HSBC Holdings plc 2Q21 Results

Presentation to Investors and Analysts

Our purpose, values and ambition support the execution of our strategy

Our purpose

Opening up a world of opportunity

Our ambition

To be the preferred international financial partner for our clients

Our values

- We value difference
- We succeed together
- We take responsibility
- We get it done

Our strategy

Focus on our strengths	**Digitise** at scale	**Energise** for growth	**Transition** to net zero

2Q21 highlights

1 **Reported PBT of $5.1bn up $4.0bn vs. 2Q20;** adjusted PBT of $5.6bn up $3.0bn vs. 2Q20, primarily reflecting material ECL releases; 1H21 RoTE[1] of 9.4%, up 5.6ppt vs. 1H20

2 **Net ECL release of $0.3bn** as forward economic outlook continues to improve in major regions

3 **Execution of strategy continues at pace**

- Announcement of transactions in France and the US; RWA saves of $85bn[2], cost saves of $2.0bn
- **Strong loan and wealth growth**; customer lending up **$16bn** (2%) vs. 1Q21, Wealth Balances grew[3] 18% to **$1.7tn** vs. 2Q20

4 **Interim dividend[4] of 7¢** per share

CET1 ratio[5] of 15.6%; well placed to fund growth and step up capital returns

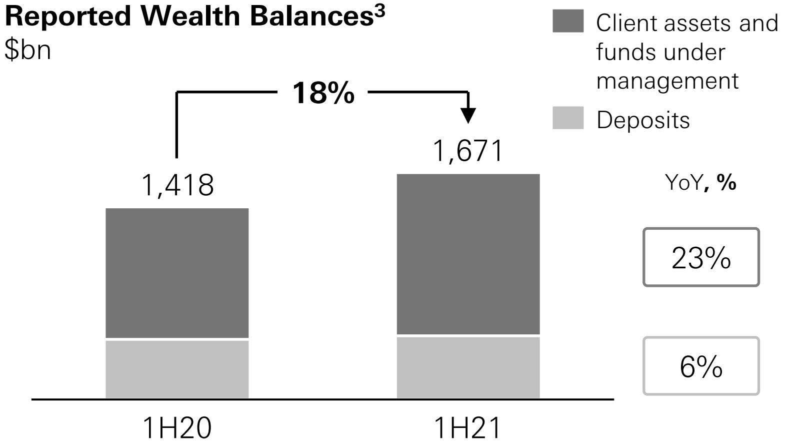
A reconciliation of reported results to adjusted results can be found on slide 22, the remainder of the presentation unless otherwise stated, is presented on an adjusted basis
Figures throughout this presentation may be subject to rounding adjustments and therefore may not sum precisely to totals given in charts, tables or commentary

Focus: Delivering growth in our areas of strength

Wealth and Personal Banking

Strong traction in growing our Asia Wealth business

Reported Wealth Balances[3]
$bn

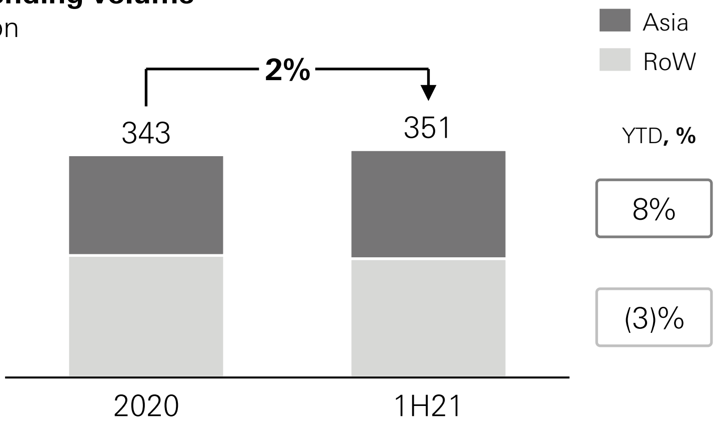


- 1H21 Asia Wealth Balances of $810bn
- Robust hiring of Asia Wealth frontline FTE, c.600 in 1H21; Asia Affluent/HNW **customer growth of 7%** to 1.7m (vs 1H20)
- Asian Wealth revenue +26% including the benefit of $359m of insurance market impacts; **accelerating Pinnacle roll out** to 5 cities in mainland China

Commercial Banking

Lending pipeline starting to translate into growth

Lending volume
$bn

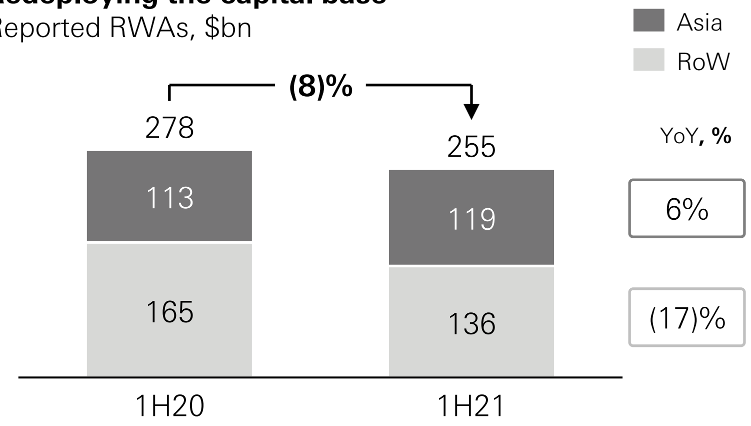


- **$6.7bn lending growth** in Asia trade finance over 1H21 primarily in mainland China & Hong Kong
- Asia lending approval limits **grew 100%** vs 2H20 and 70% higher than pre-pandemic levels
- Digital multi-currency product, Global Wallet, launched in UK, US and Singapore with access to 7 currencies

Global Banking & Markets

Repositioning our franchise to drive growth

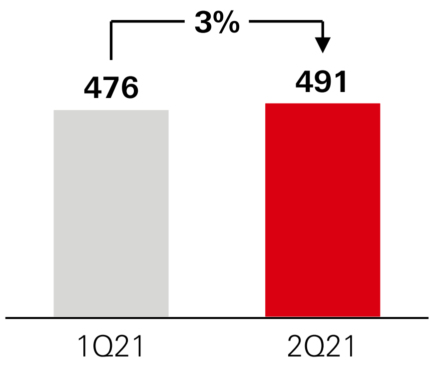
Redeploying the capital base
Reported RWAs, $bn



- Reducing RWAs with products and clients (largely domestic) not aligned to our strategy and **delivered $184m[6] of cost saves** in 1H21 as part of the Group wide cost reduction program
- Strong **collaboration revenue of $2bn** (+6% vs 1H20); c.$0.8bn with WPB and c.$1.3bn with CMB[7]
- Maintaining financing leadership in Asia and MENA by investing further in Capital Markets platforms and distribution capabilities[8]

Focus: Lending pipeline starting to translate into growth

WPB loans, $bn



- **Strong quarter for mortgages, $6bn of growth globally;** Hong Kong[9] mortgage drawdowns up 56% YoY; record quarter for UK mortgages, up $3bn, average drawdowns up 77% YoY, supported by cessation of the stamp duty holiday
- **Card balances beginning to increase, up $1bn (3%) QoQ;** 2Q21 Hong Kong **card spend** up 23% vs. 2Q20; 2Q21 UK **card spend** up 61% vs. 2Q20

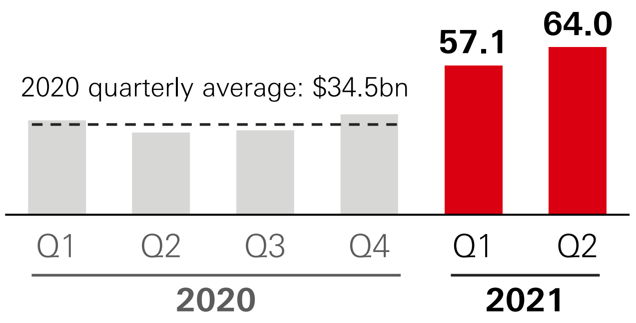
Hong Kong and UK WPB spend data

$m		**2Q19**	**2Q20**	**1Q21**	**2Q21**	**Δ2Q20**	**Δ2Q19**
Hong Kong[9]	Average weekly card spend	752	639	844	783	23%	4%
	Card balances	7,436	6,998	6,894	7,149	2%	(4)%
	Average weekly mortgage drawdowns	461	274	276	427	56%	(7)%
UK	Weekly card spend	872	505	638	815	61%	(7)%
	Card balances	9,567	6,913	6,378	7,162	4%	(25)%
	Average weekly mortgage drawdowns	546	475	765	842	77%	54%

Wholesale

- **CMB loans up $6bn (2%) QoQ;** now starting to see drawdowns of term loans
- CMB trade balances up $4.4bn (9%) to $52.7bn QoQ; increased market share. (e.g. **Hong Kong trade market share of 18.2%, up 0.5ppt YoY[10])**
- Seeing a good pipeline in Hong Kong and Asia

Global CMB value of approved limits*, $bn



- Customers remain cautious but beginning to draw down
- Continuing focus on international and higher returning clients in Europe and the US

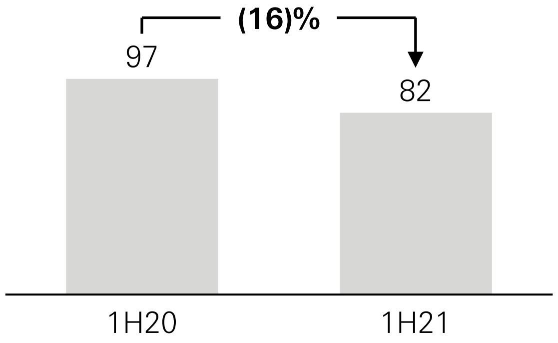
*Includes renewal and refinancing activity. Note, clients may elect not to draw down on approved limits

Focus: Rebound in profits in the US and Europe even as we reshape our portfolio to support international clients

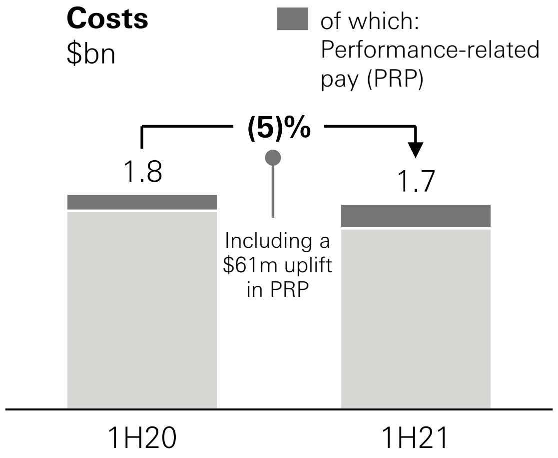
US

PBT of $0.5bn in 1H21 (up from $0.1bn in 1H20)

Reported RWAs
$bn



Costs
$bn

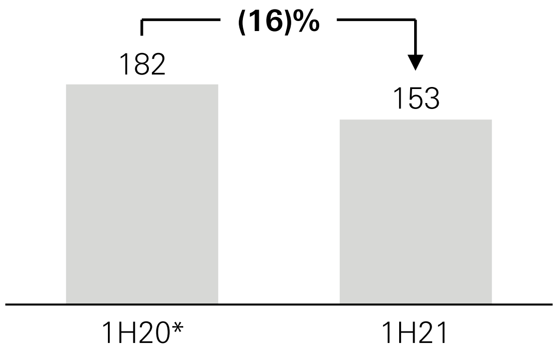


- Delivered **c.$100m of cost saves** in 1H21, $450m since FY19
- **Announced sale** of mass market retail banking, including 90 branches and c.1m clients
- Completed migration of fixed income derivatives trading book from New York to London

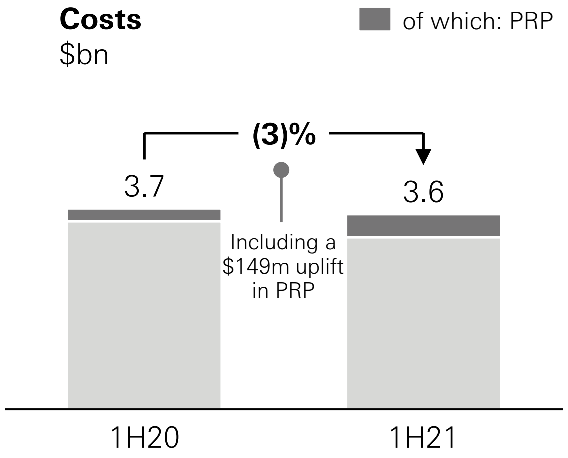
HSBC Bank plc (UK NRFB and Europe)

PBT of $1.4bn in 1H21 (up from loss of $0.6bn in 1H20)

Adjusted RWAs
$bn



Costs
$bn



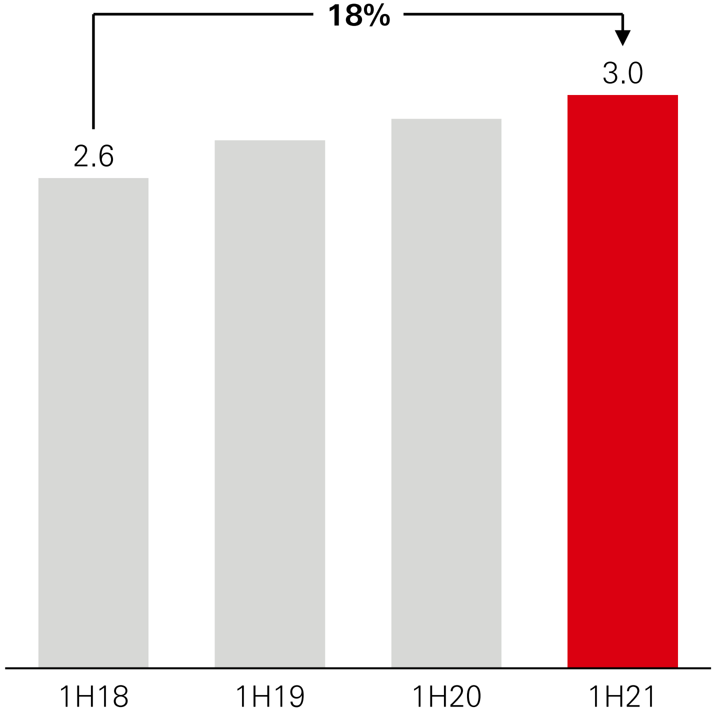
- Refocused wholesale client portfolio to transform our Continental European operating model into an integrated business to better serve our international wholesale customers
- **Signed MoU for the potential sale** of our French retail business
- Awarded **Best Transaction Bank** in Western Europe[11] and top financing bank (Top 5 Europe DCM and Top 3 GBP DCM[12])

*Reported RWAs at 30 June 2020 were $171bn with foreign currency translation differences of $11bn. In addition to the absolute level of risk weighted assets, management continue to monitor the impact of other risks and opportunities, including future regulatory change, upon our capital requirements

Digitise: Enhancing our technological capabilities and the client experience

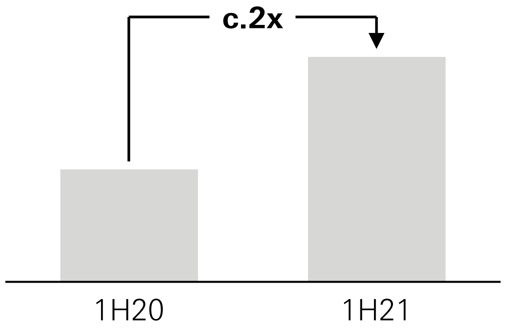
Our commitment to invest in technology…

Technology spend
$bn



… is strengthening operational proficiency…

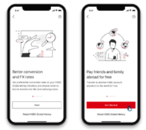
Usage of Cloud to provide scale
# of live services on cloud



- Payments STP* rate reached **96.7%** with a medium-term[13] target of 99%
- Enhanced the **first direct** customer journey with account opening speed improving from 10 days to 10 minutes
- Introduced e-signatures for over 200 processes in Hong Kong, reducing processing time from 2.5 days to 1 day and reducing physical forms by 37%

… while scaling digital capabilities globally to improve customer experience

Global Money
Retail multicurrency global account



- Successful launches in the UAE and Singapore in 1H21, following US launch in 4Q20
- Subscribed c.45k customer across UAE and the US[14]

Kinetic
Business Banking current account

- 10,000 users with 89% satisfaction rating[15]
- Strong SME app rating: 4.8/5.0 UK iOS app store

