HSBC Holdings plc

US Business Update

March 2020

HSBC

Reposition as an international client focused corporate bank with a targeted retail offering

1 FOCUS

- Focus Wholesale on middle market and multinational corporate and institutional clients
- Focus Retail on globally mobile and affluent clients

2 RESTRUCTURE

- Transfer and re-scale Global Markets activity
- Combine Global Private Banking (‘GPB’) and Retail Banking and Wealth Management (‘RBWM’) to create Wealth and Personal Banking (‘WPB’)

3 REDESIGN

- Simplify US operating model
- Streamline and upgrade the branch network and invest in digital

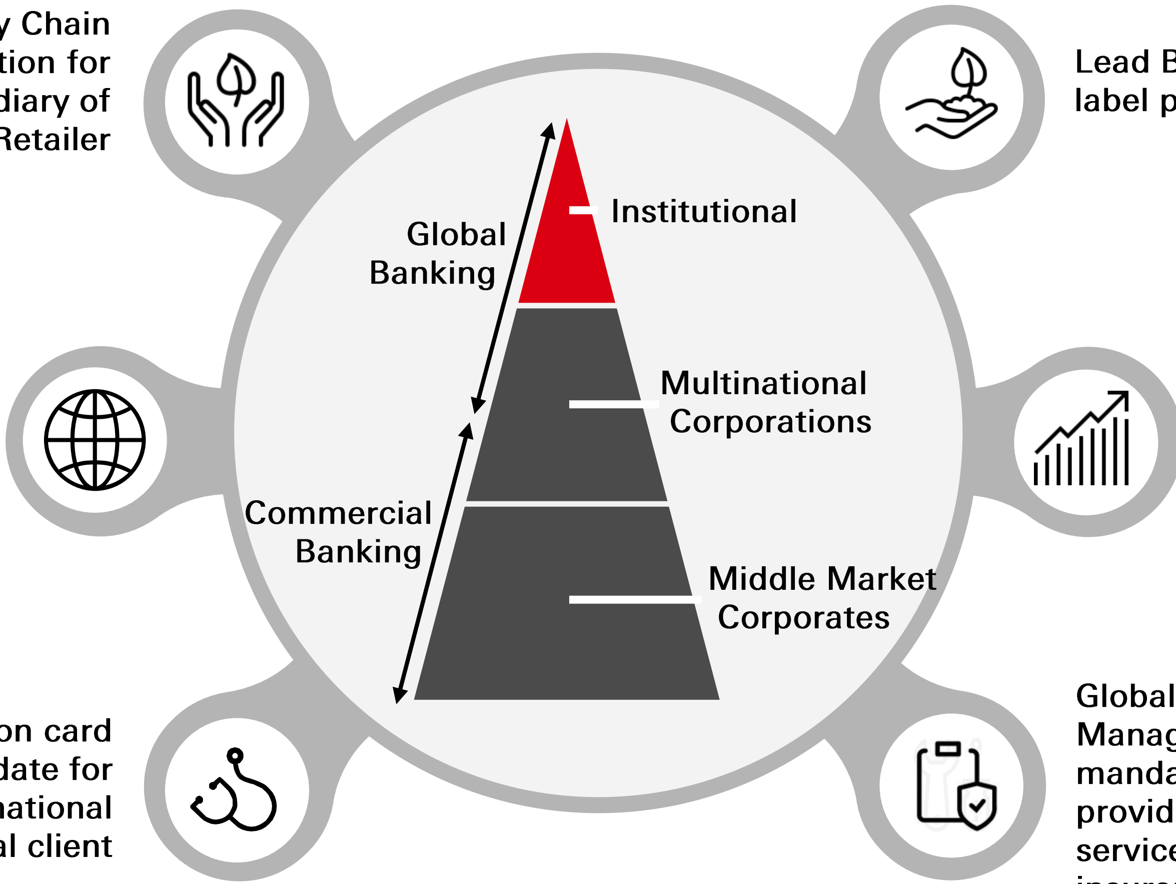
Plan to deliver improved and sustained returns

Focus wholesale banking on international clients

Supply Chain Finance solution for US subsidiary of European Retailer

International access to Emerging Markets (EM) onshore markets for a public sector pension

Multi-region card mandate for multinational Pharmaceutical client



Lead Bookrunner in green label private placement bond

Lead Arranger and Bookrunner backing financial sponsor's acquisition of a high-growth tech brand

Global Liquidity and Cash Management (GLCM) mandate to act as sole provider of local collection services to a Brazil-based insurance company

