

HSBC Asia Seminar for Investors and Analysts

Day 2 presentations

Date: 10 April 2018



Important notice and forward-looking statements

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

Information in this presentation was prepared as at 6 April 2018.

Day 2 presentations

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RBWM Intro

10 April 2018

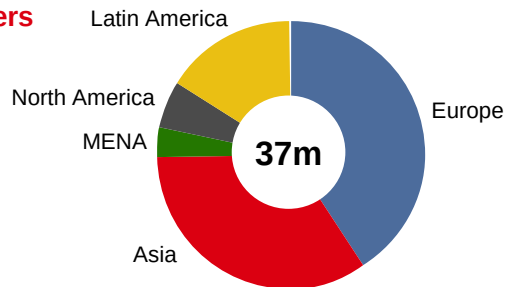
Charlie Nunn
Chief Executive Officer, RBWM



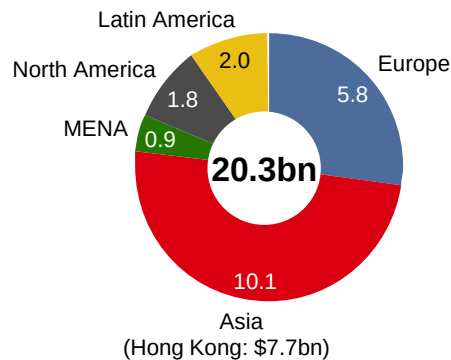
RBWM serves 37 million active customers across more than 30 markets

RBWM present across more than 30 markets with 18 priority markets, including 2 home markets

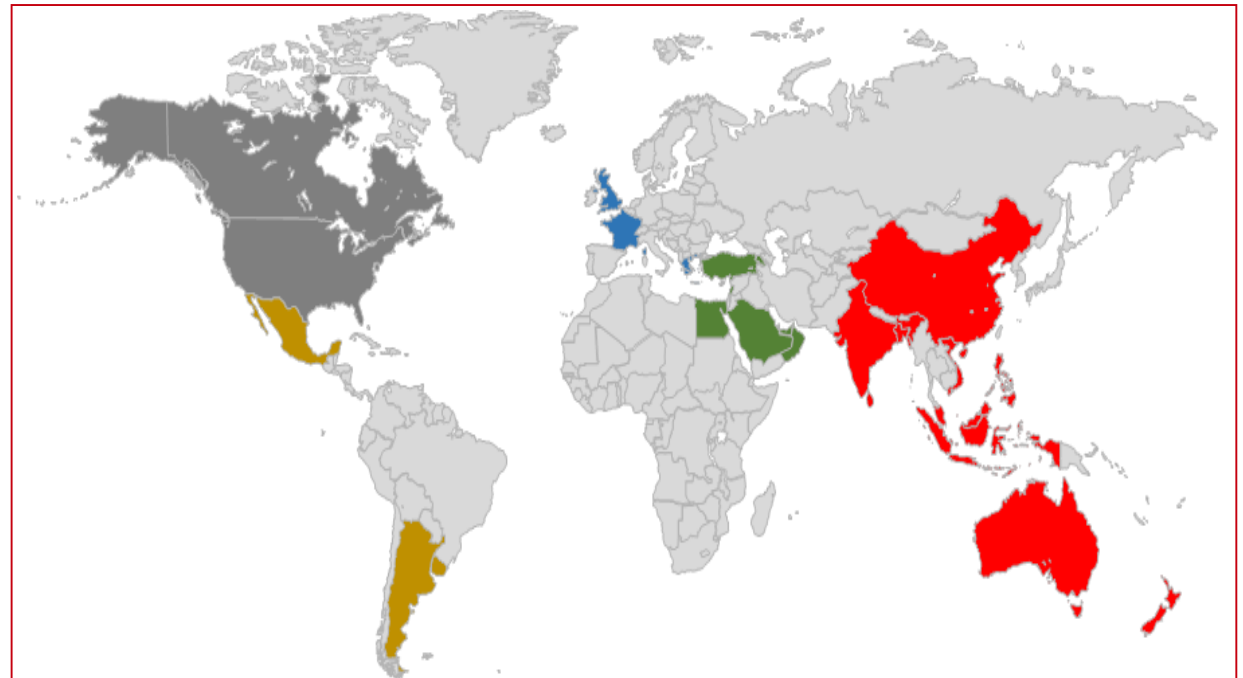
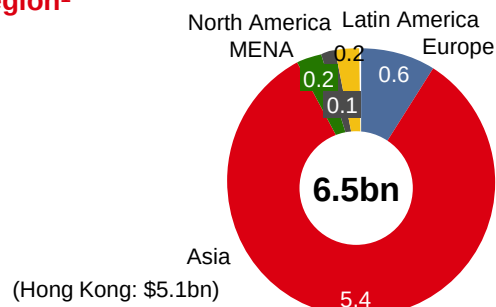
Active customers
by region (m)



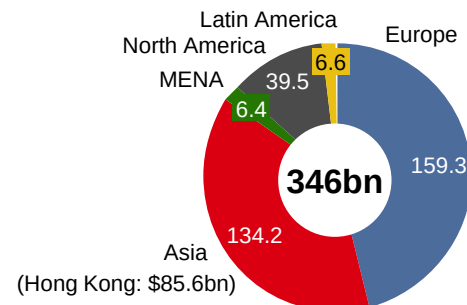
Revenue by
Region^{1,2} (\$bn)



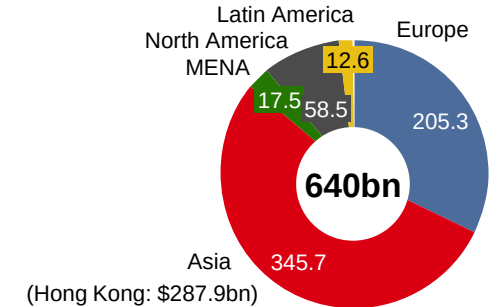
PBT by region¹
(\$bn)



Customer loans and advances by region¹ (\$bn)



Customer accounts by region¹ (\$bn)



1. 2017 financial data presented on an adjusted basis
2. Revenue by region includes intra-regional transactions

Customer focus

Customer Recommendation Index¹ (2017 vs 2016)

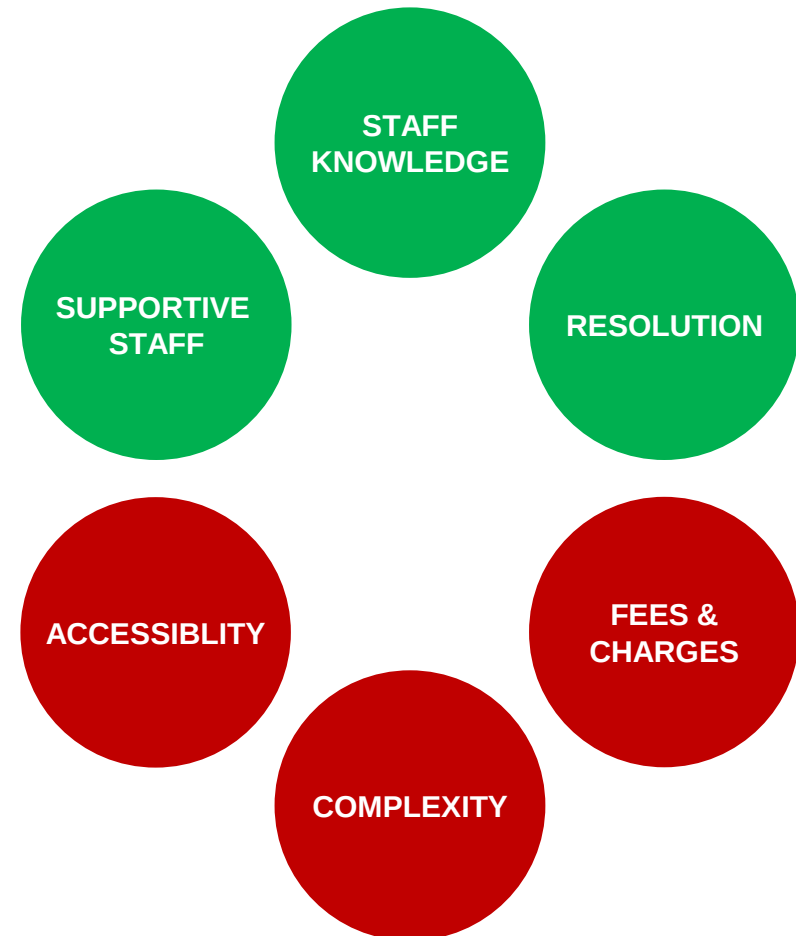
	Hong Kong	Malaysia	Mexico	UAE	Singapore
Rank	=1 st ▲	1 st ▲	1 st ▶	=2 nd ▲	4 th ▲
	France	Canada	China	UK	USA
Rank	= 2 nd ▲	=3 rd ▼	=1 st ▶	= 5 th ▶	5 th (last) ▶

Customer satisfaction by channel² (2017 vs 2016)

	Branch		Contact Centre	
	2017	2016	2017	2016
Global	87% ▲	86%	78% ▼	80%

	Relationship Manager		Online Banking	
	2017	2016	2017	2016
Global	87% ▲	86%	76% ▼	81%

Drivers of customer satisfaction / dissatisfaction



1. Source: HSBC Customer Recommendation Index 2017 YTD, Kantar TNS Global

2. HSBC Customer Experience Surveys 2017 YTD, Maritz platform. Customer satisfaction markets covered: AE, AR, AU, CA, CN, FR, GB, HK, JR, MX, MY, SG, TR, TW, US

RBWM Asia

10 April 2018

Kevin Martin

Regional Head of RBWM, Asia-Pacific



Agenda

Business coverage in Asia

Financial performance

Key achievements

Strategic priorities

Key markets

A glimpse of our strategy and footprint in Asia

HSBC RBWM footprint in Asia



- **Greater China** – *defend leadership in Hong Kong, invest to build up scale for the future*
 - Hong Kong (incl. Hang Seng), mainland China / Pearl River Delta, Taiwan
- **Other Priority Markets** – *continue to expand scale and deepen penetration of mass affluent, including offshore wealth in Singapore and rapidly grow millennial segment; use digital capabilities to grow the unsecured franchise*
 - Singapore, Malaysia, Indonesia, Australia, India
- **Network markets** – *meet needs of international customers and capture market share through unsecured strategy; support other global businesses in funding*
 - Bangladesh, Mauritius, Macau, New Zealand, Philippines, Sri Lanka, Vietnam

RBWM snapshot¹:

- ◆ 12.5m active customers
- ◆ c.1.4m active Premier customers
- ◆ 828 branches across 15 countries and territories²
- ◆ 29.5k full-time equivalents (FTE)

1. All figures include Hang Seng, as of Dec YTD 2017

2. Branches (incl. Hang Seng) refer to all types of branches accessible to RBWM customers, including self-service branches and Commercial Service Centres. China Rural banks, South Korea and Brunei branches are excluded.

RBWM Asia generated USD5.4bn PBT in 2017

RBWM Asia financials (Reported view)

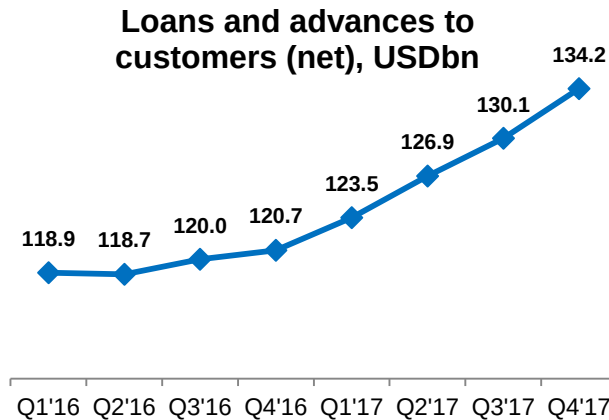
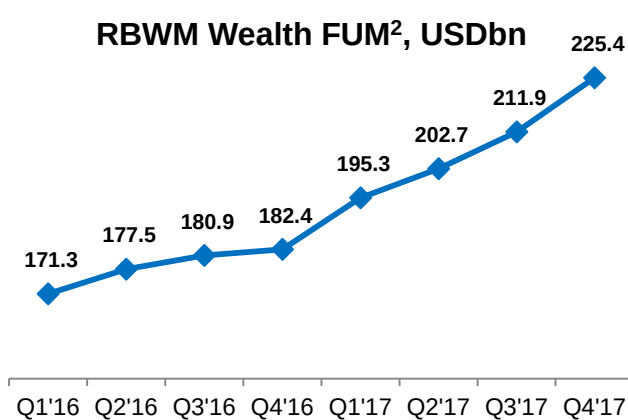
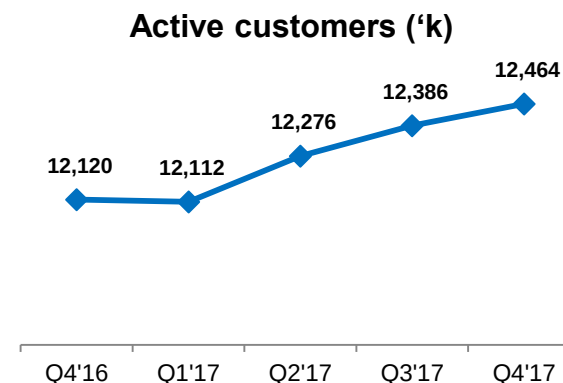
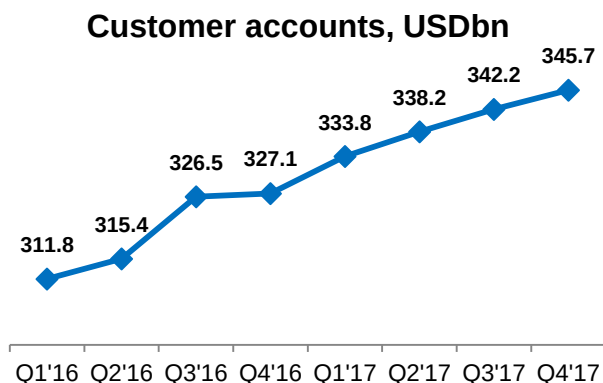
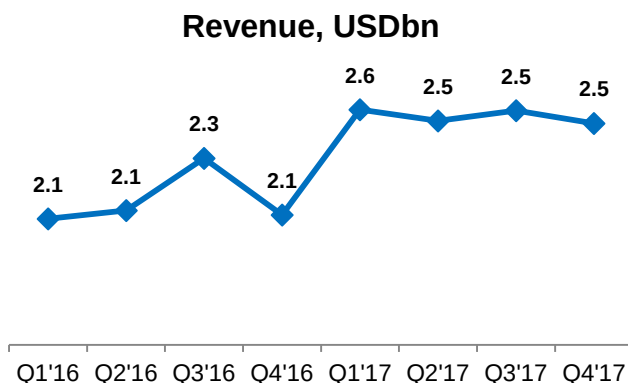
USDbn	2016	2017	Y-o-Y
Revenue	8.6	10.1	18%
LICs	(0.3)	(0.2)	11%
Operating expenses	(4.2)	(4.5)	(7)%
Share of profit in associates and joint ventures	0.02	0.01	(45%)
Profit before tax	4.1	5.4	31%
Cost efficiency ratio (%)	49%	44%	

Key performance drivers

- ◆ Reported PBT FY17 up 31% Y-o-Y
- ◆ Strong revenue growth driven by balance sheet growth, insurance performance (including market impact), interest rate rises and wealth distribution
- ◆ Excluding market impacts for insurance manufacturing (Y-o-Y USD0.5bn), revenue growth of 11% Y-o-Y
- ◆ Investments to support growth in Hong Kong, mainland China, and digital enablement across the region

Growth across key metrics

RBWM Asia – Quarterly trend¹



Key drivers of performance

- ◆ Strong Wealth AUM growth
- ◆ Continuous deposit growth
- ◆ USD15.3bn growth in lending over previous 8 quarters, predominantly from mortgage growth in Hong Kong, mainland China and Australia
- ◆ Uptick in customer growth over 2017, primarily in mainland China and Indonesia (due to integration of Bank Ekonomi)

1. All numbers on a reported basis

2. Wealth FUM includes investments managed on behalf of our clients, wealth insurance distribution and insurance manufacturing balances. Includes third party investment sales. Differs from ARA FUM disclosures, which exclude third party investment sales

