HSBC Holdings plc 1H20 Results

Fixed Income Investor Presentation

HSBC

Highlights

1. **Resilient Asia** and strong Global Markets performance; 1H20 profits challenged in Europe, the US and the NRFB due to high ECL. **Reported 2Q20 PBT of $1.1bn, down 82% vs. 2Q19;** adjusted PBT of $2.6bn down 57%
2. **2Q20 ECL of $3.8bn,** primarily reflecting forward economic guidance updates, particularly in the UK
3. **Good cost control and discipline,** 2Q20 adjusted costs of $7.3bn down 7% vs. 2Q19
4. **Strong funding, liquidity and capital;** adjusted deposit growth of $85bn vs. 1Q20, CET1 ratio[1] of 15.0%
5. **We are implementing the 2020 – 2022 plan at pace;** reducing costs and RWAs, and redeploying investment and capital into areas of faster growth and higher 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

Transformation programme: Groundwork laid in 1H20 to accelerate our plans as the global economic recovery strengthens

Group-level transformation milestones

- **Adjusted costs:** 1H20 down 5% vs 1H19; 2Q20 down 7% vs 2Q19
  - $300m cost programme saves realised to date, with a further estimated $500m expected in 2H20
  - Restructuring-related **headcount reductions** were paused for most of 2Q20, but resumed in late June; will continue to manage responsibly
- **WPB:**
  - **Creation of Wealth and Personal Banking** from the combination of RBWM and GPB is complete, leveraging expertise and technological capabilities for >39m customers
  - Wealth balances grew 3% vs. 1H19 to over $1.4tn despite market volatility
- **Integration of CMB and Global Banking's back-office infrastructure** is progressing well:
  - International account openings were up 12% vs.1H19, while on-boarding times have reduced by 32%

Transformation programmes in Europe, US, GBM

GBM:

- Formed RWA Optimisation Unit and reduced RWAs by $21bn in 1H20 as part of our $100bn Group RWA reduction programme
- De-layered organisational structure by removing regional management structure and central management, and combined Global Markets and Securities Services businesses

US:

- Reduced branch footprint by 80, exceeding original 30% reduction target for 2020
- On track to consolidate select fixed income activities with those in London, and to reduce Global Markets RWAs in the US by c.$5bn / c.45% by end-2020

Europe / NRFB:

- Simplified new management structure is in place
- Committed to RWA targets announced in Feb 2020; execution to ramp up as economies recover from Covid-19

2Q20 results summary

$m	2Q20	2Q19		Δ
NII	6,871	7,541	▼	(9)%
Non interest income	6,279	6,125	▲	3%
Revenue	13,150	13,666	▼	(4)%
ECL	(3,832)	(519)	▲	>(100)%
Costs	(7,262)	(7,828)	▼	(7)%
Associates	537	708	▼	(24)%
Adjusted PBT	**2,593**	**6,027**	▼	**(57)%**
Significant items and FX translation	(1,504)	167	▼	>(100)%
Reported PBT	**1,089**	**6,194**	▼	**(82)%**
Profit attributable to ordinary shareholders	192	4,373	▼	(96)%
EPS[2], $	0.01	0.22	▼	$(0.21)

$bn	2Q20	1Q20		Δ
Customer loans	1,019	1,048	▼	(3)%
Customer deposits	1,532	1,447	▲	6%
Reported RWAs	854.6	857.1	▼	(0)%
CET1 ratio[1], %	15.0	14.6	▲	0.4ppt
TNAV per share[3], $	7.34	7.44	▼	$(0.10)

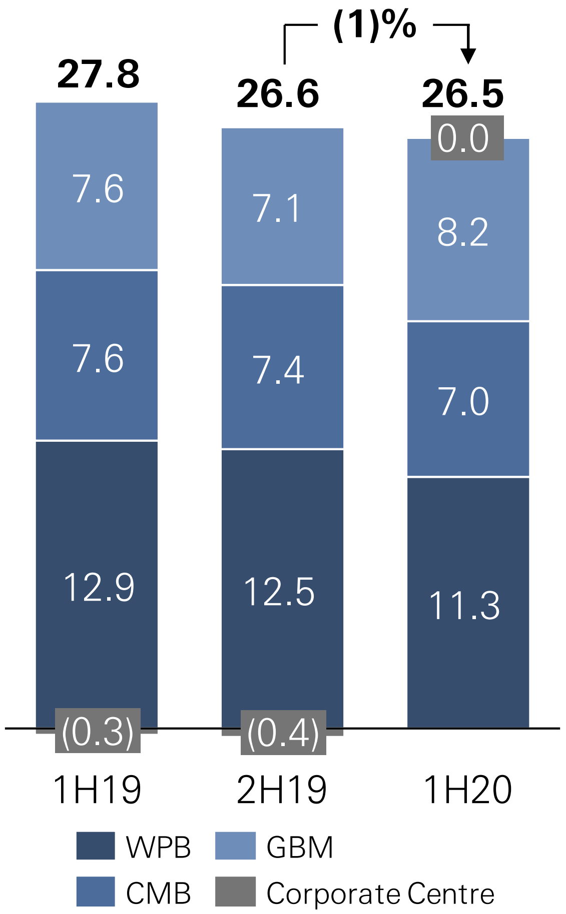
- **Net interest income of $6.9bn, down $0.7bn (9%)** vs. 2Q19 impacted by 1Q20 rate cuts
- **Non interest income of $6.3bn, up $0.2bn (3%),** reflecting strong trading revenue in GBM and positive market impacts in insurance manufacturing
- **Adjusted revenue of $13.2bn, down $0.5bn (4%)** was positively impacted by $0.5bn increase in volatile items
- **ECL of $3.8bn,** reflects updates to forward economic guidance. particularly in the UK ring-fenced bank
- **Adjusted costs of $7.3bn down $0.6bn (7%),** reflecting management actions, partly offset by continued investments
- **Adjusted PBT of $2.6bn, down $3.4bn (57%); Reported PBT of $1.1bn, down $5.1bn (82%),** 2Q20 significant items included a write down of software intangibles of $1.2bn[4]
- **2Q20 lending down $29bn (3%)** as customers repaid 1Q20 drawdowns and retail balances fell as customers saved more and spent less; **Strong deposit growth of $85bn (6%) vs. 1Q20** as customers built and maintained liquidity balances
- **1H20 RoTE of 3.8%[5]**
- TNAV per share decreased by $0.10 vs. 1Q20, including a decrease of $0.18 per share in own credit adjustments

1H20 adjusted revenue performance

	1H20 revenue				1H20 vs. 1H19	
WPB	**$11,251m**	▼(13)%	Retail Banking	**$6,896m**	(753)	
			Wealth Management	**$3,606m**	(900)	▶ o/w insurance market impacts: $(482)m
			Other	**$749m**	43	
CMB	**$7,000m**	▼ (8)%	GLCM	**$2,347m**	(639)	
			GTRF	**$892m**	(28)	
			Credit and Lending	**$2,741m**	56	
			Other	**$1,020m**	(36)	
GBM	**$8,178m**	▲ 8%	Global Markets, Securities Services	**$5,216m**	1,135	o/w bid-offer adjustments: $(73)m ◀
			Global Banking, GLCM, GTRF	**$3,431m**	(211)	
			Principal Investments, XVA, Other	**$(469)m**	(336)	▶ o/w XVAs: $(369)m
Corp. Centre	**$48m**	–			331	
Group	**$26,477m**	▼ (5)%			(1,338)	

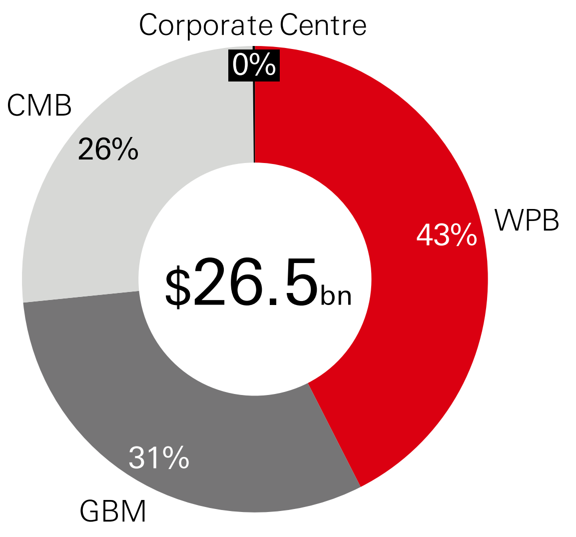
Includes negative impact from $1,110m of volatile items included in adjusted revenue, see p.24 for more information

Revenue by global business, $bn

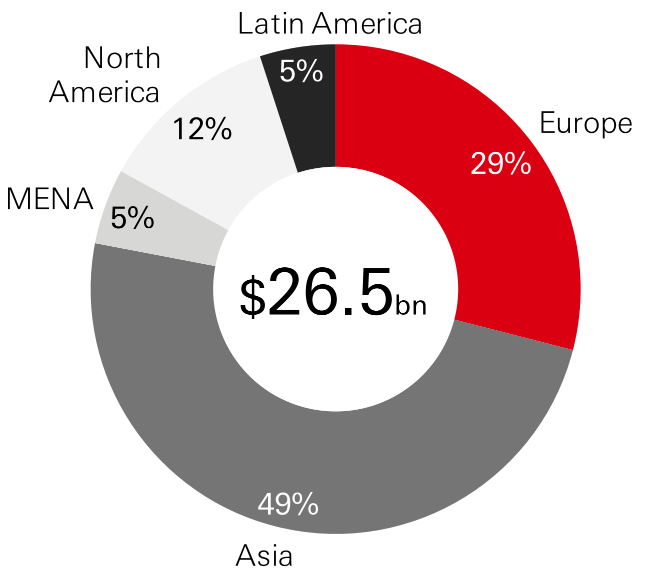


Diversified revenue streams

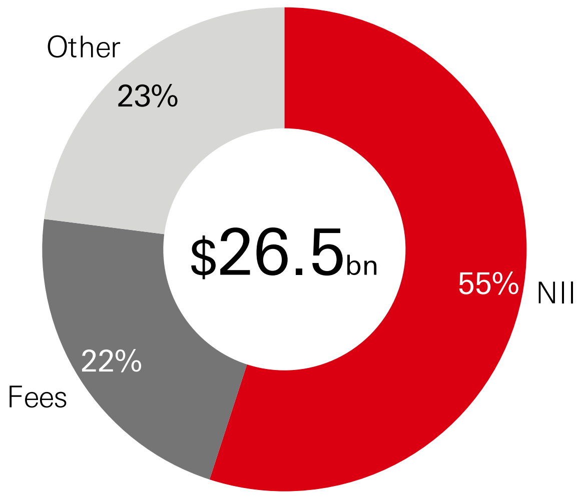
1H20 adjusted revenue by global business

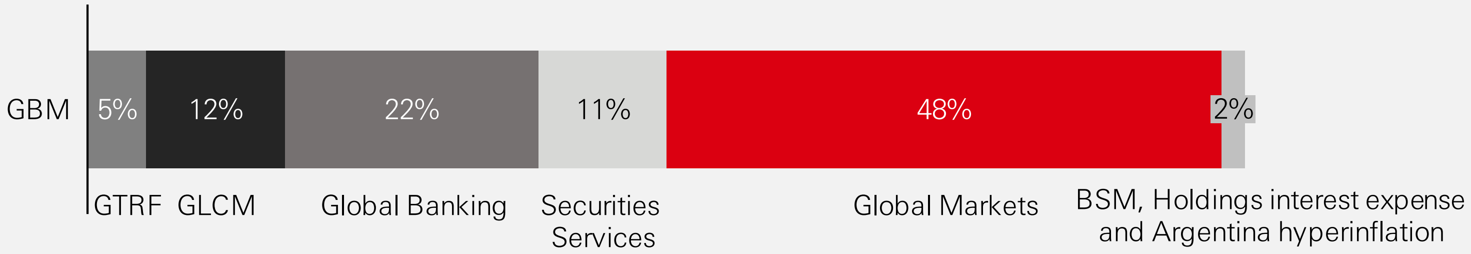


1H20 adjusted revenue by region[6]



1H20 adjusted revenue by type



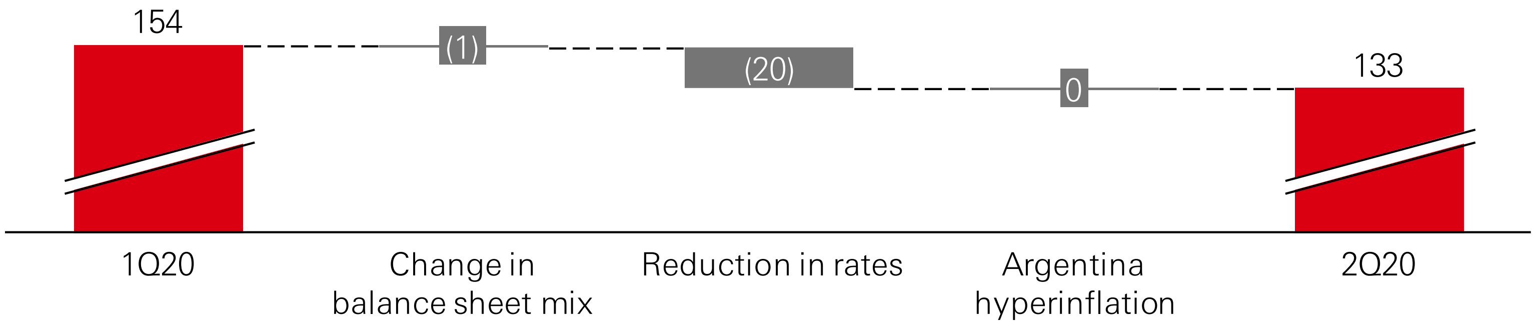


Our GBM business has a diversified product offering, with a range of transaction banking, financing, advisory, capital markets and risk management services

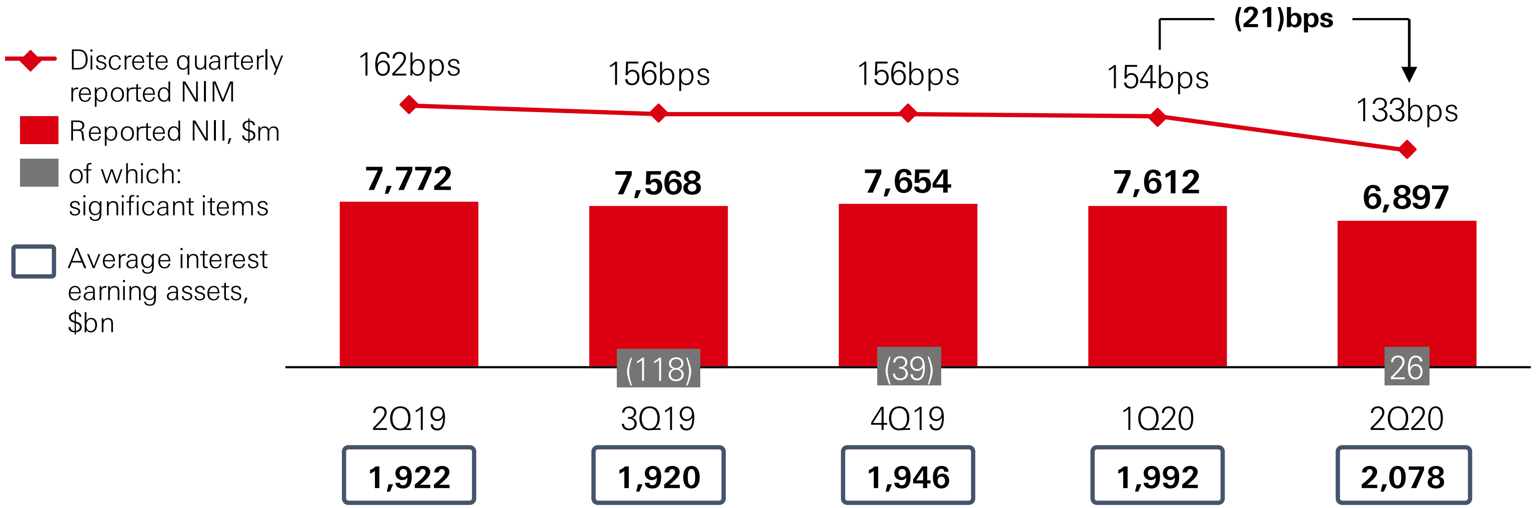
Total GBM adjusted revenue of $8,178m includes Principal Investments revenue of $(12)m, Other revenue of $(300)m and Credit and funding valuation adjustments $(355)m – these have been excluded from the chart above