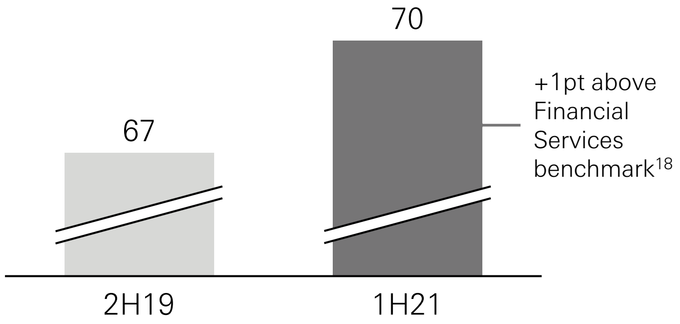
Trade transformation
HSBC Trade Solutions ('HTS')

- Live in HK with 2,600+ clients; Once globally deployed by 2023, expected to reduce 60 bespoke systems to just 5
- E-penetration at 82%[16] vs 32% in 2018; Net Promoter Score +66

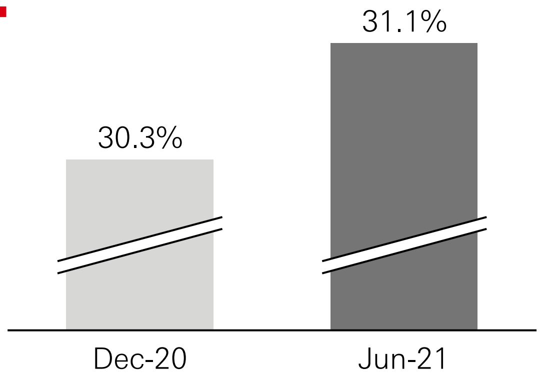
*Straight-through processing

Energise: Empowering our talent across the organisation

Employee engagement index[17]



% Female leaders[19]



- MSCI upgraded HSBC's ESG rating **from BBB to AA** ("ESG Leader")
- Continue to adopt the hybrid model and agile ways of working with 77 buildings exited or downsized since January 2020 **(10% reduction** in global office footprint)
- Commenced **rebalancing of global executive team** between London and Hong Kong – CEOs of WPB, CMB, Asset Management and a co-CEO of GBM
- New key roles and hires - appointed new co-CEOs of Asia Pacific, Singapore CEO, and Global Banking heads in Malaysia and Korea
- Founding member of the World Economic Forum's Partnering for Racial Justice in Business and Signatory to the UN LGBTI Standards of Conduct for Business
- **>650 new graduates** hired into 17 markets, with 48 different nationalities represented and 52% female hires

Transition: Continuing to build on our global leadership position

Become a Net Zero Bank

99.7% — Shareholders who backed our Climate Resolution at the Annual General Meeting

Net-Zero Banking Alliance
Industry-led, UN-convened

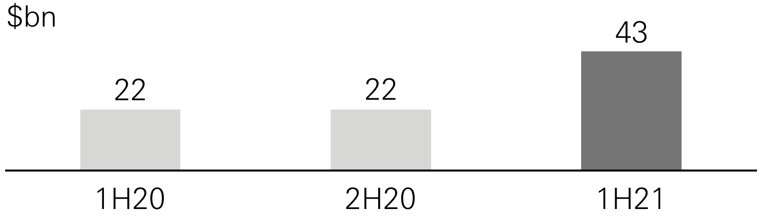
NET ZERO ASSET MANAGERS INITIATIVE

PCAF Partnership for Carbon Accounting Financials

- Founding member of Net-Zero Banking Alliance **(NZBA)**; joined Net Zero Asset Management Initiative **(NZAMI)** and Partnership for Carbon Accounting Financials **(PCAF)**
- Invited suppliers representing **60%** of our total supplier spend to participate in the **CDP** (formerly the Carbon Disclosure Project)
- Expanded our network of sustainability champions, reaching over 30k colleagues across 70 teams; sustainability module included in mandatory learning for employees

Support for customers

Sustainable Finance and investments
$bn



Cumulative
$bn

1H20	2H20	1H21
22	44	87

- **Good progress** on sustainable finance and investing, 1H21 run-rate is double that of FY20
- 1H21 run-rate of GSSS bond participation for clients is **double that of FY20**
- Named joint structuring advisor for UK and Canada inaugural sovereign green bond issuances
- Recognised as 'Best Bank for Sustainable Finance' in Asia and the Middle East (*Euromoney,* Jul 2021)

Unlock new climate solutions

WORLD RESOURCES INSTITUTE

WWF

HSBC

- Launched **Climate Solutions Partnership** with WRI and WWF with a $100m philanthropic capital investment to support innovative solutions tackling climate change
- Launched Business Plan for the Planet campaign; published guide to net zero for companies (UK)
- **Market firsts:** Launched Green mortgage product in the UAE and lower carbon bond fund in mainland China and Taiwan

2Q21 results summary

$m	2Q21	2Q20		Δ
NII	6,585	7,225	▼	(9)%
Non interest income	5,939	6,659	▼	(11)%
Revenue	12,524	13,884	▼	(10)%
ECL	284	(4,170)	▼	>100%
Costs	(8,019)	(7,722)	▲	(4)%
Associates	771	599	▲	29 %
Adjusted PBT	**5,560**	**2,591**	▲	**>100%**
Significant items and FX translation	(500)	(1,502)	▼	67 %
Reported PBT	**5,060**	**1,089**	▲	**>100%**
Profit attributable to ordinary shareholders	**3,396**	**192**	▲	**>100%**
DPS, $	0.07	—	▲	$0.07
Reported EPS, $	0.17	0.01	▲	$0.16
Impact of sig items on reported EPS, $	(0.02)	(0.07)	▲	$0.05
Reported RoTE (YTD, annualised), %	9.4	3.8	▲	5.6ppt

$bn	2Q21	1Q21		Δ
Customer loans	1,060	1,043	▲	2%
Customer deposits	1,669	1,654	▲	1%
Reported RWAs	862	847	▲	2%
CET1 ratio, %	15.6	15.9	▼	(0.3)ppt
TNAV per share, $	7.81	7.78	▲	$0.03

- **Adjusted PBT** of $5.6bn up $3.0bn vs. 2Q20; lower revenue and higher costs were more than offset by improved credit performance and higher associate income
- **Net interest income** of $6.6bn down $0.6bn (9%) vs. 2Q20, stable QoQ
- **Non interest income** decreased $0.7bn (11%) against a particularly strong Markets performance in 2Q20
- **ECL release of $0.3bn,** primarily from improvements in the forward economic outlook
- **Costs** of $8.0bn up $0.3bn (4%) vs. 2Q20, increases in tech spend and performance-related pay more than offset programme cost saves of $0.5bn
- Lending up $16bn (2%) vs. 1Q21; continue to expect **mid-single digit percentage** lending growth for FY21
- Reported RoTE of 9.4% benefited from ECL releases over 1H21
- Interim dividend of **7¢** per share[4]

Improved earnings diversity as the global economy recovers

PBT by region, $bn

	1H20	**1H21**
Europe	(2.1)	**2.7**
o/w UK RFB	*(0.5)*	*2.3*
o/w HSBC Bank plc	*(0.6)*	*1.4*
Asia	7.5	**7.1**
o/w Hong Kong	*5.1*	*3.7*
MENA	0.0	**0.7**
North America	0.2	**1.0**
o/w US	*0.1*	*0.5*
Latin America	(0.0)	**0.4**
o/w Mexico	*(0.1)*	*0.4*

- Regional profitability driven by ECL releases; **Asia percentage of Group profits 59%,** down from over 100%
- **Europe** loss-making in 1H20; **now generating 22%** of Group adjusted PBT; good performance in the UK RFB, 2Q21 revenue up 9% YoY (revenue up 12% in WPB, up 7% in CMB)
- Middle East, US and other regions seeing earnings recovery

PBT and reported RoTE[20] by business

	1H20		**1H21**	
	PBT, $bn	RoTE, %	**PBT, $bn**	**RoTE, %**
WPB	1.7	6.0%	**3.9**	**17.9%**
CMB	0.1	(1.6)%	**3.4**	**11.1%**
GBM	2.6	7.7%	**3.3**	**10.7%**
Corporate Centre	1.3	4.7%	**1.4**	**5.1%**

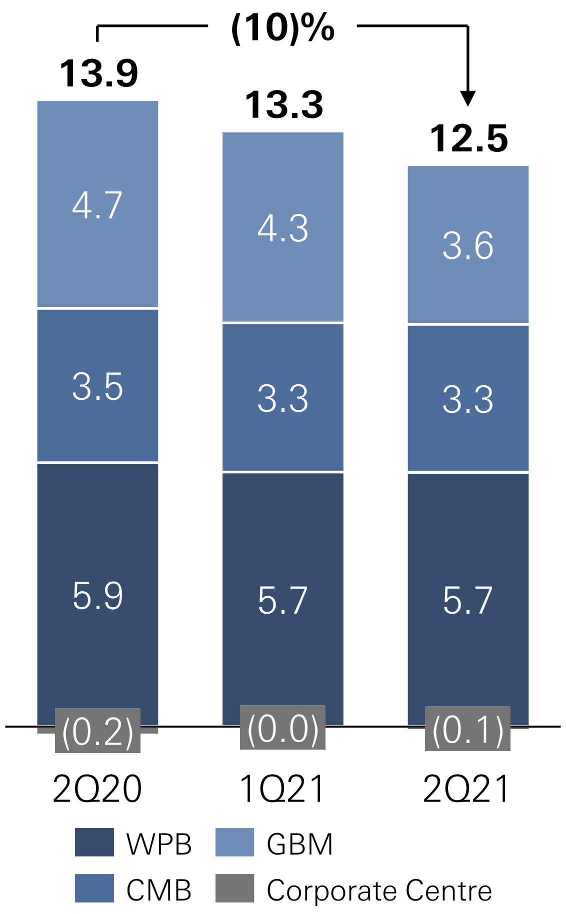
- **Balanced split of profits between global businesses;** WPB: 32%; CMB: 28%; GBM: 28%
- Corporate Centre profits largely due to **associates**

2Q21 adjusted revenue performance

	2Q21 revenue				2Q21 vs. 2Q20	
WPB	**$5,707m** ▼ (4)%	Wealth	**$2,439m**	o/w insurance market impacts: $(28)m	187
		Personal Banking	**$3,093m**		(161)
		Other	**$175m**		(241)
CMB	**$3,320m** ▼ (4)%	GTRF	**$478m**		35
		Credit and Lending	**$1,497m**		48
		GLCM	**$879m**		(174)
		Other	**$466m**		(57)
GBM	**$3,586m** ▼ (23)%	MSS	**$1,941m**	o/w XVAs and bid-offer adjustment: $(199)m	(740)
		Banking	**$1,661m**		(117)
		of which: GLCM	***$448m***		*(52)*
		Principal Investments	**$64m**		(165)
		Other	**$(80)m**		(72)
Corp. Centre	**$(89)m** —			o/w valuation differences: $37m	97
Group	**$12,524m** ▼ (10)%				**(1,360)** (237)

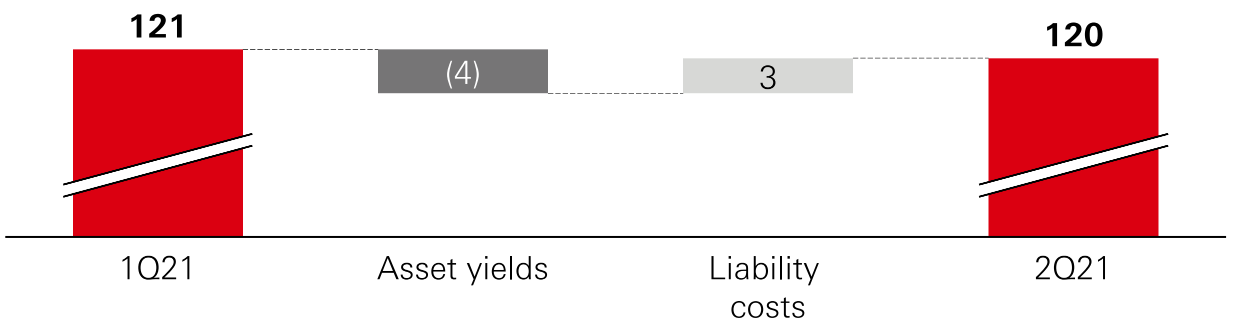
Negative impact of certain items

Revenue by global business, $bn

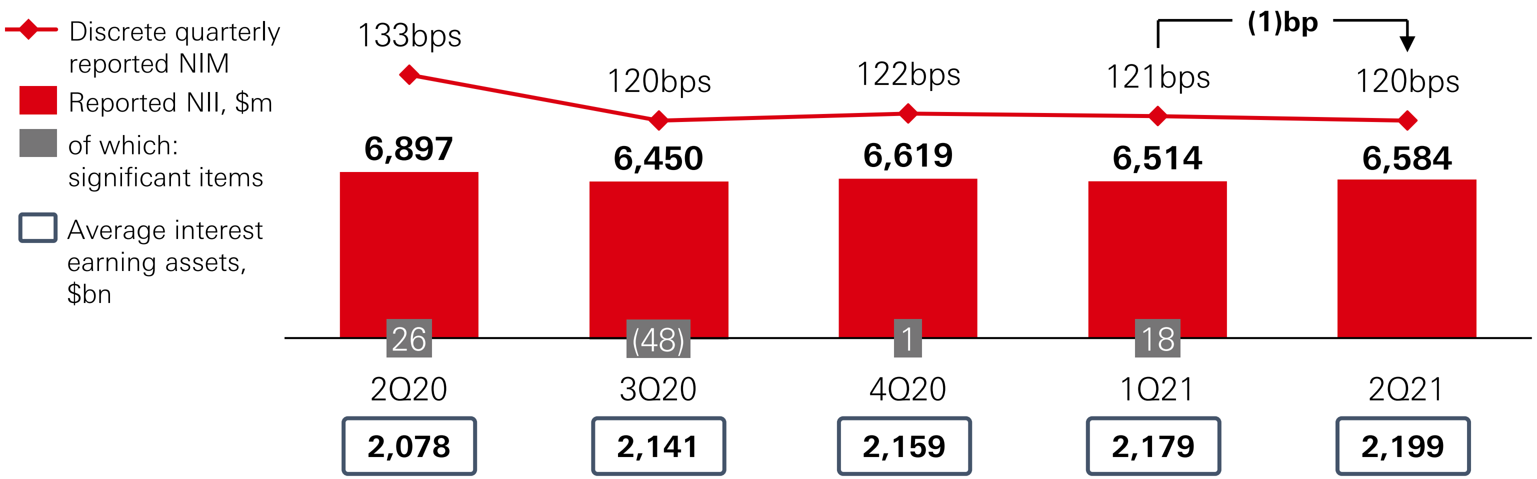


Net interest income

Reported NIM progression, bps



Reported NIM trend



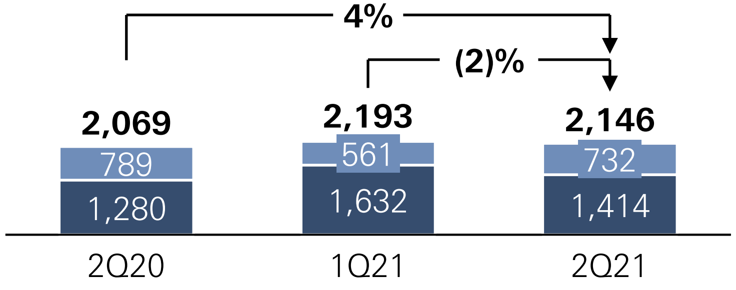
- **2Q21 reported** NII was $0.1bn (1%) higher vs. 1Q21, primarily due to day count
- **2Q21 NIM of 1.20%** down 1bp vs. 1Q21; decreasing yield on assets driven by unfavourable changes in mix, partly offset by lower funding costs
- NII has **stabilised**

Non-NII

- **Fees increased across all businesses vs. 2Q20. Group fees up by $0.3bn (9%);** fees down $0.3bn (7%) vs. 1Q21 off the back of a seasonally strong Wealth performance in 1Q
- 2Q21 Group non-NII decreased $720m (11%) vs. 2Q20; 2Q20 benefited from particularly strong Markets performance
- Markets Treasury allocations to global businesses $0.3bn lower vs. 2Q20 (of which: $0.2bn non-NII); primarily from lower deployment opportunities