Key achievements over 2016-17

Wealth		Retail Banking	Digital – foundational banking capabilities	Other
Wealth Distribution	Insurance			
◆ Wealth revenue (Asia) growth of 24% Y-o-Y ◆ Launched Jade proposition in Hong Kong, mainland China and Singapore ◆ Launched Portfolio Advisory Service (PAS) in Hong Kong, mainland China, India, Taiwan, Malaysia (to help customers to manage investment portfolio) ◆ Initiatives to improve efficiency and customer experience – e.g. Wealth Platforms incl. Wealth Tablets and Total FX in Hong Kong ◆ Launched ‘EasyInvest’ stock trading app in Hong Kong (turnover of HKD9bn in 2 months)	◆ Insurance ANP (Asia) growth of 8% Y-o-Y ◆ Expanded distribution – e.g. 143 insurance specialists in Hong Kong ◆ Launched several new products (Hong Kong), e.g.: • Award winning OneDNA program • Wealth Goal Insurance Plan ◆ Launched manufactured product distribution in 3 new cities in mainland China (Foshan, Dongguan and Zhuhai) ◆ Launched Digital Term and Cancer products (Hong Kong)	◆ Mortgage balances growth of 12% Y-o-Y (on a gross basis), reaching USD110bn (FY17) ◆ New cards increased by 48% Y-o-Y - reaching 1.6m¹ ◆ Launched mainland China Cards – issued >500k cards since launch ◆ Expanded channels – e.g. third party sales agents and mobile sales force in key sites ◆ Transformed end-to-end origination journey in key sites – new cards growth of 27% Y-o-Y in 2017 ◆ Launched Credit Card Rewards App in Hong Kong	◆ Mobile X²: up from <20% to 30%+ of the base on mobile with more logins than on browser ◆ Mobile Z²: launched 5* rated app across Apple, Baidu, Tencent play stores ◆ Embedded secure access features – e.g. Touch ID, Facial recognition ◆ PayMe: payment app in Hong Kong; consistently #1 or #2 in the Finance Section of App Store ◆ WeChat banking: Full integration with WeChat in mainland China	◆ Retail Business Banking launched in PRD³; new Fusion brand launched with first 500 customers booked ◆ Singapore: Local incorporation of its core retail banking business (excl. Insurance and Asset Management) completed in May 2016 ◆ Indonesia: integration with banking subsidiary – Bank Ekonomi Rahardja, completed in April 2017

1. Excludes Hang Seng

2. Mobile X and Mobile Z are versions of HSBC mobile banking app

3. Pearl River Delta

RBWM Asia strategic priorities: continuing growth momentum

Focus on the customer experience and profitable, accelerated growth in market share

Enhance **Wealth advisory and Insurance** capabilities

Continue to drive growth in **Jade, Premier** and **International** customers

Continue to develop **digital capabilities** and **partnerships**

Expand **Advance, Personal Banking** and **Retail Business Banking** customers

Build capabilities to support **Borrowing-First** customer needs (unsecured strategy)

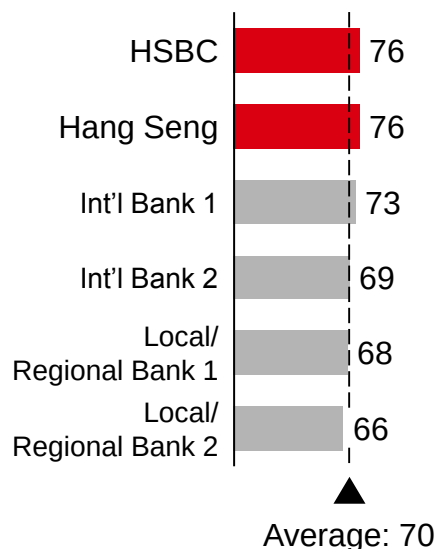
Continue to embed financial crime risk and conduct risk programs

Customers at the heart of our strategy

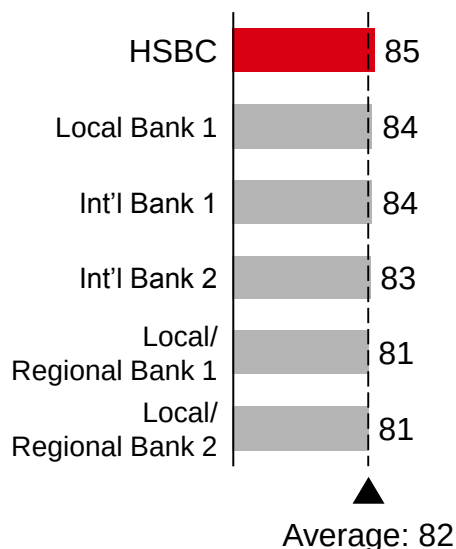
Leading customer recommendation in key markets – 2017 (year end)¹

Customer Recommendation Index (CRI) survey score, based on % of surveyed customers responding to “How likely is it you would recommend this brand for their products and services to family and friends?”

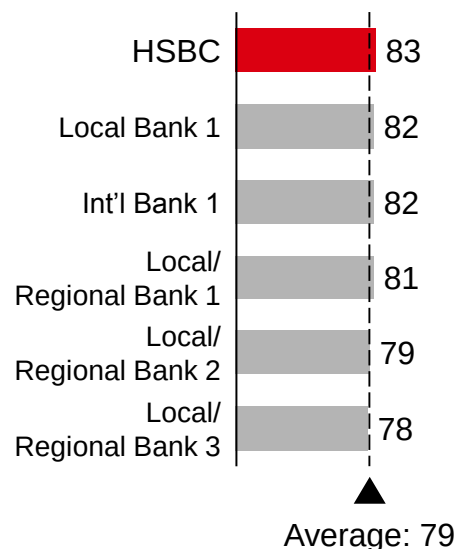
Hong Kong²



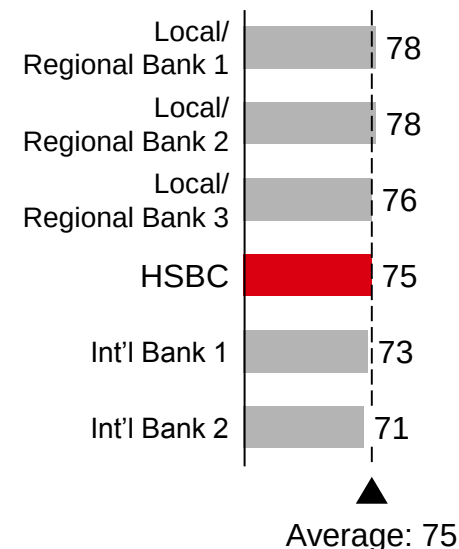
Mainland China³



Malaysia⁴



Singapore⁵



Hong Kong's mobile app rating = 4.7 out of 5* (from Apple App Store)¹

Sample responses to “Where do you feel HSBC has an advantage over other brands?”

“Easy to access, professional Financial Advisors, competitive products and fees and generally is a reliable and trustworthy bank”

Customer in Hong Kong

“HSBC has a strong financial background and high class reputation, staff are approachable and professional”

Customer in Malaysia

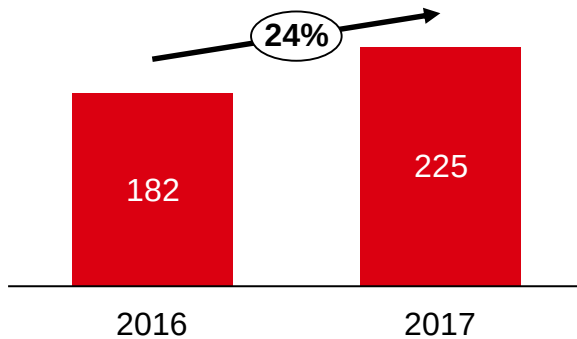
- Source: HSBC Pulse survey 2017. Kantar TNS Global
- Base sizes for YE. Hong Kong respondents: HSBC n=1023, Hang Seng n=578
- Base sizes for YE. Mainland China respondents: HSBC n=270
- Base sizes for YE. Malaysia respondents: HSBC n=615 (note an International Bank and Local / regional bank's responses in 1H was considered too low; YE score calculated as true average with H1 and H2 scores contributing to the YE score relative to the base sizes over the period)
- Base sizes for YE. Singapore respondents: HSBC n=506

Wealth and Insurance

Focus on growth and market share gains

Wealth

RBWM Asia Wealth FUM growth¹, USDbn



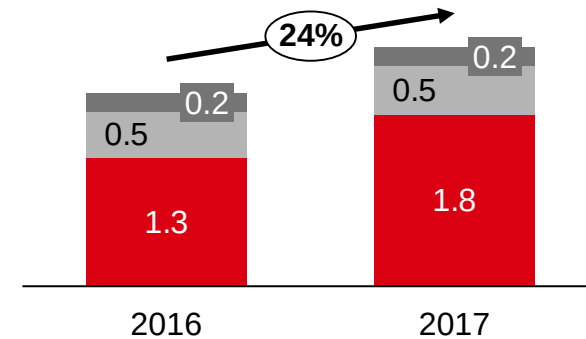
Key priorities:

- ◆ Maintain robust sales process centred around identification of **customer needs**
- ◆ **Product range expansion** to support more sophisticated needs of **Jade** clients
- ◆ Continue **simplification of sales journeys**
- ◆ On-going roll out of **staff enablement** tools – e.g. wealth tablets, advisory support tools
- ◆ **Digital enhancements** – expanding range of digital wealth products / solutions

Insurance

Revenue growth, USDbn

- Asia manufacturing revenue
- Asia distribution revenue - HSBC Products
- Asia distribution revenue - 3rd party products



Key priorities:

- ◆ **Distribution** – continue to expand distribution e.g. “general bankers” in the Retail network, brokers, digital
- ◆ **Innovation agenda** – innovative product offerings, greater leverage of bank analytics and mobile / digital platforms
- ◆ **Partnerships** – working closely with key partners: AXA (Property and Casualty) and Allianz (Life products in non-manufacturing markets)
- ◆ **Fundamentals** – bancassurance model, new market opportunities, continued leverage of Asset Management and Global Markets capabilities

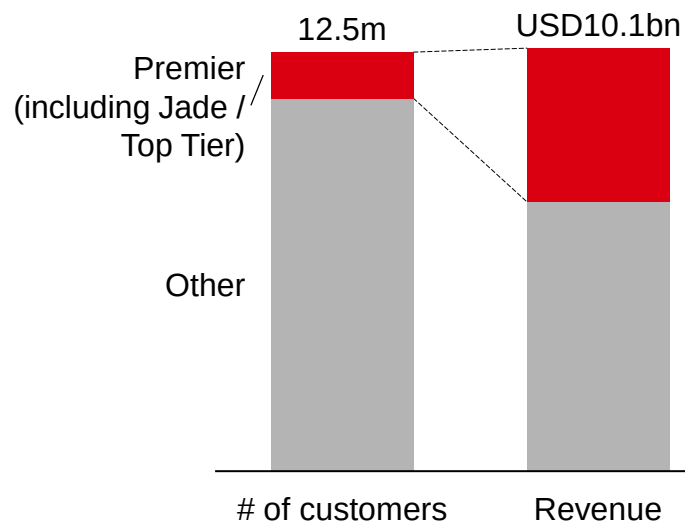
1. Wealth FUM includes investments managed on behalf of our clients, wealth insurance distribution and insurance manufacturing balances. Includes third party investment sales. Differs from ARA FUM disclosures, which exclude third party investment sales

Jade, Premier and International customers

Continue to deepen relationship and drive customer growth

Sizeable contributor to RBWM Asia

FY17



Market opportunity in Asia

◆ Rising middle class

- Significant increase expected from 28% in 2009 to 66% in 2030¹

◆ Internationalisation of needs

- Customers investing and having children abroad

Growth Priorities

Differentiated propositions

- ◆ **Jade:** expanded eligibility, differentiated wealth solutions and services
- ◆ **Enhanced Premier:** to acquire and retain high potential clients at younger age
- ◆ **International:** tailored solutions for families, investors and expats

Multichannel and digital solutions

- ◆ Enhanced multi-channel client journeys deployment
- ◆ Digitally enable Relationship Managers and customers with best-in-class digital solutions

Enhanced product capabilities

- ◆ Leveraging our balance sheet and manufacturing competitive advantages
- ◆ New products and services to support distinctive propositions

1. Source: BCG Global Wealth 2017 – Transforming the Client Experience; Asia-Pacific excl. Japan

Digital

Delivering digital capabilities to enhance customer experiences



Put **customers first** by creating engaging mobile experiences and customer-led design:

- ◆ Mobile X (Hong Kong, mainland China): 4.7 Star app store rating
- ◆ PayMe (Hong Kong): #1 in app store under finance category (Nov 2017)

2

Solidify **digital capabilities in key local markets**:

- ◆ Implement a consistent operating model
- ◆ Accelerate delivery: Average one release per every 2 weeks
- ◆ Mainland China: First foreign bank integrated with WeChat

3



Create **innovation** through digitally-led propositions:

- ◆ PayMe: Designed, developed and launched market wide within ~1 year
- ◆ Conversational banking



4



Build **great originations experiences** to support growth in Borrowing-First customers:

- ◆ Straight-through-digital journeys (99% Hong Kong account opening via staff tablet)
- ◆ Acquire credit card customers digitally
- ◆ Reduce on-boarding time

5



Identify **partnership** approaches to drive new growth and revenue opportunities:

- ◆ New distribution
- ◆ New insights and journey
- ◆ New capability, products, services
- ◆ New business model

6



Broaden **agile capabilities and way of working** in Digital and wider RBWM:

SIMPLER, FASTER, BETTER

- ◆ Cross-functional teams accountable for end-to-end delivery using agile methodology
- ◆ 3,000+ individuals across the Group empowered to ramp up productive capacity in digital

Advance, Personal Banking and Retail Business Banking

Continue to drive customer growth

Advance



- ◆ 1.4m customers; 10% Y-o-Y revenue growth¹
- ◆ Global brand but **locally relevant value propositions**²
- ◆ **Straight-through** journeys to upgrade customers
- ◆ **Dedicated servicing model** with Advance Engagement Managers to meet customers' needs
- ◆ **Industrialised customer life cycle management** to deepen relationship

Personal Banking



- ◆ 6.6m customers³; 2% Y-o-Y revenue growth¹
- ◆ **Simplified** customer journeys with mobile / digital enablement
- ◆ Tailored **digital propositions** and **digital origination** as key enablers for customer growth
- ◆ **Multichannel capabilities** (e.g. Live Chat, Live Share, Chatbots) to improve servicing support

Retail Business Banking



- ◆ **New proposition** launched in 2017 – live in 3 markets (PRD, Malaysia, Indonesia)
- ◆ Focused on serving **simple** needs of **small businesses** (<USD5m of annual sales turnover)
- ◆ Offering strong **integration** between **business** and **personal** banking needs
- ◆ Through **retail network** blended with **digitally enabled** services

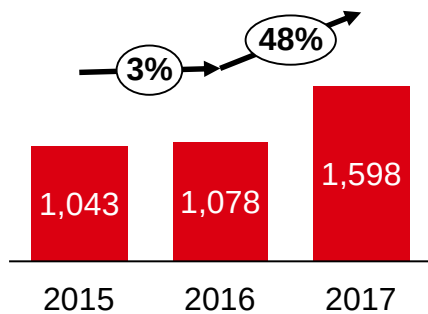
1. Active customers count and revenue at FY Dec 2017. All figures exclude Hang Seng.
2. e.g. Perks@Work (Employee Banking proposition) in Malaysia and Advance open-card in Singapore
3. Personal Banking customers include PayMe customers for Hong Kong HSBC.

Borrowing-First customers

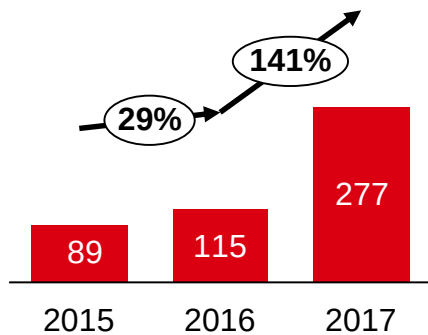
Re-energise growth with digital enablement

Unsecured lending growth¹

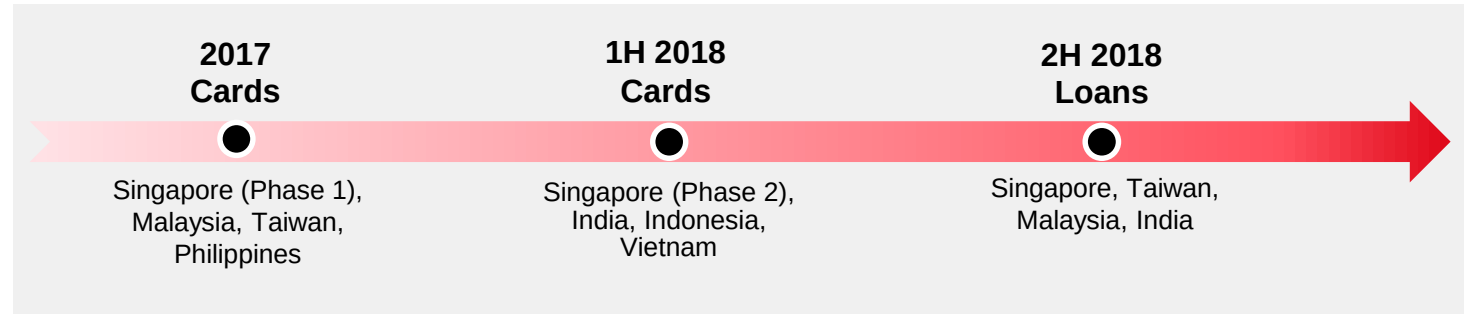
New cards issued, 000s



New cards from digital², 000s



Building capabilities to support customer needs



Cards performance improvement³

Singapore	◆ 40% improvement in turnaround time
Malaysia	◆ 96% applications received decisions-in-principle
Taiwan	◆ 54% of the completed applications approved within 24 hours
Philippines	◆ 1.2 days average turnaround time and 40% straight-through processing (STP)