Net interest income

Reported NIM progression, bps



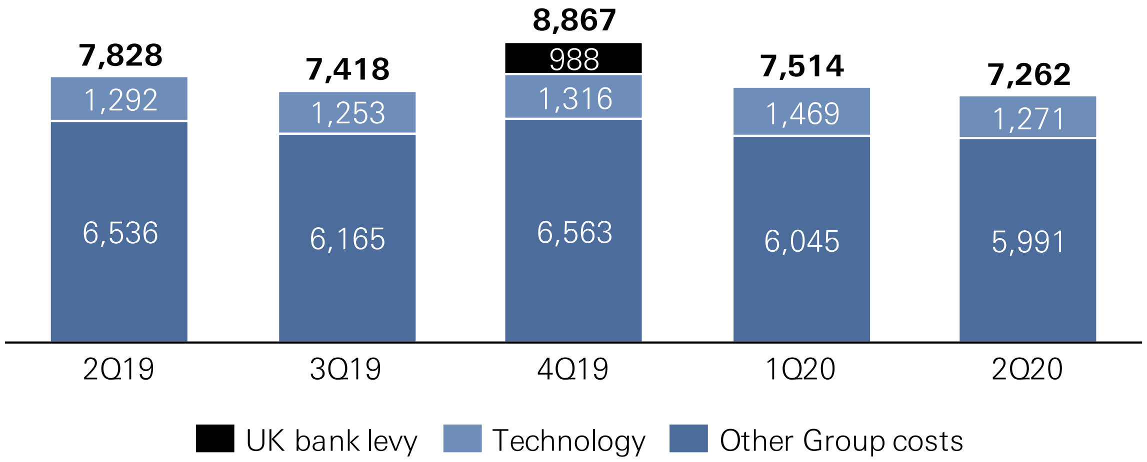
Reported NIM trend



- **Reported NII of $6.9bn, down $0.7bn (9%)** vs. 1Q20 and down $0.9bn (11%) vs. 2Q19 due to the impact of lower rates
- **NIM of 1.33% down 21bps** vs. 1Q20, largely driven by Asia (down 27bps) and the UK (down 33bps)
- 2Q20 average deposit costs[7] of 0.45%, down 23bps vs. 1Q20
- **AIEAs of $2,078bn, up $86bn (4%)** vs. 1Q20 due to higher liquid assets and term lending balances, partially offset by a decline in unsecured lending and reverse repo balances
- Continue to expect **>$3bn negative NII impact in FY20 vs. FY19;** further negative impacts anticipated in 2021

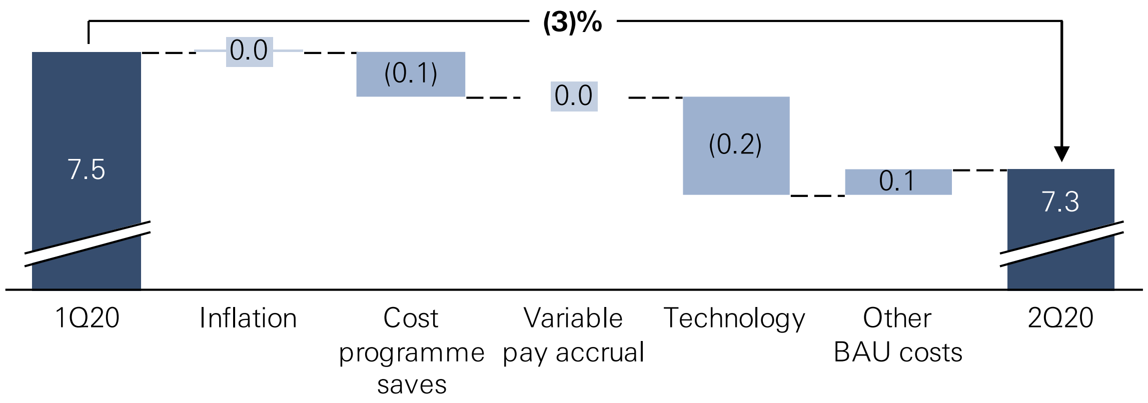
Adjusted costs

Operating expenses trend, $m

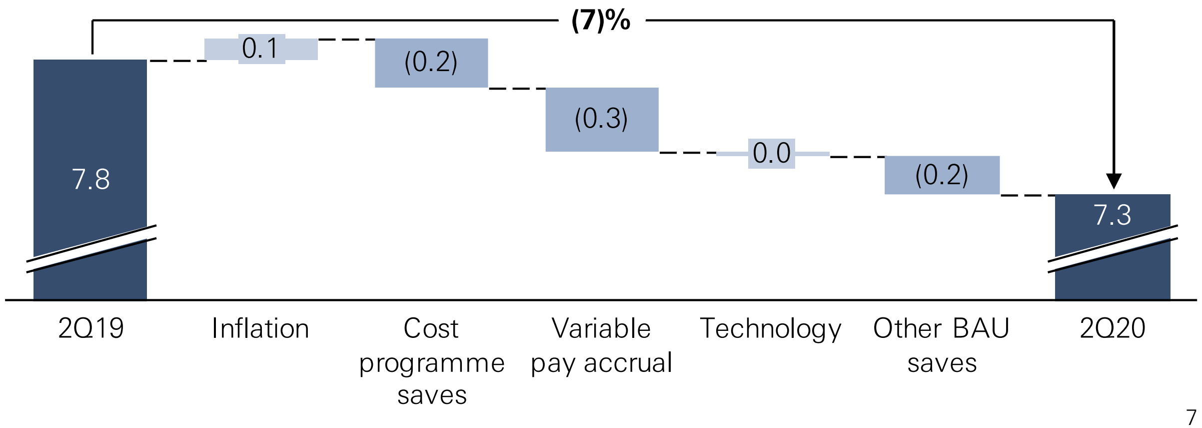


- **Costs decreased $0.6bn (7%) vs. 2Q19** due to management actions, reduced discretionary spending and performance related pay accrual, despite continued investment; costs decreased by $0.3bn (3%) vs. 1Q20
- Early signs of 2020-2022 Group cost programme progress: **1H20 programme savings of $0.3bn achieved;** 1H20 CTA spend of $0.5bn
- **Technology costs stable vs. 2Q19 and decreased $0.2bn (13%) vs. 1Q20** as a result of a temporary slowdown in certain Group technology activities due to Covid-19
- **Continue to expect FY20 adjusted costs to be ≥3% lower than FY19**

2Q20 vs. 1Q20, $bn

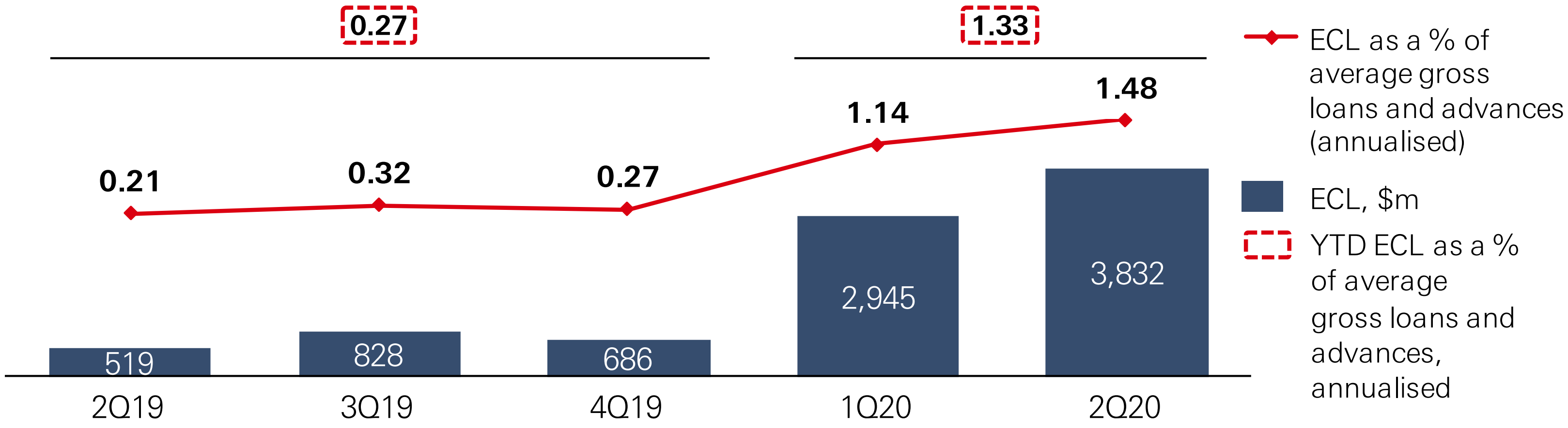


2Q20 vs. 2Q19, $bn

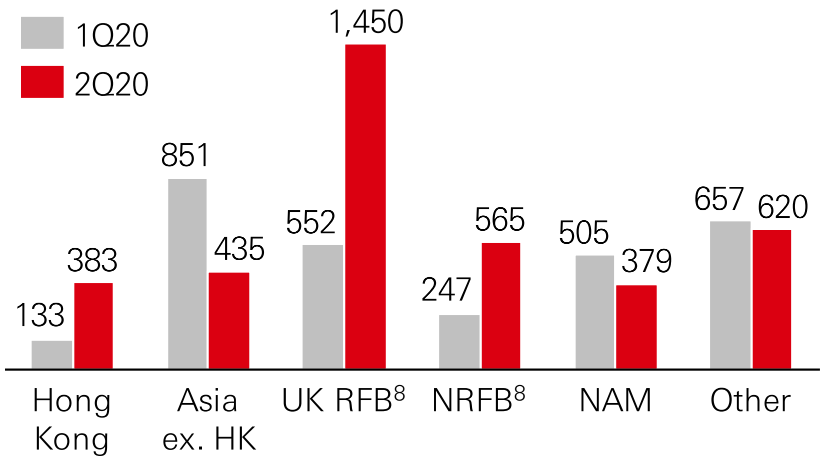


Credit performance

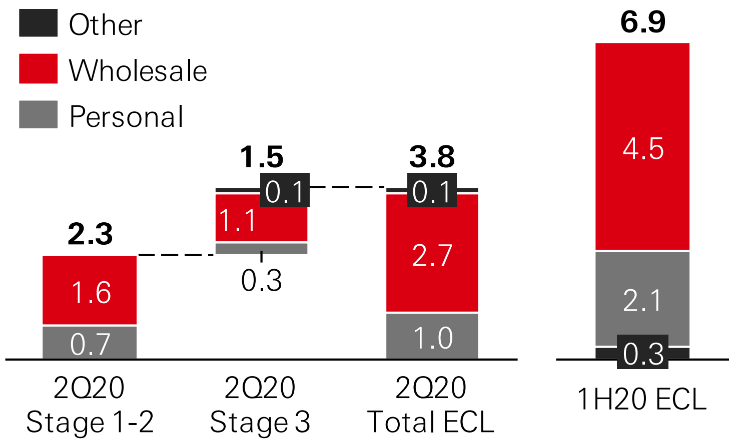
ECL charge trend



ECL by geography, $m



1H20 ECL, $bn

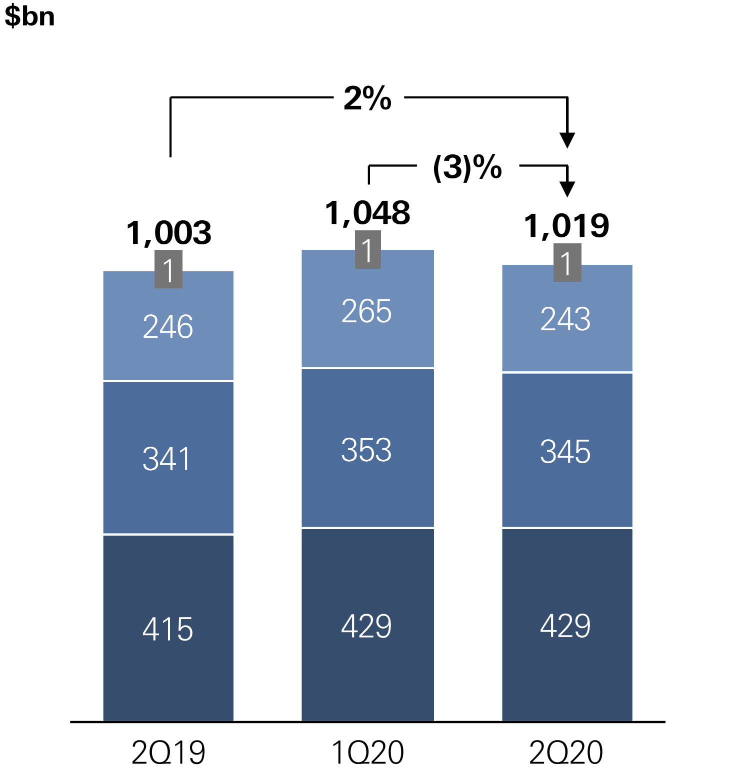


- **2Q20 ECL charge of $3.8bn was $0.9bn (30%) higher vs. 1Q20,** due to higher charges in the UK RFB
- UK RFB 2Q20 ECL charge of $1.5bn was **largely driven by forward economic guidance updates** and a change in downside scenario weightings
- **Asia ECL charge of $0.8bn decreased $0.2bn vs. 1Q20**
- **2Q20 stage 3 ECL charge of c.$1.5bn, stable vs. 1Q20;** 2Q20 personal stage 3 ECL stable vs. 1Q20 at $0.3bn
- **Stage 3 loans were 1.7% of total loans and advances to customers**, an increase of 0.3ppt vs. 1Q20
- Allowance for Stage 1 and 2 ECL of **$6.5bn, up $2.9bn** vs. 4Q19
- **FY20 ECL charge could be in the range of $8-13bn** based on sensitivity analysis*

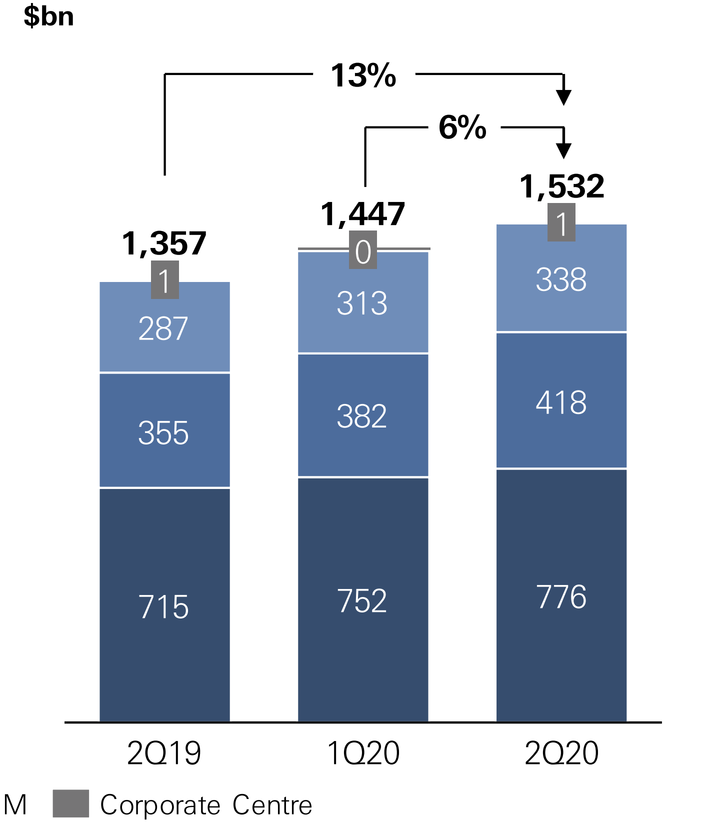
*FY20 ECL range based on applying a range of weightings to our ECL sensitivity analysis. This range continues to be subject to a high degree of uncertainty due to Covid-19, geopolitical tensions and other factors as discussed in 'Areas of special interest' on pages 50 to 54 of the Interim Report

Balance sheet

Net loans and advances to customers



Customer accounts



LDR: 66.5%

HQLA: $654bn

LCR: 148%

- **Net loans and advances to customers decreased by $29bn (3%)** vs. 1Q20 as wholesale clients repaid credit facilities drawn over 1Q20
- **Customer accounts increased by $85bn (6%)** vs. 1Q20, largely driven by CMB (up $37bn, 10%) as a result of customers saving more and spending less following Covid-19 restrictions across markets
- **Deposit surplus of $514bn increased by $114bn (29%)** vs. 1Q20 due to significant deposit growth against decreased lending
- **Loan to deposit ratio decreased 5.9%** from 72.4% to 66.5% over 2Q20
- Maintained strong liquidity, with **$654bn of high quality liquid assets ('HQLA'), up $37bn (6%)** vs. 1Q20
- **Gross HQLA of $784bn** (pre regulatory haircuts to reflect limitations in intragroup fungibility of liquid assets) up $138bn in 1H20