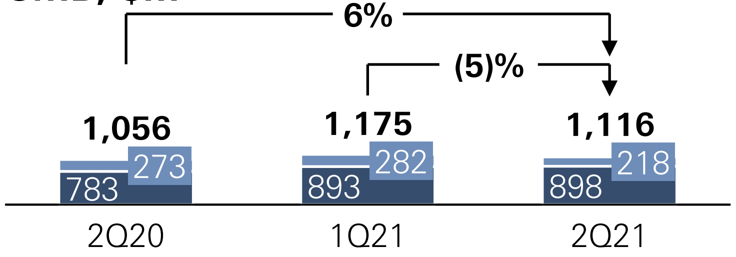
Net fees | Other income

WPB, $m



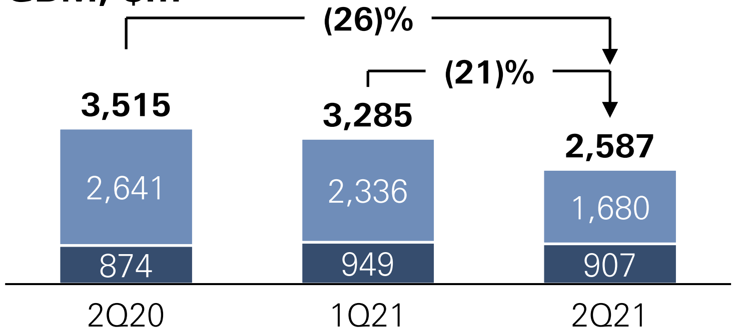
- WPB non-NII up by $77m (4%) vs. 2Q20, driven by increased investment distribution income, particularly mutual fund sales
- 2Q21 fees down $218m (13%) vs. 1Q21; 1Q21 benefited from strong equities and wealth sales
- Insurance VNB of $261m up $87m (50%) vs. 2Q20

CMB, $m



- CMB non-NII increased $60m (6%) and fee income increased $115m (15%) vs. 2Q20; mainly GLCM and GTRF from higher transaction volumes, reflecting recovery
- GLCM fees up $23m (8%) vs. 1Q21 due to higher transaction volumes

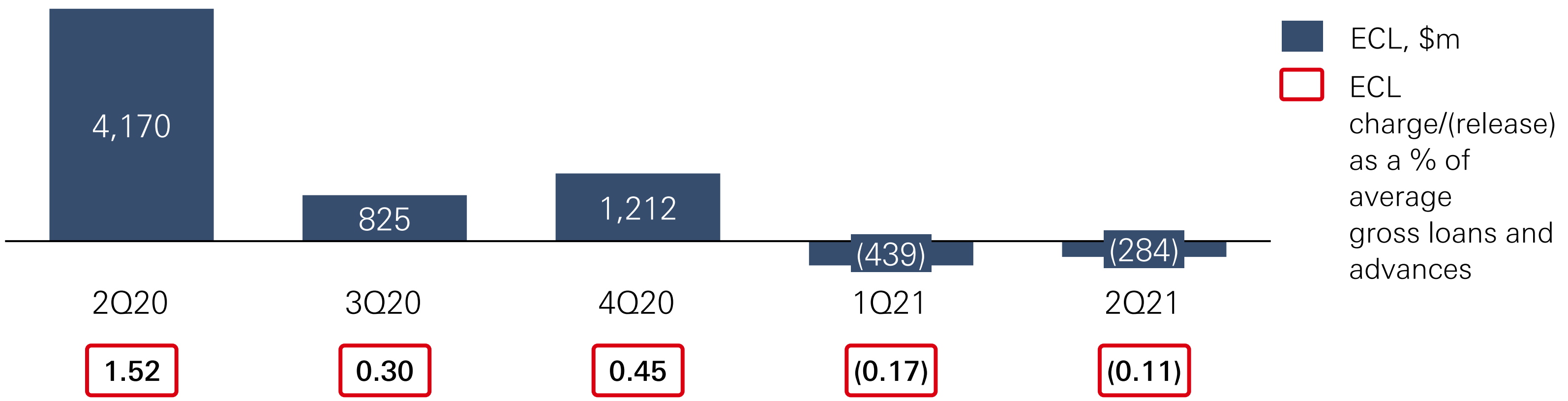
GBM, $m



- GBM non-NII decreased $928m (26%) vs. a strong 2Q20, primarily in Markets from reduced volatility and client activity; fee income increased $33m (4%) vs. 2Q20, primarily from GLCM and Capital Markets and Advisory
- Non-NII down $698m vs. strong 1Q21 performance in MSS, particularly in Equities

Credit performance

Adjusted ECL charge/(release) trend



ECL charge/(release) by geography, $m

	2Q21	1Q21
Hong Kong	6	85
Asia ex. Hong Kong	169	(53)
UK RFB	(281)	(294)
HSBC Bank plc	(52)	(48)
Mexico	33	36
Other	(159)	(165)
Total	**(284)**	**(439)**

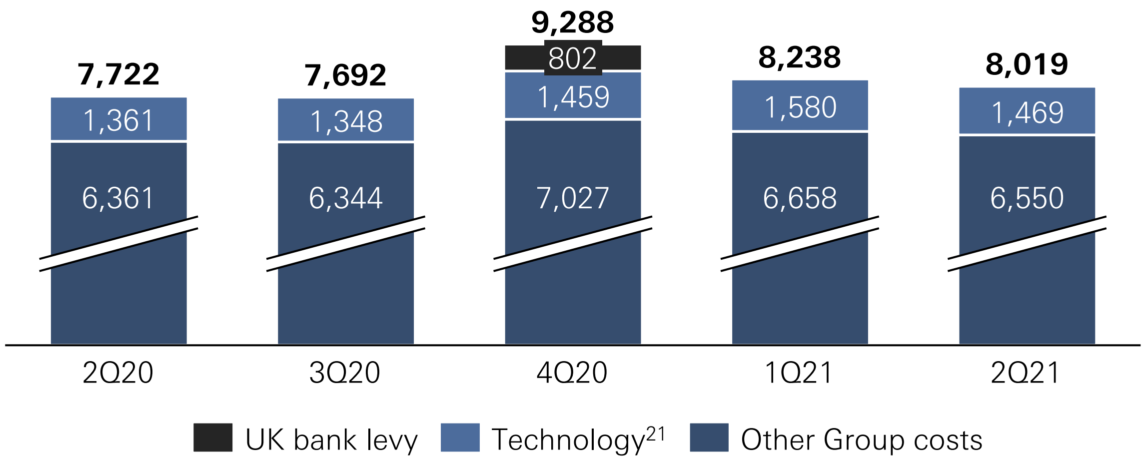
ECL charge/(release) by stage, $bn

2Q21	Stage 1-2	Stage 3	Total
Wholesale	(0.3)	0.0	(0.3)
Personal	(0.2)	0.1	(0.1)
Total	**(0.5)**	**0.1**	**(0.3)**

- **2Q21 net ECL release of $0.3bn;** Stage 3 charges of $0.1bn, Stage 1 – 2 releases of $0.5bn
- Unusually low Stage 3 charges, net of recoveries and releases
- Stage 3 loans and advances to customers as a % of total loans is 1.8%, stable vs. FY20
- 2Q21 stage 1 – 2 ECL allowance of $6.3bn
- We retain around $2.4bn of the 2020 Covid-19 related uplift to ECL reserves
- Expect ECL charges for 2021 to be **materially lower** than our 30-40bps planning range and possibly a net release

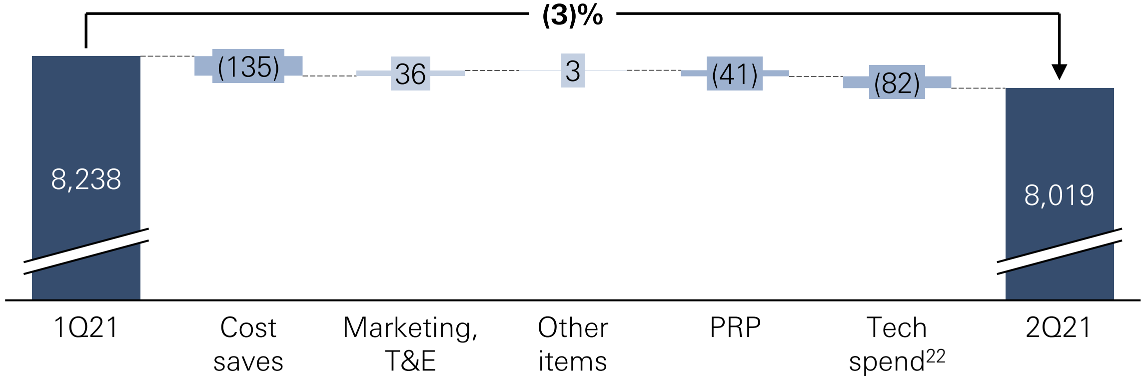
Adjusted costs

Operating expenses trend, $m

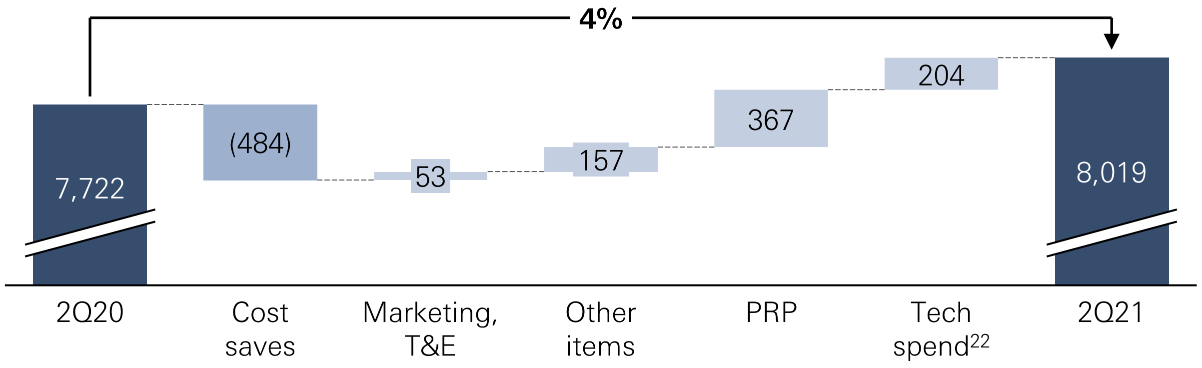


- **Cost targets on track,** while increasing higher investment and higher **performance-related pay (PRP)**
- 2Q21 costs of $8.0bn, **up $0.3bn (4%) vs. 2Q20;** $0.5bn of cost saves more than offset by increases in technology investment, PRP and other items
- 2Q21 costs were **$0.2bn lower (3%) vs. 1Q21;** in part due to cost saves
- Cost saves in the quarter of $0.5bn, **programme saves to date of $2.0bn** and CTA of $2.7bn vs. planned saves of $5-5.5bn and $7bn of CTA over FY20 –FY22
- Expect lower PRP accruals in 2H21, continue to expect 2021 costs ex. the UK bank levy to be **broadly stable vs. 2020*,** subject to any finalisation of the FY21 performance-related pay pool

2Q21 vs. 1Q21, $m



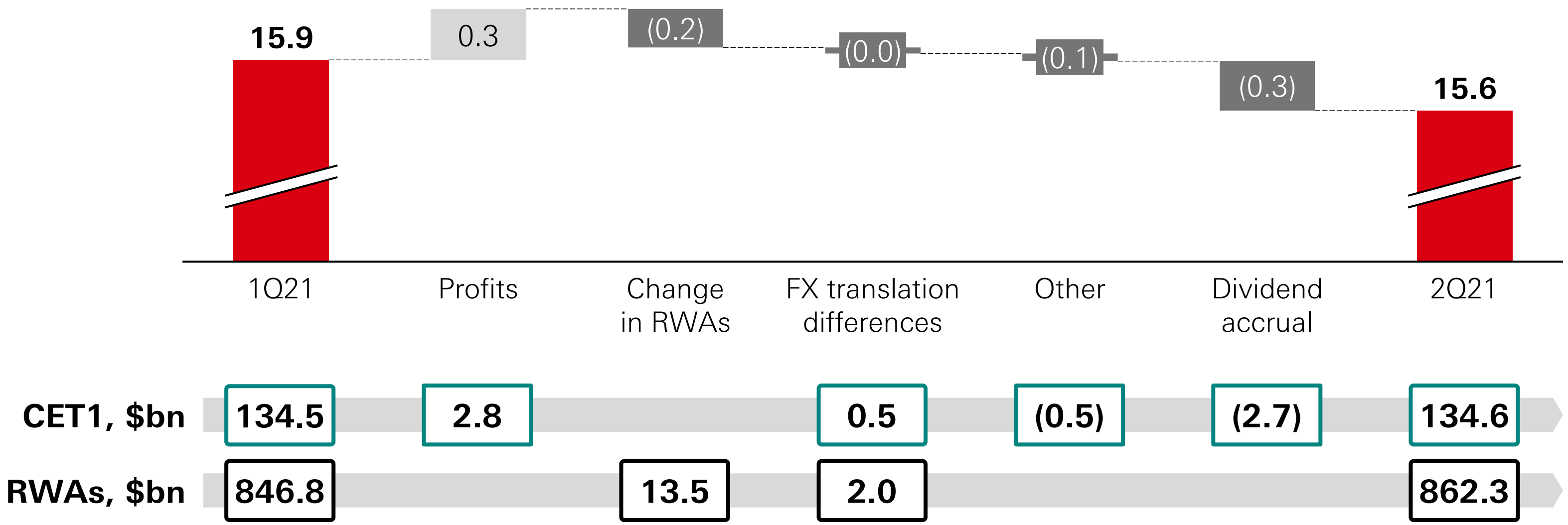
2Q21 vs. 2Q20, $m



*FY20 costs ex. UK bank levy retranslated at constant currency FX rates were c.$32bn

Capital adequacy

CET1 ratio, %



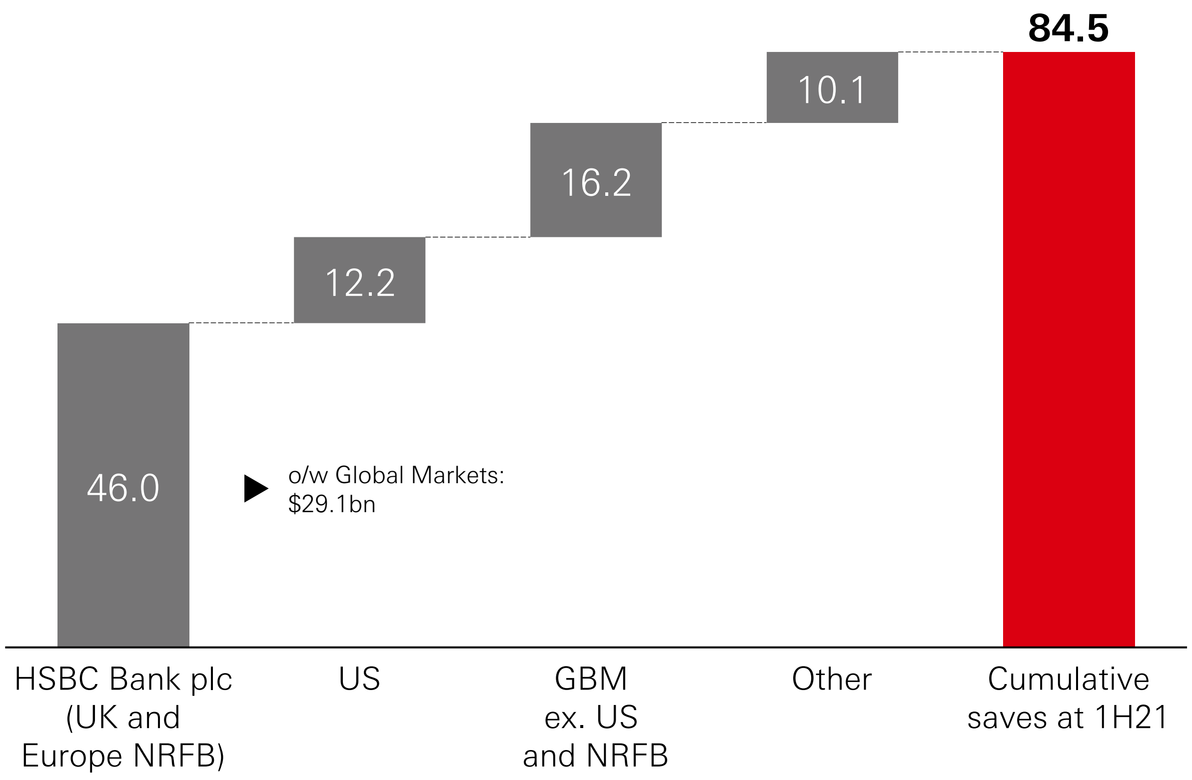
Capital progression

	2Q20	3Q20	4Q20	1Q21	2Q21
Common equity tier 1 capital, $bn	128.4	133.4	136.1	134.5	134.6
Reported risk-weighted assets, $bn	854.6	857.0	857.5	846.8	862.3
CET1 ratio, %	15.0	15.6	15.9	15.9	15.6
Leverage ratio exposure, $bn	2,801.4	2,857.4	2,897.1	2,930.2	2,968.5
Leverage ratio[5], %	5.3	5.4	5.5	5.4	5.3