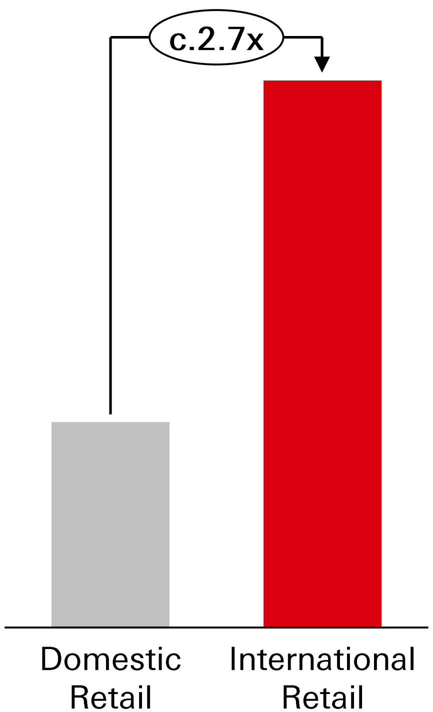
Leverage global capabilities in Transaction Banking, DCM, Financing and EM

Focus retail and private banking on globally mobile and affluent clients

Market opportunity

- The US foreign national population is an attractive segment

Annualized revenue[1]



Footprint

# of Foreign Nationals in the US[2]

c.50m

% of Foreign Nationals in HSBC US footprint[2]

55%

Right to Win

- International brand relevant to target clients in the US
- Local footprint aligned to high concentration of foreign nationals
- Distinctive money movement services
- Seamless onboarding between HSBC markets
- Tailored credit procedures for mortgages, cards and unsecured loans for new-to-country clients
- Multilingual customer service

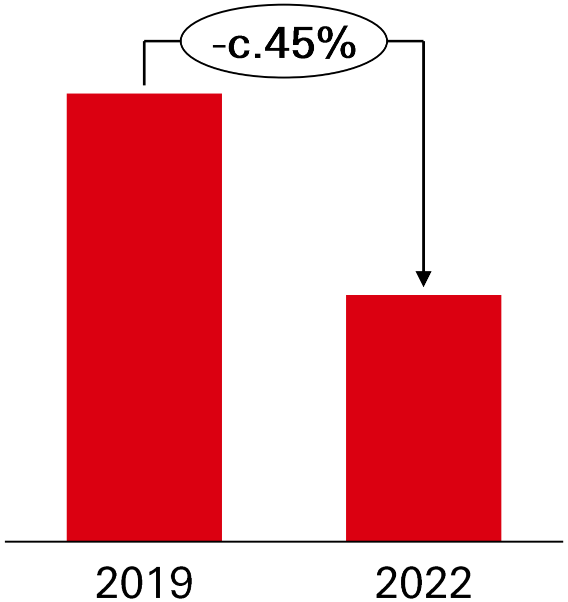
1. HSBC internal data
2. US Migration Policy Institute, and UN International Migration Report 2017