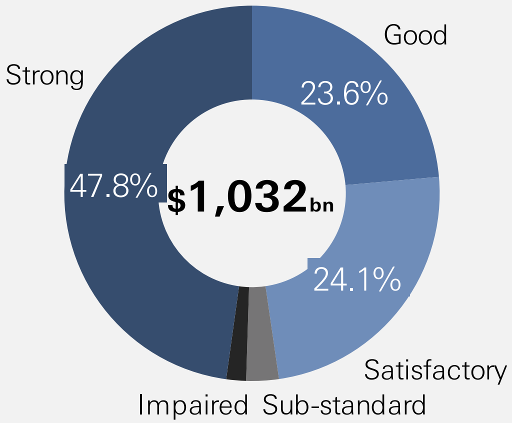
Totals may not cast due to rounding

Asset quality

Gross loans and advances to customers

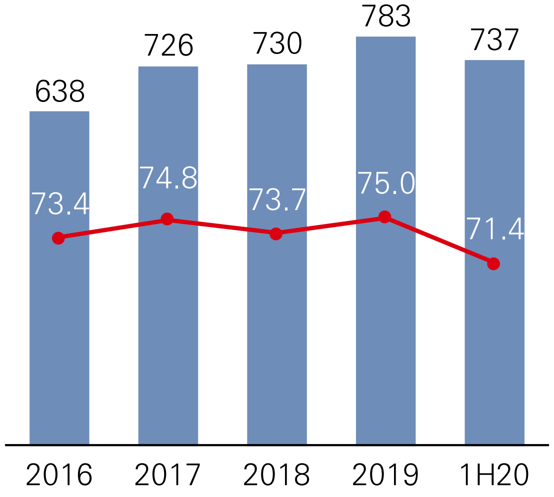
By credit quality classification

As at 30 June 2020



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

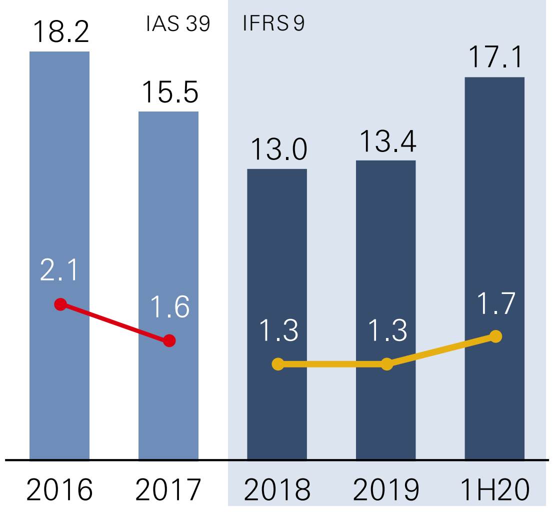


'Strong' or 'Good' loans as a % of gross loans and advances to customers (%)

'Strong' or 'Good' loans ($bn)

Strong or Good loans as a % of gross loans and advances to customers decreased to 71.4% due to the impact of Covid-19

Stage 3 and impaired loans and advances to customers



Impaired loans as % of average gross loans and advances to customers (%)

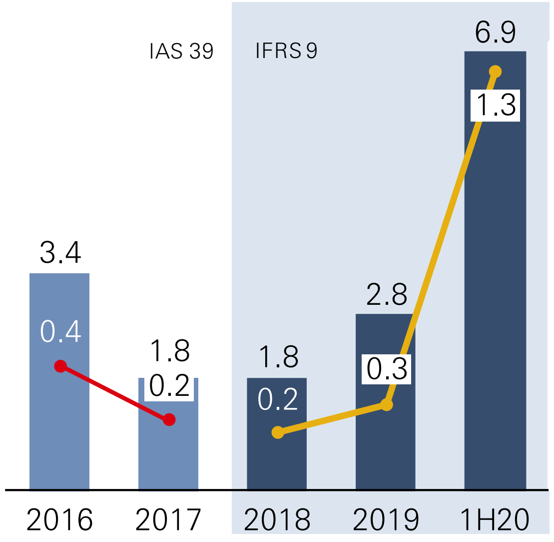
Stage 3 loans as a % of average gross loans and advances to customers (%)

Impaired loans ($bn)

Stage 3 loans ($bn)

Stage 3 loans as a % of gross loans and advances to customers was 1.7%

LICs/ECL



LICs as a % of average gross loans and advances to customers (%)

ECL as a % of average gross loans and advances to customers (%)

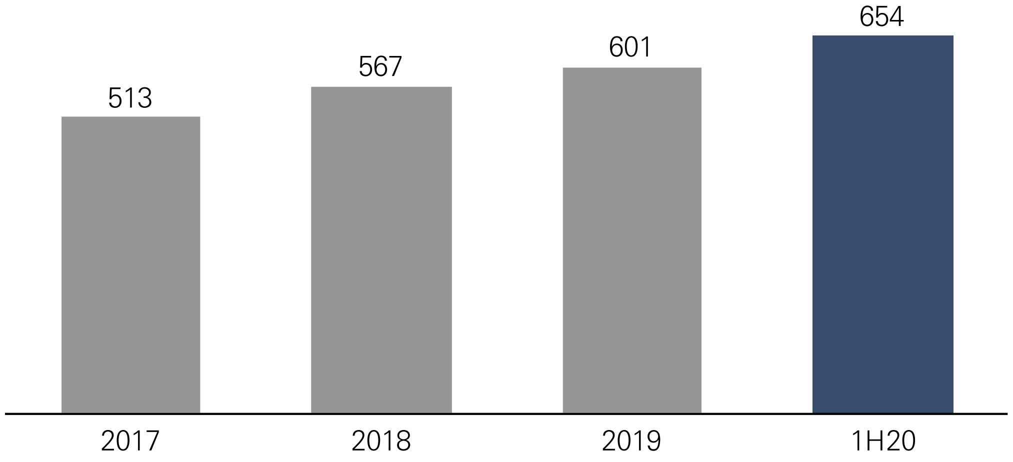
LICs ($bn)

ECL ($bn)

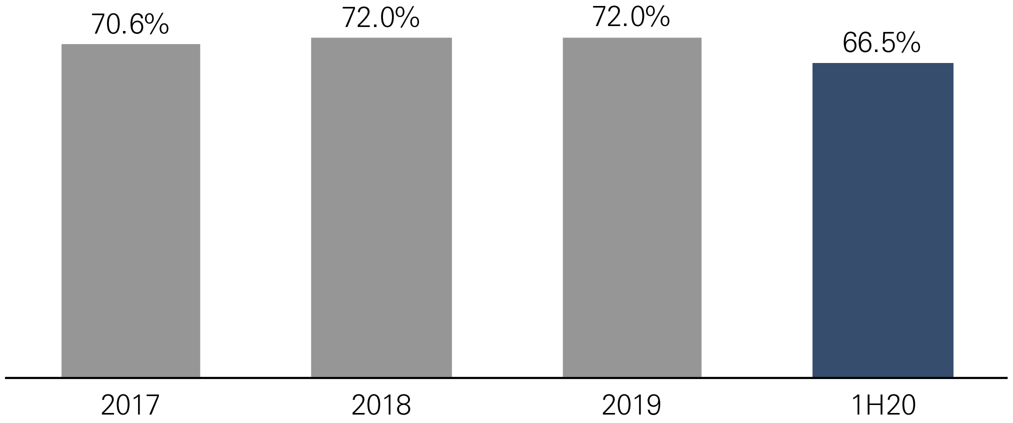
ECL charge of $6.9bn in 1H20; ECL as a % of average gross loans and advances to customers (annualised) was 133bps

Funding and liquidity

High-quality liquid assets (liquidity value), $bn



Loans to deposits ratio, %



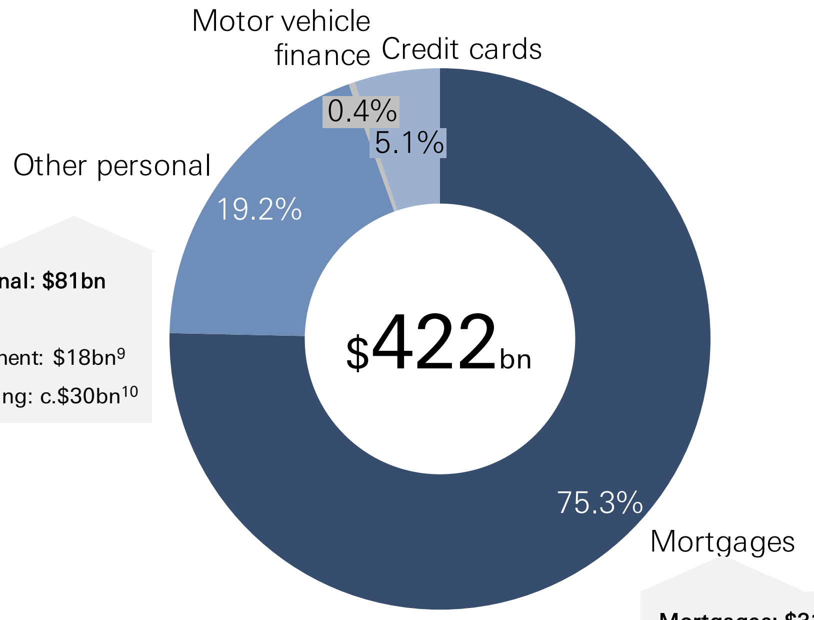
Principal operating entities	LCR		NSFR	
%	1H20	2019	1H20	2019
HSBC UK Bank plc (RFB)	187	165	158	150
HSBC Bank plc (NRFB)	141	142	118	106
The Hongkong and Shanghai Banking Corporation Ltd – HK branch	192	163	138	128
The Hongkong and Shanghai Banking Corporation Ltd – Singapore branch	210	147	136	120
HSBC Bank China	169	180	149	151
Hang Seng Bank	181	185	151	148
HSBC Bank USA	145	125	127	122
HSBC France	167	152	122	117
HSBC Bank Canada	173	124	135	124
HSBC Bank Middle East – UAE Branch	177	202	148	159
HSBC Mexico	206	208	134	136
Group consolidated	148	150	-	-

- The Group and all entities had significant surplus liquidity, resulting in heightened liquidity coverage ratios in 1H20
- At 30 Jun 2020, all of the Group's material operating entities were well above regulatory minimum levels for LCR and NSFR
- Gross Group HQLA of $784bn pre regulatory haircuts to reflect limitations in intragroup fungibility of liquid assets
- The methodology used to calculate the Group consolidated LCR is currently under review

Customer loan book

As at 30 June 2020

Personal loan book ($bn, gross loans and advances to customers)



Other personal: $81bn
Of which:
Crédit Logement: $18bn[9]
Private banking: c.$30bn[10]

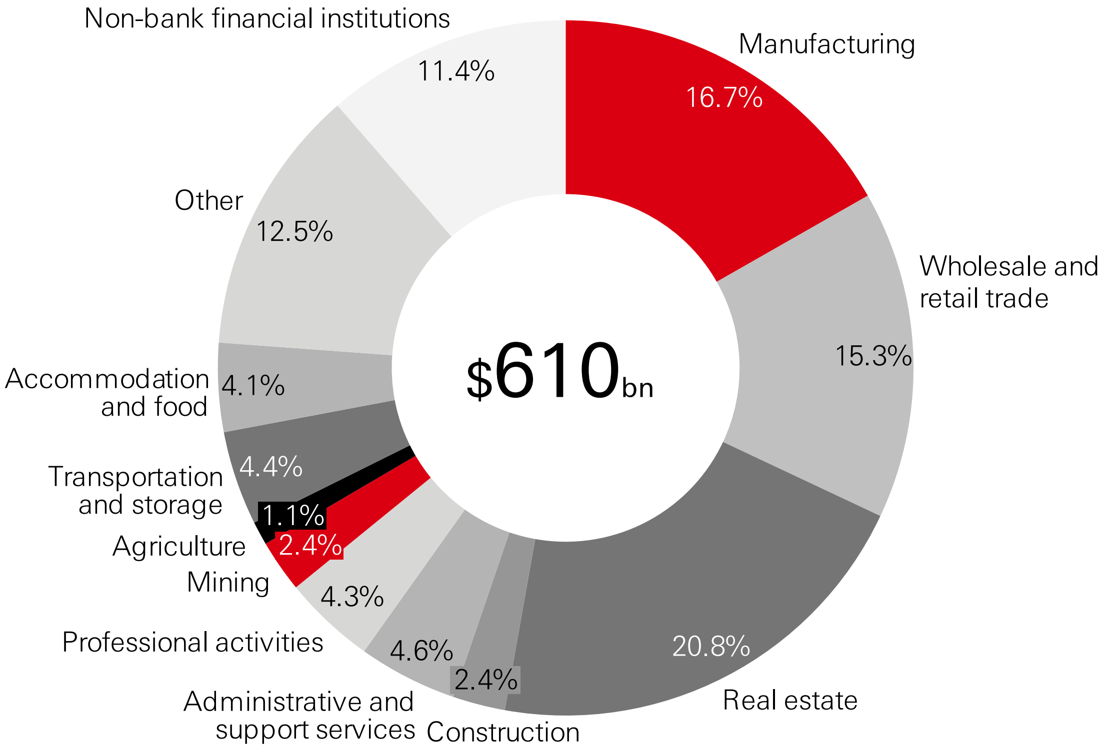
Mortgages: $318bn
Of which:
Interest-only: $30bn[11]

Retail mortgage average LTVs (portfolio, indexed)

UK: 51%
New lending: 68%

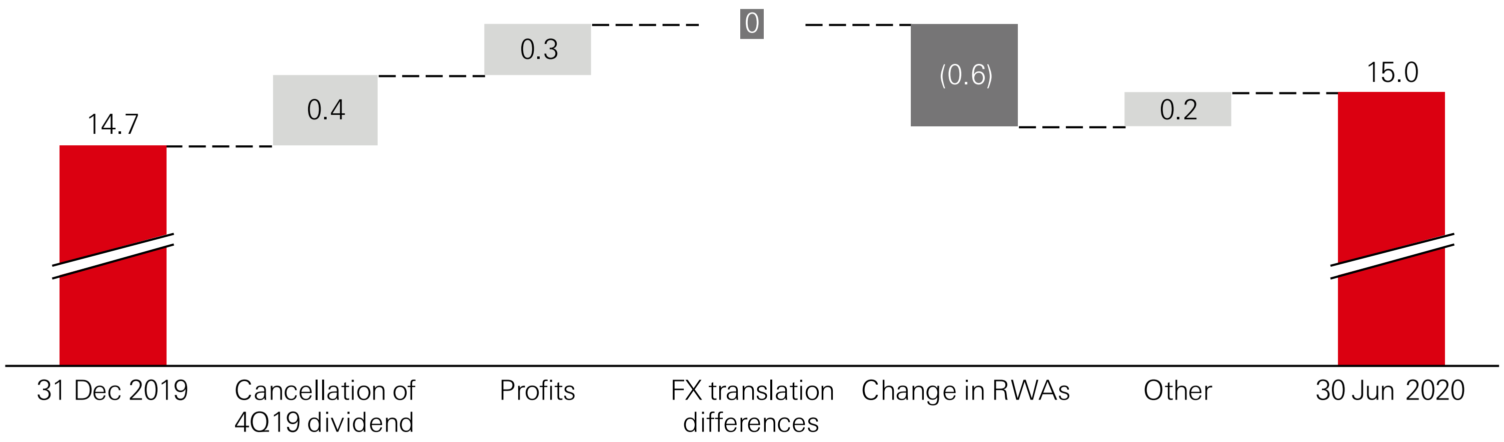
HK: 43%
New lending: 59%

Wholesale loan book ($bn, gross loans and advances to customers)



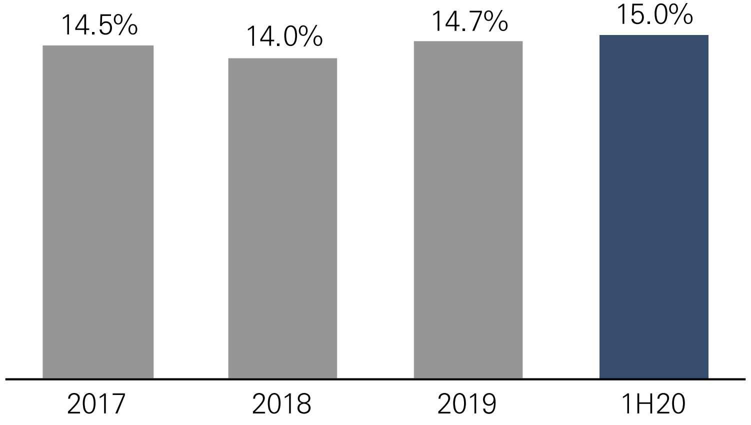
Capital position

1H20 vs. FY19 CET1 ratio movement, %

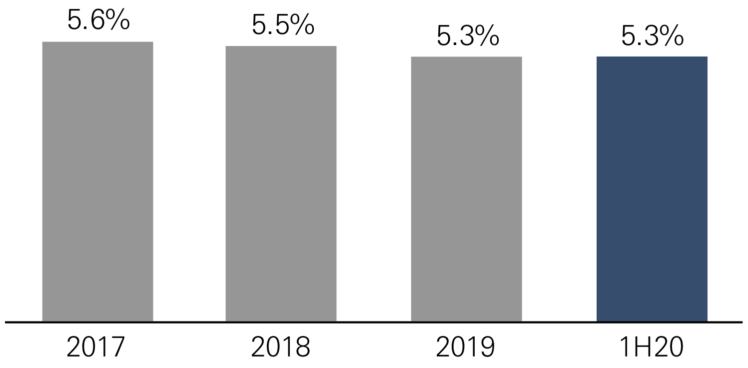


- **CET1 ratio of 15.0%,** up 0.3ppts from FY19
- Positive CET1 impact of $1.0bn (0.1ppts) from **IFRS9 transitional arrangements**; CET1 ratio of 14.9% on a fully loaded basis
- **GBM strategic reductions amounted to $21bn** in 1H20
- **Continue to expect mid to high single digit percentage RWA growth in FY20** due to credit rating migration, partially offset by RWA saves

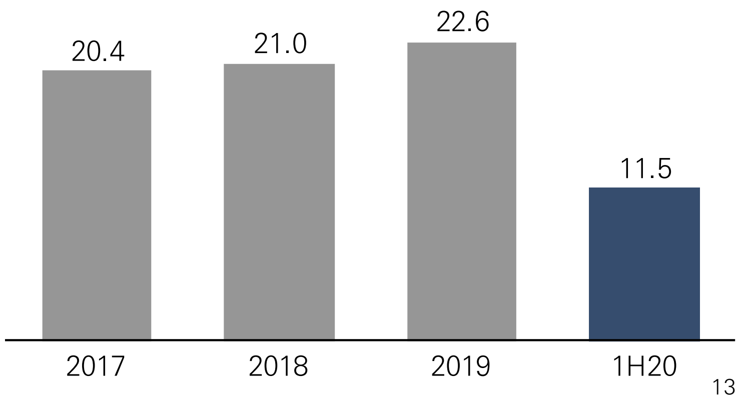
CET1 ratio



Leverage ratio[12]

