

Asia Factbook

30 June 2019

◀▶ Denotes an adjusted measure

Group strategy

Our strategy enables us to connect customers to opportunities. It is supported by our distinct combination of strategic advantages:

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

Group (1H19)

Adjusted PBT ▶
(1H18: \$11.7bn)

\$12.5bn

RWAs
(1H18: \$865bn)

\$886bn

Customer accounts ▶
(1H18: \$1,339bn)

\$1,380bn

Net customer advances ▶
(1H18: \$959bn)

\$1,022bn

For reported results and further information, please refer to the Interim Report 2019

Asia (1H19)

Adjusted PBT ▶
(1H18: \$9.2bn)

\$9.9bn

RWAs
(1H18: \$364bn)

\$372bn

Customer accounts ▶
(1H18: \$656bn)

\$677bn

Net customer advances ▶
(1H18: \$444bn)

\$474bn

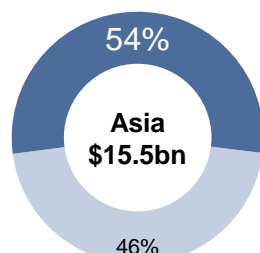
Asia

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 strongly positioned to reap the benefits of Asia's growth story. HSBC has around 3,800 offices in 65 countries and territories worldwide. 55% of the Group's approximate 238,000 employees are based in Asia.

1H19 Key financial metrics

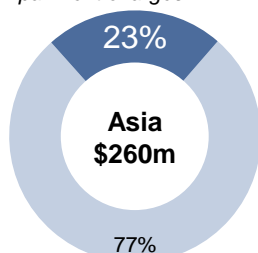
Asia: an integral part of the HSBC group

Revenue ▶

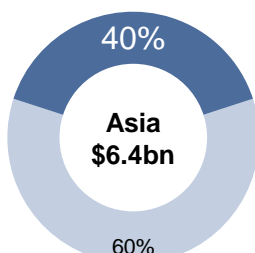


ECL / LICs ▶

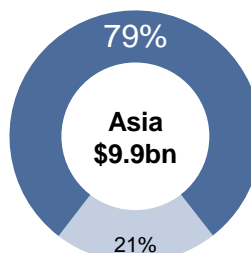
Expected credit losses and other credit impairment charges



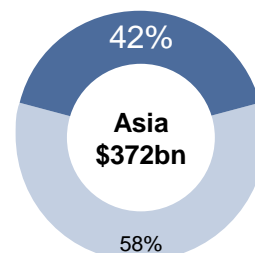
Costs ▶



PBT ▶



RWAs



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



154^{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, mainland China can better facilitate international trade and development
- Mainland 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

Hong Kong

Leading position in Hong Kong supported by two brands



**Hong Kong's Best Bank
2019**



- Note issuing bank in Hong Kong since 1865
- 1H19 key metrics¹
 - USD10.0bn Revenue
 - USD6.5bn PBT
 - CER of 34.0%



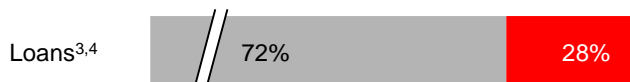
**Best Domestic Bank in Hong Kong
2018**
19th consecutive year



- Established 1933, majority-owned by HSBC Group since 1965
- Leading domestic bank in Hong Kong
- Recognised brand, owner of Hang Seng Index
- 1H19 key metrics²
 - HKD22.4bn Revenue
 - HKD15.9bn PBT
 - CER of 28.2%

Market shares³

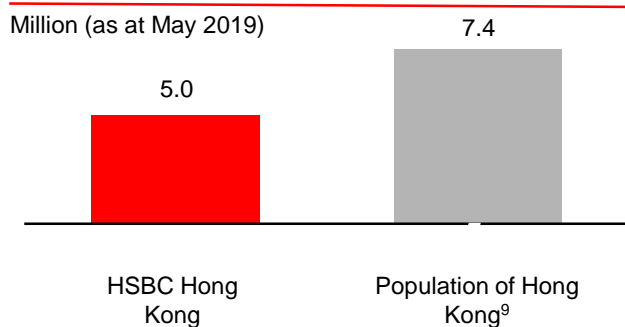
1H19 Market excl. HSBC HSBC Hong Kong



Credit cards #1⁵ Trade finance 13.4%⁶

Life Insurance #2⁷

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 MAY19, HSBC Hong Kong includes Hang Seng
 4. For use in Hong Kong
 5. HSBC data

6. Hong Kong Monetary Authority statistics as of JUNE19, excludes Hang Seng
 7. Market position based on industry statistics published by IA (Insurance Authority), Hong Kong, as at 1Q19.
 Market rank #1 and market share of 19.8% across HSBC and Hang Seng
 8. Active customers. HSBC Hong Kong excludes Hang Seng
 9. Mid-2018, 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 international bank in mainland China and widely recognised as the leading international bank for renminbi