Key initiatives

- ◆ **Accelerate growth in mainland China** – credit cards and loans
- ◆ **Digitisation of end-to-end journeys** – e.g. Cards servicing mobile app, mobile payments
- ◆ **Differentiated product offering**
- ◆ **Strengthened risk management** – e.g. enhanced leverage of data / analytics for credit decisioning and fraud risk management

1. All figures refer to Asia excluding Hong Kong

2. Refer to Asia RBWM Priority markets only

3. Performance improvement post credit cards / unsecured loans customer journey transformation (end-to-end origination)

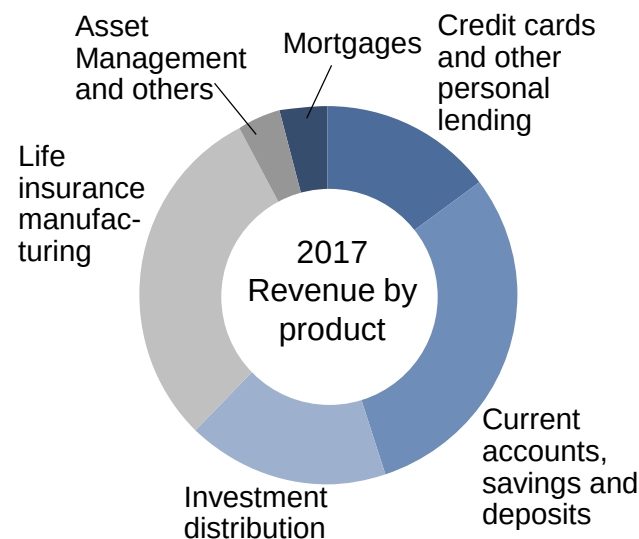
Hong Kong

Maintain leadership position

2017 financial highlights

Reported

USDbn	2017	Y-o-Y
Revenue	7.7	18%
PBT	5.0	11%
Cost Efficiency Ratio (%)	33%	(6.6)%
Jaws	+15%	n/a
LICs / Loans and advances	<20bps	n/a



Leading position

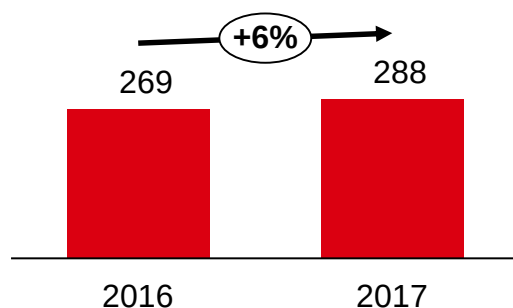
- ◆ **37.2% mortgage market share¹**, #1 market rank
- ◆ **16.4% insurance market share²**
- ◆ **>40% credit card market share³**

Strategic priorities

- ◆ Grow key customer segments – e.g. **millennials, international**
- ◆ Expand **core propositions**
- ◆ Capture share in **Insurance**
- ◆ Strengthen **digital capabilities** and enhance **customer experience**
- ◆ Enhance usage of **data and analytics**
- ◆ Modernise the **brand**

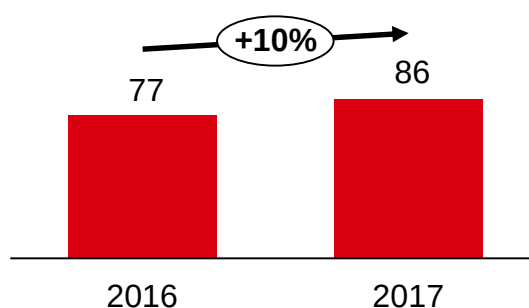
Customer accounts

USDbn



Loans and advances to customers (net)

USDbn



1. Source: Legal Mortgages – Market share based on new business count from mReferaln 2017
 2. Market share based on FY17 Annual New business Premiums. Source: Insurance Authority (Hong Kong)
 3. As at FY2017

Mainland China and ASEAN

Invest for growth (mainland China) and deepen penetration of mass affluent (ASEAN)

Mainland China

2017 Mainland China reported revenue of USD0.5bn



Pearl River Delta

- ◆ Grow credit card market share sustainably
- ◆ Payroll and digitally led customer acquisition
- ◆ Liquidity solutions (e.g. online savings account)
- ◆ Grow Retail Business Banking

Digital

- ◆ Continuous enhancements
- ◆ Strategic partnerships
- ◆ Data infrastructure

Premier and Wealth

- ◆ Expand sales capacity
- ◆ Domestic wealth capabilities
- ◆ Cross-border propositions for international customers

Continued growth in Insurance and Asset Management

ASEAN

2017 ASEAN reported revenue of USD0.8bn

Singapore

- ◆ Expand the **International Wealth Centre** (RBWM Wealth FUM growth of 35% Y-o-Y)
- ◆ Grow **domestic market share** across key segments / products
- ◆ Ramp-up investments in **digital**
- ◆ Expand **insurance and asset management** capabilities

Malaysia

- ◆ Grow **Advance** customers and **unsecured lending** through new product offerings and partnerships (credit card spend growth of 7% Y-o-Y)
- ◆ **Expand Premier and wealth offering** via products and customer insights
- ◆ Enhance **digital** capabilities
- ◆ Scale up **Retail Business Banking**

Indonesia

- ◆ Leverage joint network to **grow customer base** across Advance and Personal Banking propositions (99 branches, post integration)
- ◆ Grow **unsecured lending**
- ◆ Continue to leverage **strength in Wealth**
- ◆ Enhance **digital** capabilities
- ◆ Scale up **Retail Business Banking**

In summary – key opportunities focused on capturing quality growth

Focussed on capturing quality growth

- ◆ Strong growth momentum across Asia
- ◆ Delivered while maintaining primacy of delivering fair outcomes for our customers
- ◆ Enabled by our investments in people and technology
- ◆ Well positioned to continue

HSBC RBWM Asia strategic priorities

- 1** Deliver Wealth and Insurance growth via enhanced capabilities and solutions
- 2** Expand distinctive Jade, Premier and International propositions that meet client needs and improve experience
- 3** Strengthen Advance, Personal Banking and Retail Business Banking customer growth through propositions and insight
- 4** Focus on unsecured strategy to support Borrowing-First customers via best-in-class products and propositions, digital enablement and streamlined processing
- 5** Continue to deliver digital architecture and capabilities, and develop key partnerships
- 6** Capture growth opportunities in Hong Kong, mainland China / Pearl River Delta, ASEAN and other markets in the region

Wealth

10 April 2018

Guilherme Lima
Group Head of Wealth Management



Key messages

Market opportunity drivers

Asia with significant growth in mass affluent segments and Wealth opportunity

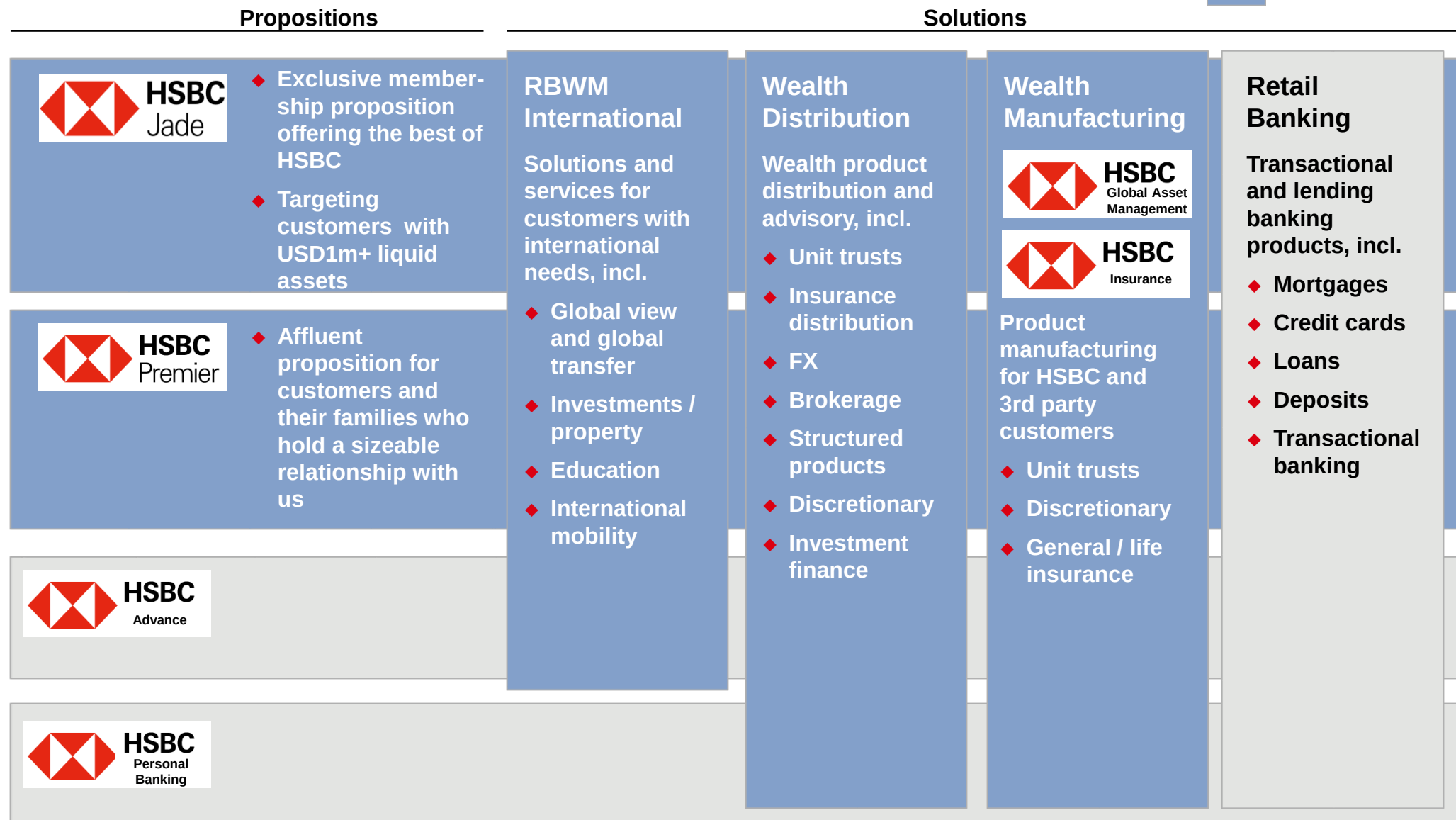
- ◆ Rising middle-class
- ◆ Customers' needs increasingly international

Wealth Management key messages

- 1 Our Wealth and Premier propositions are highly profitable and major contributors to RBWM's results**
- 2 Asia is a large attractive growth market for Wealth and Premier, and HSBC is well-positioned to capture this opportunity**
- 3 Over the last 3 years, through strategic changes and innovation, we have strengthened our franchise across:**
 - A. Wealth distribution**
 - B. Jade**
 - C. Premier**
 - D. International**
 - E. Asset management**

① Our Wealth propositions and solutions are tailored to the needs of affluent customers

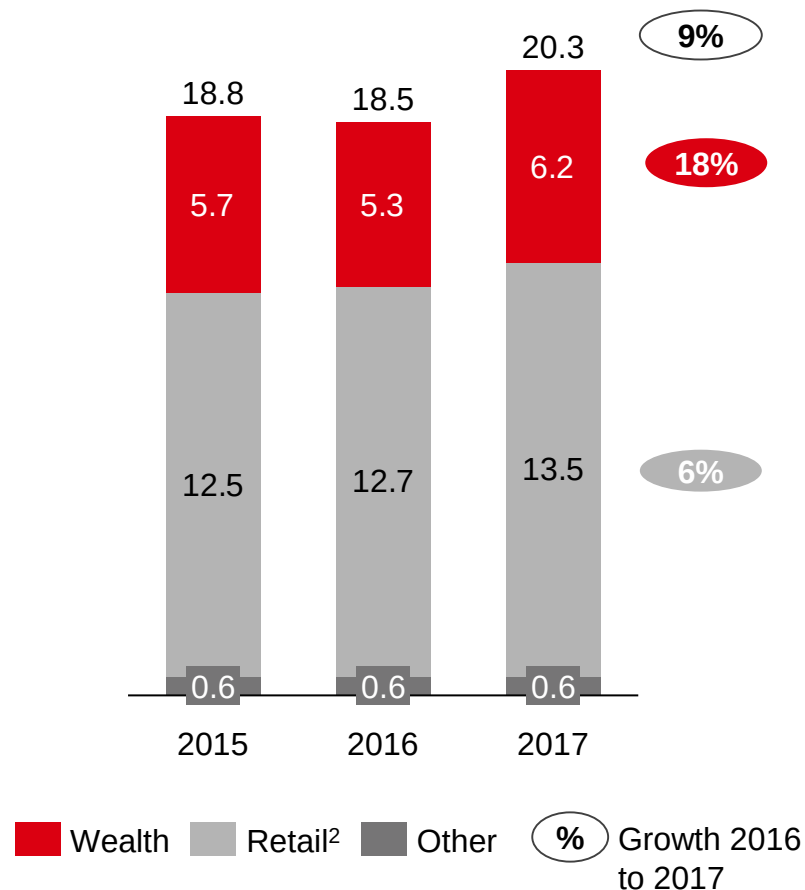
Wealth focus areas



1 Wealth is a key contributor with potential for growth in penetration

Group RBWM revenue¹

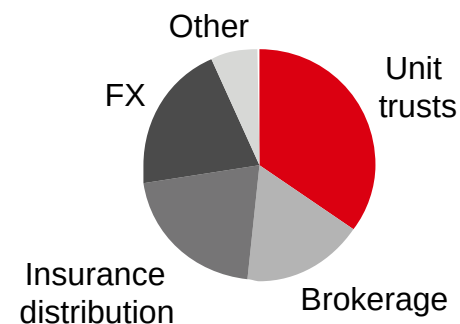
USDbn



Composition of Wealth revenue 2017

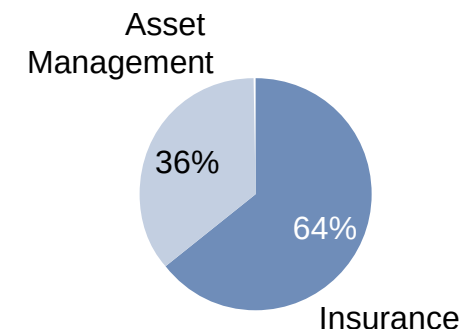
Distribution

100% = USD3.3bn



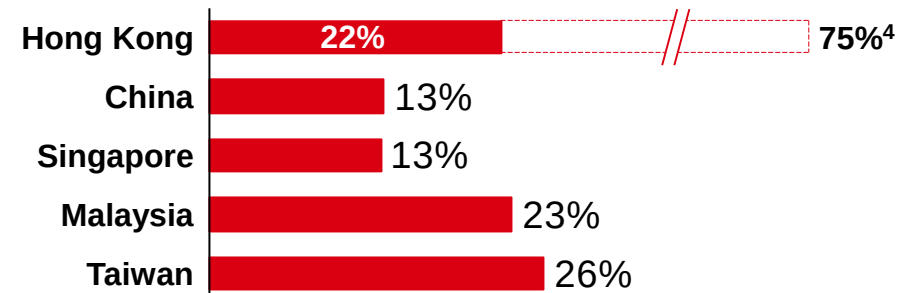
Manufacturing

100% = USD2.9bn



Investment & Insurance (I&I) penetration³ 2017

Percent of Jade and Premier customers holding at least one I&I product



1. Adjusted basis, excluding Brazil

2. Retail includes other non-Wealth revenue such as Retail Business Banking

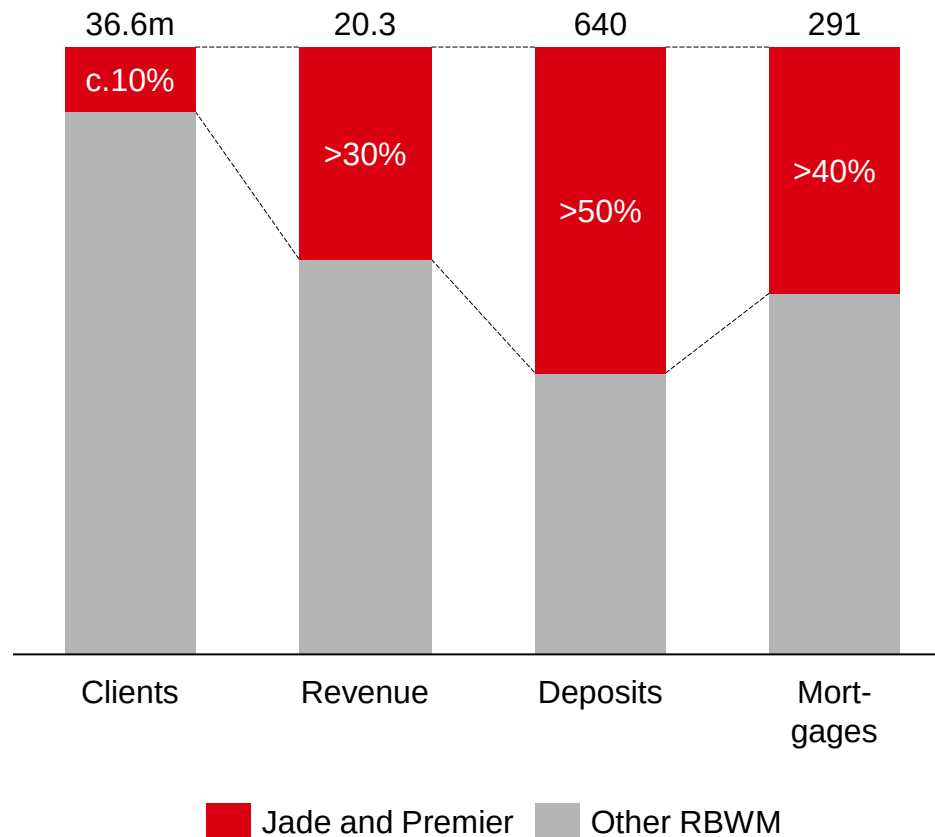
3. Approximated as maximum of penetration across Unit Trusts, Structured Products, or Wealth Insurance, respectively, in each market

4. 75% penetration of stock holdings

1 Jade and Premier are key contributors to RBWM

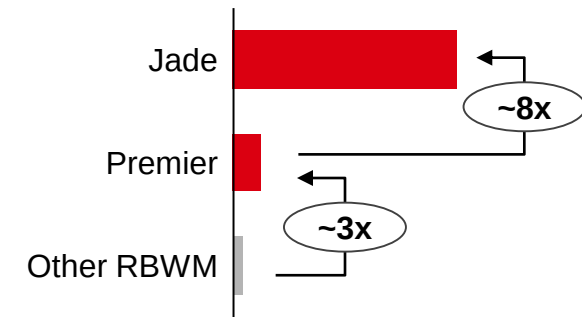
Significant share of RBWM's total portfolio ...