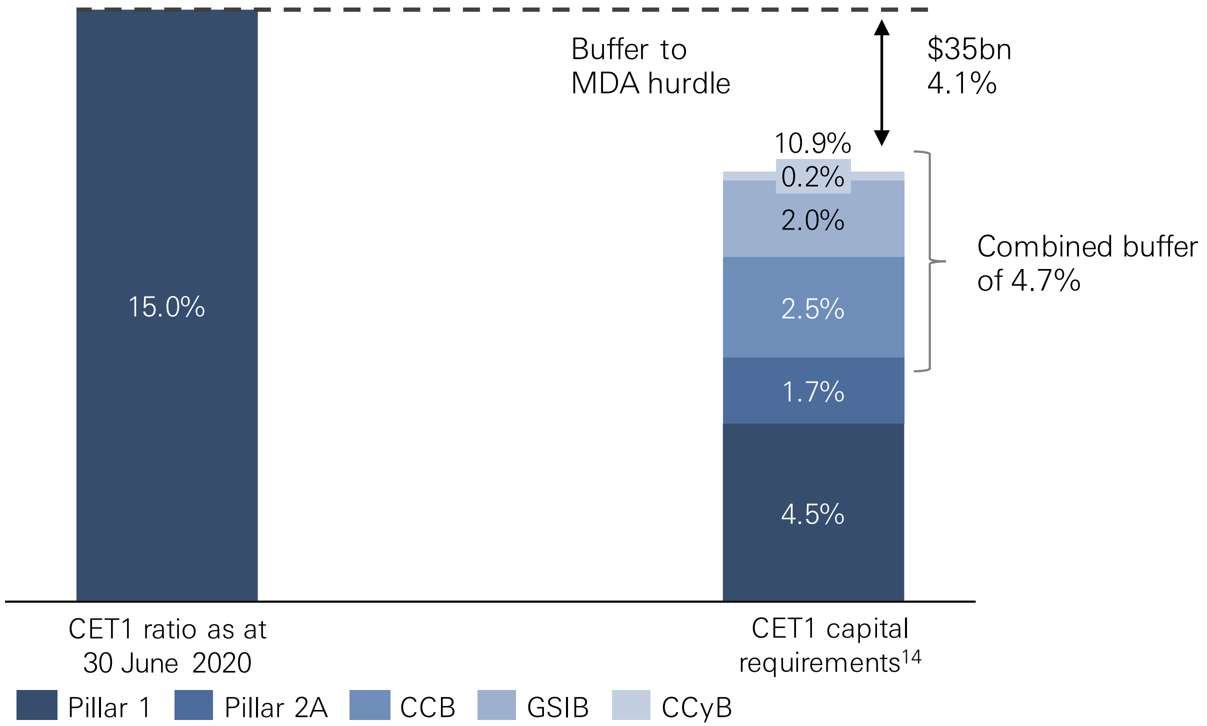


Pre-ECL operating profit[13], $bn

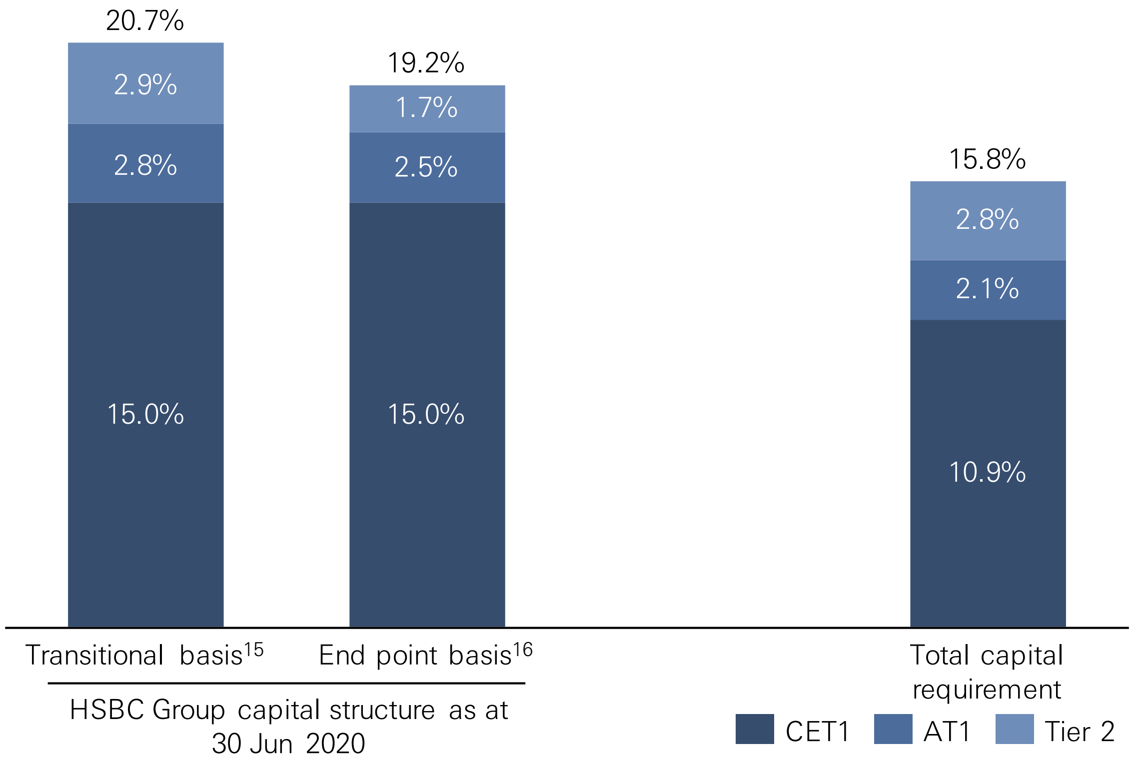


Capital position versus requirements

CET1 ratio as a % of RWAs, vs. MDA hurdle



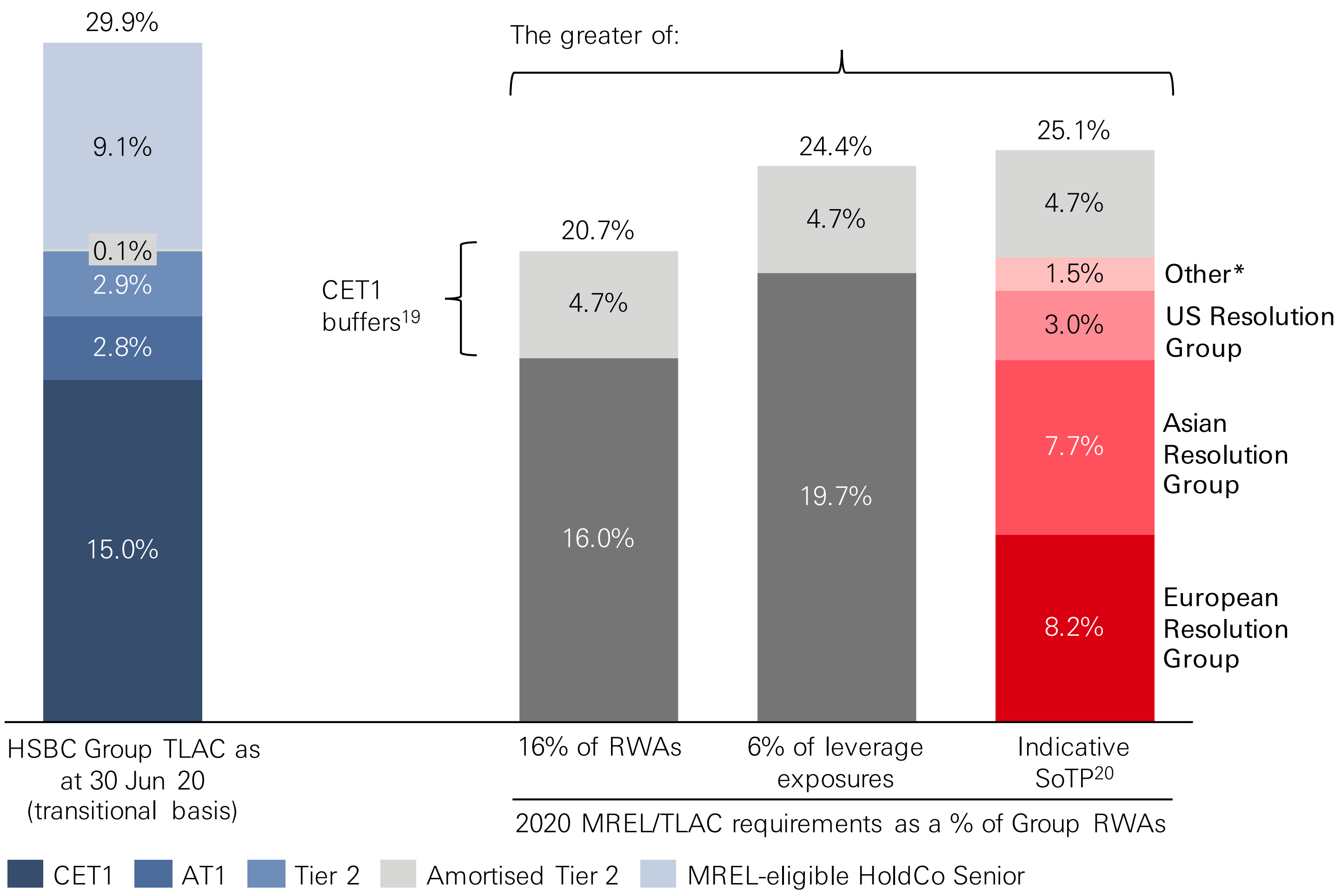
Regulatory capital vs. regulatory requirements as a % of RWAs



- Updated P2A set nominally at $26.3bn (total capital), equivalent to 3.1% of 1H20 RWAs, of which 1.7% must be held in CET1
- CCyB of 0.2%, down from 0.6% at 31 Dec 2019, mainly as a result of reduced requirements in the UK and Hong Kong
- Distributable reserves were $33.1bn, up from $31.7bn at 31 Dec 2019, primarily driven by profits generated during the year

MREL/TLAC position versus requirements

MREL-eligible capital and HoldCo senior versus estimated regulatory requirements[17] as a % of Group RWAs



- HSBC Group's 2020 MREL requirement[18] is the greater of:
  - 16% of RWAs
  - 6% of leverage exposures[21]
  - The sum of requirements relating to each Resolution Group and other Group entities ('SoTP')
- MREL requirements in 2020 are driven by the SoTP calculation
- The binding constraint for end-state MREL requirements will be contingent upon factors such as:
  - The finalisation of the European resolution group Pillar 2A
  - Any BoE MREL recalibration as part of setting the 2021 requirements
  - The future path of regulation post Brexit
- SoTP components do not necessarily show what is binding for each resolution group. Additional CET1 buffers may apply at entities below the resolution entity

* Capital requirements relating to other Group entities such as HSBC Bank Canada, and HSBC Mexico where the entities are not subject to a TLAC requirement that is in addition to regulatory capital requirements

MREL/TLAC position

HSBC Group

Total TLAC: $255bn

Of which: non-regulatory capital: $78bn

US Resolution Group

Total TLAC: $30bn

Of which: non-regulatory capital: $8bn

+

European Resolution Group

Total TLAC: $94bn

Of which: non-regulatory capital: $46bn

+

Asia Resolution Group

Total TLAC: $100bn

Of which: non-regulatory capital: $23bn

+

Capital requirements of other Group entities

HSBC Group 2020 MREL requirements are driven by the sum of the parts (‘SoTP’) calculation

SoTP sums our subsidiaries’ local MREL/TLAC requirements to give the Group’s overall MREL requirement

Indicative timeline of MREL/TLAC requirement

Binding requirement (marked with dashed red boxes)

	2019	2020	2021	2022
HSBC Group	The greater of: ▪ 16% of RWAs ▪ 6% of leverage exposures[21] ▪ Sum-of-the-parts ♦	→	→	Indicatively, the greater of: ▪ 18% of RWAs ▪ 6.75% of leverage exposures ▪ Sum-of-the-parts ♦
♦ **Key sum-of-the-parts components:**				
European Resolution Group	The greater of: ▪ 16% of RWAs ▪ 6% of leverage exposures[21]	The greater of: ▪ 16% of RWAs ▪ 6% of leverage exposures (CRR definition) ▪ 2 x P1 + P2A ▪ 2 x leverage ratio requirement (PRA definition): 6.5%	→	Indicatively, the greater of: ▪ 18% of RWAs ▪ 6.75% of leverage exposures (CRR definition) ▪ 2 x (P1 + P2A) ▪ 2 x leverage ratio requirement (PRA definition)
+ **Asia Resolution Group**	Subject to TLAC floor of the greater of: ▪ 16% of RWAs ▪ 6% of leverage exposures	→	→	Firm specific requirement, subject to TLAC floor of the greater of: ▪ 18% of RWAs ▪ 6.75% of leverage exposures
+ **US Resolution Group**	TLAC[22]: the greater of: ▪ 18% of RWAs ▪ 6.75% of SLR exposures ▪ 9% of average assets LTD: the greater of: ▪ 6% of RWAs ▪ 2.5% of SLR exposures ▪ 3.5% of average assets	→	→	→

Issuance plan

2020 Issuance plan[23]

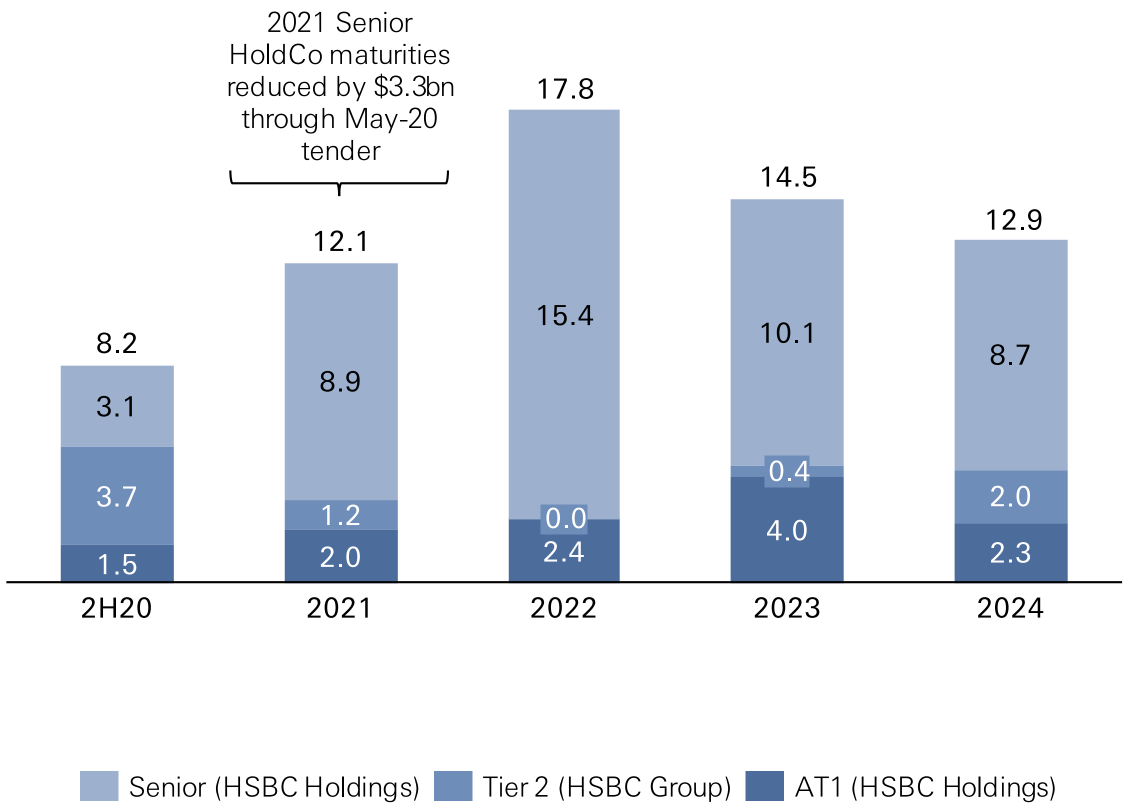
HoldCo Senior	Tier 2	AT1	OpCo
Broadly limited to refinancing	No near-term plans	Broadly limited to refinancing	Expect certain subsidiaries to issue senior and secured debt in local markets