- **CET1 ratio of 15.6% down 0.3ppt vs. 1Q21**
- Adjusted RWAs of $862.3bn, up $13.5bn (2%) vs. 1Q21, primarily due to loan growth, of which c.$10bn related to IPO loans in Hong Kong (equal to 18bps)
- Software capitalisation benefits of **c.25bps expected to reverse** on 1st Jan 2022
- Expect **15-20bps impact** from disposal of French retail business in 2022-23
- Expect **low-single digit** percentage RWA growth in FY21; from FY20 adjusted RWAs of $854.8bn
- Expect **up to 5% of RWA inflation** from regulatory changes over 2022-23[23]
- YTD regulatory dividend accrual of **$3.5bn:**
  - Calculated as 47.5% of 1H21 reported EPS of 36¢, the midpoint of our 40%-55% target range, and is not a forecast[24]
  - Includes **1H21 interim DPS of 7¢** ($1.4bn)
- Dividend policy unchanged, but we now expect to move within our target payout range in 2021

Transformation programme – RWA saves

Programme cumulative RWA savings[2], $bn



- Strong progress to date – **on track to meet FY22 target**
- **$84.5bn of cumulative saves to 1H21**[2], primarily in GBM
- HSBC Bank plc (UK NRFB and Europe) saves of $46.0bn, with $37.9bn in GBM
- US reductions of $12.2bn, mainly GBM ($10.0bn of reductions)
- Updated target to >$110bn from >$100bn, reflecting changes in methodology in tracking and reporting saves to better align with how the programme is managed

Saves by global business

- **Total GBM reductions of $64.1bn**[2]; c.60% in Global Markets primarily from novation and exits of positions and c.40% in Global Banking primarily from client exits and remediation
- CMB reductions of $19.9bn, largely in Europe and the UK RFB

Strategic delivery

Progress against targets

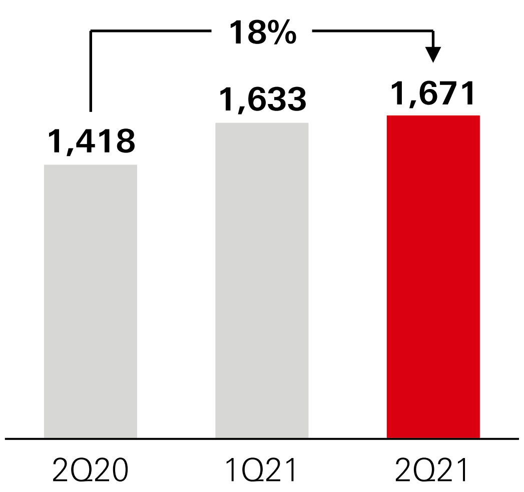
	Target		1H21 progress[25]
Costs	Adjusted costs of **≤$31bn in 2022** on Dec 2020 average FX rates; **$5-5.5bn of cost saves**	✓	On track; c.40% saves achieved
RWAs	**>$110bn gross reduction** by end-2022	✓	On track; $84.5bn of saves c.75% complete
Capital	**CET1 ratio ≥14%;** manage in a 14-14.5% range over medium term; manage range down further long-term[13]	✓	15.6% CET1 ratio
RoTE	**≥10%** over the medium term[13]	✓	On track; 1H21 RoTE: 9.4%
Dividends	**Sustainable dividends;** payout ratio range of 40-55% from 2022 onwards	✓	Expected to reach targeted payout ratio in FY21

Shift to higher return areas and growth opportunities

Reported Wealth Balances[3]

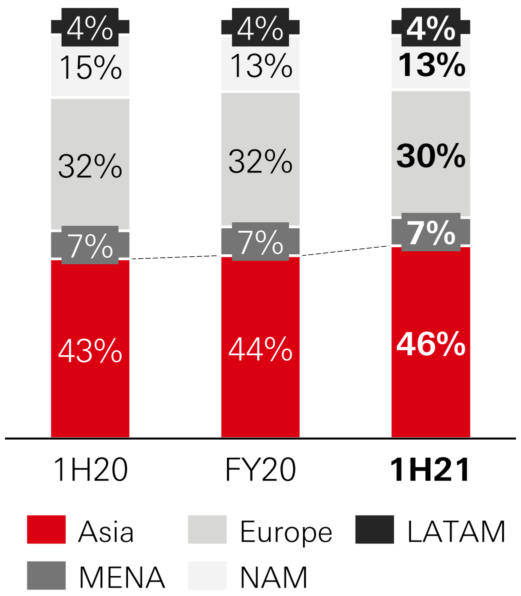
$bn

- Double digit growth in Wealth Balances



RWAs by region

- Asia RWAs **increased by 2ppt** vs. FY20; up 3ppt vs. 1H20



Summary

1 **Increased profits**, despite increased investment and lower revenue, due to a materially better credit performance

2 Improved credit outlook

3 **Execution of strategy at pace**

- Announced disposal of US mass retail business and potential sale of French retail business
- Good lending growth in the quarter, particularly mortgages; continued momentum in Wealth Balance growth

4 Generating capital from increased profits and RWA saves, **well placed to fund growth and step up capital returns**

Appendix

HSBC

Key financial metrics

Reported results, $m	**2Q21**	**1Q21**	**2Q20**
NII	6,584	6,514	6,897
Other Income	5,981	6,472	6,162
Revenue	**12,565**	**12,986**	**13,059**
ECL	284	435	(3,832)
Costs	(8,560)	(8,527)	(8,675)
Associates	771	885	537
Profit before tax	**5,060**	**5,779**	**1,089**
Tax	(1,206)	(1,211)	(472)
Profit after tax	**3,854**	**4,568**	**617**
Profit attributable to ordinary shareholders	3,396	3,880	192
Profit attributable to ordinary shareholders excl. goodwill and other intangible impairment and PVIF	3,352	3,940	1,290
Basic earnings per share, $	0.17	0.19	0.01
Diluted earnings per share, $	0.17	0.19	0.01
Dividend per share (in respect of the period), $	0.07	—	—
Return on avg. tangible equity (annualised), %	8.6	10.2	3.5
Return on avg. equity (annualised), %	7.8	9.0	0.5
Net interest margin (annualised), %	1.20	1.21	1.33

Adjusted results, $m	**2Q21**	**1Q21**	**2Q20**
NII	6,585	6,515	7,225
Other Income	5,939	6,809	6,659
Revenue	**12,524**	**13,324**	**13,884**
ECL	284	439	(4,170)
Costs	(8,019)	(8,238)	(7,722)
Associates	771	889	599
Profit before tax	**5,560**	**6,414**	**2,591**
Cost efficiency ratio, %	64.0	61.8	55.6
ECL charge/(release) as a % of average gross loans and advances to customers (annualised)	(0.11)	(0.17)	1.52

Balance sheet, $m	**2Q21**	**1Q21**	**2Q20**
Total assets	2,976,005	2,958,629	2,922,798
Net loans and advances to customers	1,059,511	1,040,207	1,018,681
Adjusted net loans and advances to customers	1,059,511	1,043,131	1,073,848
Customer accounts	1,669,091	1,650,019	1,532,380
Adjusted customer accounts	1,669,091	1,654,022	1,609,384
Quarterly average interest-earning assets	2,198,953	2,178,918	2,078,178
Reported loans and advances to customers as % of customer accounts	63.5	63.0	66.5
Total shareholders' equity	198,218	199,210	187,036
Tangible ordinary shareholders' equity	157,985	157,357	147,879
Net asset value per ordinary share at period end, $	8.69	8.64	8.17
Tangible net asset value per ordinary share at period end, $	7.81	7.78	7.34

Capital, leverage and liquidity	**2Q21**	**1Q21**	**2Q20**
Reported risk-weighted assets, $bn	862.3	846.8	854.6
CET1 ratio, %	15.6	15.9	15.0
Total capital ratio (transitional), %	21.0	21.6	20.7
Leverage ratio, %	5.3	5.4	5.3
High-quality liquid assets (liquidity value), $bn	659	695	654
Liquidity coverage ratio, %	134	143	148

Share count, m	**2Q21**	**1Q21**	**2Q20**
Basic number of ordinary shares outstanding	20,223	20,226	20,162
Basic number of ordinary shares outstanding and dilutive potential ordinary shares	20,315	20,335	20,198
Quarterly average basic number of ordinary shares outstanding	20,227	20,191	20,190

Reconciliation of reported and adjusted PBT

$m	2Q21	1Q21	2Q20
Reported PBT	**5,060**	**5,779**	**1,089**
Revenue			
Currency translation	—	50	724
Customer redress programmes	—	(18)	(26)
Disposals, acquisitions and investment in new businesses	—	—	1
Fair value movements on financial instruments	(45)	239	58
Restructuring and other related costs	4	66	58
Currency translation of significant items	—	1	10
	(41)	**338**	**825**
ECL			
Currency translation	—	4	(338)
Operating expenses			
Currency translation	—	(37)	(580)
Customer redress programmes	27	(10)	49
Impairment of goodwill and other intangibles	—	—	1,025
Past service costs of guaranteed minimum pension benefits equalisation	—	—	—
Restructuring and other related costs	514	334	335
o/w: costs to achieve	*499*	*319*	*346*
Settlements and provisions in connection with legal and regulatory matters	—	—	4
Currency translation of significant items	—	2	120
	541	**289**	**953**
Share of profit in associates and joint ventures			
Currency translation	—	4	62
Impairment of goodwill	—	—	—
	—	**4**	**62**
Total currency translation and significant items	**500**	**635**	**1,502**
Adjusted PBT	**5,560**	**6,414**	**2,591**
Memo: tax on significant items (at reported FX rates)	(77)	(74)	(121)

Certain items included in adjusted revenue

Certain items included in adjusted revenue highlighted in management commentary, $m	2Q21	1Q21	4Q20	3Q20	2Q20	1H21	1H20
Insurance manufacturing market impacts in WPB	336	78	299	126	364	413	(351)
Credit and funding valuation adjustments in GBM	3	33	73	35	(12)	35	(376)
Legacy Credit in Corporate Centre	7	9	3	28	41	16	(52)
Valuation differences on long-term debt and associated swaps in Corporate Centre	(27)	(28)	(12)	(32)	(64)	(54)	195
Argentina hyperinflation[26]*	(42)	(46)	(42)	(31)	(29)	(88)	(51)
Bid-offer adjustment in GBM*	35	18	7	35	249	53	(61)
Total	**312**	**64**	**328**	**161**	**549**	**375**	**(696)**

*Comparative figures have not been retranslated for foreign exchange movements

Global business management view of adjusted revenue

Group, $m	2Q20	3Q20	4Q20	1Q21	2Q21	Δ2Q20
Total Group revenue	13,884	12,499	12,069	13,324	12,524	(10)%
Adjusted revenue reported at original FX rates	13,150	12,065	11,824	13,273		

WPB, $m	2Q20	3Q20	4Q20	1Q21	2Q21	Δ2Q20
Wealth	**2,252**	**2,198**	**2,072**	**2,386**	**2,439**	**8 %**
Investment distribution	738	886	743	1,026	826	12 %
Life insurance manufacturing	807	607	630	569	871	8 %
Private banking	**430**	**428**	**412**	**489**	**446**	**4 %**
Net interest income	167	145	158	157	163	(2)%
Non-interest income	263	283	254	332	283	8 %
Asset management	277	277	287	302	296	7 %
Personal Banking	**3,254**	**3,127**	**3,120**	**3,068**	**3,093**	**(5)%**
Net interest income	2,994	2,804	2,790	2,720	2,753	(8)%
Non-interest income	260	323	330	348	340	31 %
Other	416	295	228	260	175	(58)%
Total	**5,922**	**5,620**	**5,420**	**5,714**	**5,707**	**(4)%**
Adjusted revenue reported at original FX rates	5,630	5,441	5,321	5,694		

CMB, $m	2Q20	3Q20	4Q20	1Q21	2Q21	Δ2Q20
GTRF	443	440	430	456	478	8 %
Credit and Lending	1,449	1,499	1,499	1,477	1,497	3 %
GLCM	1,053	952	917	866	879	(17)%
Markets products, Insurance and Investments and other	523	393	375	547	466	(11)%
of which: share of revenue from MSS and Banking products	*224*	*230*	*236*	*260*	*265*	*18 %*
Total	**3,468**	**3,284**	**3,221**	**3,346**	**3,320**	**(4)%**
Adjusted revenue reported at original FX rates	3,267	3,165	3,147	3,331		

GBM, $m	2Q20	3Q20	4Q20	1Q21	2Q21	Δ2Q20
Markets and Securities Services	**2,681**	**2,085**	**1,946**	**2,497**	**1,941**	**(28)%**
Securities Services	457	421	441	452	472	3 %
Global Debt Markets	778	308	119	398	317	(59)%
Global Foreign Exchange	1,097	850	829	953	728	(34)%
Equities	44	236	305	420	223	>100%
Securities Financing	317	235	179	241	198	(38)%
Credit and Funding Valuation Adjustments	(12)	35	73	33	3	>100%
Banking	**1,778**	**1,642**	**1,590**	**1,632**	**1,661**	**(7)%**
GTRF	191	178	169	178	180	(6)%
GLCM	500	464	468	443	448	(10)%
Credit and Lending	684	693	663	656	658	(4)%
Capital Markets & Advisory	389	289	257	292	320	(18)%
Other	14	18	33	63	55	>100%
GBM Other	**221**	**26**	**44**	**179**	**(16)**	**>(100)%**
Principal Investments	229	54	71	173	64	(72)%
Other	(8)	(28)	(27)	6	(80)	>(100)%
Total	**4,680**	**3,753**	**3,580**	**4,308**	**3,586**	**(23)%**
Adjusted revenue reported at original FX rates	4,419	3,614	3,511	4,292		

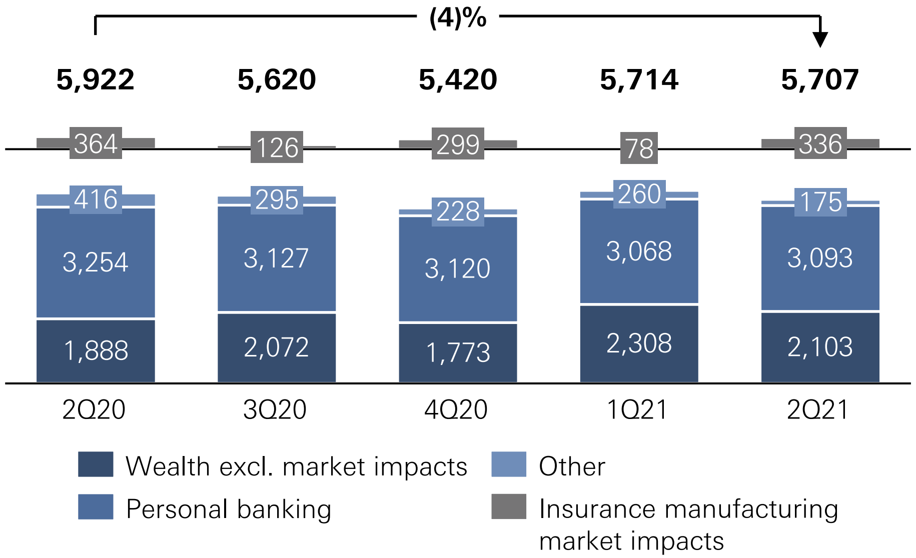
Corporate Centre, $m	2Q20	3Q20	4Q20	1Q21	2Q21	Δ2Q20
Central Treasury	(64)	(32)	(12)	(28)	(27)	58 %
Of which: Valuation differences on long-term debt and associated swaps	(64)	(32)	(12)	(28)	(27)	58 %
Legacy Credit	41	28	3	9	7	(83)%
Other	(163)	(154)	(143)	(25)	(69)	58 %
Total	**(186)**	**(158)**	**(152)**	**(44)**	**(89)**	**52 %**
Adjusted revenue reported at original FX rates	(166)	(155)	(155)	(44)		