USDbn



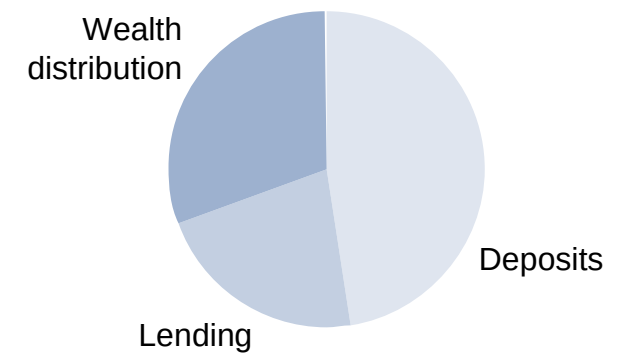
... with high revenues per customer ...

Average revenue per customer

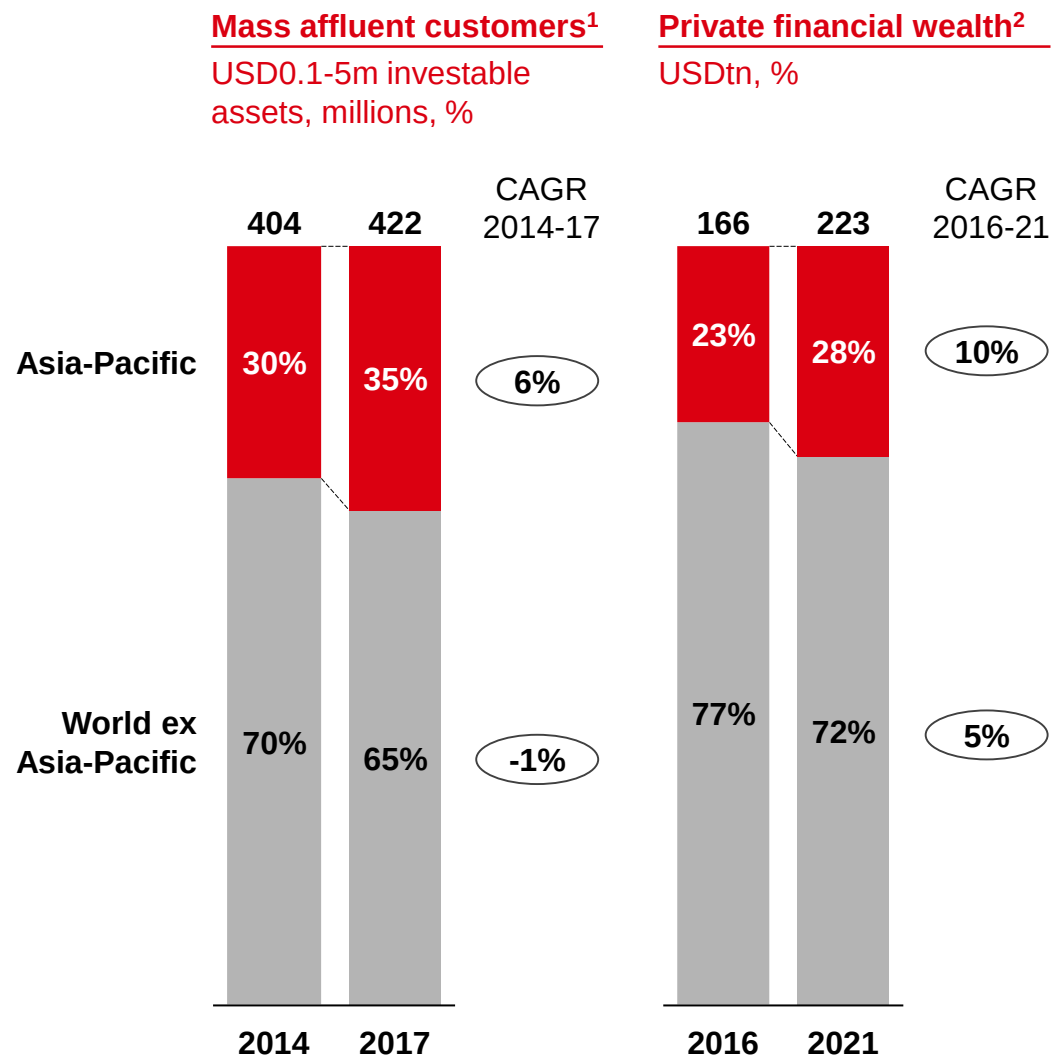


... and a diversified business mix

Jade and Premier revenue mix 2017



2 Asia has shown significant growth in mass affluent segments and represents a significant wealth opportunity



Drivers of growth

- ◆ Rising middle class
 - The rising middle class has been a key source of wealth creation across many Asia markets
 - By 2030, Asia is expected to account for 66% of the world's total middle class population from 28% in 2009³
- ◆ Internationalisation of needs
 - Each year 0.5m Chinese students pursue overseas education, with US, UK, Canada, Australia main destinations⁴
 - Hong Kong represented nearly 41% of all foreign inflows to London real estate in 2017, up from 17% the year before⁵
 - Singapore and Hong Kong as key hubs for Asian offshore wealth
 - Asia remains a key destination for Western expats

1. Source: Credit Suisse Global Wealth Databook 2014, 2017

2. Source: BCG Global Wealth 2017 – Transforming the Client Experience; Asia-Pacific excl. Japan

3. Source: OECD, Middle class defined as households with daily expenditures between USD10 and USD100 per person in purchasing power parity term

4. Source: Gallop 2015 report

5. Source: JLL – Global Capital Markets Research Q4 2017

2 With our presence in Asia we are in a strong position to capitalise on the opportunity

<u>Size of market opportunity 2017¹</u>				<u>RBWM presence and capabilities</u>							
	Population, millions	Mass affluent customers, millions	Total Wealth, USDtn	<u>Propositions</u>			<u>Wealth Distribution</u>			<u>Manufacturing</u>	
				Premier	Jade	Jade and Premier customers	# of branches ²	Internet banking ³	Mobile App ³	Asset Mgt.	Insu- rance
Hong Kong	7	1.4	1.2	✓	✓	660k	92	✓	✓	✓	✓
China	1,407	30.4	29.0	✓	✓	180k	160	✓	✓	✓	✓
Singapore	6	2.3	1.2	✓	✓	90k	11	✓	✓	✓	✓
Malaysia	31	0.5	0.5	✓		110k	53	✓	✓		✓
Taiwan	24	8.2	3.6	✓		40k	29	✓	✓	✓	

1. Credit Suisse Global Wealth Databook 2017

2. Full service branches

3. Green tick indicating Wealth Investment Product + FX capabilities; grey tick for FX capabilities only

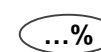
3A Wealth – strong track record of delivery



2017 actual (% of 2014-16 average)



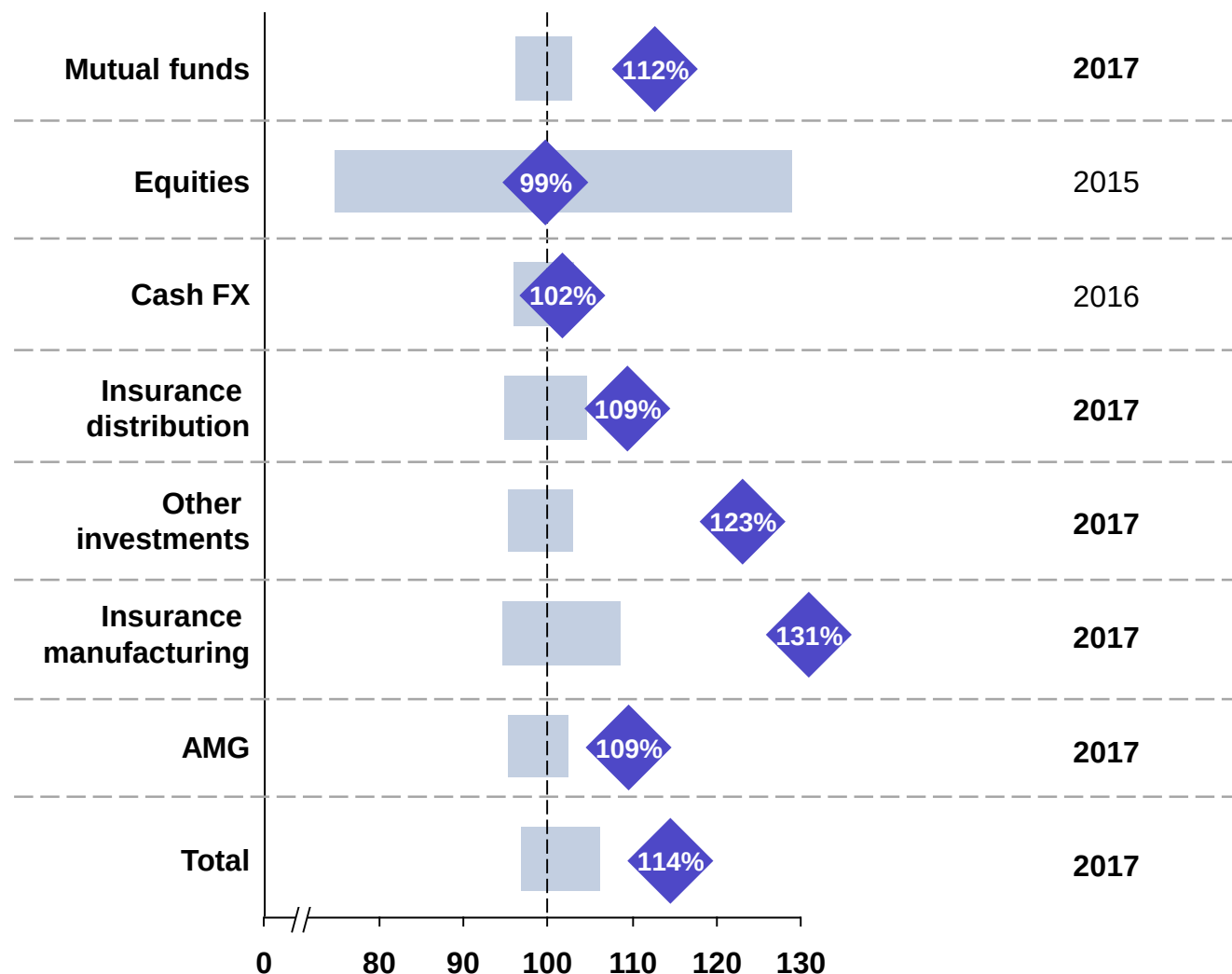
Range 2014-16 vs. 2014-16 average (=100%)



CAGR 2015 to 2017

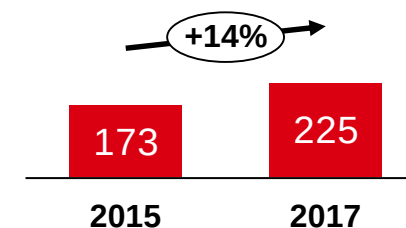
Wealth revenue range 2014-16 vs. 2017
Percent of 2014-16 average (=100%)

Year of highest revenue 2014-17

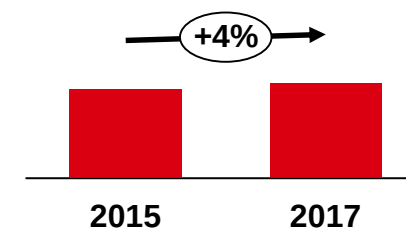


Growth in key Wealth metrics

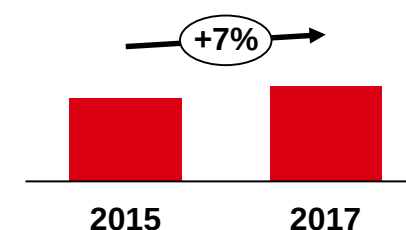
Wealth AuM¹ (USDbn)



Financial reviews²



Needs fulfilled²



1. Wealth FUM includes investments managed on behalf of our clients, wealth insurance distribution and insurance manufacturing balances. Includes third party investment sales. Differs from ARA FUM disclosures, which exclude third party investment sales

2. Per Premier Relationship Manager per working day

3A Market deep dive – Hong Kong

Highlights of market position

- ◆ Leading domestic and international bank with approx. 600k Premier and 60k Jade customers
- ◆ Market leader with 38% average market share¹ in unit trusts gross sales in 2017, up from 34% in 2015

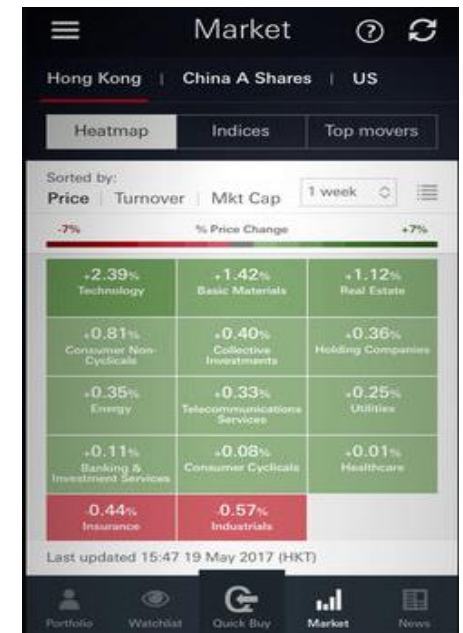
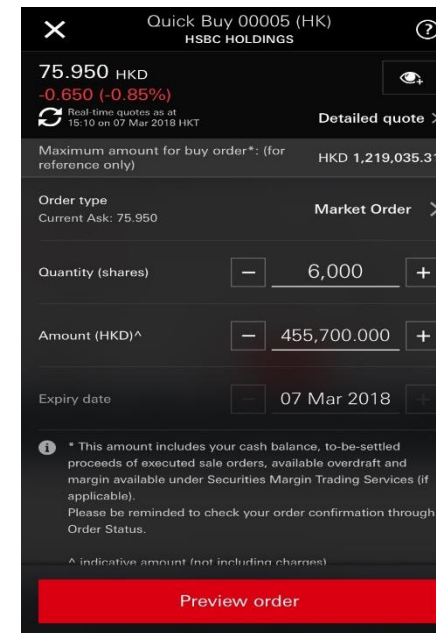
Highlights of recent initiatives

- ◆ Simplified sales journeys – revised end-to-end customer journeys for investments and insurance products, releasing 1 hour of RM capacity per day
- ◆ Portfolio Allocation Services (PAS) – developed simple portfolio review approach suitable for Retail customers, including the delivery of advisory, investment insights and product support
- ◆ Financial Health Check – developed a new methodology to assess key customer needs for an objective financial plans
- ◆ Digital – developed digital journeys for needs assessment, advisory and improved tools for self-directed customers

Example initiative – “EasyInvest”



- ◆ Standalone stock trading app launched OCT17
- ◆ Features – intuitive user interface Quick Buy / Interactive charts / Sector heatmap / Custom news
- ◆ By 2017 year-end, the app had 16k traders generating 113k transactions worth HKD9bn turnover
- ◆ Plan for 2018 – advanced technical insights, social trading, gamification



1. Source for market data: Hong Kong Investment Funds Association (HKIFA)

3A Market deep dive – China

Highlights of market position

- ◆ Leading international bank in China
- ◆ USD3.4bn QDII¹ quota (24% of aggregate quota among all banks in China)
- ◆ From 2015 to 2017, customer number and FUM grew 55% and 13%

Highlights of recent initiatives

- ◆ Jade – Launched Jade proposition in Beijing, Shanghai and Shenzhen
- ◆ Portfolio Allocation Services – introduced Local Asset Allocation (fulfilment by local funds) in addition to Global Asset Allocation (fulfilment by QDII funds)
- ◆ WeChat – 350k+ followers, engaging customer through ecosystem on health, education, travel advice
- ◆ Mobile Z – launched QDII trading, RPQ update and CPI trading on HSBC's mobile platform. Local UT online trading target to launch 2H18

Example initiative – Online Structured Products (SP)

- ◆ Added new interface and full product range to China online SP platform beginning of 2017
- ◆ Features includes 'sentence builder' for intuitive product filtering, product cards explaining return profile, and dynamic scenario analysis
- ◆ Online SP transactions share increased to 30% (up from 3% year on year), contributing significantly to 240% growth in China SP revenue 2017

I have a view on equities. I believe the value of Asia Pacific finance sector will rise and I want to invest CNY 1,000,000.