1H20 issuance and redemptions

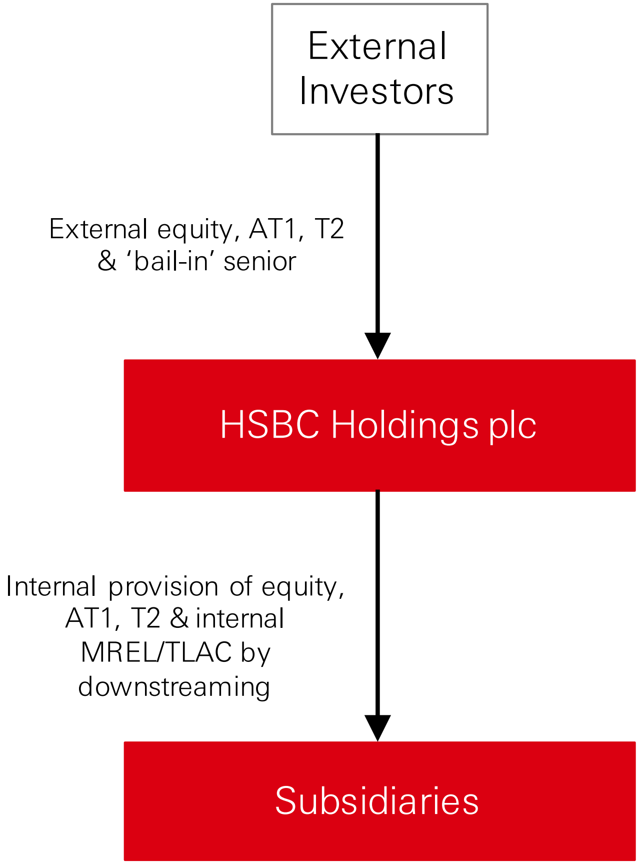
	Issued	Redeemed
HoldCo Senior	\$2.5bn \$3.5bn (tender & new issue)	\$2bn \$3.3bn (tender & new issue)
Tier 2	-	-
AT1	-	\$1.5bn £300m legacy tier 1

Maturity profile (notional)[24]

As at 30 June 2020



Approach to issuance – single point of issuance, multiple point of entry



HSBC Holdings plc

- Since 2015, HSBC Holdings has been the Group's issuing entity for external AT1, T2 and MREL/TLAC-eligible Senior
- Issuance over time to broadly match group currency exposures
- Issuance executed with consideration to our maturity profile

Internal Capital and MREL/TLAC

- Proceeds of external debt issued by HSBC Holdings is predominantly used to acquire capital and internal MREL/TLAC instruments issued by its subsidiaries
- HSBC Holdings does not provide funding to subsidiaries for day-to-day liquidity needs
- HSBC Holdings retains some cash for its own liquidity and capital management

External debt issued by subsidiaries

- HSBC will continue to issue senior and secured debt from certain subsidiaries in local markets to meet their funding and liquidity requirements. This may include: preferred senior, CP, CDs, and covered bonds. This debt is not intended to constitute MREL/TLAC

Appendix

HSBC

Key financial metrics

Reported results, $m	2Q20	1Q20	2Q19
NII	6,897	7,612	7,772
Other Income	6,162	6,074	7,172
Revenue	**13,059**	**13,686**	**14,944**
ECL	(3,832)	(3,026)	(555)
Costs	(8,675)	(7,852)	(8,927)
Associates	537	421	732
Profit before tax	**1,089**	**3,229**	**6,194**
Tax	(472)	(721)	(1,167)
Profit after tax	**617**	**2,508**	**5,027**
Profit attributable to ordinary shareholders	192	1,785	4,373
Profit attributable to ordinary shareholders excl. goodwill and other intangible impairment and PVIF	1,290	1,531	4,181
Basic earnings per share[2], $	0.01	0.09	0.22
Diluted earnings per share, $	0.01	0.09	0.22
Dividend per share (in respect of the period)[25], $	0.00	0.00	0.10
Return on tangible equity (annualised, YTD), %	3.8	4.2	11.2
Return on equity (annualised, YTD), %	2.4	4.4	10.4
Net interest margin, %	1.33	1.54	1.62

Adjusted results, $m	2Q20	1Q20	2Q19
NII	6,871	7,463	7,541
Other Income	6,279	5,592	6,125
Revenue	**13,150**	**13,055**	**13,666**
ECL	(3,832)	(2,945)	(519)
Costs	(7,262)	(7,514)	(7,828)
Associates	537	417	708
Profit before tax	**2,593**	**3,013**	**6,027**
Cost efficiency ratio, %	55.2	57.6	57.3
ECL as a % of average gross loans and advances to customers, %	1.48	1.14	0.21

Balance sheet, $m	2Q20	1Q20	2Q19
Total assets	2,922,798	2,917,810	2,751,273
Net loans and advances to customers	1,018,681	1,040,282	1,021,632
Adjusted net loans and advances to customers	1,018,681	1,047,629	1,002,980
Customer accounts	1,532,380	1,440,529	1,380,124
Adjusted customer accounts	1,532,380	1,447,062	1,357,147
Average interest-earning assets	2,078,178	1,991,702	1,922,392
Reported loans and advances to customers as % of customer accounts	66.5	72.2	74.0
Total shareholders' equity	187,036	189,771	192,676
Tangible ordinary shareholders' equity	147,879	150,019	145,441
Net asset value per ordinary share at period end, $	8.17	8.30	8.35
Tangible net asset value per ordinary share at period end, $	7.34	7.44	7.19

Capital, leverage and liquidity	2Q20	1Q20	2Q19
Risk-weighted assets, $bn	854.6	857.1	886.0
CET1 ratio, %	15.0	14.6	14.3
Total capital ratio, %	20.7	20.3	20.1
Leverage ratio[12], %	5.3	5.3	5.4
High-quality liquid assets (liquidity value), $bn	654	617	533
Liquidity coverage ratio, %	148	156	136

Share count, m	2Q20	1Q20	2Q19
Basic number of ordinary shares outstanding	20,162	20,172	20,221
Basic number of ordinary shares outstanding and dilutive potential ordinary shares	20,198	20,245	20,286
Average basic number of ordinary shares outstanding	20,190	20,161	20,203

Reconciliation of reported and adjusted results

$m	2Q20	1Q20	2Q19
Reported PBT	**1,089**	**3,229**	**6,194**
Revenue			
Currency translation	–	(277)	(424)
Customer redress programmes	(26)	–	–
Disposals, acquisitions and investment in new businesses	1	7	(827)
Fair value movements on financial instruments	58	(357)	(28)
Restructuring and other related costs	58	(9)	–
Currency translation on significant items	–	5	1
	91	**(631)**	**(1,278)**
ECL			
Currency translation	–	81	36
Operating expenses			
Currency translation	–	167	297
Cost of structural reform	–	–	38
Customer redress programmes	49	1	554
Impairment of goodwill and other intangibles[4]	1,025	–	–
Restructuring and other related costs	335	170	237
Settlements and provisions in connection with legal and regulatory matters	4	1	(2)
Currency translation on significant items	–	(1)	(25)
	1,413	**338**	**1,099**
Share of profit in associates and joint ventures			
Currency translation	–	(4)	(24)
Total currency translation and significant items	**1,504**	**(216)**	**(167)**
Adjusted PBT	**2,593**	**3,013**	**6,027**

Certain items and Argentina hyperinflation

Certain items included in adjusted revenue highlighted in management commentary[26], $m	**2Q20**	**1Q20**	**4Q19**	**3Q19**	**2Q19**
Insurance manufacturing market impacts in WPB	356	(689)	207	(205)	(33)
Credit and funding valuation adjustments in GBM	(9)	(335)	184	(161)	(32)
Legacy Credit in Corporate Centre	43	(91)	13	(40)	(13)
Valuation differences on long-term debt and associated swaps in Corporate Centre	(64)	259	(73)	76	93
Argentina hyperinflation[27]	(29)	(22)	30	(132)	15
Bid-offer adjustment in GBM	249	(310)	15	(23)	9
Total	**546**	**(1,188)**	**376**	**(485)**	**39**

Argentina hyperinflation[27] impact included in adjusted results, $m	**2Q20**	**1Q20**	**4Q19**	**3Q19**	**2Q19**
Net interest income	(7)	(3)	33	(61)	24
Other income	(22)	(19)	(3)	(71)	(9)
Total revenue	**(29)**	**(22)**	**30**	**(132)**	**15**
ECL	2	2	(10)	12	(3)
Costs	5	2	(26)	53	(24)
PBT	**(22)**	**(18)**	**(6)**	**(67)**	**(12)**

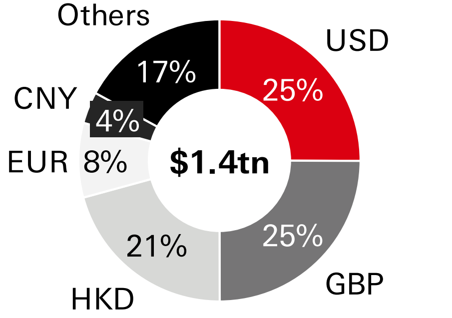
Net interest margin supporting information

Quarterly NIM by key legal entity

	3Q19	4Q19	1Q20	2Q20	% of 2Q20 Group NII	% of 2Q20 Group AIEA
The Hongkong and Shanghai Banking Corporation (HBAP)	2.05%	2.00%	1.96%	1.69%	54%	42%
HSBC Bank plc (NRFB)	0.47%	0.46%	0.48%	0.54%	9%	22%
HSBC UK Bank plc (RFB)[28]	1.93%	1.95%	2.01%	1.68%	20%	16%
HSBC North America Holdings, Inc	0.87%	0.99%	0.91%	0.85%	7%	11%

HSBC Group customer accounts by currency

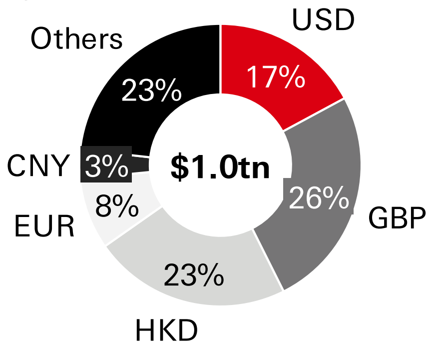
FY19



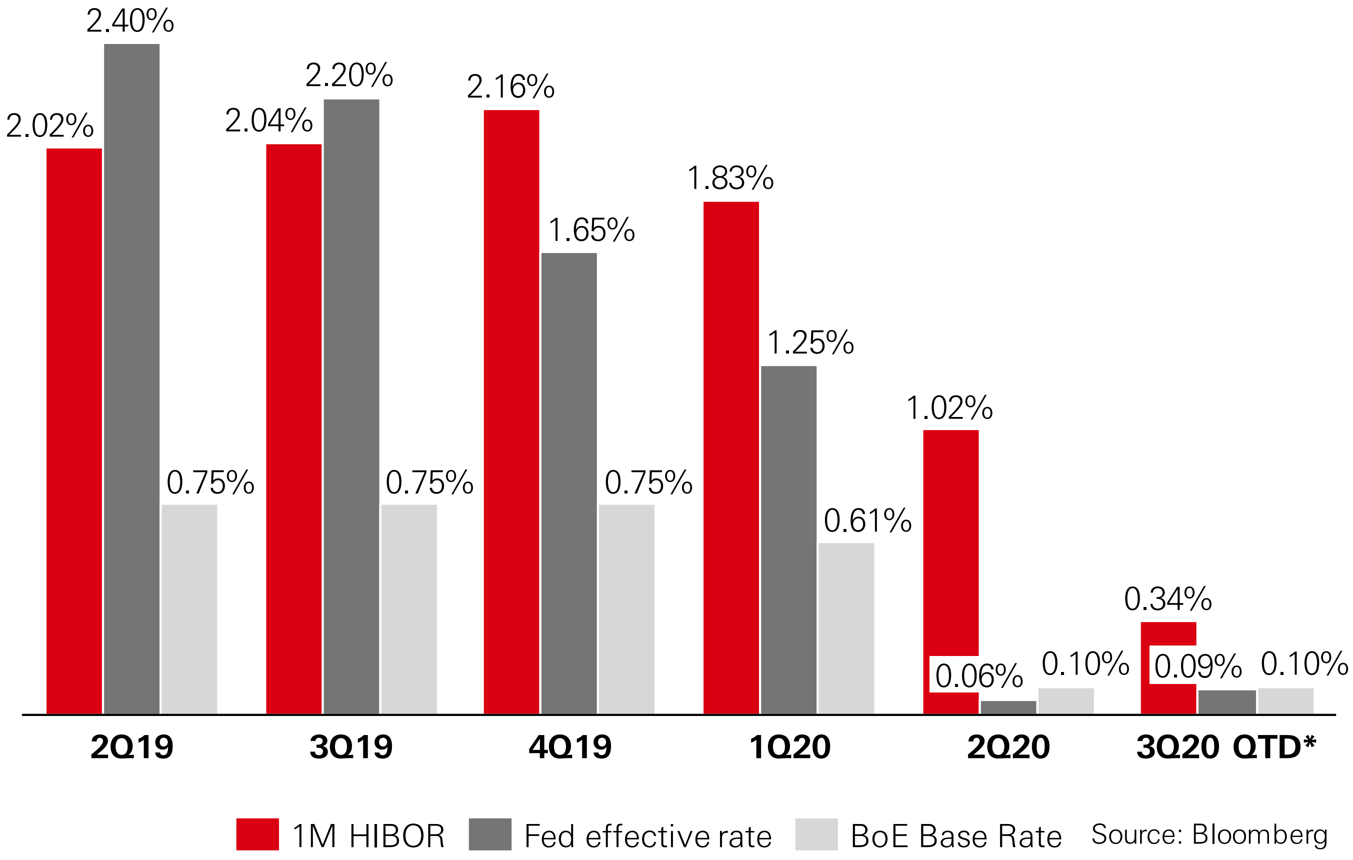
Hong Kong system deposits by currency as at 31 May 2020: 50% HKD; 37% USD; 13% Non-US foreign currencies. Source: HKMA

HSBC Group loans and advances to customers by currency

FY19



Key rates (quarter averages)

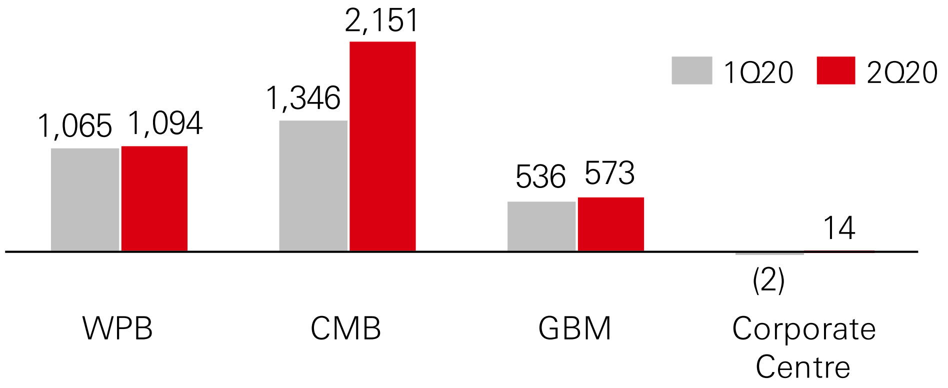


Source: Bloomberg

*As at 30 July

ECL analysis

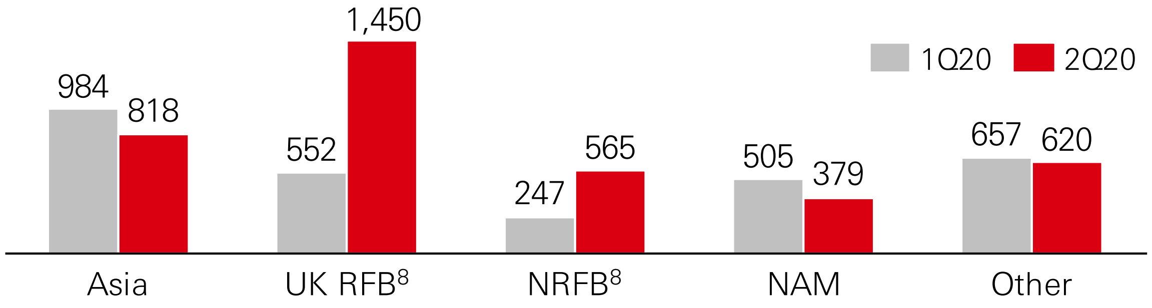
ECL charge by global business, $m



Analysis by stage

Reported basis, $bn	Stage 1	Stage 2	Stage 3	Total[29]	Stage 3 as a % of Total
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**	
1Q20					
Gross loans and advances to customers	934.3	101.7	14.4	**1,050.7**	1.4%
Allowance for ECL	1.5	3.1	5.7	**10.4**	
2Q19					
Gross loans and advances to customers	955.5	61.3	13.0	**1,030.2**	1.3%
Allowance for ECL	1.3	2.1	5.0	**8.5**	

ECL charge by geography, $m



2Q20 vs. 1Q20 geographic analysis

Asia

- **ECL charge decreased $0.2bn** including the non-recurrence of a $0.6bn single-name charge in Singapore

UK RFB

- **ECL charge of $1.5bn up $0.9bn vs. 1Q20**, primarily driven by forward economic guidance updates of $0.7bn; charge split across personal ($0.5bn) and wholesale ($1.0bn)

GBM and CMB IRB RWA inflation and mitigating actions

Wholesale counterparty IRB RWAs and exposures

All CRR Bands	**FY19**	**2Q20**	**Δ**
RWA, $bn	**341**	**353**	**12**
EAD, $bn	695	695	–
RWA density, %	49.0	50.9	1.9ppt
Weighted average PD, %	0.93	1.04	0.11ppt

Of which: **CRR 1.1 – 5.3**	**FY19**	**2Q20**	**Δ**
RWA, $bn	**318**	**322**	**4**
EAD, $bn	678	672	(6)
RWA density, %	46.8	47.9	1.1ppt
Weighted average PD, %	0.60	0.63	0.03ppt