Wealth and Personal Banking

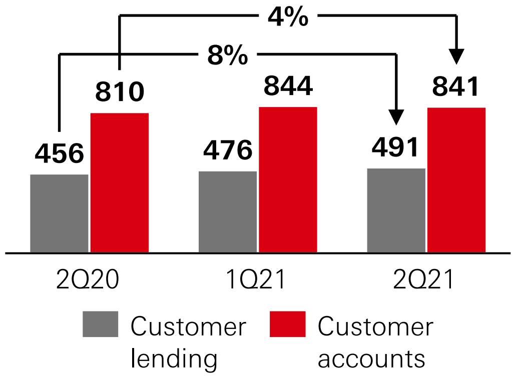
2Q21 financial highlights

Revenue	**$5.7bn**	▼	(4)% (2Q20: $5.9bn)
ECL	**$0.0bn**	▼	>100% (2Q20: $(1.2)bn)
Costs	**$(3.8)bn**	▲	(1)% (2Q20: $(3.8)bn)
PBT	**$2.0bn**	▲	>100% (2Q20: $1.0bn)
RoTE[20]	**17.9%**	▲	11.9ppt (2Q20: 6.0%)

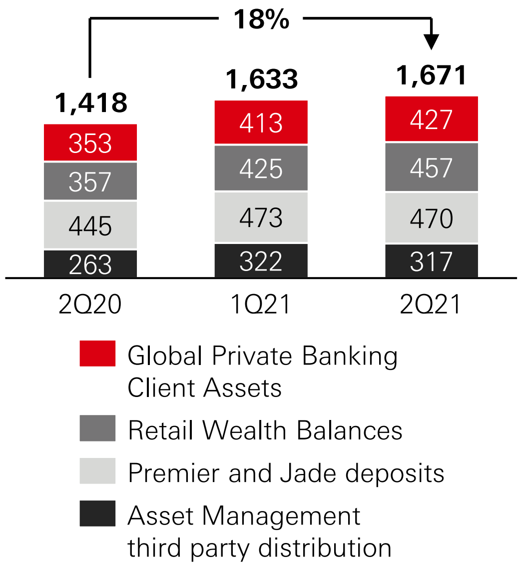
Revenue performance, $m



Balance sheet, $bn



Reported Wealth Balances[3], $bn



2Q21 vs. 2Q20

- **Revenue** down $215m (4%) driven by lower interest rates, lower Markets Treasury revenue, despite higher Asia Wealth revenue
- **ECL** net release of $34m vs. $1.2bn charge in 2Q20, reflecting stage 1-2 releases
- **Costs** up $44m (1%) driven by a higher performance-related pay accrual. Investment in Asia Wealth funded by cost saving initiatives
- **Customer lending** up $35bn (8%) mainly mortgages ($24bn), short term IPO loans in Hong Kong ($9bn), and Lombard lending ($3bn)
- **Customer accounts** up $31bn (4%) across most markets, particularly in the UK and HK, partially offset by reclassification of customer accounts to liabilities held for sale in the US ($10bn)
- **Wealth balances** up $253bn (18%). Significant growth across GPB client assets, retail Wealth balances and Asset Management third party balances (up 23%) driven by inflows and higher market levels

2Q21 vs. 1Q21

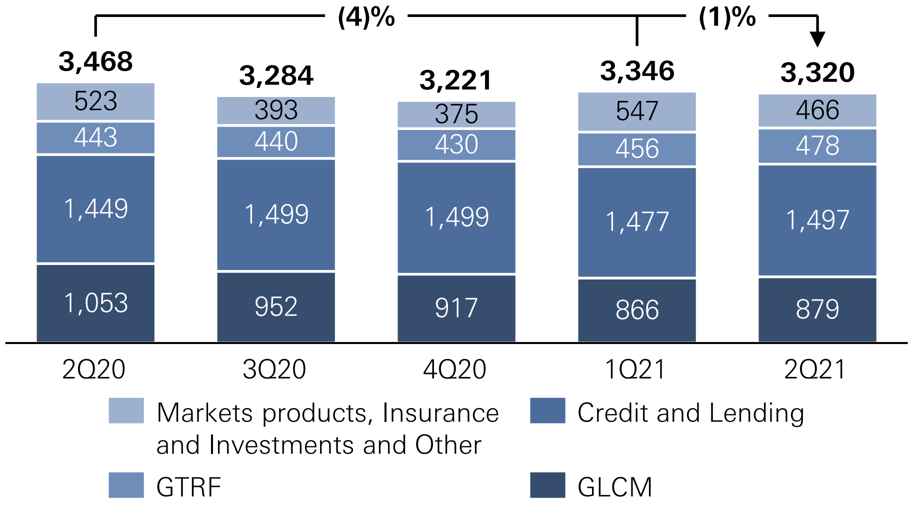
- **Revenue** stable driven by lower investment distribution revenue ($200m), lower Markets Treasury revenue, offset by favourable insurance market impacts of $258m
- **ECL** release of $34m is broadly in line with release in 1Q21
- **Costs** lower $27m (1%) as the benefits from cost saving initiatives were broadly offset by investment in Asia Wealth and the impact of higher costs related to increasing business volumes
- **Customer lending** up $16bn (3%) driven by short term IPO loans in Hong Kong ($9bn) and mortgages ($6bn)
- **Customer accounts** broadly stable as growth in the UK ($8bn) was offset by reclassification of customer accounts to liabilities held for sale in the US ($10bn)

Commercial Banking

2Q21 financial highlights

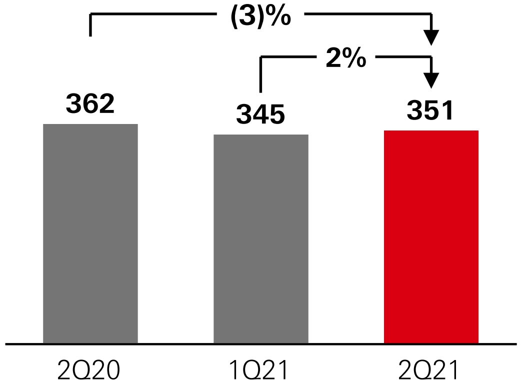
Revenue	**$3.3bn**	▼	(4)% (2Q20: $3.5bn)
ECL	**$0.0bn**	▼	>100% (2Q20: $(2.3)bn)
Costs	**$(1.8)bn**	▲	(4)% (2Q20: $(1.7)bn)
PBT	**$1.6bn**	▲	>100% (2Q20: $(0.6)bn)
RoTE[20]	**11.1%**	▲	12.7ppt (2Q20: (1.6)%)

Revenue performance, $m

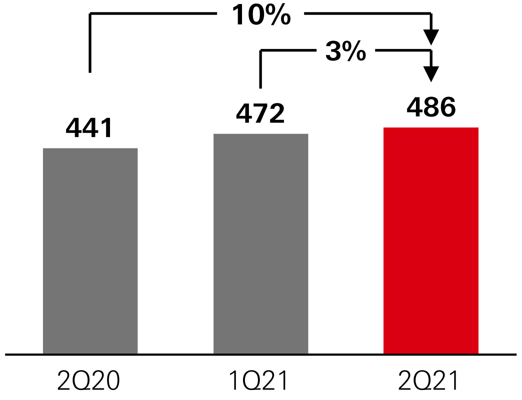


Balance sheet, $bn

Customer lending



Customer accounts



2Q21 vs. 2Q20

- **Revenue** down $148m (4%), reflecting the impact of lower interest rate environment in GLCM and other products, partially offset by higher fees across all products and deposit balances
- **ECL** down $2.3bn due to release of stage 1-2 provisions compared to a charge in the prior year as well as minimal specific client charges
- **Costs** up $73m (4%) due to higher performance-related pay accrual partially offset by disciplined hiring and transformation saves
- **Customer lending** down $11bn (3%) due to impact of Covid-19 in 2H20 partly offset by 1H21 growth in trade balances notably in Asia
- **Customer accounts** up $44bn (10%) as customers raised and retained liquidity notably in Asia and the UK

2Q21 vs. 1Q21

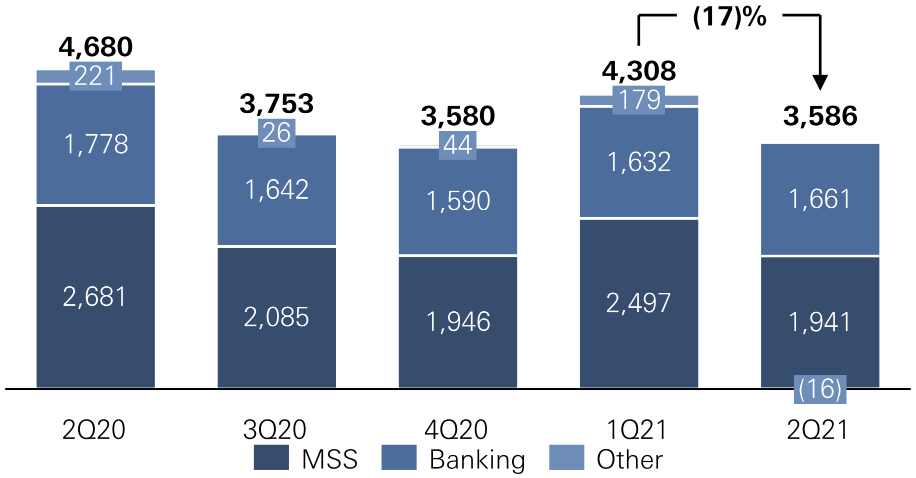
- **Revenue** down $26m (1%), as 1Q reflected higher markets and treasury partially offset by higher trade balances and fees in GLCM
- **ECL** up $213m (92%) as 1Q included a higher release of stage 1-2 provisions notably in the UK and Asia
- **Costs** broadly stable reflecting continued cost discipline
- **Customer lending** up $6bn (2%) reflecting continued growth in Asia across term lending and trade partly offset by reduction in Europe
- **Customer accounts** up $13bn (3%) continued growth of deposits in Asia and the UK

Global Banking and Markets

2Q21 financial highlights

Revenue	$3.6bn	▼	(23)% (2Q20: $4.7bn)
ECL	$0.2bn	▲	>100% (2Q20: $(0.6)bn)
Costs	$(2.4)bn	▲	(4)% (2Q20: $(2.4)bn)
PBT	$1.4bn	▼	(19)% (2Q20: $1.7bn)
RoTE[20]	10.7%	▲	3.0ppt (2Q20: 7.7%)

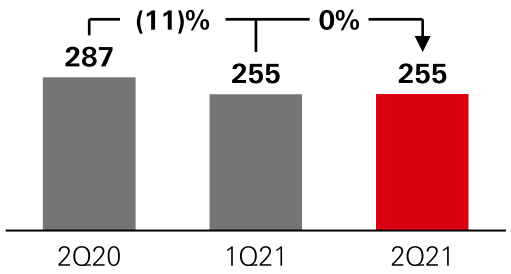
Revenue performance, $m



View of adjusted revenue

$m	2Q21	Δ2Q20
MSS	**1,941**	**(28)%**
Securities Services	472	3 %
Global Debt Markets	317	(59)%
Global FX	728	(34)%
Equities	223	>100%
Securities Financing	198	(38)%
XVAs	3	>100%
Banking	**1,661**	**(7)%**
GTRF	180	(6)%
GLCM	448	(10)%
Credit & Lending	658	(4)%
Capital Markets & Advisory	320	(18)%
Other	55	>100%
GBM Other	**(16)**	**>(100)%**
Principal Investments	64	(72)%
Other	(80)	>(100)%
Net operating income	**3,586**	**(23)%**

Adjusted RWAs[27], $bn



2Q21 vs. 2Q20

- **Revenue** down $1.1bn (23%):
  - MSS down $740m (28%) due to lower market volatility and client activity against strong 2Q20 performance, particularly in Global Forex and Global Debt Markets. While Equities and Securities Services have seen increased activity particularly in Asia. AUC grew above $10tn
  - Banking down $117m (7%) due to lower client activity and lower interest rates. Capital Markets & Investment Banking Coverage down, reflecting elevated levels of financing activity and MTM recoveries on syndicated positions in 2Q20, partially offset by a strong performance in Financing and Advisory
  - GBM Other down $237m (>100%) primarily from Principal Investments reflecting revaluation gains across multiple funds in the prior year
- **ECL** was a net release of $224m, reflecting specific stage 3 releases and stage 1-2 releases vs. a charge of $634m in 2Q20
- **Costs** up $86m (4%) as the impact of transformation initiatives were more than offset by higher performance-related pay accruals

2Q21 vs. 1Q21

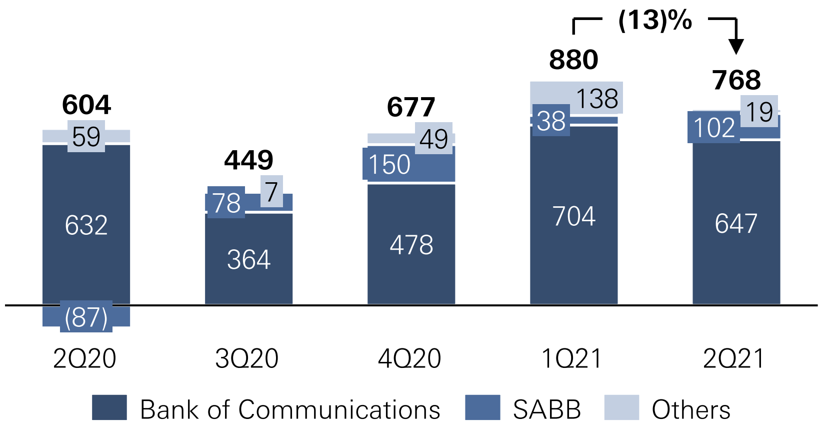
- **Revenue** down $722m (17%):
  - Markets and Securities Services down $556m (22%), due to lower market volatility in 2Q21
  - Banking performance in 2Q21 broadly stable vs. prior quarter
- **ECL** net release of $224m was $34m (18%) higher vs. 1Q21, reflecting higher specific stage 3 releases
- **Costs** down $122m (5%) due to lower Single Resolution Fund charges
- **RWAs** counterparty RWA reductions were offset by an increase in Markets Treasury allocations

Corporate Centre

2Q21 financial highlights

Revenue	**$(89)m**	▲	52% (2Q20: $(186)m)
ECL	**$7m**	▲	>100% (2Q20: $(16)m)
Costs	**$(18)m**	▲	>(100)% (2Q20: $76m)
Associates	**$768m**	▲	27% (2Q20: $604m)
PBT	**$668m**	▲	40% (2Q20: $478m)
RoTE[20]	**5.1%**	▲	0.4ppt (2Q20: 4.7%)

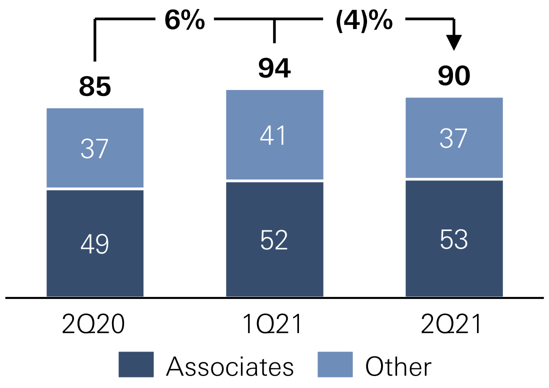
Associate income detail, $m



Revenue performance, $m

	2Q20	3Q20	4Q20	1Q21	2Q21
Central Treasury	**(64)**	**(32)**	**(12)**	**(28)**	**(27)**
Of which:					
Valuation differences on long-term debt and associated swaps	(64)	(32)	(12)	(28)	(27)
Other central treasury	—	—	—	—	—
Legacy Credit	**41**	**28**	**3**	**9**	**7**
Other	**(163)**	**(154)**	**(143)**	**(25)**	**(69)**
Of which: FX revaluation on Holdings balance sheet and net investment hedge	23	(26)	(4)	11	(1)
Total	**(186)**	**(158)**	**(152)**	**(44)**	**(89)**
Not included in Corporate Centre revenue: Markets Treasury revenue allocated to global businesses	801	679	609	806	515

Corporate Centre RWAs[27], $bn



2Q21 vs. 2Q20

- **Revenue** up $97m, largely due to favourable valuation difference on long term debt and associated swaps and gain on revaluation of properties
- **Associates** up $164m (27%), primarily due to higher income and share of profit from associates in SABB

2Q21 vs. 1Q21

- **Revenue** down $45m, largely due to FX loss on revaluation and non-recurrence of one-off disposal gain in 1Q21
- **Associates** down $112m (13%), primarily due to lower income and share of profit from associates in the UK