We have 3 structured products matching your market view

See products

1. China's qualified domestic institutional investor (QDII) scheme allows Chinese domestic investors to gain access to foreign securities via a limited number of approved institutions that have been awarded quotas

3B Continue strong growth in Jade as a key priority for 2018 and beyond

Jade launches to date

2016



2017




**WEALTH
SOLUTIONS**


**DEDICATED
TEAM**


LIFESTYLE


**PRIORITISED
SERVICE**

What did we do to improve the quality of our franchise?

- ◆ First launched in 2016 in Hong Kong, Singapore, and 2017 in China.
- ◆ Jade distinctiveness built around 4 pillars
 - Wealth Solutions – offering more sophisticated investment products and insights
 - Dedicated team – Jade RMs with enhanced qualification and lower portfolio loading
 - Prioritised service – improved speed of delivery on day-to-day banking services
 - Lifestyle – Jade lifestyle app, offers by external partners, and concierge service access
- ◆ Double-digit growth in Jade proposition in 2017, with significant number of mid-tier Premier ‘topping up’ to meet USD1m TRB¹
- ◆ In 2018, expanded qualification criteria to include high potential with a lower TRB plus high salary / mortgage
- ◆ Establishing Jade as standalone proposition in 2018, with stronger focus on new-to-bank, supported by new branding collateral

1. Total Relationship Balance: Investment & Insurance balances and Deposits

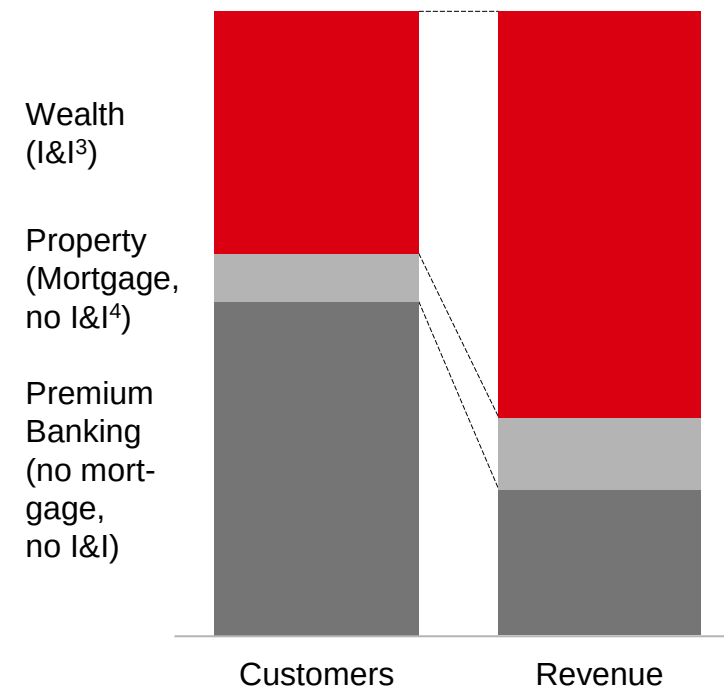
3C Premier evolving to support customer needs beyond Wealth

What did we do to improve the quality of our franchise?

- ◆ Repositioned Premier proposition following customer insights
 - Broaden focus from Wealth-only to include property / transactional needs
 - Be more relevant to customers and their families at different life stages
 - Acquire and retain high potential customers at younger age
- ◆ Broadened qualification criteria to achieve growth
 - Avoid downgrade / attrition of customers with significant non-Wealth relationship, e.g. mortgage, high salary
 - Achieved mid-single digit growth both in active Premier customers and revenue per customer in 2017, supported by 27% reduction in Premier downgrades
- ◆ Refreshed Premier proposition roll-out supported by new branding and marketing creative

Catering for different needs of our Premier customers

Premier 'archetypes'¹, share of Premier²



1. 'Archetypes' classify Premier customers according to their product holding with HSBC (Wealth / Mortgage / Premium Banking)

2. Split as of January 2016

3. Customers with Insurance and / or Investment product holding

4. Customers with mortgage but no Insurance and / or Investment product holding

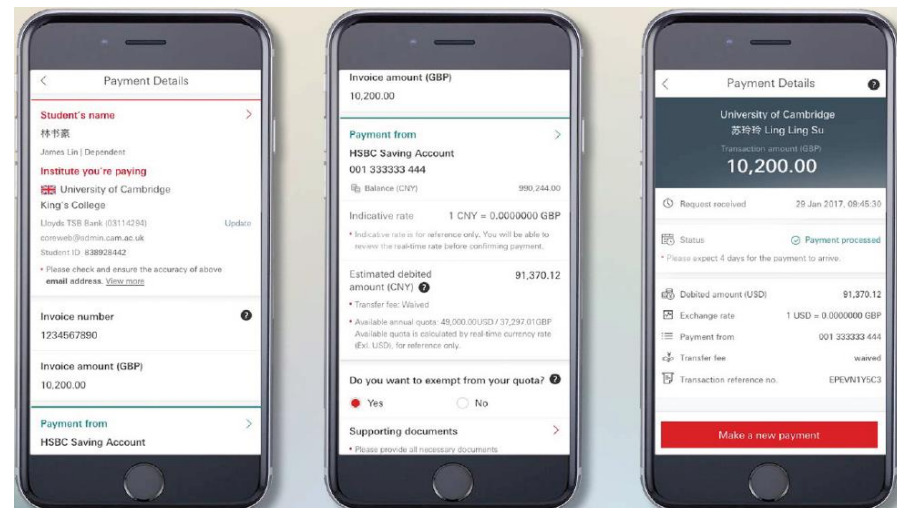
3D Leading position to capture the growing market opportunity in international

What did we do to improve the quality of the franchise?

- ◆ Focus on international needs with highest potential and capturing growth RBWM's network
 - e.g. International education – RBWM covers top 10 countries where parents seek to send children abroad for higher education and 9 out of 10 top destinations attracting these students
- ◆ Driving innovation on customer journeys and experience along
 - International account opening
 - International mortgage
 - Cross-border payment and foreign currencies
 - International investments
 - Arriving and leaving a country
- ◆ Implementing bespoke channel strategies for each key pool of needs
- ◆ Engaging in partnerships with, for example
 - Corporates to bring HSBC service to professional expatriates
 - Education agencies

Example solution – International Education

International Education Payment Solution (IEPS)



- ◆ Easily make payments to education providers overseas (covering 1,100 international universities to date)
- ◆ Launched in China via WeChat and HSBC China Mobile Banking
- ◆ Complemented by series of external partnerships, customer events and digital campaigns, e.g. HSBC x China Thinks Big Competition Partnership, hosted by Harvard Shanghai Centre
- ◆ Solutions in preparation for Singapore and India

3E HSBC Asset Management (AMG) with strong footprint and growth trajectory in Asia

AMG globally

Adjusted PBT, USDm	2016	2017	Y-o-Y
Revenue ¹	987	1,055	7%
Costs	(660)	(691)	(5)%
PBT	327	364	11%
AUM ² , USDbn	410	462	13%

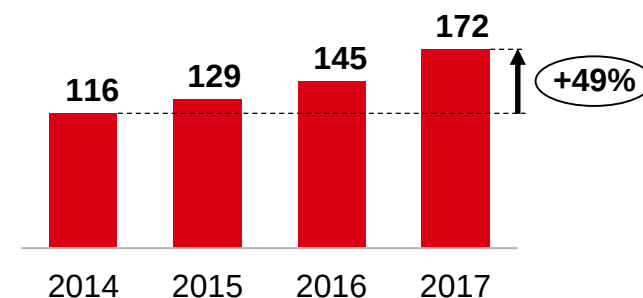
- ◆ 16 Manufacturing / 26 Distribution markets globally
- ◆ c.2,500 staff / c.600 investment FTE
- ◆ 2017 positive net flows over USD8bn

What did we do to improve the quality of the franchise?

- ◆ Aligned business to long-term industry growth themes
- ◆ Enhanced collaboration with HSBC's global businesses, to better service the Group's customer franchise
- ◆ Deepened understanding, planning and servicing for AMG's priority customers

AMG in Asia

Asia AuM, USDbn



- ◆ 5 Manufacturing / 7 Distribution markets in Asia
- ◆ 2017 positive net flows of more than USD9bn
- ◆ Strong market position in key markets
 - Hong Kong MPF³: #1 market share, 13 Lipper awards for MPF funds
 - China: 60% market share in southbound MRF⁴, 2nd largest active equity fund, HSBC JinTrust AuM growing by 41% over the last 4 years

1. Revenue on an adjusted, page 52 of the HSBC 2017 Report and Accounts

2. Net AuM on a reported basis, page 60 of the HSBC 2017 Report and Accounts

3. The Mandatory Pension Fund (MPF) is a compulsory saving scheme (pension fund) for the retirement of residents in Hong Kong

4. The Mutual Recognition of Funds (MRF) scheme is an arrangement between the Hong Kong Securities and Futures Commission (SFC) and the China Securities Regulatory Commission (CSRC). Under the scheme, eligible Mainland Chinese and Hong Kong funds can be distributed in each other's market through a streamlined vetting process

Key messages

Market opportunity drivers

Asia with significant growth in mass affluent segments and Wealth opportunity

- ◆ Rising middle-class
- ◆ Customers' needs increasingly international

Wealth Management key messages

- 1 Our Wealth and Premier propositions are highly profitable and major contributors to RBWM's results**
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- 3 Over the last 3 years, through strategic changes and innovation, we have strengthened our franchise across:**
 - A. Wealth distribution**
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 - C. Premier**
 - D. International**
 - E. Asset management**

Insurance

10 April 2018

Bryce Johns
Group Head of Insurance



Agenda

Integrated bancassurance model

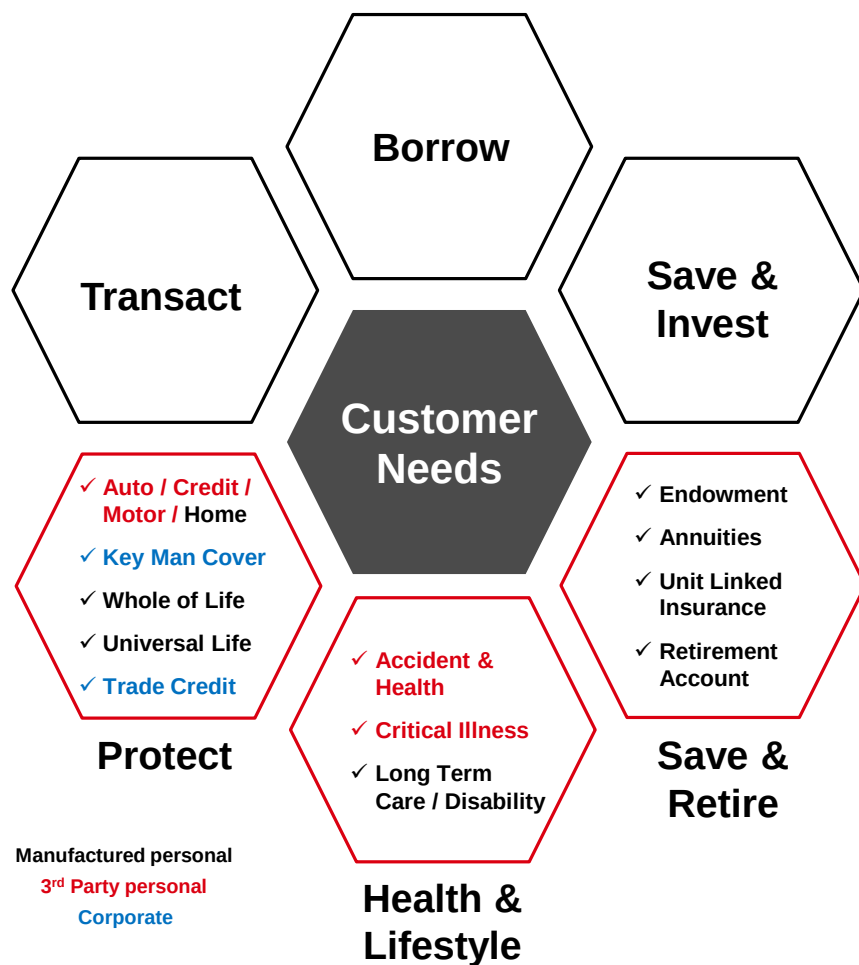
Asia business mix

Strengths and opportunities

Conclusion

Integrated bancassurance model

Insurance is core to our universal banking approach



HSBC Insurance: Who we are

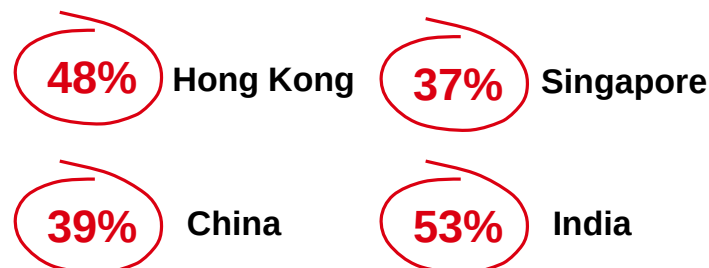
- ◆ Leading global integrated bancassurer
- ◆ Serving customers across Retail, Wealth, Corporate and Private Bank
- ◆ Proprietary and complementary Partner product solutions
- ◆ Selective NTB customer acquisition: IFAs, brokers, digital

What we deliver

- ◆ Underwrite the needs of our customers:
 - Save & Retire; Protect; Health & Lifestyle; Commercial
- ◆ World class advice and conduct
- ◆ Synergies with Asset Management & Global Markets

Operating in key bancassurance “sweet spots”

% life premiums from bancassurance channel¹

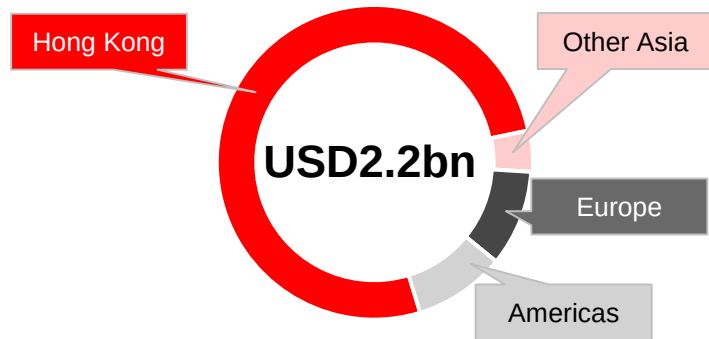


1. Sources: Hong Kong Insurance Authority, Singapore Life Insurance Association and Insurance Regulatory and Development Authority of India 2017 published statistics; EY publication 'Rethinking the success of bancassurance'

HSBC Insurance overview

Manufacturing

2017 Manufacturing revenue¹

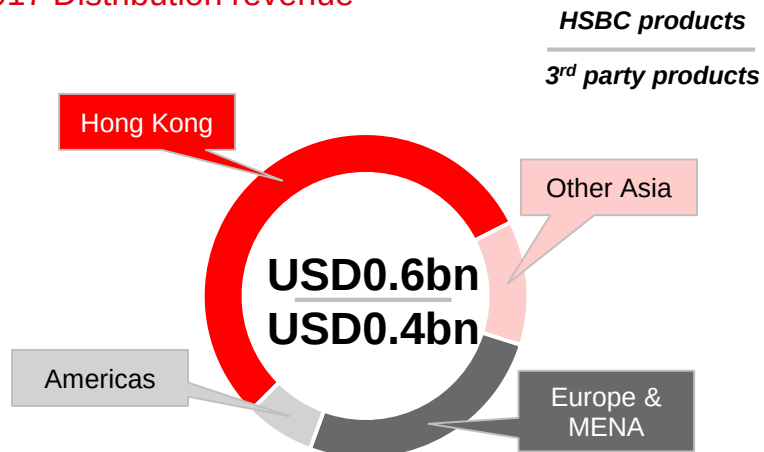


10 Manufacturing markets

Asia		Europe	Americas
HK: HSBC	HK: Hang Seng	France	Argentina
China ²	India ²	UK	Mexico
Singapore	Malaysia ²	Malta	

Distribution

2017 Distribution revenue



33 Distribution markets

- ◆ 11 markets distributing both HSBC and 3rd party products
- ◆ 22 markets distributing only 3rd party products
 - Including North America, Middle East and rest of Asia