Of which: **CRR 6.1+**	**FY19**	**2Q20**	**Δ**
RWA, $bn	**23**	**31**	**8**
EAD, $bn	17	23	6
RWA density, %	138.3	136.4	(1.9)
Weighted average PD, %	14.17	13.00	(1.17)ppt

- GBM and CMB wholesale performing IRB book:
  - Includes: corporates, sovereigns and financial institutions
  - Excludes: slotting exposures, BSM allocations and exposures in default
- **Some growth in RWAs due to credit risk migration** over 1H20
- **>90% of the book is higher quality** (CRR1-5) with RWAs growing only modestly over 1H20
- Total RWA inflation is being **mitigated through actions to improve book quality,** namely maintenance of the CRR 1-5 book size and its RWA density
- Overall RWA density moderately up as the relative size of the CRR 6+ book is small (<9% of total RWA)
- Of the higher risk bands, 65% of exposures sit in the top two bands (6.1 and 6.2). As at 31 December 2019, this percentage was 60%
- Expect overall increased negative credit rating migration impacts in 2H20 vs. 1H (1H: $18.3bn)
- Continue to expect mid-high single digit percentage RWA growth for FY20 due to credit rating migration, partially offset by RWA saves

CRR: Customer risk rating. CRR 1-3 considered Strong to Good credit quality (roughly equivalent to an external credit rating of AAA to BBB-); CRR 4-5 considered Satisfactory (BB+ to BB-); CRR 6+ considered Sub-standard, broadly equivalent to an external rating of B- or below

Customer relief and lending (including government) support programmes

- We have granted personal customers more than 700,000 payment holidays on loans, credit cards and mortgages, and provided **c.$30bn** of relief in major markets
- More than 172,000 wholesale customers have received **c.$52bn** of lending support, including $33bn through government schemes and $19bn through HSBC-backed lending
- The total percentage of the loan book under relief in major markets is c.8%
- HSBC holds **$2.7bn** in RWAs against government guaranteed loan schemes. Absent government guarantees, RWAs would have been **c.$9bn**

UK

- BBLS[30]: £4.9bn approved*, 14.4% share of BBLS lending[31] against an SME lending market share of 9.3%[32]
- CBILS[30]: £2.6bn approved*, 20.3% share of CBILS lending[31]
- CLBILS[30]: £0.8bn approved*, 27.1% share of CLBILS lending[31]
- HSBC UK has a c.3% market share of all mortgage repayment holidays, vs. overall mortgage market share of 6.9%[33]

Hong Kong

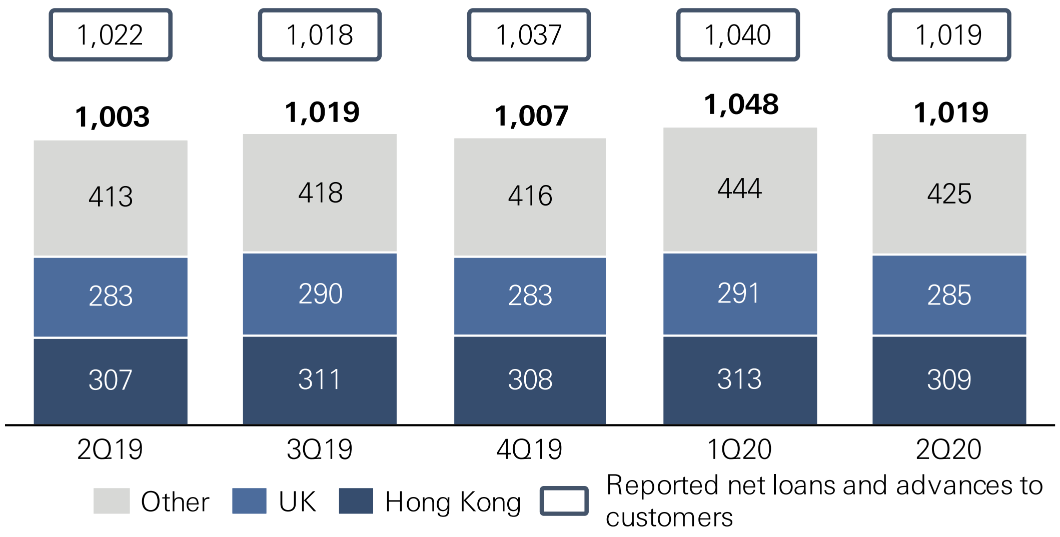
- Over $18bn of payments holidays and c.$0.5bn of interest subsidies relating to wholesale lending, market-wide schemes

As at 30 June 2020	UK	Hong Kong	US	Other major markets	Total
Personal lending					
Number of customers granted mortgage relief, '000s	65	3	3	63	134
Drawn loan value of accounts granted mortgage customer relief, $m	**13,550**	**1,231**	**1,322**	**6,414**	**22,517**
Number of accounts granted other personal lending customer relief, '000s	153	1	19	419	592
Drawn loan value of accounts granted other personal lending customer relief, $m	**1,594**	**95**	**150**	**3,364**	**5,203**
Mortgage relief as a proportion of total mortgages, %	10.3%	1.4%	7.2%	9.0%	7.2%
Other personal lending relief as a proportion of other personal lending, %	8.7%	0.3%	6.5%	7.1%	5.2%
Wholesale lending					
Number of customers under market-wide measures, '000s	130	7	4	6	147
Drawn loan value of customers under market-wide schemes, $m (BBLS, CBILS and CLBILS in UK)	**6,696**	**18,711**	**1,197**	**6,736**	**33,340**
Number of customers under HSBC-specific measures, '000s	5	4	<1	16	25
Drawn loan value of customers under HSBC-specific measures, $m	**3,998**	**6,216**	**1,229**	**7,873**	**19,316**
Total wholesale relief as a proportion of total wholesale lending, %	7.7%	13.2%	5.0%	7.5%	9.2%

*Data as of 29 July 2020

Balance sheet – customer lending

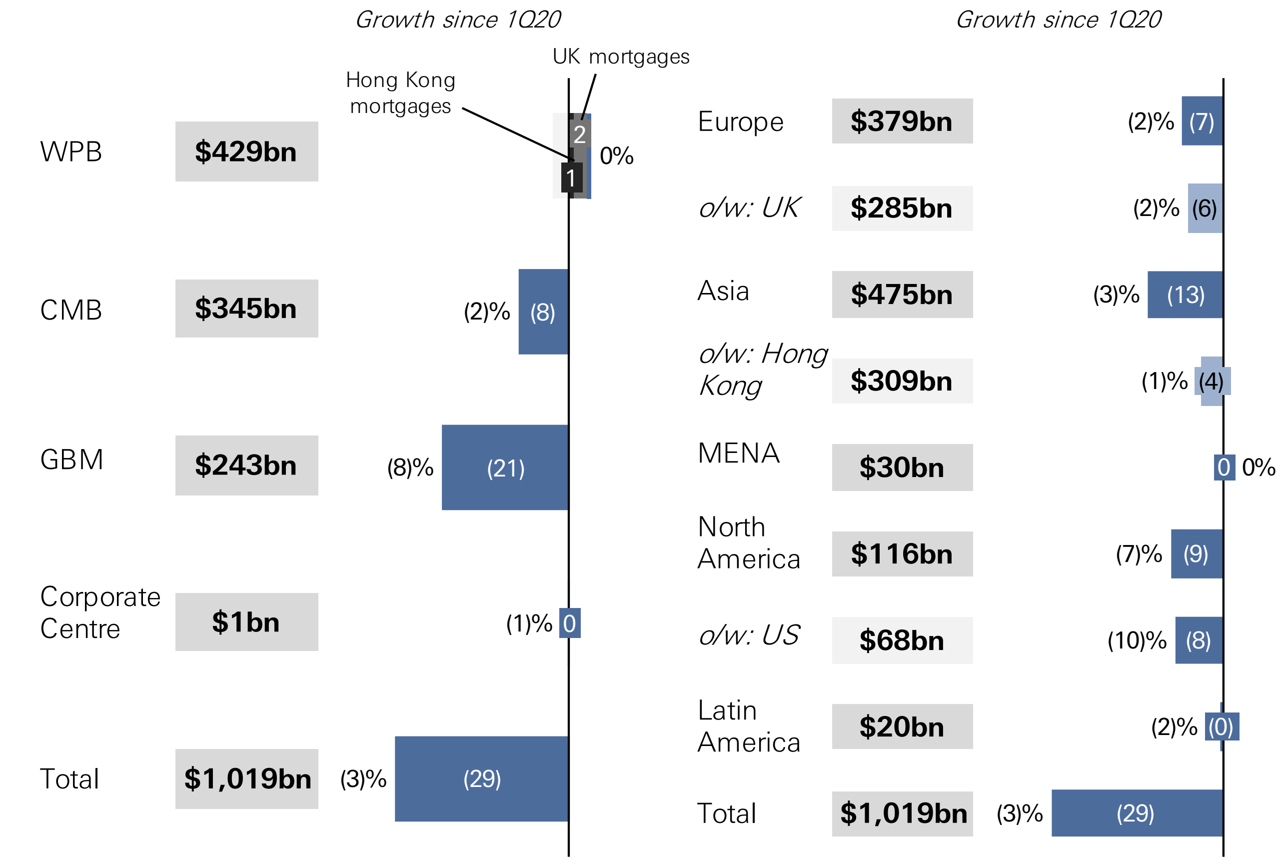
Adjusted customer lending (on a constant currency basis), $bn



Adjusted customer lending decreased by $29bn (3%) vs. 1Q20 and increased by $16bn (2%) vs. 2Q19

- Customer lending in GBM and CMB decreased by $30bn as clients repaid portions of credit balances drawn in 1Q20
- WPB lending was stable compared to the prior quarter as growth in mortgages was offset by reductions in other personal lending as customer activity levels fell
- Customer lending includes $104.1bn of personal lending excluding mortgages. See p.32 for further details

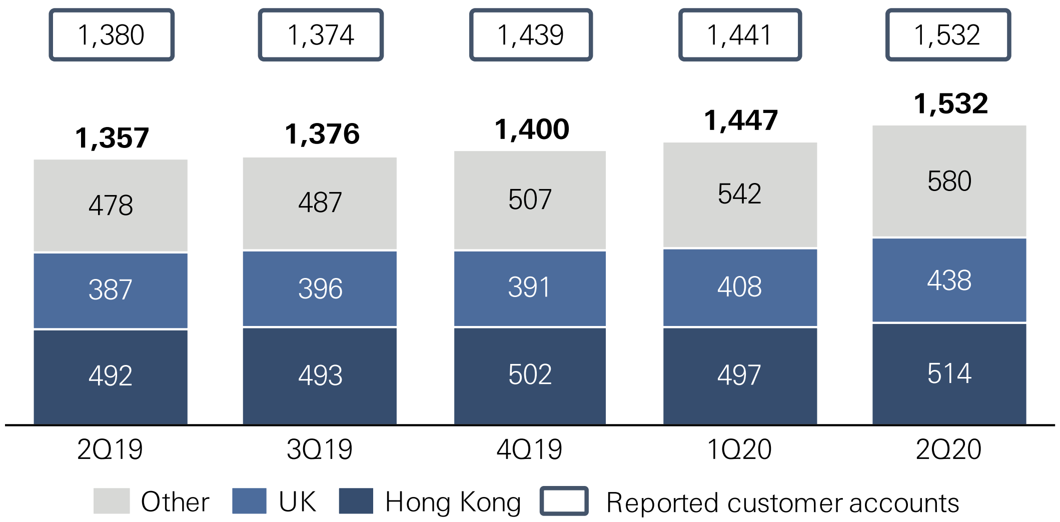
2Q20 adjusted customer lending growth by global business and region, $bn



Totals may not cast due to rounding

Balance sheet – customer accounts

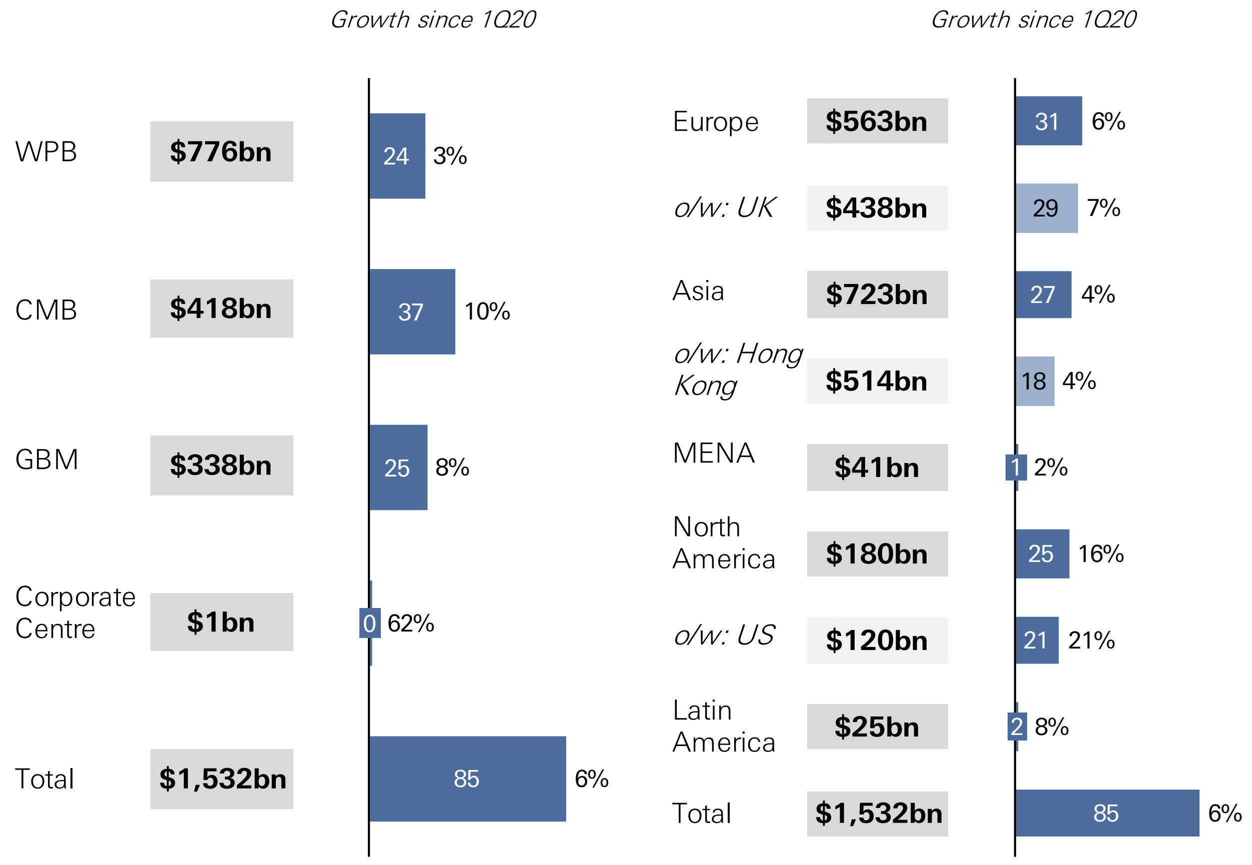
Adjusted customer accounts (on a constant currency basis), $bn



Adjusted customer accounts increased by $85bn (6%) vs. 1Q20 and increased by $175bn (13%) vs. 2Q19

- GBM and CMB customer accounts increased $61bn vs. 1Q20, as clients redeployed cash into their customer accounts and saved more as a result of Covid-19 uncertainty and reduced activity levels
- WPB customer accounts increased by $24bn as a result of customers saving more and spending less following Covid-19 restrictions across markets, notably in the UK, Hong Kong and the US

2Q20 adjusted customer account growth by global business and region, $bn



Totals may not cast due to rounding

Oil and gas exposures[34]

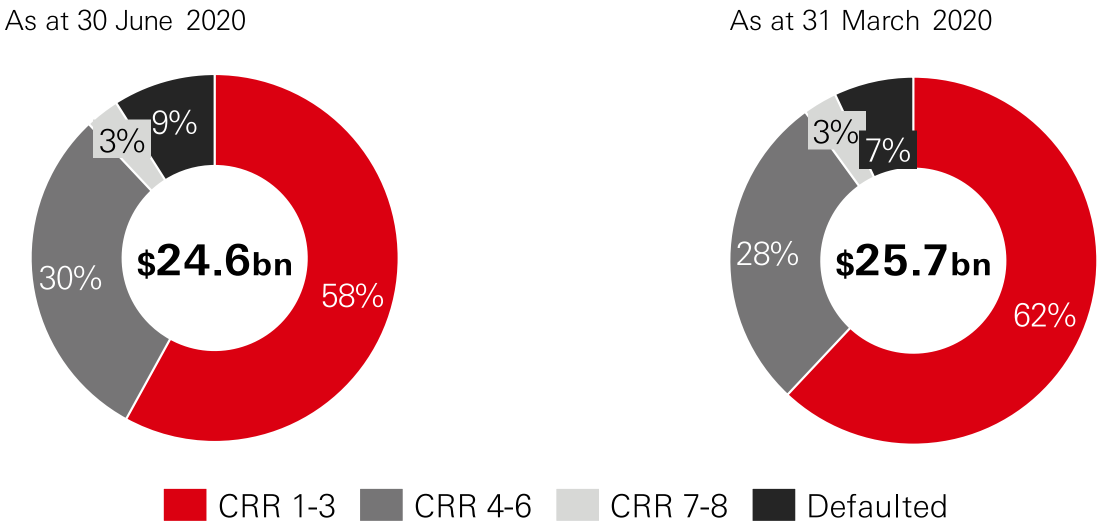
Drawn risk exposure[35] by region, $bn

	2Q20	1Q20
Asia	8.2	8.7
Europe	5.8	6.3
Middle East and North Africa	3.9	3.8
North America	5.2	5.5
Latin America	1.4	1.4
Total	**24.6**	**25.7**