Transfer and rescale US Global Markets activity

Consolidate select fixed income activities in London

1. Better serve clients
2. Better utilize HSBC balance sheet
3. Better manage risk

Plan to reduce US Global Markets RWAs by c.$5bn

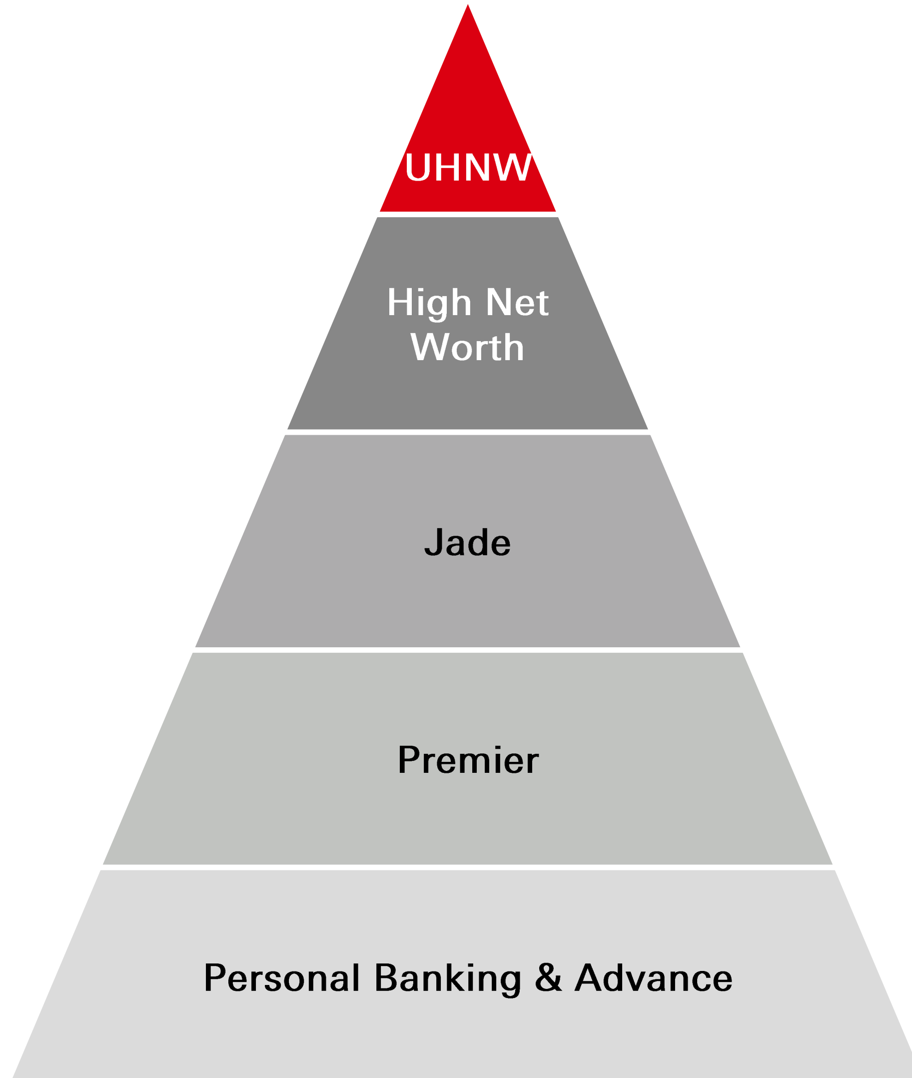


US clients will have access to the full suite of Global Markets products

Create Wealth and Personal Banking: Seamless continuum of banking and wealth solutions for our target clients

We intend to:

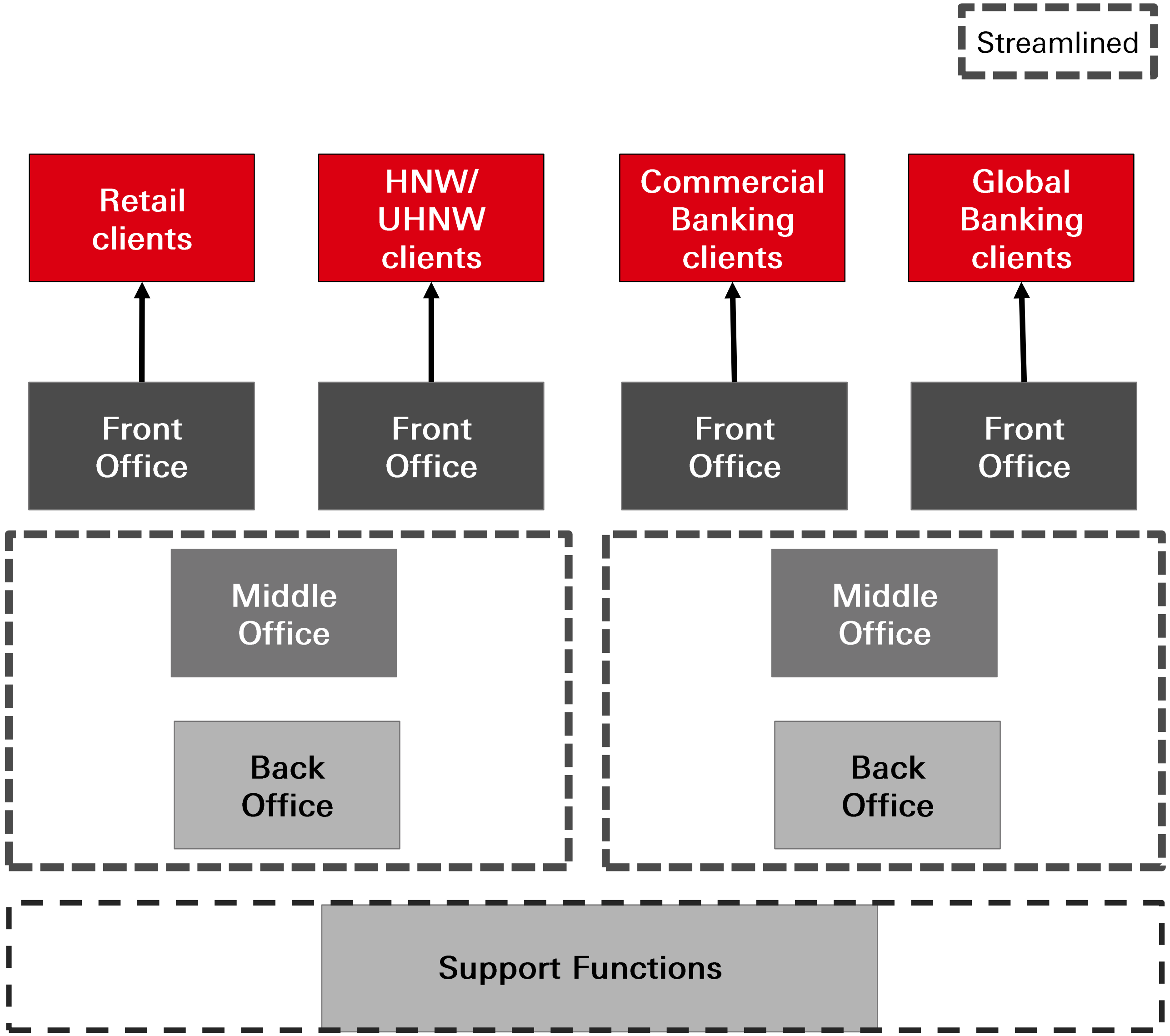
- Leverage strengths of RBWM and GPB to create a cohesive product and proposition
- Maximize investment across the client continuum
- Improve digital and transaction banking services for Private Banking clients
- Increase access to wealth solutions for retail banking clients
- Lower cost to serve clients over time