World-class strategic partnerships

Allianz	Aviva	AXA
Bupa	Euler Hermes	Zurich

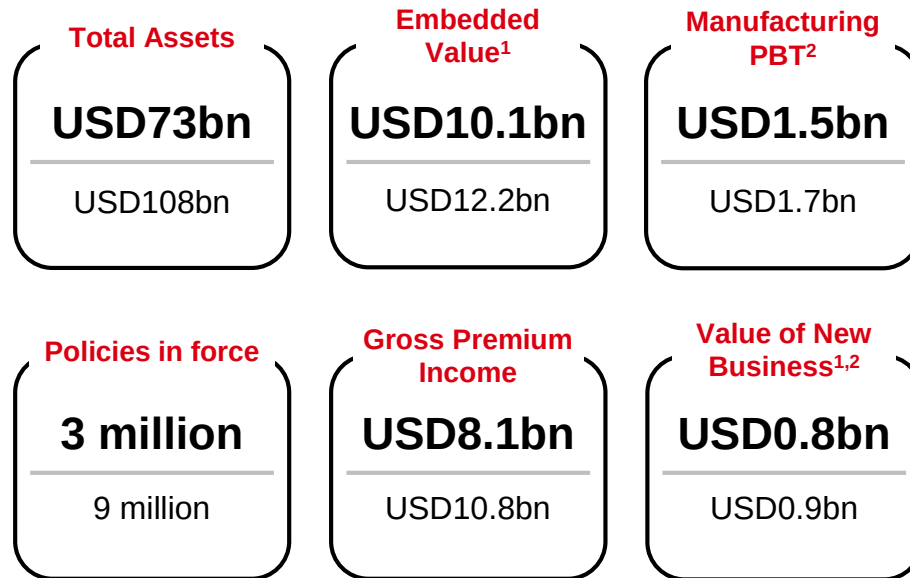
1. USD0.2bn manufacturing revenue from CMB. GPB revenue included within RBWM
 2. China and Malaysia are 50% and 49%-owned joint ventures respectively, but consolidated as subsidiaries for accounting purposes
 India is a 26%-owned joint venture and accounted for as an associate

Scale and growth

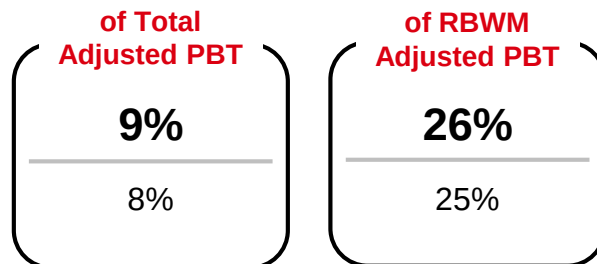
2017 financial highlights

Asia

Global

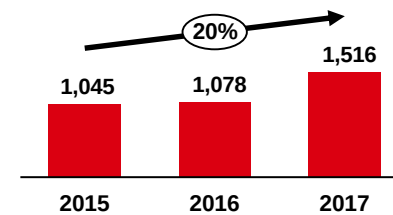


2017 Manufacturing contribution to Group

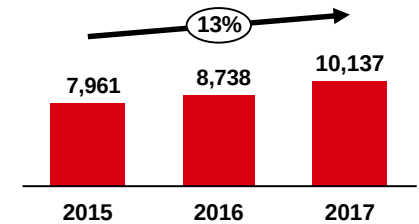


Asia growth trajectory (USDm)

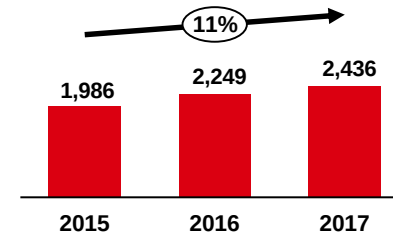
Manufacturing PBT^{2,3}



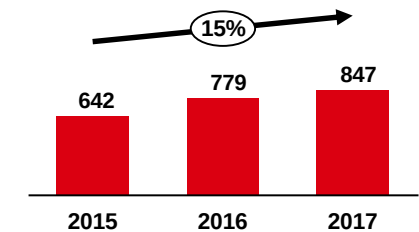
Embedded Value¹



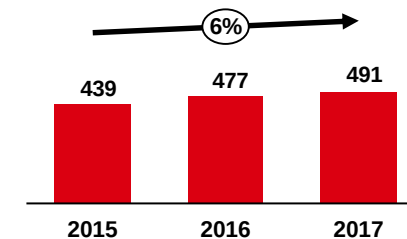
Manufactured annualised new business premiums, (ANP)²



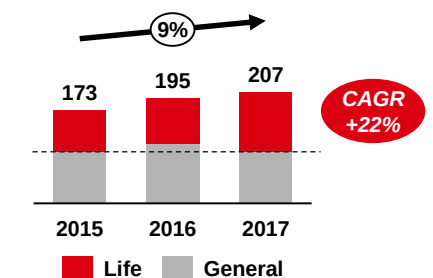
Value of new business (VNB)^{1,2}



HSBC distribution revenue³



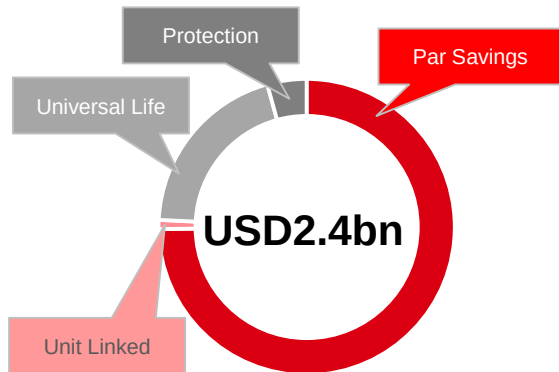
3rd party distribution revenue³



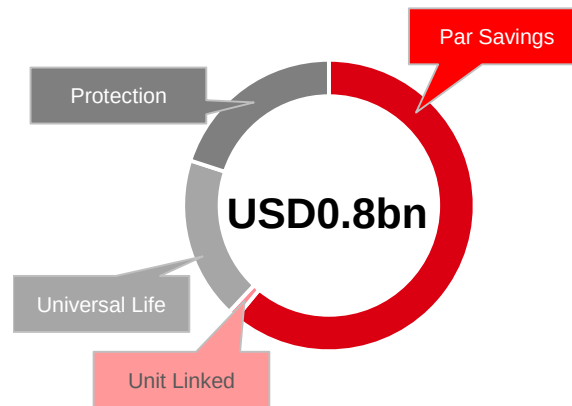
1. HSBC's embedded value accounting is stated net of the cost of options and guarantees and gross of the cost of capital
 2. India is accounted for as an associate and therefore included within PBT but not included within ANP, Gross Premium and VNB figures presented on this slide
 3. Adjusted basis

Asia business mix

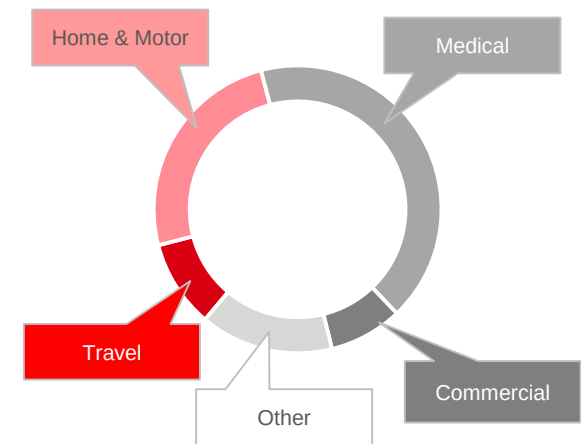
Manufactured product mix: ANP 2017



Manufactured product mix: VNB 2017

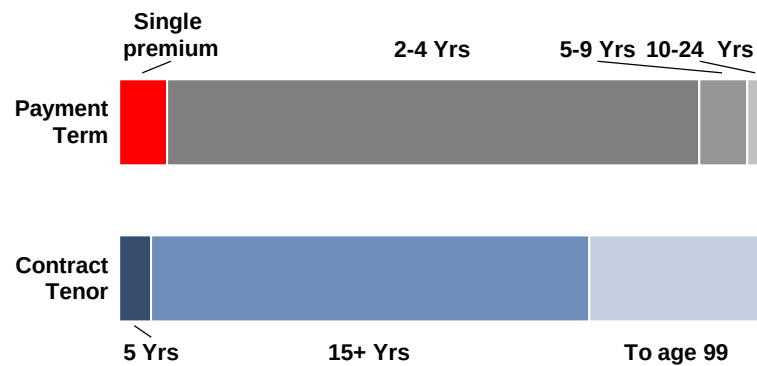


3rd party retail product mix: GWP 2017



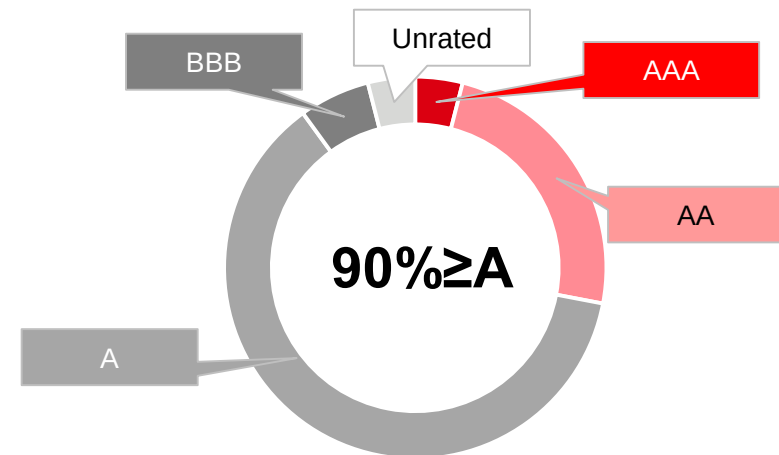
Short premium terms and long duration contracts¹

2017 Hong Kong new business



High quality credit risk profile^{2,3}

Asia, 31 Dec 2017

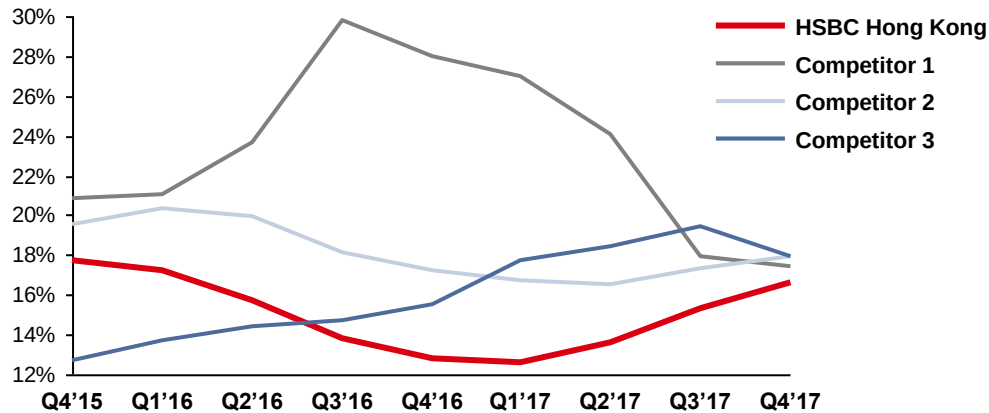


1. Payment Term and Contract Tenor on an ANP basis
2. Unrated assets principally comprise blue-chip listed companies with investment grade characteristics
3. Assets backing participating business also include equities, investment property and other alternative investment classes

Manufacturing markets: HSBC Hong Kong

Growing market share in 2017

Market share¹ (12m trailing average)



Growth through innovation

Increased protection focus



Award Winning - ONEdna

Greater capital efficiency



Wealth Goal Insurance Plan

Market leading digital offering



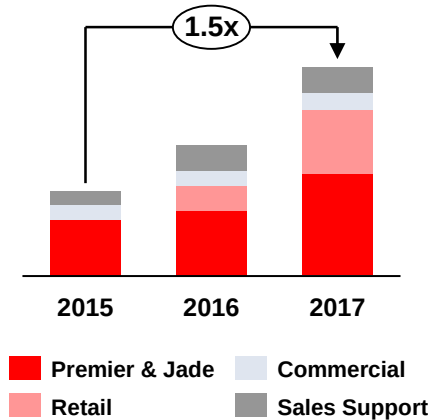
Term Life Online



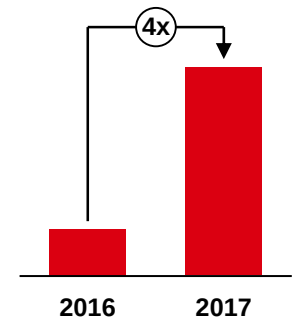
Cancer Term

Targeted investment

Sales specialists and Support roles



Marketing spend

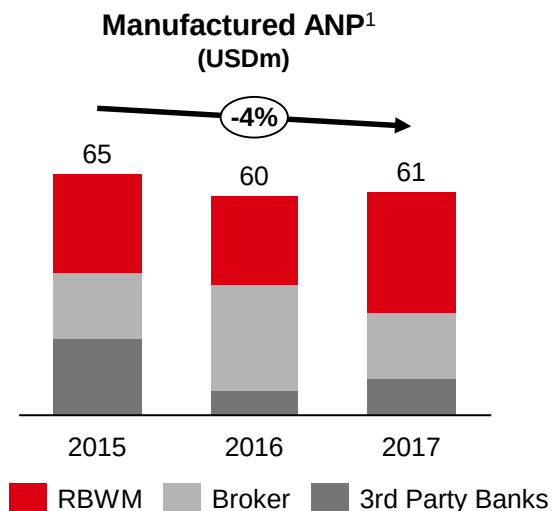


1. ANP basis. Source: Hong Kong Insurance Authority. HSBC Hong Kong includes Hang Seng

Manufacturing markets: Rest of Asia

Singapore

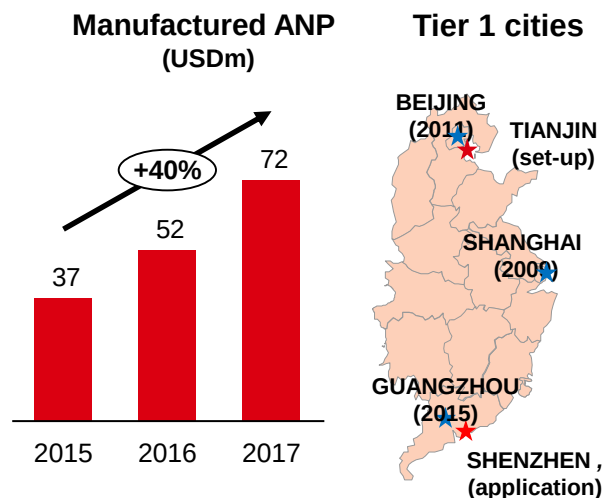
Diversified multi-channel distribution



- ◆ Tier 1 insurer status achieved in 2017 (USD5bn+ balance sheet)
- ◆ Diversified distribution across RBWM, brokers and 3rd party banks
- ◆ Increased focus on GPB & international
- ◆ Entry plans to high growth financial advisor segment

China

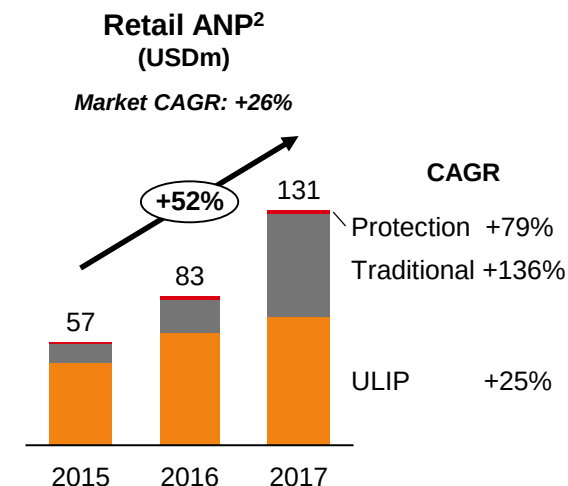
Accelerated growth



- ◆ 50% JV with National Trust (est. 2009)
- ◆ 2018 - new product platform and materially strengthen capabilities
- ◆ Accelerate branch footprint expansion
- ◆ Materially increase RBWM new business share and selectively grow external distribution

India

Accelerated growth



- ◆ JV launched with 2 banks (Canara Bank and Oriental Bank of Commerce) in 2008 (HSBC 26% stake)
- ◆ Top 10 private insurer
- ◆ Profitable since 2013; Costs c.14% of premiums
- ◆ Accelerated access to c.80m customers in 8,000+ branches

1. RBWM includes GPB ANP

2. Represents ANP production for the total entity; HSBC's 26% interest is accounted for as an associate

Growth opportunities for Insurance through leveraging HSBC's scale

Current strengths in Asia

- ◆ HSBC's Global Brand:
 - **12.5m** RBWM customers
- ◆ Close customer relationships:
 - **1.7m** financial reviews conducted in 2017
 - **97%**¹ sales quality achieved through focus on customer needs
- ◆ Scale and a high quality book:
 - **USD73bn** balance sheet
 - **95%**² persistency
 - **15%** cost-efficiency ratio
- ◆ World class complementary insurance partnerships

Key strategic priorities

- 1 Regain market leadership in Hong Kong:**
Continued investment in sales specialists, marketing and product innovation
- 2 Accelerated scale in Singapore, China & India:**
Channel diversification, strengthened capabilities & increased customer access
- 3 Increase penetration of Advance, Personal and Business Banking:**
0.5m Business banking and 11m Advance & Personal segment customers
- 4 Grow distribution through alternative channels:**
Increase engagement with brokers, financial advisors and third-party banks
- 5 Leverage HSBC's USD2.3bn Global digital transformation:**
Build on existing momentum of 1.3m digital sales monthly in the bank