Drawn risk exposure[35] by sector, $bn

	2Q20	1Q20
Infrastructure companies	0.9	1.1
Integrated producers	12.0	11.7
Intermediaries	1.8	2.1
Pure producers	3.0	2.9
Pure traders	1.6	2.1
Service companies	5.4	5.8
Total	**24.6**	**25.7**

Credit quality

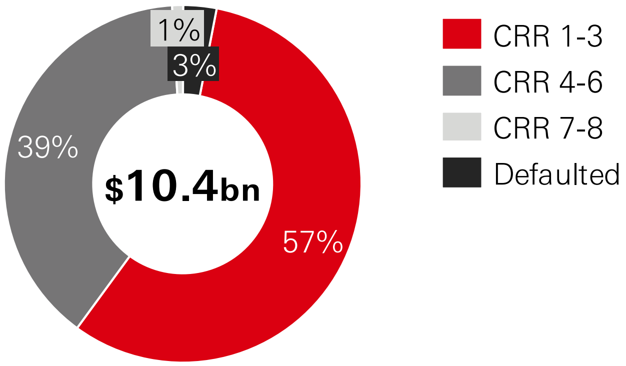


- Overall impact on the sector will be determined by the duration and severity of depressed price levels
- Broad-based exposure by sub sector and geography with low overall exposure to traders
- The table does not include $4.5bn (1Q20: $4.5bn) of exposure in the form of guarantees
- Allowances on Stage 3 exposures amounted to $1.2bn (4Q19: $0.2bn)

Sectors particularly affected by Covid-19

Aviation[36]

As at 30 June 2020

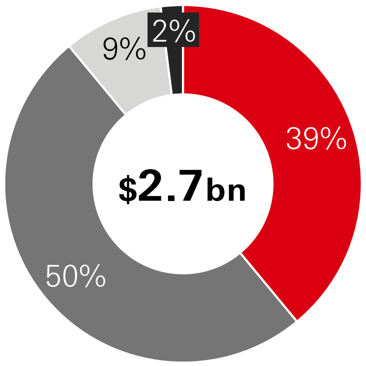


Drawn risk exposure[35] by region, $bn	
Asia	4.8
Europe	3.0
Middle East and North Africa	1.4
North America	1.1
Latin America	0.1
Total	**10.4**

- >75% of exposure is to airlines
- >50% of exposures benefit from credit risk mitigation via aircraft collateral and guarantees

Restaurants and leisure

As at 30 June 2020

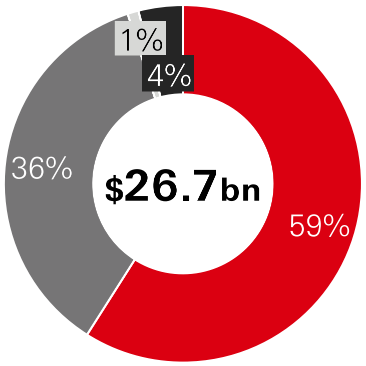


Drawn risk exposure[35] by region, $bn	
Asia	0.6
Europe	1.6
Middle East and North Africa	0.0
North America	0.5
Latin America	0.0
Total	**2.7**

- Some exposures to restaurants and leisure are categorised as corporate real estate exposures; excludes an element of small business exposure; excludes hotels

Retail

As at 30 June 2020



Drawn risk exposure[35] by region, $bn	
Asia	12.9
Europe	9.0
Middle East and North Africa	1.0
North America	2.7
Latin America	1.0
Total	**26.7**

- Broad category including traditional bricks and mortar retailers, online retailers, food retailers, health and beauty, and luxury goods
- Covid-19 related impacts depend on product offering, strength of online proposition and geography

Limited credit rating migration occurred in 2Q20, we expect negative rating migration to occur over the remainder of 2020

Consumer credit

Gross personal lending (excl. first lien mortgages), $m

As at 30 June 2020	**Total**	*Of which:* **UK**	*Of which:* **Hong Kong**
Crédit Logement	17,585	–	–
Motor vehicle finance	1,523		
Second lien residential mortgages	810		
All other	62,565	11,181	24,825
Other personal lending (excl. cards)	**82,483**	**11,181**	**24,825**
Retail credit cards	21,616	7,046	7,276
Personal lending (excl. first lien mortgages)	**104,099**	**18,227**	**32,101**

As at 31 December 2019	**Total**	*Of which:* **UK**	*Of which:* **Hong Kong**
Crédit Logement	18,406	–	–
Motor vehicle finance	1,637		
Second lien residential mortgages	889		
All other	64,393	12,579	25,018
Other personal lending (excl. cards)	**85,325**	**12,579**	**25,018**
Retail credit cards	26,768	9,816	8,043
Personal lending (excl. first lien mortgages)	**112,093**	**22,395**	**33,061**

Unsecured

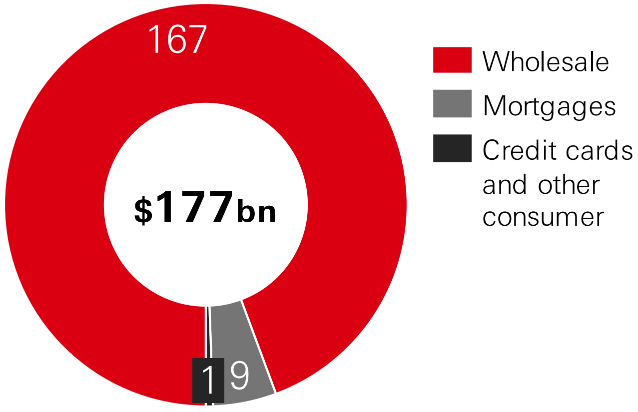
- **Retail credit cards,** primarily in Hong Kong and the UK
- c.$29bn **unsecured personal loans and overdrafts** (within 'All other'), mainly in Hong Kong and the UK
  - Balances in this portfolio have increased by c.$2.5bn in 2Q20

Secured

- **Crédit Logement:** French nationwide home loan guarantee scheme, regulated by the French regulatory authority (ACPR) providing robust guarantees to lenders against the risk of borrower default
- **Motor vehicle finance**
- c.$30bn **Private Banking portfolio** (within 'All other'), mainly Lombard lending in France, Hong Kong, Switzerland and the US. Lombard lending is secured against readily marketable assets such as securities portfolios

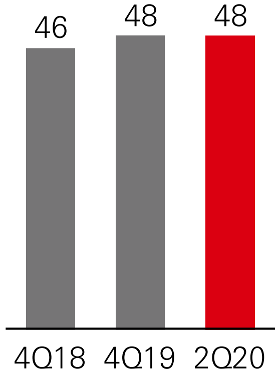
Mainland China[37] drawn risk exposure

China drawn risk exposure, $bn



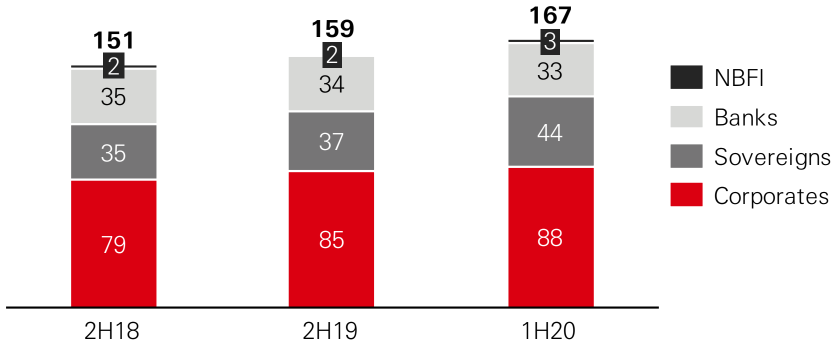
Loans and advances to customers

Customer deposits



- China drawn risk exposure (including Sovereigns, Banks and Customers) of $177bn comprising: Wholesale $167bn (of which 54% is onshore); Retail: $10bn
- Gross loans and advances to customers of $44bn (Wholesale: $34bn; Retail $10bn) in mainland China, by booking location excluding Hong Kong and Taiwan. Mainland China Stage 3 balances remain low at $0.2bn (1H19: $0.2bn) and change in ECL was $107m (1H19: $68m)
- HSBC is selective in its lending. HSBC's onshore corporate lending market share is 0.14% as at 1H20

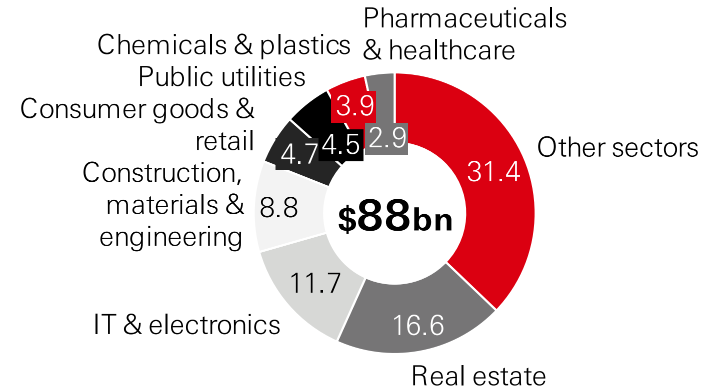
Wholesale lending analysis, $bn



Wholesale lending by risk type:

CRRs	1-3	4-6	7-8	9+	Total
Sovereigns	43.5	0.1	–	–	43.6
Banks	32.6	0.3	–	–	32.9
NBFI	2.3	0.5	–	–	2.7
Corporates	58.8	28.5	0.1	0.2	87.7
Total	**137.1**	**29.4**	**0.1**	**0.2**	**166.9**

Corporate lending by sector



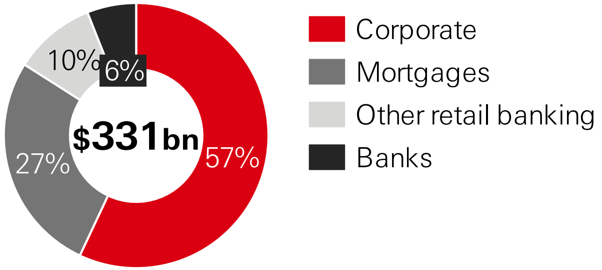
- c.20% of lending is to Foreign Owned Enterprises, c.38% of lending is to State Owned Enterprises, c.42% to Private sector owned Enterprises

Corporate real estate:

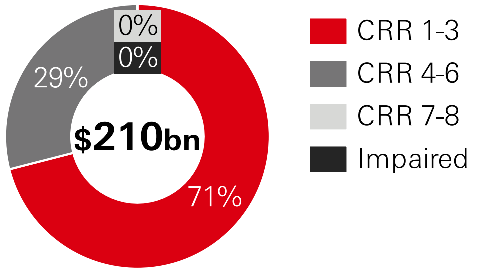
- 67% sits within CRR 1-3 (broadly equivalent to investment grade)
- Highly selective, focusing on top tier developers with strong performance track records
- Focused on Tier 1 and selected Tier 2 cities

Hong Kong drawn risk exposure

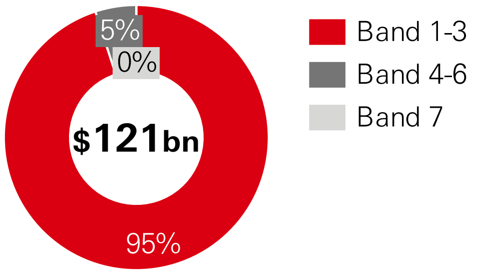
Total gross loans and advances, $bn



Wholesale credit quality



Personal credit quality

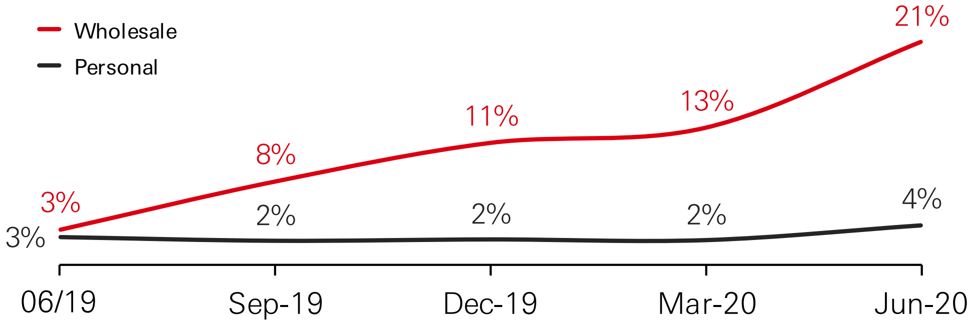


- Total gross loans and advances to customers and banks of $331bn as at 30 June 2020 by booking location (wholesale: $210bn; personal: $121bn)
- During 1H20, ECL and Stage 2 balances increased due to the current market conditions
- ECL charge of $516m in 1H20 (CMB: $258m, WPB: $203m, GBM $55m), compared with $134m in 1H19 (CMB $72m, WPB: $40m, GBM: $21m)
- For 1H20, average LTV ratio on new mortgage lending was 59% (2H19: 49%); average LTV for the overall mortgage portfolio was 43% (2H19: 41%)
- Loans and advances to Business Banking customers (SMEs) of $15bn as at 30 June 202
- The number of mainland Chinese domiciled companies with offices in Hong Kong has increased from 160 in 2001 to 1,280 by 2019[38], in the same period the number of US domiciled companies increased from 167 to 609 and number of UK domiciled companies increased from 104 to 366

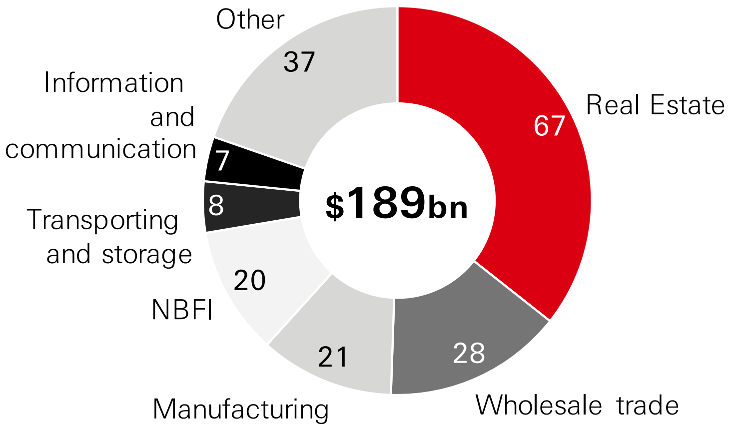
Gross loans and advance to customers and banks by IFRS 9 stage

	2Q20			4Q19		
IFRS 9 Stage	Gross L&A $bn	ECL Allowance $bn	ECL % L&A	Gross L&A $bn	ECL Allowance $bn	ECL % L&A
Stage 1	282.1	0.3	0.1%	299.5	0.2	0.1%
Stage 2	48.4	0.5	1.1%	26.5	0.4	1.5%
Stage 3	1.1	0.6	50.7%	0.9	0.5	60.0%
POCI	0.0	0.0	50.4%	0.0	0.0	58.5%
	331.7	1.4		326.9	1.1	

Stage 2 as % of total loans and advances to customers and banks



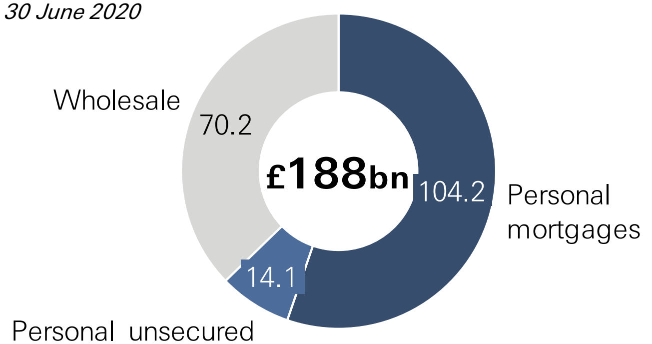
Corporate lending by sector as at 30 June 2020