Insurance*

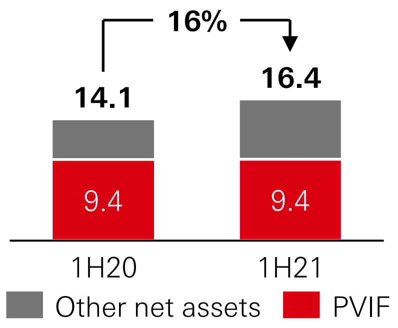
Key financial metrics

Adjusted income statement, $m	1H21	1H20	2H20
Revenue	**1,555**	**676**	**1,306**
Of which: NII	1,232	1,187	1,239
Of which: market impacts	413	(337)	424
ECL	(20)	(116)	40
Operating expenses	(280)	(231)	(287)
Share of profit in associates and JVs	7	(11)	12
Profit before tax	**1,262**	**318**	**1,071**
Memo: distribution income**	*444*	*459*	*362*

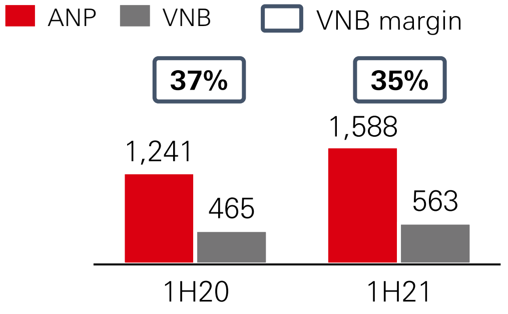
Financial highlights:

- **PBT of $1.3bn** up $0.9bn vs. 1H20; revenue up $879m vs. 1H20, primarily driven by positive insurance market impacts of $750m
- **1H21 reported VNB of $563m**, up $98m (21%) vs. 1H20; 2Q21 VNB up $93m (53%) vs. 2Q20
- Manufacturing operating expenses of $0.3bn, up 21% vs. 1H20 reflecting business investment

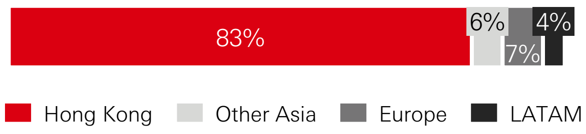
Reported Embedded value, $bn



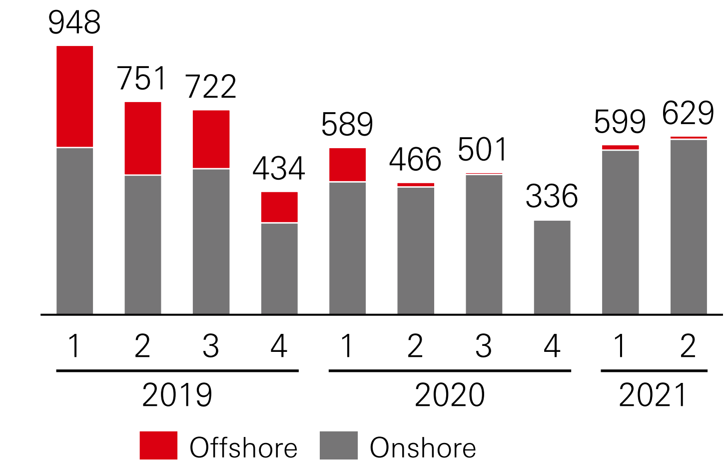
Reported ANP and VNB, $m



1H21 VNB by region



Insurance HK quarterly ANP, $m



- Border closed from 1Q20, with commensurate reduction in offshore sales; yet to reopen
- **Hong Kong market share of 20.0%**[28], up 0.4ppt vs. 1Q20
- Expanded **Pinnacle** now present in 5 cities in China, with over **350** Personal Wealth Planners
- **50% of mainland China sales issued remotely** over 2Q21; mobile protection proposition launched in UK to c.4m customers
- Scaling of HK health platforms**: Well+**: >2k registered members; **Benefits+**: >25k registered members; Hang Seng's Health and Wellness app **Olive** launched

*Financial results for the Insurance business are prepared on the current IFRS 4 basis and, as such, do not reflect any potential impacts of IFRS 17 'Insurance Contracts', which is effective from 1 January 2023
**Distribution income (HSBC Life and partnerships) through HSBC bank channels

Net interest margin supporting information

NII sensitivity to instantaneous change in yield curves (12 months)

At 30 June 2021

Change in Jul 2021 to Jun 2022	Currency					
	USD $m	**HKD** $m	**GBP** $m	**EUR** $m	**Other** $m	**Total** $m
+25bps parallel	114	340	561	113	374	1,502
-25bps parallel	(122)	(393)	(616)	(83)	(391)	(1,605)
+100bps parallel	369	1,354	2,053	532	1,464	5,772
-100bps parallel	(224)	(837)	(2,257)	(330)	(1,542)	(5,190)

NII sensitivity to instantaneous change in yield curves (5 years), $m

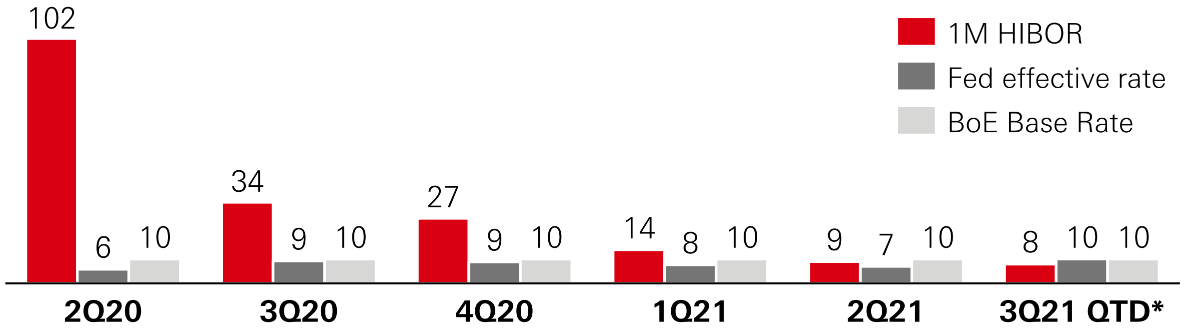
At 30 June 2021

Change in Jul 2021 to Jun 2026	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
+25bps parallel	1,502	1,806	1,976	2,098	2,158	9,540
-25bps parallel	(1,605)	(2,085)	(2,042)	(2,152)	(2,235)	(10,119)
+100bps parallel	5,772	7,118	7,778	8,092	8,179	36,939
-100bps parallel	(5,190)	(6,924)	(8,249)	(8,892)	(9,243)	(38,498)

Quarterly NIM by key legal entity

	2Q20	**3Q20**	**4Q20**	**1Q21**	**2Q21**	**% of 2Q21 Group NII**	**% of 2Q21 Group AIEA**
The Hongkong and Shanghai Banking Corporation (HBAP)	1.69%	1.44%	1.42%	1.40%	1.37%	47%	42%
HSBC Bank plc (NRFB)	0.54%	0.50%	0.53%	0.51%	0.48%	9%	22%
HSBC UK Bank plc (UK RFB)	1.68%	1.60%	1.60%	1.59%	1.56%	25%	19%
HSBC North America Holdings, Inc	0.85%	0.83%	0.95%	0.96%	0.97%	7%	9%

Key rates (quarter averages), basis points

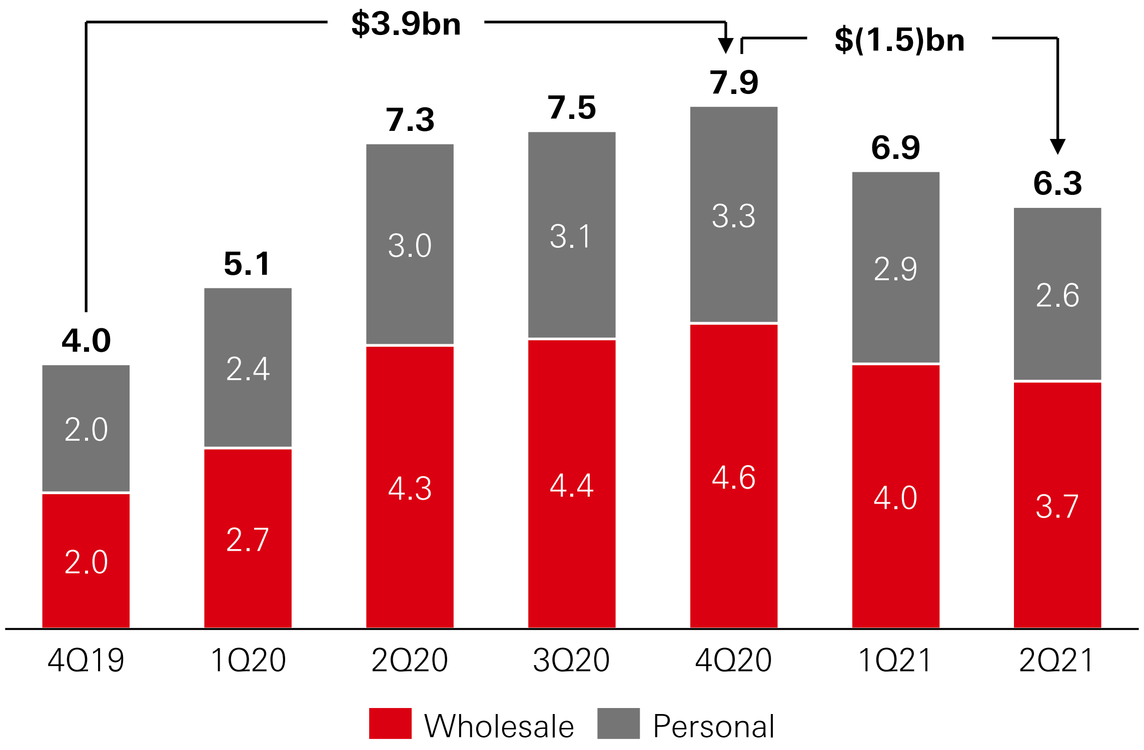


*At 29 July 2021

Source: Bloomberg

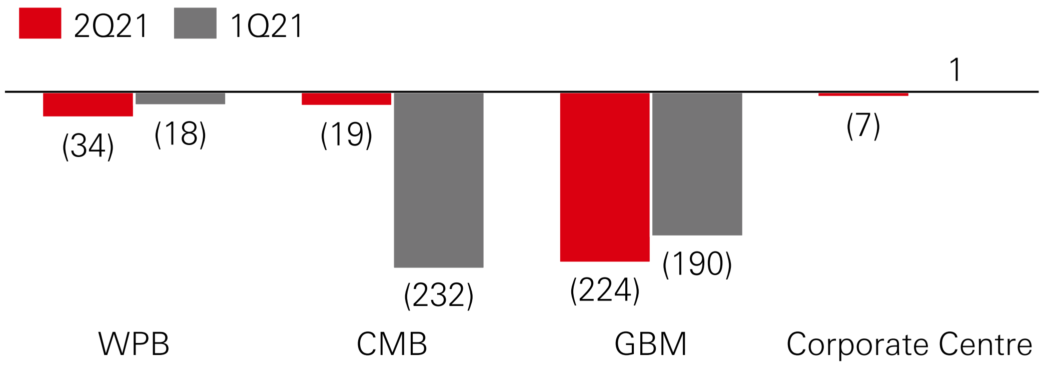
ECL analysis

Stage 1 & 2 allowances for ECL, $bn



- We retain c.$2.4bn of the 2020 Covid-19 related uplift to ECL reserves

ECL charge / (release) by global business, $m

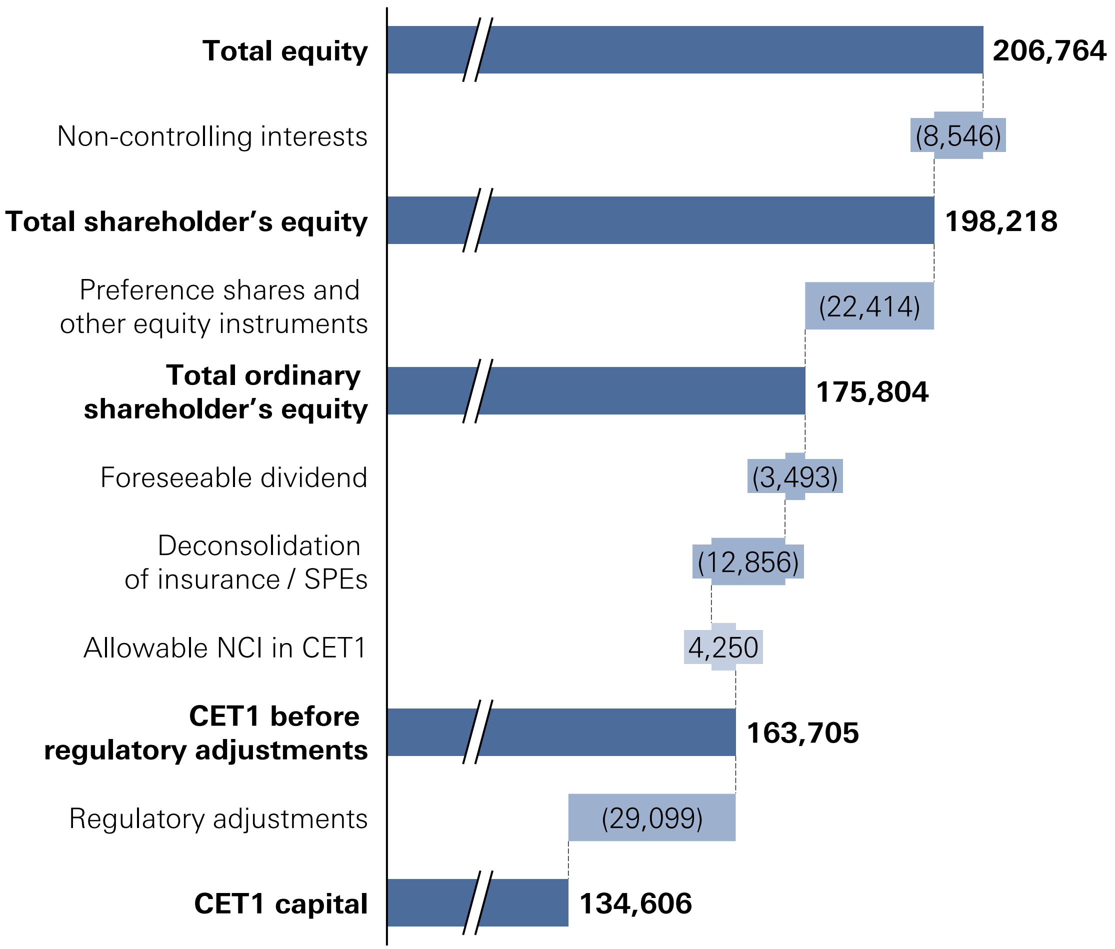


Analysis by stage

Reported basis, $bn	Stage 1	Stage 2	Stage 3	Total[29]	Stage 3 as a % of Total
2Q21					
Gross loans and advances to customers	895.5	157.5	19.1	**1,072.4**	1.8%
Allowance for ECL	1.8	3.9	7.1	**12.9**	
1Q21					
Gross loans and advances to customers	875.6	158.7	19.2	**1,053.8**	1.8%
Allowance for ECL	1.7	4.5	7.3	**13.6**	
2Q20					
Gross loans and advances to customers	852.7	161.8	17.1	**1,031.9**	1.7%
Allowance for ECL	1.9	4.6	6.7	**13.2**	

Total shareholders' equity to CET1 capital

Total equity to CET1 capital, at 30 June 2021, $m



Total equity to CET1 capital walk, $m

	2Q21	4Q20
Total equity (per balance sheet)	**206,764**	**204,995**
- Non-controlling interests	(8,546)	(8,552)
Total shareholders' equity	**198,218**	**196,443**
- Additional Tier 1	(22,414)	(22,414)
Total ordinary shareholders' equity	**175,804**	**174,029**
- Foreseeable dividend	(3,493)	(3,055)
- Deconsolidation of insurance / SPEs	(12,856)	(11,977)
- Allowable NCI in CET1	4,250	4,079
- Other movements	—	52
CET1 before regulatory adjustments	**163,705**	**163,128**
- Additional value adjustments (PVA)	(1,337)	(1,175)
- Intangible assets	(9,484)	(9,590)
- Deferred tax asset deduction	(1,727)	(1,741)
- Cash flow hedge adjustment	(184)	(365)
- Excess of expected loss	(1,816)	(1,462)
- Own credit spread and debit valuation adjustment	1,959	2,101
- Defined benefit pension fund assets	(6,770)	(7,885)
- Direct and indirect holdings of CET1 instruments	(40)	(40)
- Other regulatory adjustments (incl. IFRS 9 transitional adjustment)[30]	1,168	2,351
- Threshold deductions	(10,868)	(9,272)
Regulatory adjustments	**(29,099)**	**(27,078)**
CET1 capital	**134,606**	**136,050**