* Indicates investable assets required to meet eligibility criteria for each tier

Simplify US operating model: One wholesale and one retail structure

- Preserve dedicated front office staff for distinct client segments
- Consolidate middle and back office functions under single operating structure
- Streamline support functions, IT, and Operations
- Concentrate investments in servicing enhancements and digitization
- Serve clients in a more consistent and efficient way



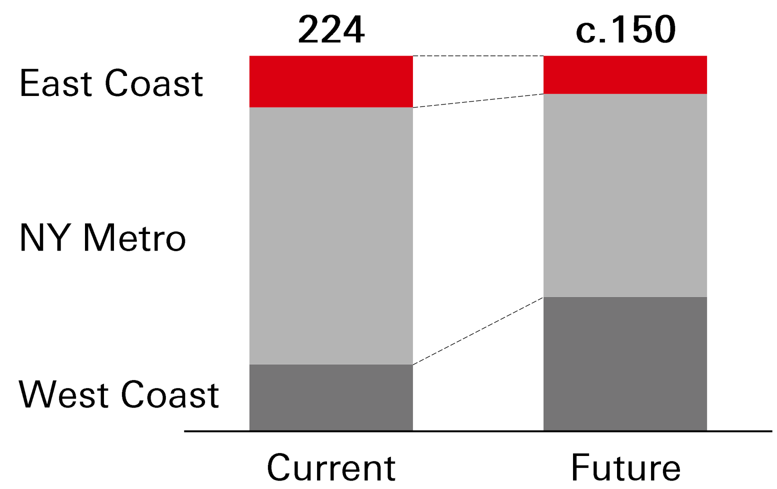
Streamline and upgrade the branch network and invest in digital

Digital investment

- Enhance mobile app / user experience
- Payments (RTP / Zelle / Bill Payments)
- Digital unsecured lending
- Remote client management capabilities
- Customer engagement tools

Streamline and modernize branch footprint

Consolidation:



Modernization:

- Modernizing branches to create an integrated digital / physical experience
- Smarter footprint with updated floor plans and in-branch digital services

Creating a better omnichannel customer experience

Seek to deliver improved and sustained returns

PBT

Goal

- Stable, sustainable earnings growth

Revenue	Lower revenue volatility
Costs	10-15% reduction by 2022
FTE	Approximately 15% reduction

Balance sheet

Goal

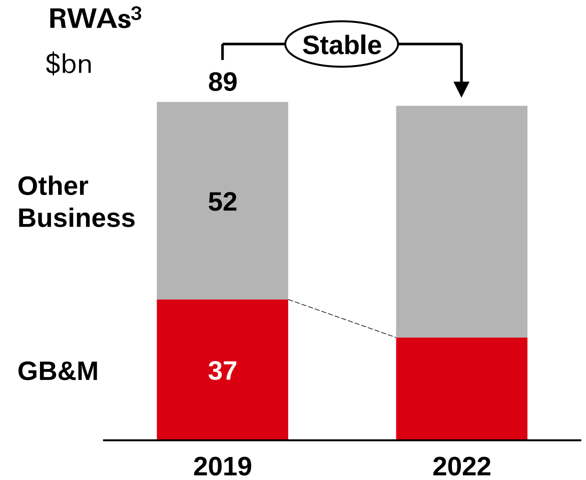
- Less trading, more accrual balances to reduce volatility and boost margins
- More funding from customer deposits vs. wholesale