Largest international bank network:
216 outlets in 57 cities, 23 provinces / municipalities¹

1.5

1H19 Reported PBT², USDbn

45.4

1H19 Customer accounts, USDbn

Strong mainland China franchise and capabilities

Wide range of financial sector licences⁷:

Leading international bank in mainland China

"Best Belt and Road Bank", "Best Bond House" and "Best ESG deal" in 2018³

"Best Overall RMB Products and Services Provider" in 2019⁴ for the eighth consecutive year

Market leader in various categories

✓ c.15% among foreign banks by total assets as of DEC17⁵

✓ Leading market shares in custodian services⁶ for RQFII (52%) and QFII (38%)

Banking

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

Asset Management

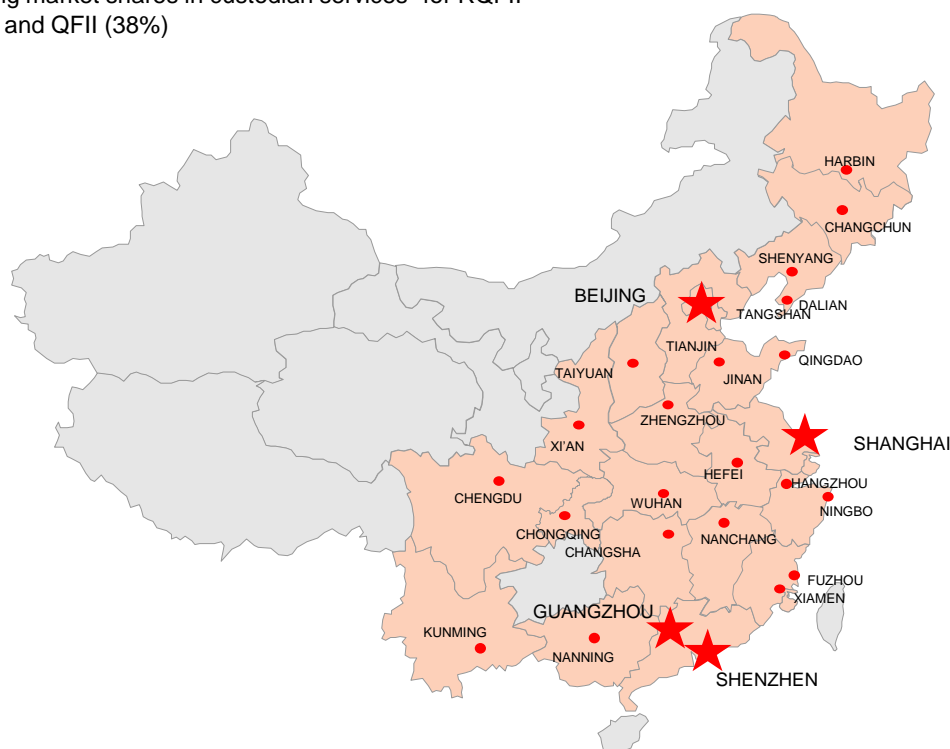
- ◆ HSBC Jintrust Fund Mgmt (49%)
- ◆ Hang Seng Qianhai Fund Mgmt (70%)

Insurance

- ◆ HSBC Life Insurance (50%)

Securities

- ◆ HSBC Qianhai Securities (51%)



Tier 1 cities with HSBC China outlets



Cities with HSBC China outlets



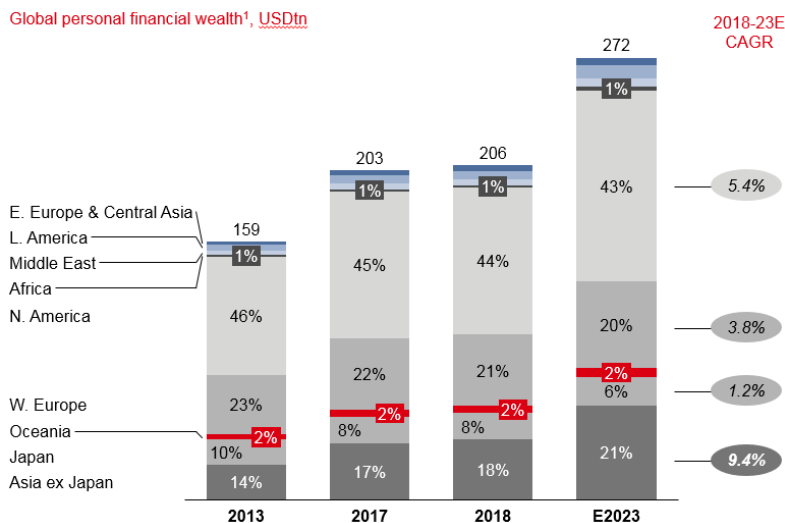
Province / municipality with HSBC China branch presence

