are given by any Identified Person as to, and no reliance should be placed on, the accuracy or completeness of any information contained in this Presentation, any other written or oral information provided in connection therewith or any data which such information generates. No Identified Person undertakes, or is under any obligation, to provide the recipient with access to any additional information, to update, revise or supplement this Presentation or any additional information or to remedy any inaccuracies in or omissions from this Presentation. Past performance is not necessarily indicative of future results. Differences between past performance and actual results may be material and adverse.

Forward-looking statements

This Presentation may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position, strategy and business of the Group which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "seek", "intend", "target" or "believe" or the negatives thereof or other variations thereon or comparable terminology (together, "forward-looking statements"), including the strategic priorities and any financial, investment and capital targets described herein. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. Certain of the assumptions and judgements upon which forward-looking statements regarding strategic priorities and targets are based are discussed under "Targeted Outcomes: Basis of Preparation", available separately from this Presentation at www.hsbc.com. The assumptions and judgments may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors (including without limitation those which are referable to general market conditions or regulatory changes). Any such forward-looking statements are based on the beliefs, expectations and opinions of the Group at the date the statements are made, and the Group does not assume, and hereby disclaims, any obligation or duty to update, revise or supplement them if circumstances or management's beliefs, expectations or opinions should change. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. No representations or warranties, expressed or implied, are given by or on behalf of the Group as to the achievement or reasonableness of any projections, estimates, forecasts, targets, prospects or returns contained herein.

Additional detailed information concerning important factors that could cause actual results to differ materially from this Presentation is available in our Annual Report and Accounts for the fiscal year ended 31 December 2017 filed with the Securities and Exchange Commission (the "SEC") on Form 20-F on 19 February 2018 (the "2017 Form 20-F"), in our Interim Report for the six months ended 30 June 2018 furnished to the SEC on Form 6-K on 6 August 2018 (the "2018 Interim Report"), as well as in our Annual Report and Accounts for the fiscal year ended 31 December 2018 which we expect to file with the SEC on Form 20-F on 19 February 2019.

Non-GAAP financial information

This Presentation contains non-GAAP financial information. The primary non-GAAP financial 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 measurements and the most directly comparable measures under GAAP are provided in our 2017 Form 20-F, our 1Q 2018 Earnings Release furnished to the SEC on Form 6-K on 4 May 2018, the 2018 Interim Report, our 3Q 2018 Earnings Release furnished to the SEC on Form 6-K on 29 October 2018 and the corresponding Reconciliations of Non-GAAP Financial Measures document, each of which are available at www.hsbc.com.

Information in this Presentation was prepared as at 19 February 2019.

* Includes Net income from financial instruments measured at fair value and Other income