B/S mix	2019	2022
Loans	27%	>35%
GM assets[1]	46%	<25%
Deposits	~40%	>55%
GM liabilities[2]	~30%	<25%

Capital

Goal

- Redeploy capital from low to higher return assets



Improved and sustained returns

- Drive a balanced approach to returns growth that is generated from revenue growth, cost productivity and improved balance sheet management

1. GM assets are assets in Global Markets division which include reverse repos and trading assets
2. GM liabilities are liabilities in Global Markets division which include repos and trading liabilities
3. RWAs are on a PRA RWA basis. 2022 RWAs are pre-Basel III reform

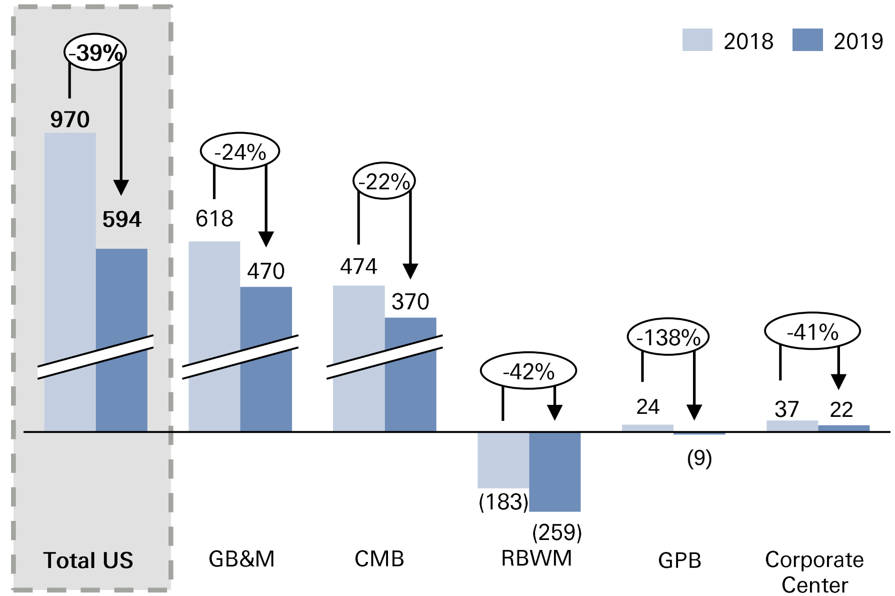
Appendix

US: 2019 financial overview (IFRS)

Adjusted income statement, $m

	2019	Δ2018	Growth, YoY
Revenue	4,704	(134)	(3)%
ECLs	(170)	(369)	(185)%
Operating expenses	(3,940)	127	3%
Adjusted PBT	**594**	**(376)**	**(39)%**
Significant items	(159)	858	84%
Reported PBT	**435**	**482**	**>200%**

Adjusted PBT by global business, $m



Balance sheet, $bn

	2018	2019	Δ2018	Δ%
Net loans and advances to customers	64.0	63.6	(0.4)	(1)%
Customer accounts	82.5	90.8	8.3	10%
Risk-weighted assets	99.5	89.4	(10.1)	(10)%
Total assets[1]	286.0	261.9	(24.1)	(8)%

Adjusted revenue by global business, $m

	2018	2019	Δ2018	Δ%
GB&M	1,924	1,959	35	2%
CMB	1,016	1,019	3	0%
RBWM	1,196	1,124	(72)	(6)%
GPB	259	205	(54)	(21)%
Corporate Center	443	397	(46)	(10)%
Total US	**4,838**	**4,704**	**(134)**	**(3)%**

1. This amount reflects assets of US entities determined in accordance with International Financial Reporting Standards and excludes asset balances with affiliates that are eliminated by HSBC Holdings PLC in consolidation

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Additional detailed information concerning important factors that could cause actual results to differ materially from this Presentation is available in our Annual Report and Accounts for the fiscal year ended 31 December 2019 filed with the Securities and Exchange Commission (the "SEC") on Form 20-F on 19 February 2020 (the "2019 Form 20-F").

Non-GAAP financial information

This Presentation contains non-GAAP financial information. The primary non-GAAP financial measures we use are presented on an 'adjusted performance' basis which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons. Significant items are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business.

Reconciliations between non-GAAP financial measurements and the most directly comparable measures under GAAP are provided in the 2019 Form 20-F and the Reconciliations of Non-GAAP Financial Measures document, each of which are available at www.hsbc.com.

Information in this Presentation was prepared as at 2 March 2020.