¹ Sales quality passes over sale cases checked

² Premium-weighted 12 month persistency

Private Bank Asia

10 April 2018

Siew Meng Tan

Regional Head of Global Private Bank, Asia-Pacific



Agenda

Organisation

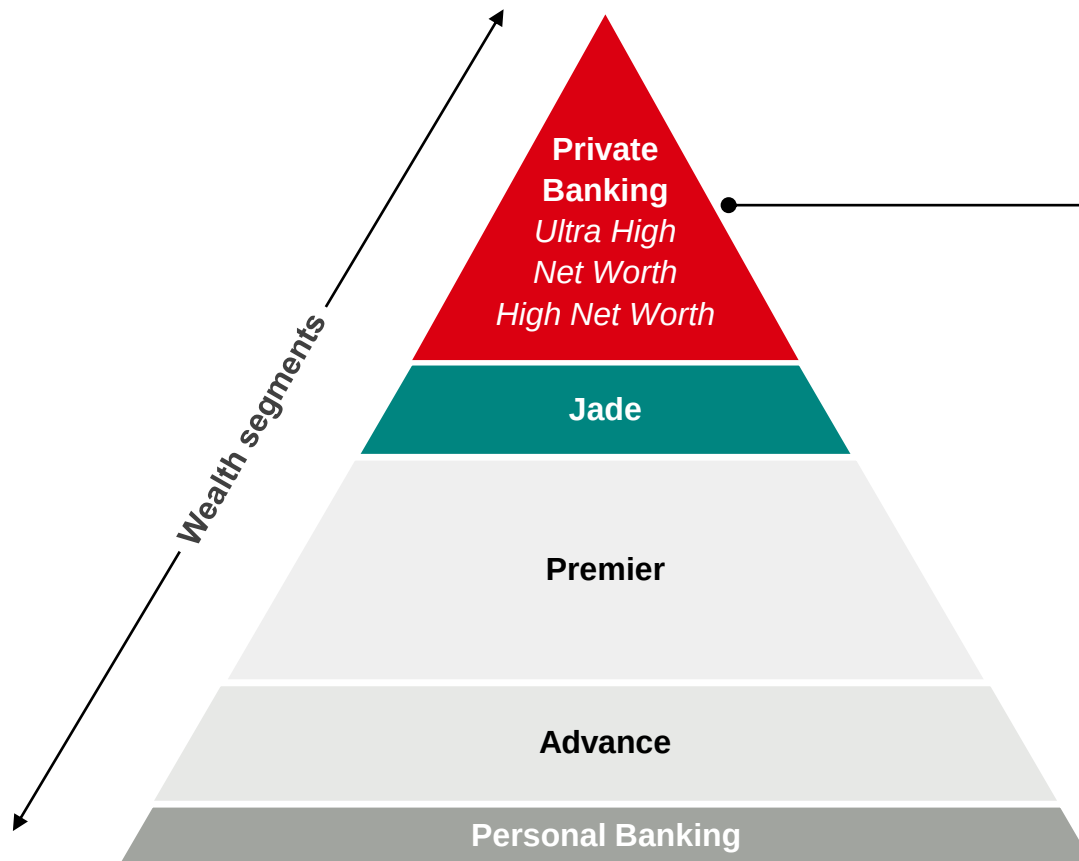
Asia

Conclusion

Integral part of HSBC's wealth franchise

Vision

To be the Private Bank of choice to the families of the owners and principals of the Group's corporate clients and help them preserve their wealth from generation to generation



Investment Management

Trusts and succession planning

Bespoke financing solutions

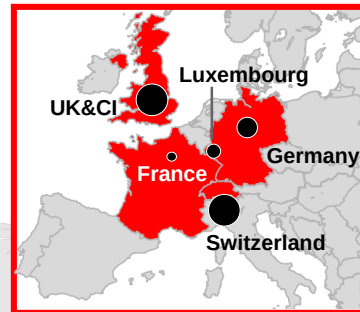
Alternative investments

Serving HNW and UHNW clients globally

- ◆ 11 booking centres in strategic locations including 4 in Asia
- ◆ Unrivalled Group client base rooted in the bank's commercial banking origins
- ◆ Unique client solutions leveraging HSBC Asset Management and Global Markets

11 strategic booking centres and 34 target markets globally

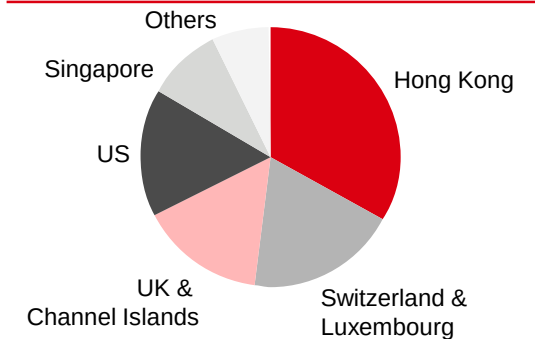
- Group priority markets
- Other markets covered
- Booking centre scale



2017 Key financials¹ (USDbn)

Revenue	1.7
PBT	0.3
Client assets ²	330
Lending	40
Net new money ³	15

Revenue mix by booking centre (2017)



Focus on Group clients⁴

- c.60% of new clients sourced from Group referrals
- c.USD8.5bn Net New Money from Group clients
- c.USD550m revenue synergies from other global businesses

1. Financials on an adjusted basis, reconciliation of reported and adjusted items details in HSBC Holdings plc ARA 2017 (p49)
 2. Client Assets defined as Funds under management and customer deposits
 3. In key markets targeted for growth
 4. 2017

Asia-Pacific – largest and fastest growing region for GPB



2017 Key financials¹ (USDbn)

Revenue	0.7
PBT	0.3
Client Assets ²	129
Lending	14.7
Net new money ³	7.6

- ◆ Annual wealth expansion in Asia-Pacific is projected to remain at nearly double-digit growth through 2021⁴
- ◆ Chinese market HNWI investable financial wealth represents USD6-8tn⁵ including USD2tn⁶ estimated to be located Offshore mainly in Hong Kong (36%) and Singapore (17%)⁷

1. Financials on an adjusted basis - PBT reconciliation in Appendix
 2. Client Assets = Funds under Management and customer deposits
 3. In key markets targeted for growth
 4. BCG – Global Wealth 2017 – Transforming the Client Experience

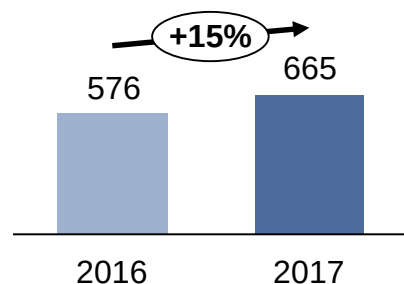
5. Range combining estimates by BCG, Bain and Cap Gemini
 6. Share offshore based on 25% estimate, as per the Bain 2017 Report 'China's Private Wealth Machine'
 7. Cap Gemini Asia-Pacific wealth report 2017

Asia-Pacific – building on strong growth in 2017

2017 Key financials¹

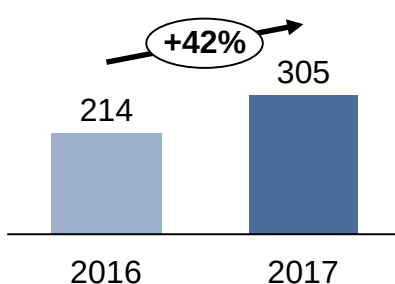
Revenue

USDm



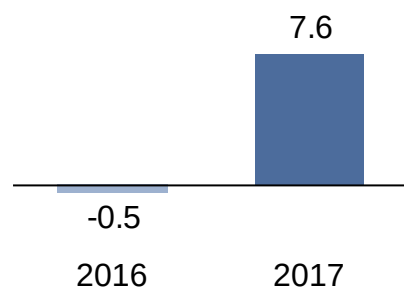
PBT

USDm



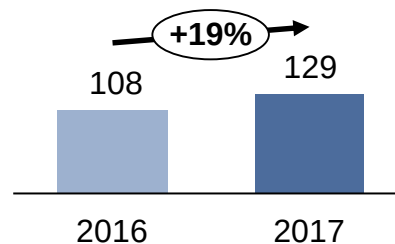
Net new money²

USDbn



Client assets

USDbn



Reported view except PBT on adjusted basis²

Future priorities

Net new money (NNM)

- ◆ Deepen collaboration with all global businesses and grow NNM from Group relationships

Annuity revenues

- ◆ Continue to increase penetration of mandated assets to meet client needs and improve revenue sustainability (16.4% in 2016 vs. 18.5% in 2017)
- ◆ Further expand Managed Solutions in conjunction with HSBC Asset Management

Advisory

- ◆ Fully implement Client Service Model Transformation
- ◆ Number of Investment Counsellors and support increased by 34%

Lending

- ◆ Leverage the Group's balance sheet strength to increase lending penetration (lending grew 25% in 2017 from USD11.6bn to USD14.5bn)
- ◆ Grow bespoke solutions (e.g. single share financing)

1. Reported view except PBT on adjusted basis - PBT reconciliation in Appendix

2. In key markets targeted for growth

Key messages

Key priorities

- ◆ Key growth markets
- ◆ Collaboration
- ◆ Next generation of today's UHNW clients
- ◆ Global connectivity

Priority areas

- 1**
 - ◆ Use HSBC's international connectivity to serve Chinese HNWs' international global needs
 - ◆ Capture growth from existing Hong Kong book
 - ◆ Work closely with CMB, GB&M and RBWM to grow ASEAN business
- 2**
 - ◆ Continue to grow referrals from all global businesses and leverage product capabilities across the Group
 - ◆ Leverage Group's technology and digital capabilities
- 3**
 - ◆ Tailored proposition focused on wealth preservation and investment advice to the next generation of today's UHNW clients
- 4**
 - ◆ Asian clients looking at diversifying their portfolio outside of Asia
 - ◆ Offshore clients looking for opportunities in Asia

Digital: Building the future bank

10th April 2018

Josh Bottomley

Global Head of Digital, Data and Development, RBWM

Andrew Connell

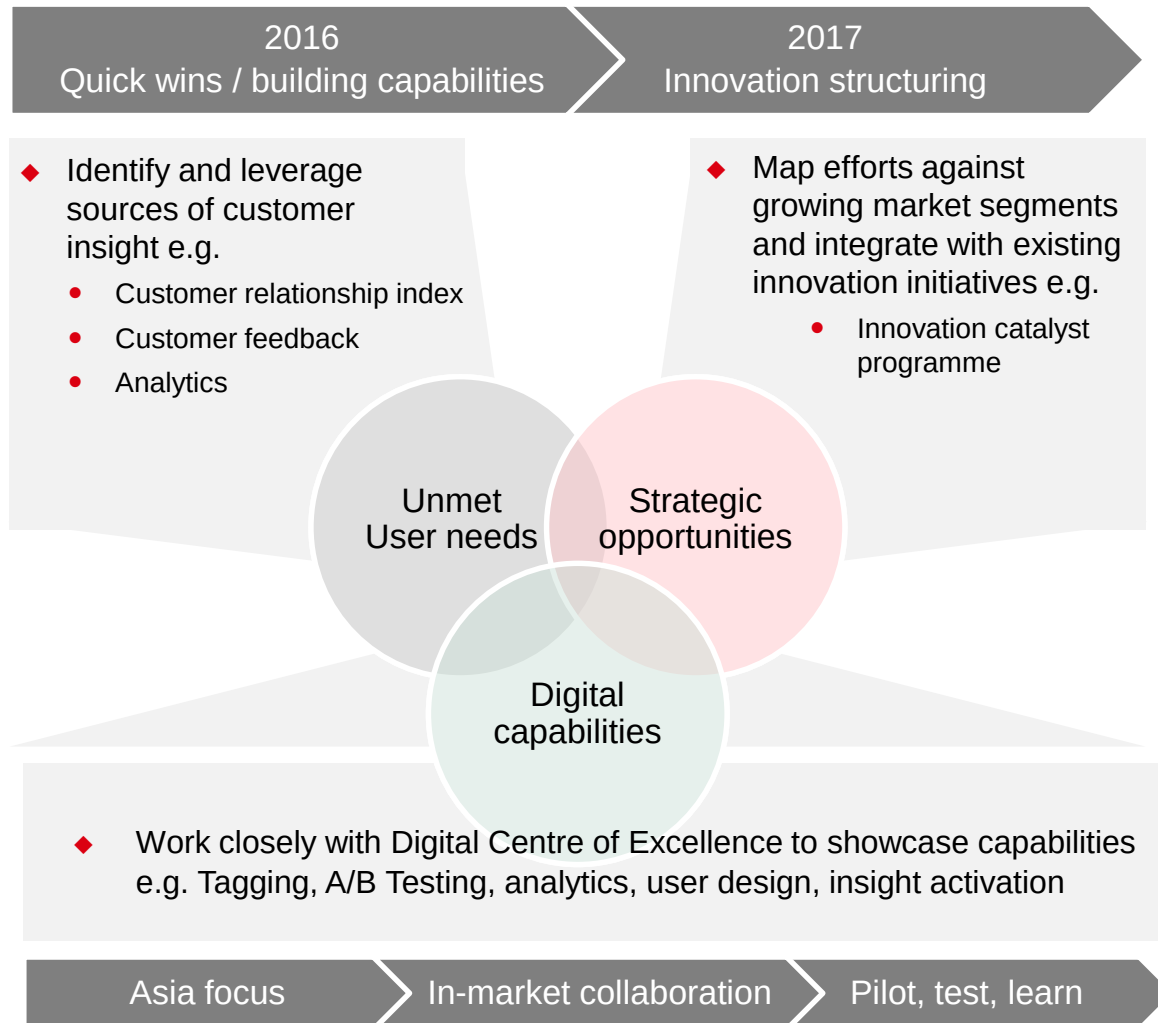
Head of Digital, RBWM Asia-Pacific

Global Head of Innovation and Partnerships, RBWM Digital



We shared with you our Digital ambition back in April 2016

Organisational alignment



On-going initiatives

Build

- ◆ Hong Kong new customer tools
- ◆ Pearl River Delta innovation centre
- ◆ WeChat AI-powered mobile account servicing

Partner

- ◆ Scope potential major partnerships
- ◆ Scope mobile partnership (carrier or handset manufacturer)
- ◆ Other digital ecosystem partnership

Incubate

- ◆ HK PolyU Designathon
- ◆ Asia / PRD FinTech assessment, community building

Investment

- ◆ In 2017, we have invested USD5.3bn in total technology spend across the Group

2017 technology spend¹
USD 5.3bn

USD 2.3bn

invested in digital spend between 2015 and 2017

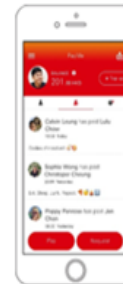
1. Reported 2017 Income statement expense

Build: we have delivered digital features to our customers across markets

Delivered 100 + digital features globally



Key examples delivered in Asia-Pacific in 2017



PayMe - a first peer-to-peer payment app in Hong Kong is ranked #1 (finance) and #5 (all category) in Hong Kong App Store

15,000 people enjoy easy trading via **HK Easy Invest**, a new standalone app for stock trading in Hong Kong and China



Mobile X - Our **new banking app** is rated 4.7/5 in app store in Hong Kong (and in UK)

Partner: we have been actively building our digital ecosystem

Recent partnerships



First foreign bank in China to have integrated **WeChat**, enabling HSBC Banking **access to over 800m WeChat customers**

Contactless mobile payment feature delivered for customers in Asia-Pacific

Apple Pay: Deployed in Hong Kong, Singapore, China, Australia. Enabled our mobile app to add a card directly into Apple Pay wallet in Hong Kong and Singapore

Google Pay (Previously known as Android Pay): Hong Kong, Taiwan, Australia

Samsung Pay: Hong Kong



On-going focus

Working on innovative solutions through existing relationships



Multiple streams of technology

+

Business partnerships



Multiple streams of technology

Data + ecosystem

Proofs of concept + development

Incubate: we have transformed the way we do business

Matured digital foundation

14 markets have now migrated to a unified, more secure online platform

Over **3 million** live chat engagements were completed globally

17 mobile payment deployments in 2017 – largest of any retail bank in the world

Key achievements in Asia-Pacific in 2017



Migrated branch transactions to digital with **digital transactions up** by 36% Y-o-Y (Hong Kong)

Branches in Hong Kong complete 99% of **account opening** now via staff tablet



Credit card: **straight-through process** 'from 2 weeks to 2 minutes'

Financial Services market continues to evolve

Changes in the market ...