1. As of January 2019, includes Hang Seng Bank China,
2. Includes Hang Seng and associates
3. Finance Asia achievement awards: House awards & Deal awards
4. Asiamoney Global RMB poll 2019

5. China Banking and Insurance Regulatory Commission ("CBIRC") Annual Report; 2018 data not available yet.
6. SAFE/CSRC website.31JUL 2019 custodian market share in terms of total approved QFII / RQFII quota.
7. Bracket indicates HSBC shareholding; Hang Seng Bank (China) and Hang Seng Qianhai Fund Management shareholding are owned via Hang Seng Bank.

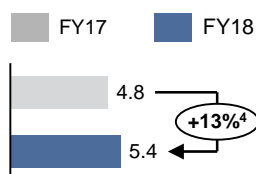
Wealth Management – accelerating the pivot of Insurance and Asset Management towards Asia

Global personal 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 – by 2023, revenue pools of the private banking channel in Asia could equal or exceed those of Western Europe¹
- ◆ 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 mainland China, ASEAN
- ◆ #2 life insurance market share in Hong Kong²
- ◆ 8% Y-o-Y growth in insurance manufacturing annualised new business premiums in Asia (FY18)
- ◆ Opportunity to grow through our footprint

Asset management

- ◆ HSBC Asset Management with c.USD178bn AUM in Asia (1H19)
- ◆ Opportunity to serve retail and institutional clients

1. BCG Global Wealth 2019
2. Market position based on industry statistics published by IA (Insurance Authority), Hong Kong, as at 1Q19. Market rank #1 and market share of 19.8% across HSBC and Hang Seng
3. Distribution revenue includes GBP 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's 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

- ◆ 1.6m accounts and around 23 million peer-to-peer transactions (1H19)
- ◆ PayMe for business app launched in Hong Kong in March 2019



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

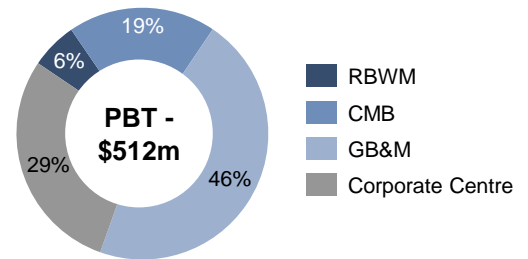


1. PwC Report “Asset Management 2020 – A Brave New World”
2. 2014 EY Asia-Pacific insurance outlook
3. 2014 EY Waves of change

India 1H19 Reported Financial highlights

Reported PBT by global business:

PBT (1H18: \$435m)	Customer accounts (1H18: \$12.8bn)	Gross customer advances (1H18: \$9.5bn)
\$512m	\$15.7bn	\$11.4bn



CMB / GB&M: Leadership in international banking

Global Liquidity and Cash Management (GLCM)

Global Trade and Receivables Finance (GTRF)

Securities Services

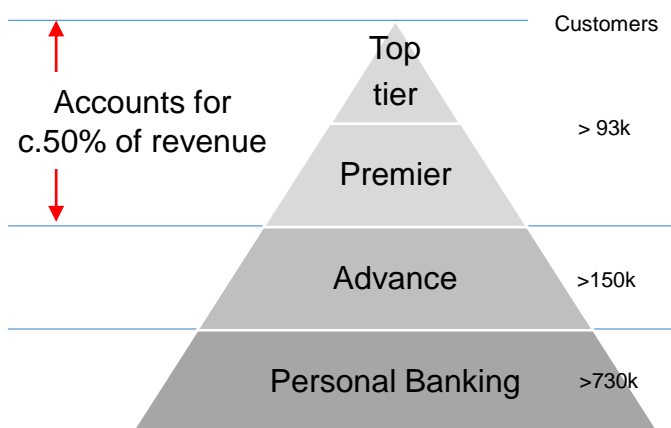
Foreign Exchange

Debt capital markets

- Focus on key trade and investment corridors
- Grow GLCM and continued investment in technology
- Focus on cross border trade
- Invest in Business Banking Upper¹ segment through supply chain financing and targeting Priority Sector Lending

1. Customers with turnover USD5-50m

RBWM: Be a leading bank for internationally aspirant customers



Enhanced digitisation, to support branch network, retaining key international clients

Digital native customers are reshaping the market for financial products and services

Focused offering for mass and emerging affluent clients

Branch network

26 branches across 14 cities



Asia Financial highlights (1H19)