2Q21 vs. 1Q21 equity drivers

	Shareholders' Equity, $bn	Tangible Equity[31], $bn	TNAV per share, $	Basic number of ordinary shares, million
As at 31 March 2021	**199.2**	**157.4**	**7.78**	**20,226**
Profit attributable to:	3.6	3.6	0.18	—
Ordinary shareholders	*3.4*	*3.6*	*0.18*	—
Other equity holders	*0.2*	—	—	—
Dividends	(3.3)	(3.1)	(0.15)	—
On ordinary shares	*(3.1)*	*(3.1)*	*(0.15)*	—
On other equity instruments	*(0.2)*	—	—	—
FX	0.9	0.8	0.04	—
Actuarial gains/(losses) on defined benefit plans	(0.1)	(0.1)	—	—
Fair value movements through 'Other Comprehensive Income'	(0.4)	(0.4)	(0.02)	—
Of which: changes in fair value arising from changes in own credit risk	*(0.1)*	*(0.1)*	—	—
Of which: Debt and Equity instruments at fair value through OCI	*(0.3)*	*(0.3)*	*(0.01)*	—
Other	(1.7)	(0.2)	(0.02)	(3)
As at 30 June 2021	**198.2**	**158.0**	**7.81**	**20,223**

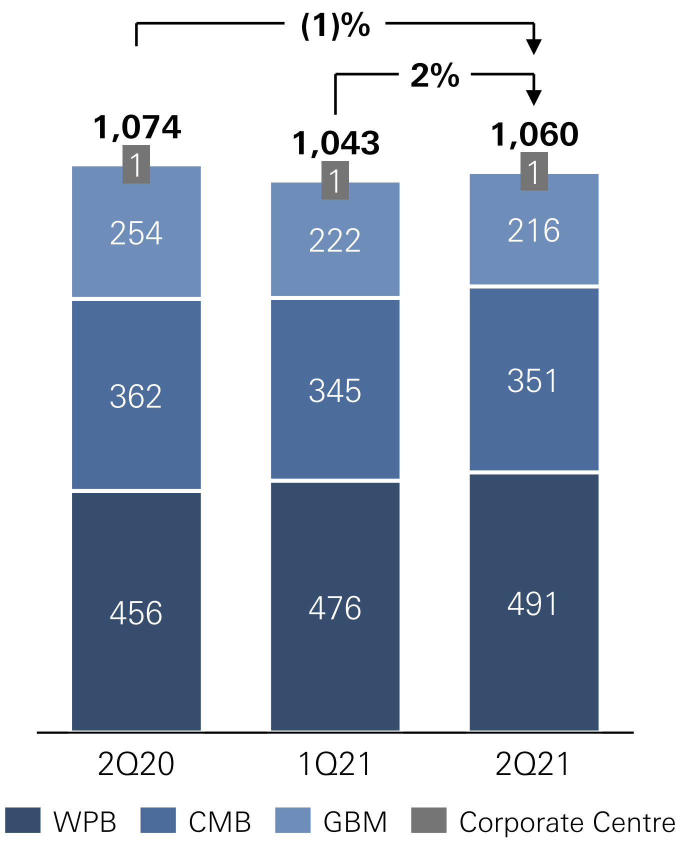
- Average basic number of shares outstanding during 2Q21: 20,227 million
- **2Q21 TNAV per share increased by $0.03 to $7.81,** mainly due to higher profits partially offset by the payment of the $0.15 ($3.1bn) 2020 interim dividend

$7.78 on a fully diluted basis

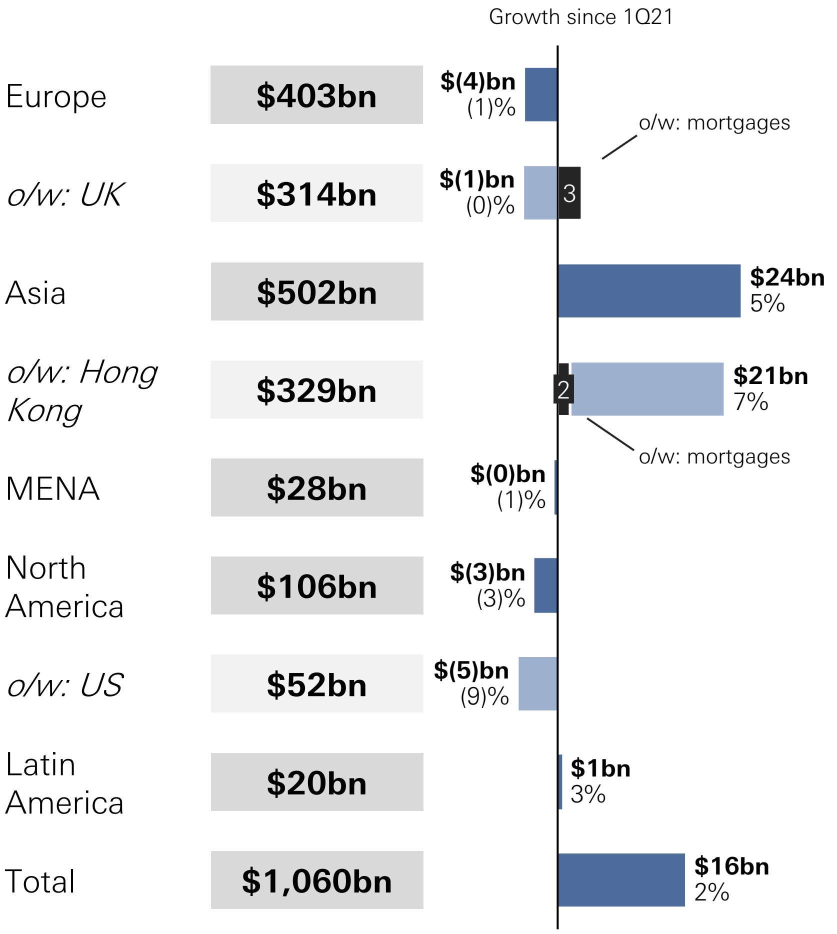
20,315 million on a fully diluted basis

Balance sheet – customer lending

Balances by global business, $bn



Balances by region, $bn

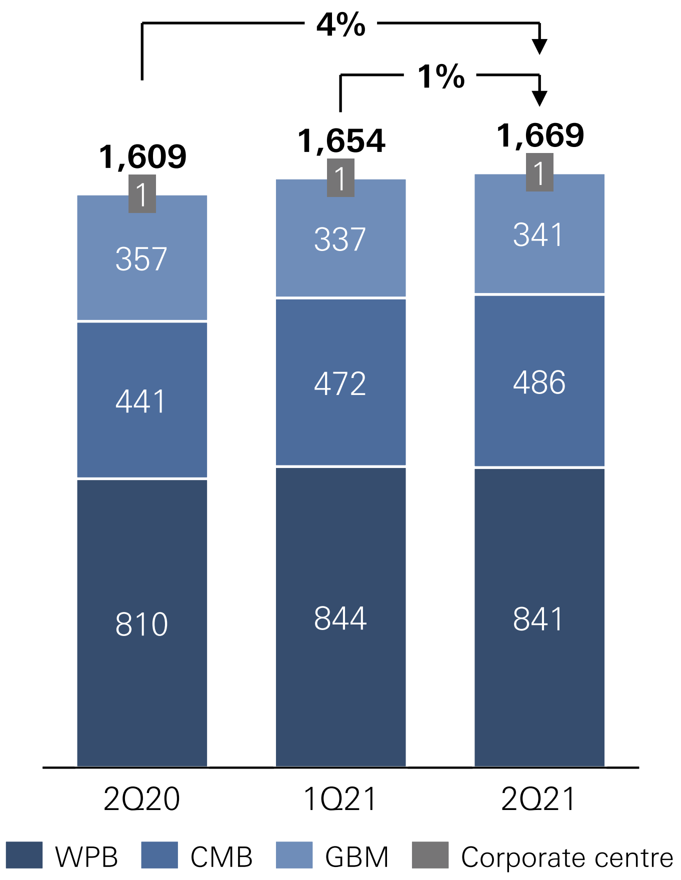


Adjusted customer lending of $1,060bn up $16bn (2%) vs. 1Q21

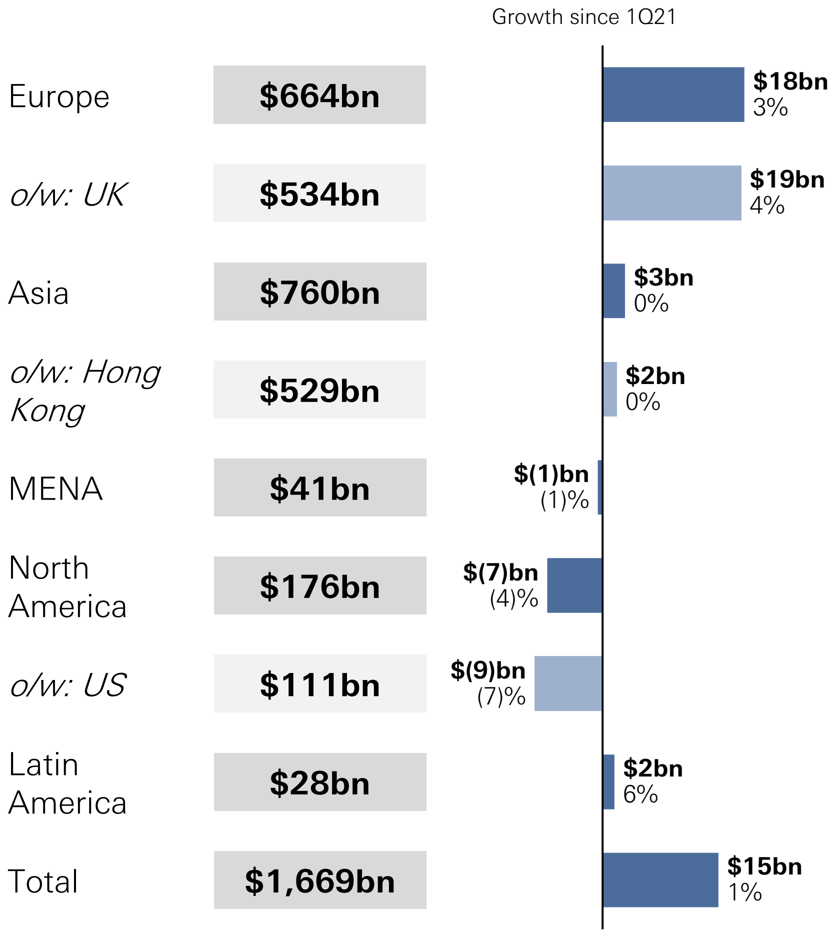
- **WPB lending increased by $16bn (3%),** including short term IPO lending of $9bn. Other growth primarily due to mortgages ($6bn), and cards ($1bn)
- **CMB lending up $6bn,** with trade balances up $4bn and term lending balances increasing as customers begin to draw down
- US lending decreased by $5bn vs. 1Q21; primarily due to the transfer of $2.6bn of retail customer loans to assets held-for-sale, and wholesale loan repayments

Balance sheet – customer accounts

Balances by global business, $bn



Balances by region, $bn



Adjusted customer accounts of $1,669bn increased by $15bn (1%) vs. 1Q21;

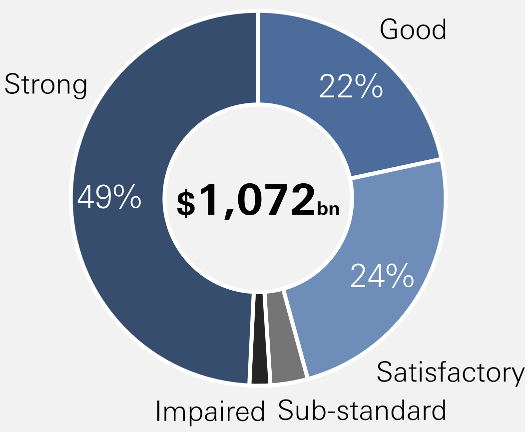
- Wholesale clients continue to build and retain liquidity; **CMB up $13bn (3%), GBM up $5bn (1%)**
- **WPB down $3bn,** growth in the UK was offset by the reclassification of US customer accounts
- US customer accounts decreased by $9bn vs. 1Q21 due to the reclassification of $9.9bn of customer accounts to liabilities held-for-sale

Asset quality

Gross loans and advances to customers

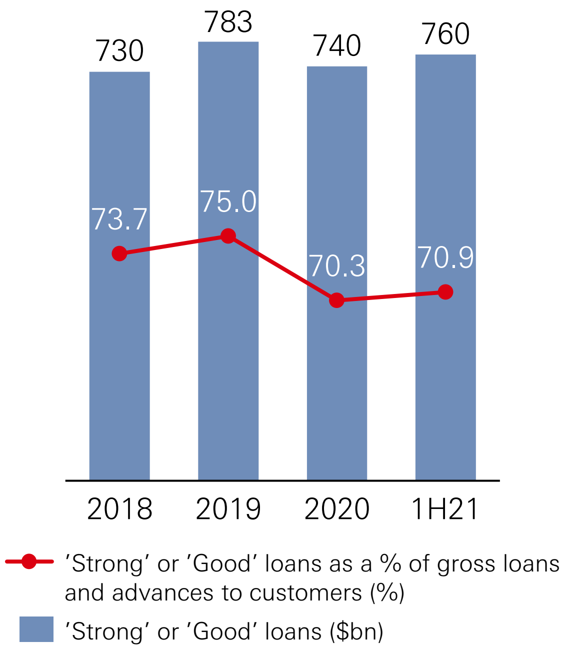
By credit quality classification

At 30 June 2021



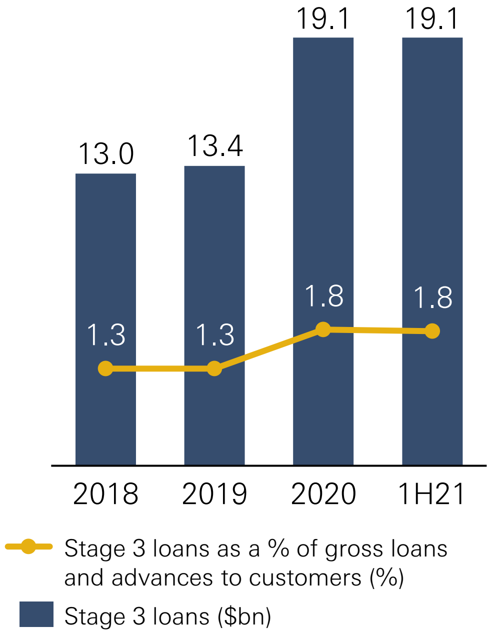
Strong	CRR 1-2
Good	CRR 3
Satisfactory	CRR 4-5
Sub-standard	CRR 6-8
Credit impaired	CRR 9-10

Loans and advances to customers of 'Strong' or 'Good' credit quality



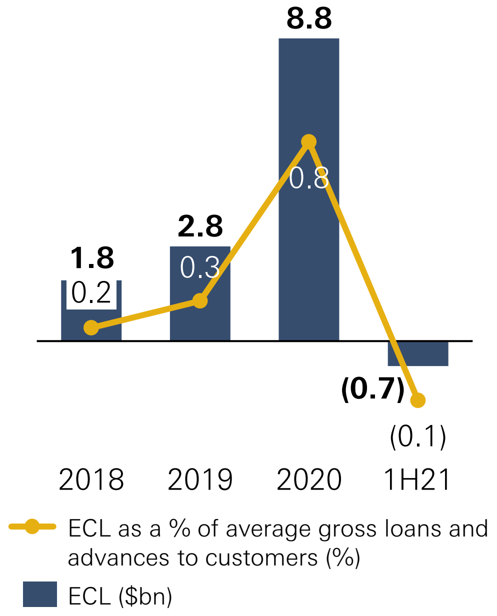
Strong or Good loans as a % of gross loans and advances to customers increased slightly to 70.9% following improvements in credit quality