FinTechs

- ◆ USD16.6 billion VC-backed investment in FinTech companies in 2017¹
- ◆ Globally 25 FinTech unicorns² are valued at USD75.9 billion in 2017¹



Non-traditional competitors

- ◆ Tech giants (e.g. GAFA) exploring opportunities in financial services
- ◆ Alibaba to acquire 33% stake in Ant Financial, deepening its financial sector involvement³



Emerging tech trends

- ◆ The number of mobile phone users in the world is expected to pass the five billion mark by 2019⁴
- ◆ Blockchain could save up to USD12 billion a year in back-office cost⁵



Customer needs

- ◆ Personalisation and integrity are key factors impacting loyalty of customer for a brand⁶
- ◆ 58% of millennials are ready to share their personal information to get more accurate product / service recommendation⁷

... resulting in changing customer behaviours

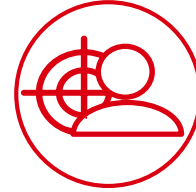
Customer expectation



Experience



Engagement



Connectivity and Contextual

Banking channel trend⁸

41%
of RBWM customers
are digitally active

Over the past 5 years
we have seen a
333%
increase in mobile
banking customers

1. Source: CBInsights

2. A unicorn is a privately held startup company with a current valuation of USD1 billion or more

3. Source: FT (Feb, 2018)

4. Source: Statista

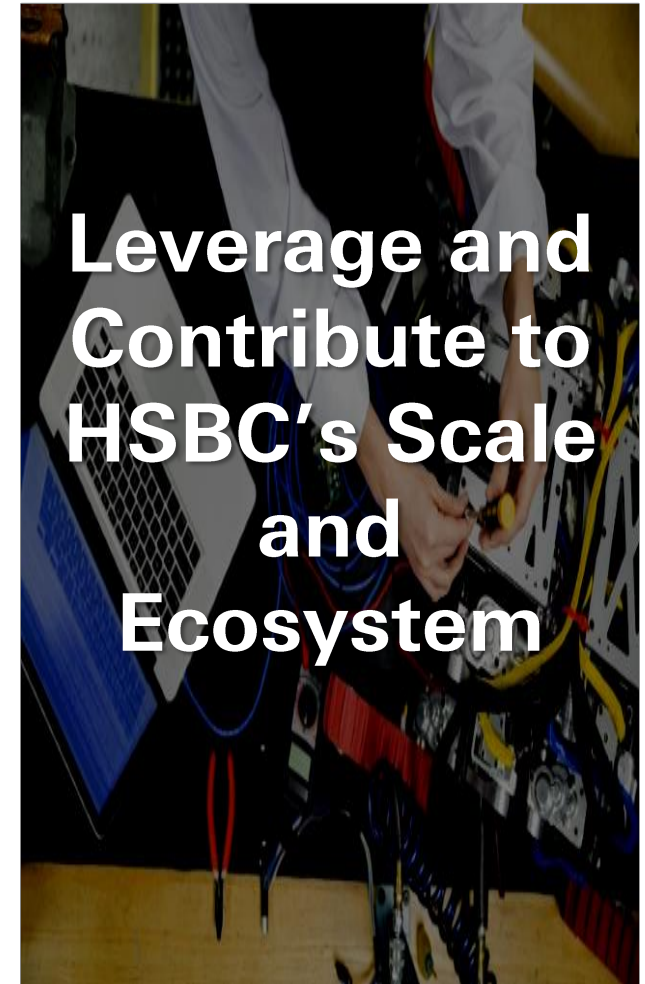
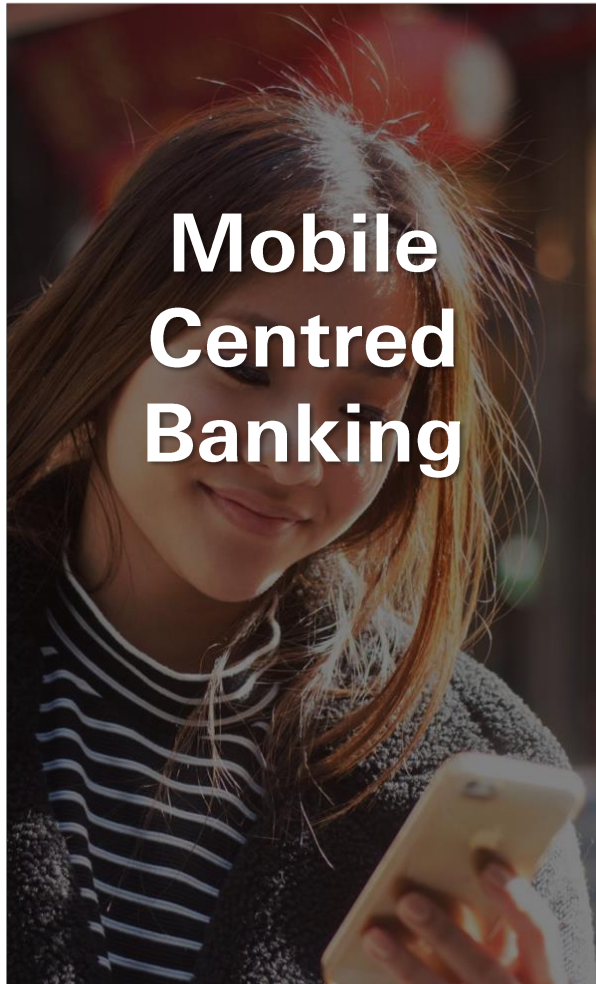
5. Source: Accenture analysis of Blockchain for investment bank

6. Source: KPMG Nunwood (2017);

7. Source: Salesforce (2017)

8. Source: HSBC ESG Update April 2018

We are committed to take advantage of these changes



“The adoption of rapidly evolving digital technologies by our customers is arguably the most transformative force for the financial services industry”

- Stuart Gulliver (2016 Annual Report, HSBC)

Mobile centred banking: a potential mobile-only banking option for customers, who prefer mobile as exclusive banking channel



Making it easier for customers, keeping people in the online channel, growing customer satisfaction and retention

Digitising processes to remove manual intervention

Harnessing the power of data to deliver a more personalised and relevant experience

Responding to Open Banking to deliver new commercial opportunities

Personal and relevant customer experience: personalised communications to customers on HSBC products and services relevant to their life events / journeys

Capabilities

- ◆ Messaging via push notification, emails, SMS, etc.
- ◆ Integrated journeys (e.g. insurance)
- ◆ Data and insights to drive real-time decision-making across digital channel

Reasons to communicate

- ◆ Reasons: know me; keep me informed; secure and protect me
- ◆ Outcomes: reduced effort; proactive rewards; fraud avoidance
- ◆ Indicators: lower call volumes; higher feature usage; higher advocacy

Operating processes and roles

- ◆ New internal “communities” to focus on maximising our investments
 - Revenue engagement
 - Customer experience
 - Features adoption

Leverage and contribute to HSBC's scale and ecosystem: deliver digital features at scale to customers

Economies of Scale

- ◆ Centralised product management
- ◆ Local customisation
- ◆ Digital as a channel

Transfer of Learnings

- ◆ Market to market shared learnings
 - Organisational
 - Customer
 - Market

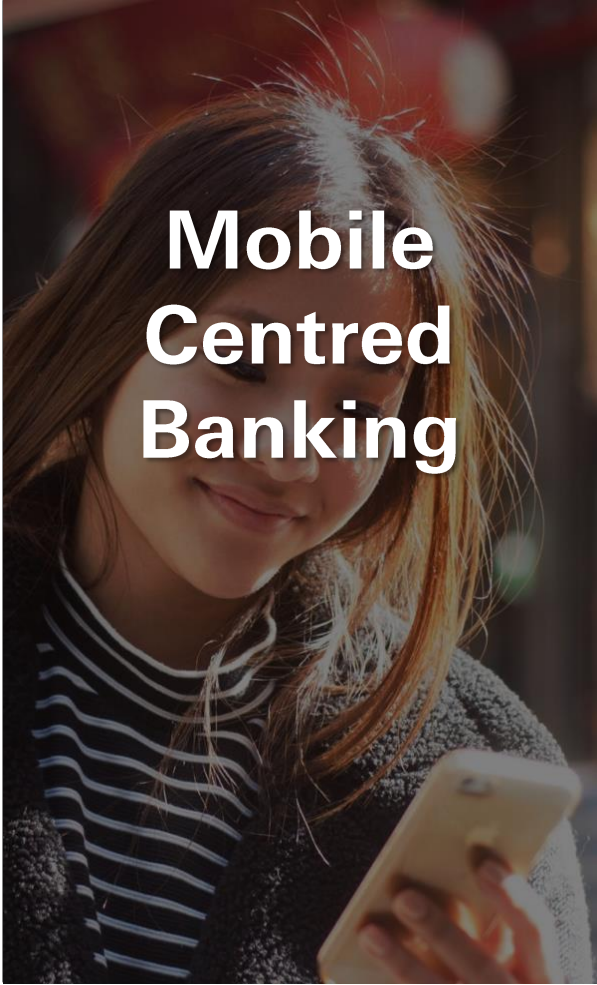
International Propositions

- ◆ International payments
- ◆ Asset allocation / Global model
- ◆ International Customer Onboarding (ICO)

Apart from these three priorities, we are also working on a lot more this year



Discussion



**Mobile
Centred
Banking**



**Personal and
Relevant
Customer
Experience**



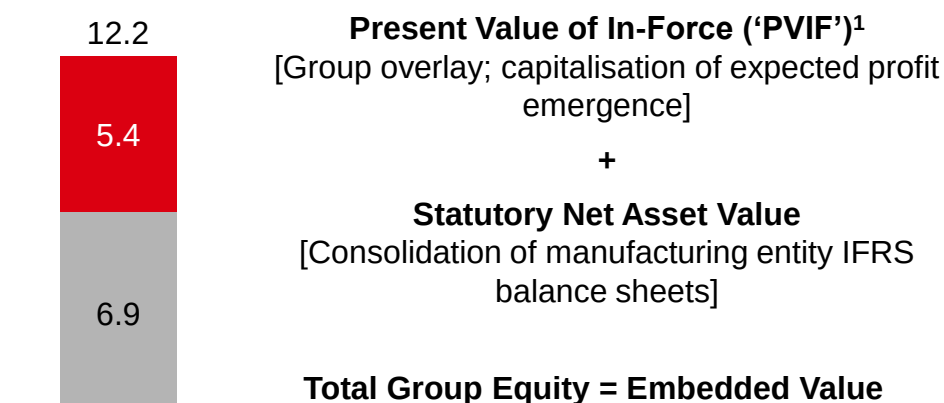
**Leverage and
Contribute to
HSBC's Scale
and
Ecosystem**

Appendix

Global manufacturing: Sources of earnings

Embedded value accounting

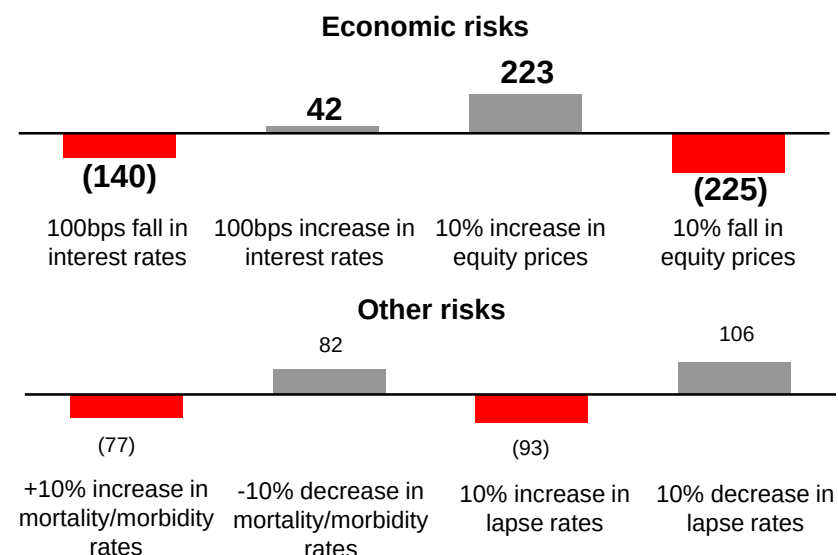
(2017, USDbn)



Change in PVIF of long-term insurance business

2017	USDm
Value of New Business	919
Extant Book: changes in PVIF	-895
Amortisation of PVIF asset	-599
Sharing of investment performance	-141
Offset of regulatory-driven changes	-98
Assumption changes	-41
FX and other	-16
Total	24

Profit After Tax sensitivities²



Statutory income (ex PVIF overlay)

2017	USDm
Net premium income ³	9,779
Investment income	5,098
Net claims and benefits paid ³	-5,409
Net movement in liabilities to policyholders ³	-6,922
Operating expenses, Fee expenses and Other operating income	-825
Total	1,721

1. PVIF equity comprises: USD6.6bn gross PVIF asset less USD1.2bn deferred tax liability

2. Refer to pages 115 to 116 of 2017 ARA for further details

3. Shown net of reinsurance

GPB Asia selected financial performance

USDm	2017	2016
Adjusted PBT	305	214
Significant items & foreign currency translation	(19)	46
Reported PBT	286	260

Glossary

Glossary of terms

Term	Definition
A/D ratio	Ratio of loans and advances to customers to customer accounts
ADB	Asian Development Bank
Adjusted performance	Adjusted performance excludes the year-on-year effects of foreign currency translation differences and significant items which distort the year-on-year comparison of reported results. The term significant items collectively describes the group of individual adjustments excluded from reported results when arriving at adjusted performance and which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the trends of the business
AIIB	Asian Infrastructure Investment Bank
AM	Asset Management
APAC	Asia-Pacific
ASEAN	Association of Southeast Asian Nations
AU	Australia
AUC	Asset Under Custody

Term	Definition
AUM	Assets under management
BARC	Barclays Bank PLC
BCG	Boston Consulting Group
bn	billion
BoAML	Bank of America Merrill Lynch
BRI	Belt and Road Initiative
BSM	Balance Sheet Management
CAGR	Compound annual growth rate
CC	Corporate Centre
CER	Cost efficiency ratio

Glossary of terms

Term	Definition
Client revenue	Client revenue data sourced HSBC internal client MI, which differs from reported revenue. Excludes synergies with other global businesses and excludes internal costs of funds.
CMB	Commercial Banking
CNY	Chinese Yuan Renminbi
CS	Credit Suisse Group AG
CSRC	China Securities Regulatory Commission
DB	Deutsche Bank AG
DCM	Debt capital markets
DTC	Digital transformation for Corporates
ECM	Equities capital markets
ECM	Equity Capital Markets
EMEA	Europe, Middle East and Africa

Term	Definition
Ernst & Young (“EY”) methodology	1.Estimated Market share is calculated by taking HSS’s Asia Pacific AUC (provided by HSS) divided by Total Asia Pacific AUC (using Tricumen data, which is estimated to cover c.60% of Asia Pacific AUC) 2.Estimated Market Positioning is derived comparing HSS’s AUC in Asia Pacific to 10 Asset Servicing Asia Pacific AUC values that EY holds data for, assuming these 11 Asset Servicing companies (including HSS) are the largest in Asia Pacific
ETF	Exchange Traded Funds
FDI	Foreign Direct Investment
FICC	Fixed Income, Currencies & Commodities
FIG	Financial Institutions Group
FUM	Funds under management
FX	Foreign Exchange
GAFA	Google, Apple, Facebook, Amazon
G10 Currencies	G10 currencies include United States dollar, Euro, Japanese yen, Pound sterling, Swiss franc, Australian dollar, New Zealand dollar, Canadian dollar, Swedish krona, Norwegian krone

Glossary of terms

Term	Definition
GB	Global Banking
GB&M	Global Banking and Markets
GBA	Greater Bay Area
GDP	Gross domestic product
GFC	Group Finance Companies
GLCM	Global Liquidity and Cash Management
GM	Global Markets
GPB	Global Private Banking
GS	Goldman Sachs Group Inc
GTRF	Global Trade and Receivables Finance
HKMA	Hong Kong Monetary Authority
HKQAA	Hong Kong Quality Assurance Agency
HSS	HSBC Securities Services

Term	Definition
IDBC	Industrial and Commercial Bank of China Limited
IMF	International Monetary Fund
Inbound revenue	Client revenue booked in Country A where the primary relationship is managed outside of Country A
Jaws	Percentage change in revenue over the percentage change in costs
JPM	JPMorgan Chase & Co
JV	Joint Venture
LATAM	Latin America
LICs	Loan impairment charges and other credit risk provisions
M&A	Mergers and Acquisitions

Glossary of terms

Term	Definition
MENA	Middle East and North Africa
MLA	Mandated Lead Arranger
MNCs	Multi-national corporations
MS	Morgan Stanley
NAFTA	North American Free Trade Agreement
NDB	New Development Bank
NIM	Net interest margin
NZ	New Zealand
ODI	Outward Direct Investment
OECD	Organisation for Economic Co-operation and Development
Outbound revenue	Client revenue relating to clients where the primary relationship is managed in Country A, but the revenue is booked outside of Country A
PBT	Profit before tax
PRD	Pear River Delta

Term	Definition
QFII	Qualified Foreign Institutional Investor
RBWM	Retail Banking and Wealth Management
RCF	Revolving Credit Facility
Reported results	Reported view of performance is determined on an International Financial Reporting Standards (“IFRS”) basis as reported in HSBC’s annual report and accounts and other financial and regulatory reports
RMB	Renminbi
RMBI	Reminbi Internationalisation
RoRWA	Return on risk-weighted assets
RoTE	Return on tangible equity
RQFII	Renminbi Qualified Foreign Institutional Investor
RWAs	Risk-weighted assets
SAFE	State Administration of Foreign Exchange
SG	Société Générale

Glossary of terms

Term	Definition
TLA	Term Loan A
tn	trillion
UNCTAD	United Nations Conference on Trade and Development
ULIP	Unit linked insurance plan
USD	US Dollar
VNB	Value of new business
Y-o-Y	Year-on-year
YTD	Year-to-Date