◀ Denotes an adjusted measure

PBT ▶
1H18: \$9.2bn

\$9.9bn

Revenue ▶
1H18: \$14.2bn

\$15.5bn

Costs ▶
1H18: \$6.0bn

\$6.4bn

Jaws ▶

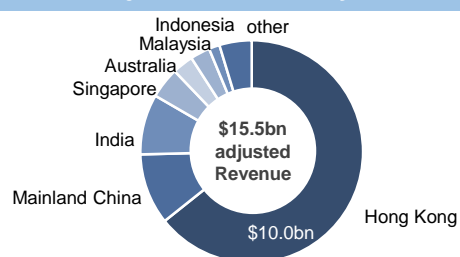
1.0%

Cost efficiency ratio ▶ 1H18: 41.9%

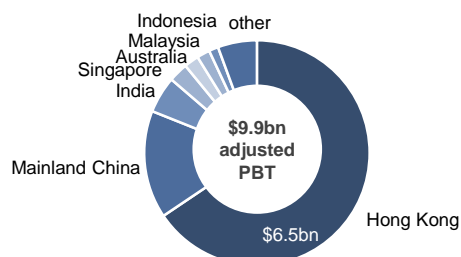
41.6%

Key adjusted financials: Asia								Key adjusted financials: Hong Kong							
\$m	RBWM	CMB	GB&M	GPB	CC	Total	% change vs. 1H18	RBWM	CMB	GB&M	GPB	CC	Total	% change vs. 1H18	
Net interest income	4,238	2,734	1,604	185	(578)	8,183	7	3,269	1,827	743	155	(487)	5,507	11	
Net fee income	1,262	689	632	178	6	2,765	(11)	951	459	295	139	16	1,890	(14)	
Other income*	1,002	228	1,345	73	1,903	4,551	32	772	122	648	57	968	2,567	28	
Revenue	6,502	3,651	3,581	434	1,331	15,499	9	5,022	2,408	1,686	351	497	9,964	9	
ECL / LICs	(109)	(124)	(26)	1	(2)	(260)	(136)	(40)	(71)	(22)	0	(1)	(134)	(>200)	
Costs	(2,745)	(1,178)	(1,584)	(243)	(693)	(6,443)	(8)	(1,552)	(629)	(781)	(167)	(255)	(3,384)	(7)	
Share of profit in assoc. and joint ventures	36	-	-	-	1,035	1,071	4	19	-	-	-	4	23	15	
Profit before tax	3,684	2,349	1,971	192	1,671	9,867	8	3,449	1,708	883	184	245	6,469	8	
Customer lending (net), \$bn	155	163	134	21	0	474	7	103	107	79	16	0	304	7	
Customer accounts, \$bn	361	165	126	24	0	677	3	300	119	51	17	0	488	2	
RWAs, \$bn						372							190		

Adjusted revenue by market

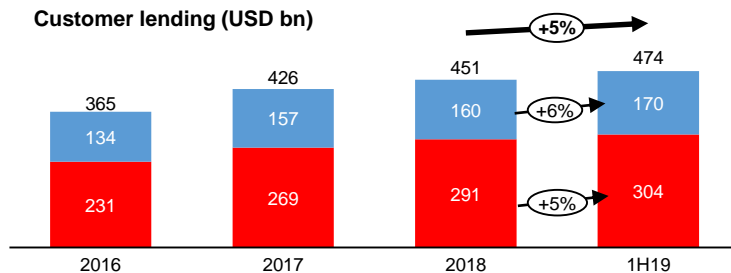


Adjusted PBT by market:

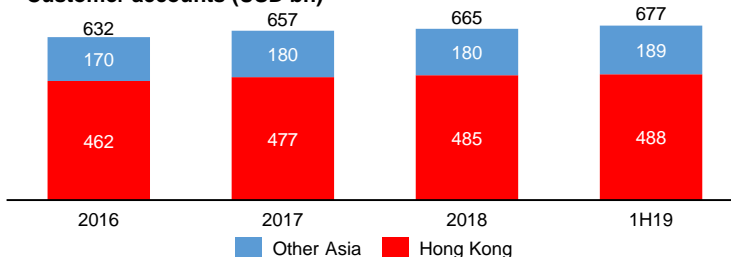


Reported balance sheet

Customer lending (USD bn)



Customer accounts (USD bn)



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

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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 2018 filed with the Securities and Exchange Commission (the "SEC") on Form 20-F on 20 February 2019 (the "2018 Form 20-F") and in our Interim Report for the six months ended 30 June 2019 furnished to the SEC on Form 6-K on 5 August 2019 (the "2019 Interim Report").

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 2018 Form 20-F, our 2Q 2019 Earnings Release furnished to the SEC on Form 6-K on 28 August 2019, the 2019 Interim Report 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 30 August 2019.

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