Stage 3 and impaired loans and advances to customers



Stage 3 loans as a % of gross loans and advances to customers of 1.8% at 1H21

Reported ECL



Net ECL release of $0.7bn in 1H21

UK RFB disclosures

Business performance

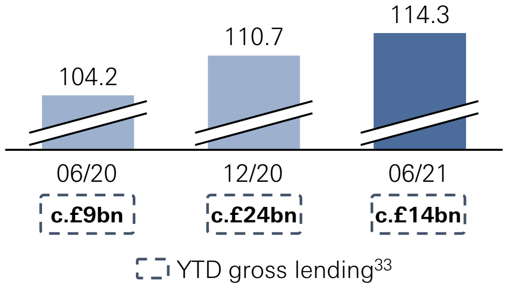
1H21 financial highlights

Revenue	**£3.0bn**	▼	(2)% (1H20: £3.1bn)
o/w: WPB	**£1.6bn**	▼	(3)% (1H20: £1.7bn)
o/w: CMB	**£1.3bn**	▲	2% (1H20: £1.3bn)
ECL	**£0.4bn**	▲	>100% (1H20: £(1.6)bn)
Costs	**£(1.8)bn**	▼	4% (1H20: £(1.8)bn)
PBT	**£1.7bn**	▲	>100% (1H20: £(0.4)bn)
o/w: WPB	**£0.6bn**	▲	>100% (1H20: £(0.2)bn)
o/w: CMB	**£1.0bn**	▲	>100% (1H20: £(0.2)bn)
Customer loans	**£191.9bn**	▲	0% (FY20: £191.2bn)
Reported RWAs	**£84.6bn**	▼	1% (FY20: £85.5bn)

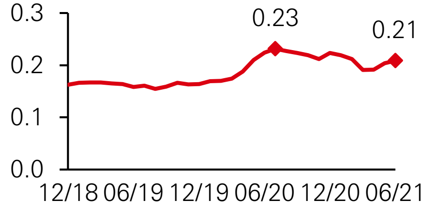
- Profitability supported by ECL releases, primarily in CMB
- **FY19 ECL coverage of 0.95%** increased to 1.76% at FY20, **decreasing to 1.43% at 1H21;** significant ECL reserves of £2.8bn remain
- Continued strength in mortgage lending **7.4% mortgage stock market share**[32]**;** YTD gross new lending share of 8.7%[32]

WPB

Personal gross mortgage balances, £bn

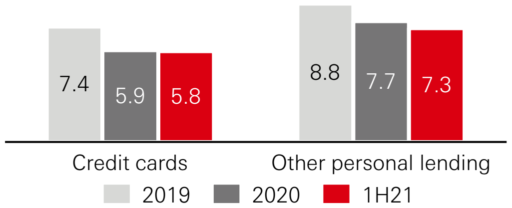


Mortgages:
90+ day delinquency trend[33], %

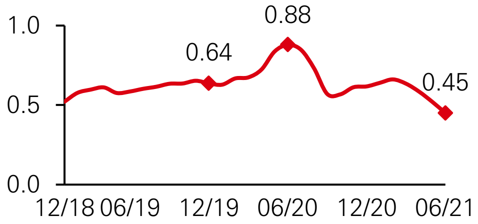


- Buy-to-let mortgages of £3.0bn
- Mortgages on a standard variable rate of £3.1bn
- Interest-only mortgages of £18.8bn[34]
- c.60% of gross lending via intermediaries
- New originations average LTV of 67%; average portfolio LTV of 54%, up 3ppt vs. FY20

Personal unsecured lending balances, £bn



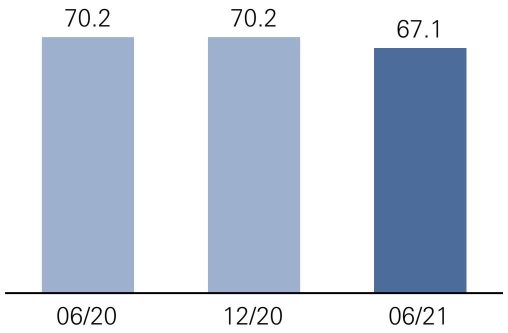
Credit cards:
90-179 day delinquency trend[33], %



- 2Q21 card spend 61% higher vs. 2Q20
- The introduction of payment holidays in 1H20 contributed to low cards delinquencies, along with lower overall balances, spending and low new business volumes

CMB

Wholesale gross customer loans, £bn



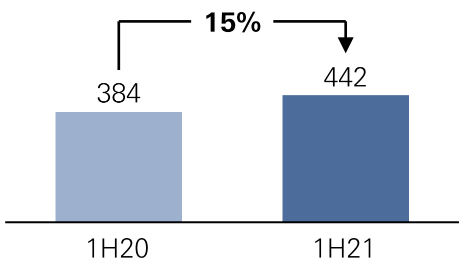
- **Customer loans decreased £3.1bn (4%)** vs. FY20 primarily due to lower term lending and revolving credit facilities

Hong Kong

Wealth and Personal Banking (WPB)

- **Growing customer base**; 98k NTB customers over 1H21
- **Good lending momentum and customer activity;** mortgage drawdowns (HK$46bn) up 42% YoY[35]; credit card balances up 3% YoY[35]; card spending (HK$99bn) up 18% YoY[35]
- **Mortgage** balances of $95.4bn, up $3bn (3%) vs FY20, and up 2% vs 1Q21

HSBC Hong Kong WPB Insurance VNB, $m



- Resilient, 1H21 up 15% YoY[36]

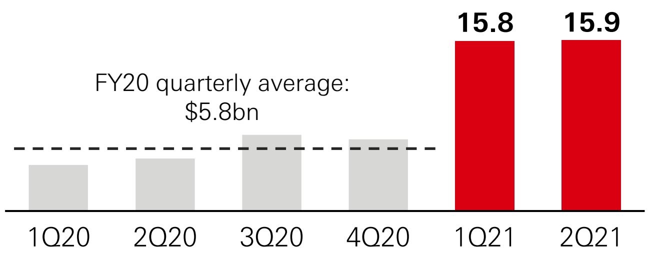
Digitising at scale[37]

- **Digital sales growing,** retail digital sales up 44% and wealth digital sales up 51% YoY
- **Digital penetration increasing,** >80% of wealth sales conducted digitally, up 4% YoY
- 2.5m PayMe customers (2.3m as at Dec-20); 74% market share of P2P transactions[38]

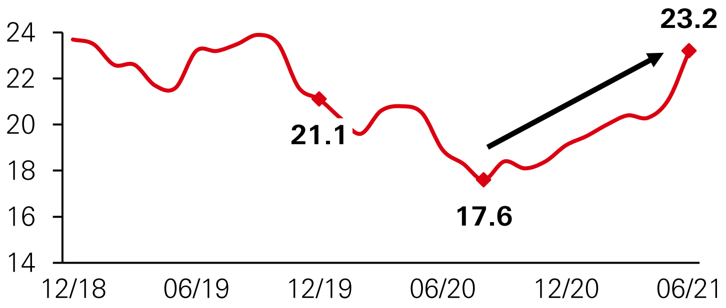
Wholesale

- **Business banking growth;** net new to bank CMB customers grew by 2% YTD (at May-21); active mobile customers grew by 12% YTD (at May-21)
- Launched **HSBC GBA WeChat Mini Programme**, a mobile platform for SMEs providing integrated banking functions for both mainland China and Hong Kong accounts with GBA market insights

Hong Kong CMB value of approved limits*, $bn



Hong Kong trade balances, $bn



- **Continued momentum,** consistent growth each month over 1H21
- 2Q21 balances highest in past 6 quarters and back to pre-Covid-19 levels
- Market share[10] up 45bps YoY to 18.2%

*Includes renewal and refinancing activity. Note, clients may elect not to draw down on approved limits. Excludes Hang Seng

Announced retail banking business disposals

US

1Q21 US WPB balance sheet

$bn		*of which: disposed operations*
Customer lending	23.8	*c.3.0*
Customer deposits	47.8	*c.10.2*
Reported RWAs	15.7	*c.1.8*

- Disposed operations represent c.15% of FY20 US WPB revenue
- Expected **to close by 1Q22;** expect $0.1bn in pre-tax costs to be incurred in connection with these transactions, and **do not expect to generate a significant gain or loss on sale**
- Exiting all Personal, Advance and certain Premier banking customers; exiting all retail business banking customers
- HBUS will retain **20-25** international wealth centres to serve our core international customer base of **c.300k** customers

France

FY20 HSBC Continental Europe WPB balance sheet

$bn[39]		*of which: disposed operations*
Customer lending	28.7	*25.5*
Customer deposits	24.9	*22.4*
PRA RWAs	c.10	*c.7*

- Potential transaction comprises network of **244 retail branches;** 800,000 customers
- Approximately **3,900** HBCE employees are expected to transfer with the Business in accordance with the relevant legislation
- **Reduction in CET1 ratio of 15-20bps**[40] in 2022-23; reduction in TNAV of c.$2.2bn on closing, expected in 1H23

$bn	P&L impact	Expected timing
Transaction costs	0.3	2021- 2023
Pre-tax loss	2.0	2022
Goodwill impairment	0.7	2022

Glossary

AIEA	Average interest earning assets
BAU	Business as usual
BoCom	Bank of Communications Co. Limited, an associate of HSBC
Bps	Basis points. One basis point is equal to one-hundredth of a percentage point
CET1	Common Equity Tier 1
Corporate Centre	Corporate Centre comprises Central Treasury, our legacy businesses, interests in our associates and joint ventures, central stewardship costs and the UK bank levy
CMB	Commercial Banking, a global business
CRD IV	Capital Requirements Directive IV
CRR II	The amending Regulation to the CRD IV package which implements changes to the own funds regime and to MREL and elements of the Basel III Reforms in EU legislation. These changes follow a phased implementation from June 2019
CTA	Costs to achieve
C&L	Credit and Lending
DCM	Debt Capital Markets
ECL	Expected credit losses. In the income statement, ECL is recorded as a change in expected credit losses and other credit impairment charges. In the balance sheet, ECL is recorded as an allowance for financial instruments to which only the impairment requirements in IFRS 9 are applied
ECM	Equity Capital Markets
GBM	Global Banking and Markets, a global business
GLCM	Global Liquidity and Cash Management
GPB	Global Private Banking, a former global business now part of Wealth and Personal Banking
Group	HSBC Holdings plc and its subsidiary undertakings
GSSS	Green, Social, Sustainability and Sustainability-linked
GTRF	Global Trade and Receivables Finance
HIBOR	Hong Kong Interbank Offered Rate
IFRS	International Financial Reporting Standard

LATAM	Latin America
LCR	Liquidity coverage ratio
Legacy credit	A portfolio of assets including securities investment conduits, asset-backed securities, trading portfolios, credit correlation portfolios and derivative transactions entered into directly with monoline insurers
MENA	Middle East and North Africa
MSS	Markets and Securities Services
NCI	Non-controlling interests
NII	Net interest income
NIM	Net interest margin
NNM	Net new money
NRFB	Non ring-fenced bank in Europe and the UK
OCI	Other Comprehensive Income
PBT	Profit before tax
Ppt	Percentage points
PVIF	Present value of in-force insurance contracts
RBWM	Retail Banking and Wealth Management, a former global business now part of Wealth and Personal Banking
SABB	The Saudi British Bank, an associate of HSBC
UK RFB	HSBC UK, the UK ring-fenced bank, established July 2018 as part of ring fenced bank legislation
RoTE	Return on average tangible equity
RWA	Risk-weighted asset
TNAV	Tangible net asset value
WPB	Wealth and Personal Banking, a global business created from the consolidation of RBWM and GPB
XVAs	Credit and Funding Valuation Adjustments

Footnotes

1. YTD, annualised. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric. Expected Credit Losses "ECL" is a forward looking estimate of losses expected in the current year based on current market conditions
2. Cumulative RWA saves under our transformation programme as measured from 1 January 2020 to 30 June 2021, including $9.6bn of accelerated saves made over 4Q19
3. Inclusive of Premier & Jade deposits and AUM, GPB client assets and AMG AUM
4. In respect of 1H21
5. Unless otherwise stated, regulatory capital ratios and requirements are based on the transitional arrangements of the Capital Requirements Regulation in force at the time. These include the regulatory transitional arrangements for IFRS 9 'Financial Instruments'. Following the end of the transition period after the UK's withdrawal from the EU, any reference to EU regulations and directives (including technical standards) should be read as a reference to the UK's version of such regulation and/or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018
6. These saves include performance-related pay
7. Collaboration revenue products include: Capital markets and Advisory: all Banking products to CMB. FX: all Markets products to CMB + FX products to Retail. Wealth: all Markets products to Private Banking + rest of Markets products to Retail. Referrals includes AMG products to GBM customers, EBS and Private Banking referrals
8. IFR Awards 2020 for Best Bond House in Asia and Dealogic
9. Includes Hang Seng
10. Including Hang Seng. Source: HKMA
11. The Banker: transaction banking awards
12. Dealogic
13. Medium-term is defined as 3-4 years from 1 January 2020; long-term is defined as 5-6 years
14. Customer base in the US and UAE as of 7 July 2021
15. Customer satisfaction score average for June 2021
16. As of July 2021
17. Employee engagement index represents the average % of respondents who would recommend HSBC as a great place to work, are proud to say they work for HSBC and feel valued at HSBC. Our most recent all-employee survey in June showed employee engagement decreased slightly after significant gains in 2020
18. Global FS benchmark is provided by HSBC's employee insight partner Karian and Box. It includes data from other financial organisations: Aviva, Bank of America, Barclays, BNP Paribas, Credit Suisse, Lloyds Banking Group, Standard Chartered, and UBS. Benchmarks are calculated based on a rolling two-year average (this report is based on data from 2019 to 2021).
19. Progressing well against our aspirational target of 35% women in senior leadership roles by 2025
20. YTD, annualised. RoTE by Global Business excludes significant items. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric. RoTE by Global Business considers AT1 Coupons on an accruals basis, vs. Reported RoTE where it is treated on a cash basis
21. Technology costs in operating expenses trends include transformation saves and are presented on a net basis
22. Technology cost increases in quarterly walks are presented on a gross basis (excl. saves)
23. Including the impact of Basel 3 reform, amendments to CRR and changes to internal models under the IRB approach
24. Regulatory dividend accrual for the purposes of capital calculations. Over 1H21 we accrued 17.1¢, equal to 47.5% of reported EPS of 36¢, the mid-point of our 40%-55% targeted payout ratio range. In line with our dividend policy, we will retain the flexibility to adjust EPS for non-cash significant items. Additionally, in 2022, we expect to exclude from EPS the forecast loss on the sale of our retail banking operations in France
25. Ticks and crosses refer to progress against targets
26. From 1st July 2018, Argentina was deemed a hyperinflationary economy for accounting purposes
27. Data to reconcile components of reported RWAs to adjusted RWAs can be found in the 'HSBC Holdings plc 2Q 2021 Datapack'
28. Market share as reported by the Hong Kong Insurance Authority up to 1Q21
29. Total includes POCI balances and related balances
30. We now report the IFRS 9 transitional arrangement as a regulatory adjustment. We have restated the 4Q20 figures accordingly
31. Differences between shareholders' equity and tangible equity drivers primarily reflect AT1 capital, goodwill and other intangibles and PVIF. 'Profit Attributable to Ordinary shareholders' differences primarily include goodwill and other intangibles impairment, PVIF movements and amortisation expense. 'FX' differences primarily include FX on goodwill and intangibles. 'Other' differences primarily include intangible additions and redemption of securities
32. Source: BoE. At 30 June 2021
33. Excludes Private Bank
34. Includes offset mortgages in first direct, endowment mortgages and other products
35. At 30 June 2021, not including Hang Seng
36. At 30 June 2021, HSBC Hong Kong and Hang Seng
37. At 31 May 2021, not including Hang Seng
38. At 1Q21; Source: HKMA
39. Converted from € to $ at June 2021 FX of 1.1859 USD/EUR
40. Based on RWAs at 31 December 2020

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Important notice

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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", "plan", "estimate", "seek", "intend", "target", "believe", "potential" and "reasonably possible" 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 and ESG target/commitments 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. 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, regulatory changes or due to the impact of the Covid-19 pandemic). 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 2020 filed with the Securities and Exchange Commission (the "SEC") on Form 20-F on 24 February 2021 (the "2020 Form 20-F"), our 1Q 2021 Earnings Release furnished to the SEC on Form 6-K on 27 April 2021 (the "1Q 2021 Earnings Release") and our Interim Financial Report for the six months ended 30 June 2021, which we expect to furnish to the SEC on Form 6-K on 2 August 2021 (the "2021 Interim Report").

Alternative Performance Measures

Alternative Performance Measures

This Presentation contains non-IFRS measures used by management internally that constitute alternative performance measures under European Securities and Markets Authority guidance and non-GAAP financial measures defined in and presented in accordance with SEC rules and regulations ("Alternative Performance Measures"). The primary Alternative Performance 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 Alternative Performance Measures and the most directly comparable measures under IFRS are provided in our 2020 Form 20-F, our 1Q 2021 Earnings Release and our 2021 Interim Report, when filed, each of which are available at www.hsbc.com.

Information in this Presentation was prepared as at 2 August 2021.