UK RFB disclosures

Total RFB lending, £bn

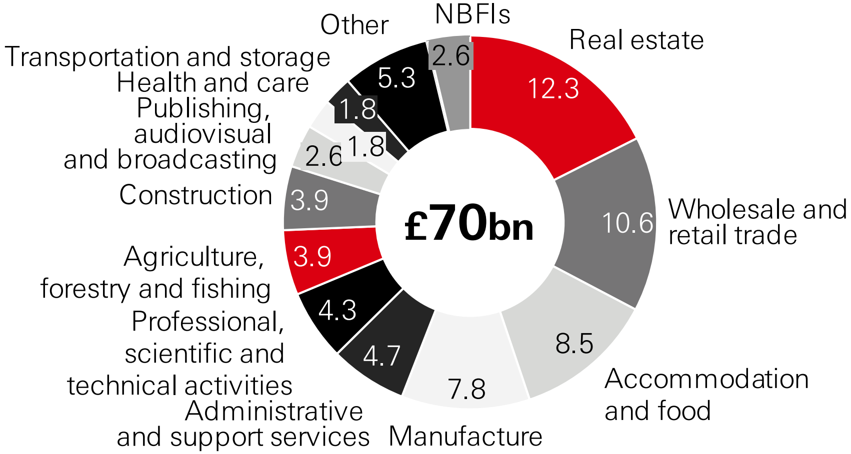
As at 30 June 2020



Wholesale

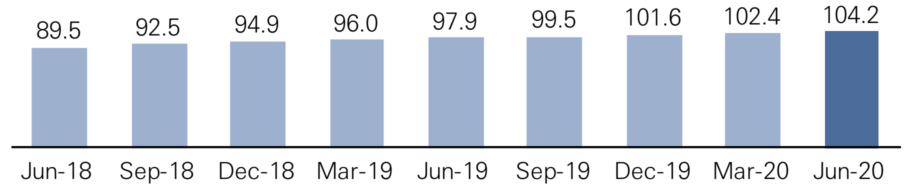
Gross wholesale loans and advances to customers, £bn

As at 30 June 2020



Personal

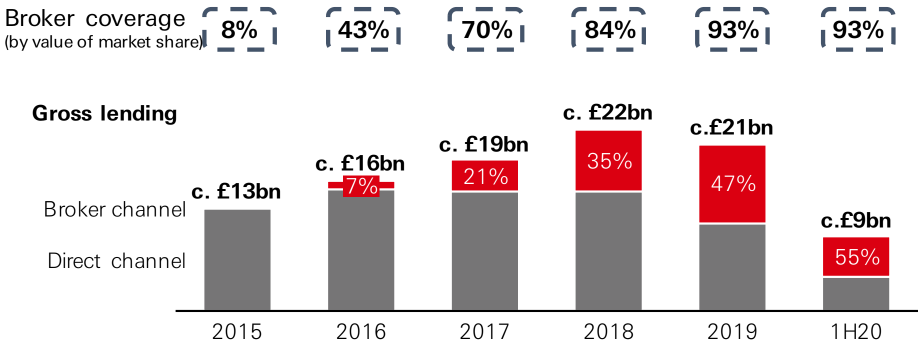
WPB gross residential mortgages, £bn



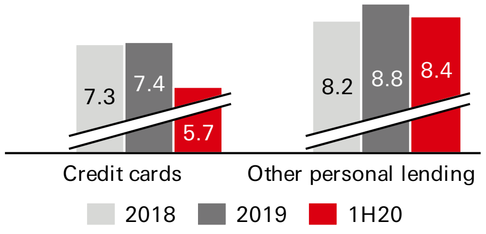
By LTV

Less than 50%	£47.0bn
50% - < 60%	£16.4bn
60% - < 70%	£16.1bn
70% - < 80%	£14.7bn
80% - < 90%	£8.6bn
90% +	£1.5bn

- c.27% of mortgage book is in Greater London
- Buy-to-let mortgages of £2.8bn
- Mortgages on a standard variable rate of £2.8bn
- Interest-only mortgages of £18.1bn[39]
- LTV ratios:
  - c.46% of the book <50% LTV%
  - new originations average LTV of 67%
  - average portfolio LTV of 52%



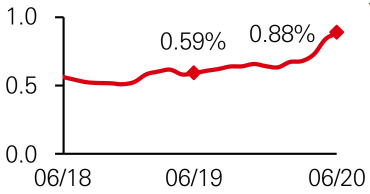
WPB unsecured lending, £bn



- The UK RFB was the largest net gainer under the Current Account Switch Service over 1Q20 with c.34k accounts net, 48% more than the second placed provider[40]

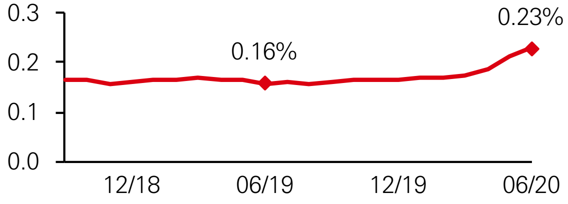
Delinquencies

Credit cards: 90-179 day delinquency trend, %



- Uptick from March 2020 driven by a fall in customer balances due to reduced spending following the introduction of Covid-19 related movement restrictions

Mortgages: 90+ day delinquency trend, %



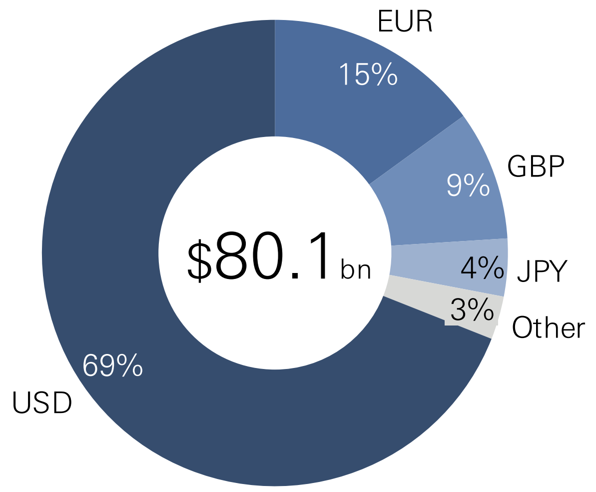
Credit ratings for main issuing entities

Long term senior ratings as at 02 August 2020	S&P		Moody's		Fitch	
	Rating	**Outlook**	**Rating**	**Outlook**	**Rating**	**Outlook**
HSBC Holdings plc	A-	STABLE	A2	NEG	A+	NEG
The Hongkong and Shanghai Banking Corporation Ltd	AA-	STABLE	Aa3	NEG	AA-	NEG
HSBC Bank plc	A+	STABLE	Aa3	NEG	AA-	NEG
HSBC UK Bank plc	A+	STABLE	Aa3	NEG	AA-	NEG
HSBC France	A+	STABLE	Aa3	NEG	AA-	NEG
HSBC Bank USA NA	A+	STABLE	Aa3	NEG	AA-	NEG
HSBC Bank Canada	A+	STABLE	A3	STABLE	A+	NEG

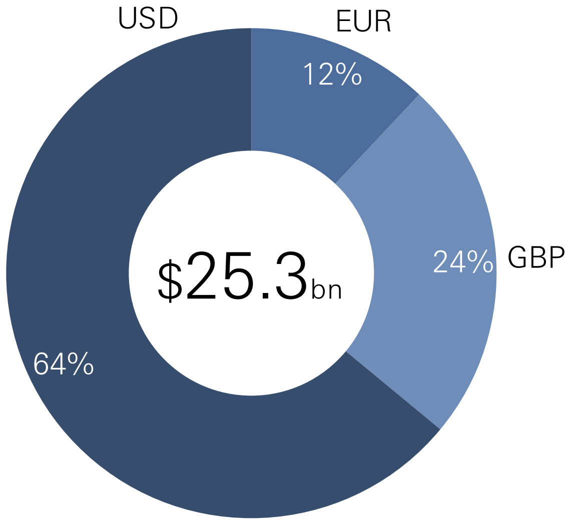
Outstanding instruments

Outstanding instruments by currency (notional)

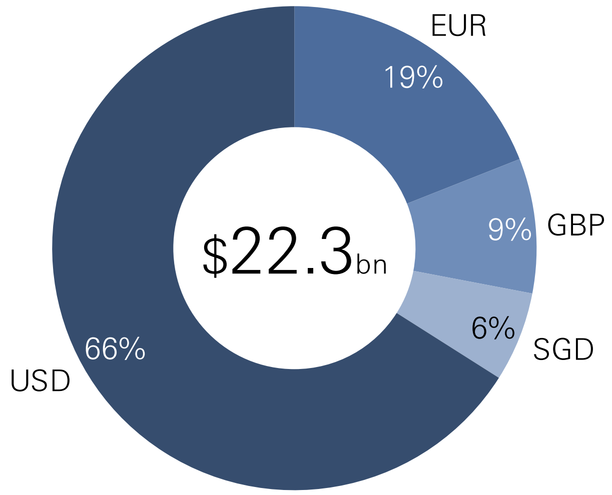
HoldCo senior



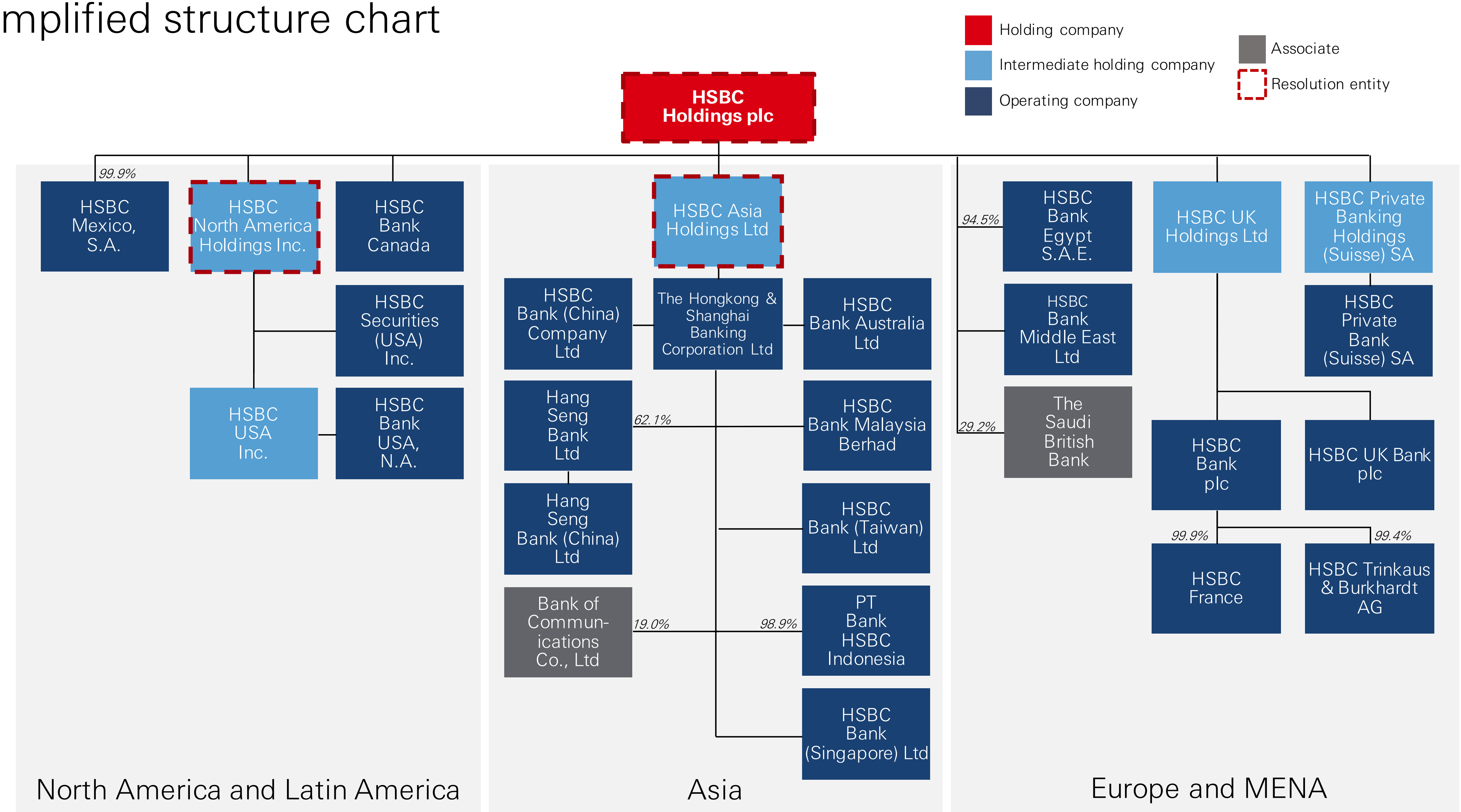
Tier 2



Additional Tier 1



Simplified structure chart



Glossary

AIEA	Average interest earning assets
BAU	Business as usual
Bps	Basis points. One basis point is equal to one-hundredth of a percentage point
BSM	Balance Sheet Management
CCyB	Countercyclical Buffer
CET1	Common Equity Tier 1
Corporate Centre	Corporate Centre comprises Central Treasury, including Balance Sheet Management, 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	Customer risk rating. CRR 1-3 broadly equivalent to investment grade; CRR 4-6 broadly equivalent to BB+ to B-; CRR 7-8 broadly equivalent to an external rating ranging from CCC+ to C
CRR II	CRR II Revised Capital Requirements Regulation, as implemented
CTA	Costs to achieve
C&L	Credit and Lending
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.
FICC	Fixed Income, Currencies and Commodities
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
GTRF	Global Trade and Receivables Finance
HIBOR	Hong Kong Interbank Offered Rate
IFRS	International Financial Reporting Standard
LCR	Liquidity coverage ratio
LDR	Loan-to-deposit 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
LTV	Loan to value
MDA	Maximum distributable amount
MENA	Middle East and North Africa
MtM	Mark-to-market
NAV	Net Asset Value
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
PAOS	Profit attributable to ordinary shareholders
PBT	Profit before tax
POCI	Purchased or originated credit-impaired
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
HBUK (RFB)	Ring-fenced bank, established July 2018 as part of ring fenced bank legislation
RoE	Return on average ordinary shareholders' equity
RoTE	Return on average tangible equity
RWA	Risk-weighted asset
TNAV	Tangible net asset value
WPB	Wealth and Personal Banking. A new global business to be created from the consolidation of RBWM and GPB
XVAs	Credit and Funding Valuation Adjustments

Footnotes

1. Unless otherwise stated, risk-weighted assets and capital amounts at 30 June 2020 are calculated in accordance with the revised Capital Requirements Regulation and Directive, as implemented ('CRR II'), and specifically using its transitional arrangements for capital instruments and for IFRS 9 Financial instruments
2. 2Q20: 20,190 million weighted average basic ordinary shares outstanding during the period; 1Q20: 20,161 million weighted average basic ordinary shares outstanding during the period; 2Q19: 20,203 million weighted average basic ordinary shares outstanding during the period
3. 2Q20 TNAV includes $(0.01) per share ($(0.2)bn) of own credit spread adjustments or reserves, a decrease of $0.18 vs $0.17 per share ($3.4bn) at 1Q20
4. Of the $1,198m software intangibles writedown, $1,025m related to changes in long-term growth rates to applicable cash-generating units and $173m was due to planned restructuring activity
5. 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
6. Regional percentage composition calculated with regional figures that include intra-Group revenue. Intra-Group revenue is excluded from the total Group revenue number
7. Including non-interest bearing current accounts (NIBCAs)
8. NRFB: Non ring-fenced bank in Europe and the UK = HSBC Bank plc; RFB: UK Ring-fenced bank = HSBC UK Bank plc
9. Crédit Logement: French nationwide home loans guarantee scheme, regulated by the French regulatory authority (ACPR) providing robust guarantees to lenders against the risk of borrower default
10. Private banking consists of: Primarily Lombard lending across France, Hong Kong, Switzerland and the US. Lombard lending is secured against readily marketable assets such as securities portfolios
11. Includes offset mortgages in first direct, endowment mortgages and other products
12. Leverage ratio at 30 June 2020 is calculated using the CRR II end-point basis for additional tier 1 capital
13. Pre-ECL operating profit is calculated as adjusted revenue less adjusted costs as originally reported
14. CET1 capital requirements and buffers as at 30 June 2020; and subject to change
15. Numbers presented under the transitional arrangements in CRRII for capital instruments
16. Numbers presented after the expiry of the transitional arrangements in CRRII for capital instruments. For the avoidance of doubt, the end point numbers do include the benefit of the regulatory transitional arrangements in CRR II for IFRS 9.
17. Minimum requirement for own funds and eligible liabilities (MREL) consists of a minimum level of equity and eligible debt liabilities that will need to be maintained pursuant to a direction from the Bank of England in the exercise of its powers under the Bank Recovery and Resolution Directive (BRRD) as implemented in the UK, with the purpose of absorbing losses and recapitalising an institution upon failure whilst ensuring the continuation of critical economic functions.
18. The Bank of England has written to HSBC confirming the preferred resolution strategy for HSBC Group remains a multiple-point-of-entry ('MPE') resolution strategy and setting out the binding requirement for 2020 external MREL requirements applicable to the HSBC Group
19. Group CET1 buffers are shown in addition to the MREL requirements. The buffers shown in addition to the RWA, leverage and SoTP TLAC/MREL requirement are calculated in accordance with the PRA Supervisory statement 16/16 updated in December 2017
20. 2020 indicative SoTP derived per HSBC's current understanding of regulatory guidance. The requirement will change over time as the TLAC requirements of our subsidiaries change per regulatory rules, any BoE MREL recalibration as part of setting the 2021 requirements, and as we gain further clarity on the components of end-state requirements across the Group
21. Leverage exposure is calculated as the higher of either the requirements as defined in the Capital Requirements Regulation or the PRA's leverage ratio requirement
22. Leverage exposures and ratio are calculated under both local regulatory rules and the equivalent accounting standard to IFRS 9 for current expected credit losses ('CECL'), US supplementary leverage ratio (SLR) and US Basel III. Under the US Final TLAC rules, in addition to the risk-weighted assets component of the TLAC requirement, the US resolution group is subject to an external 2.5% TLAC buffer that is analogous to the capital conservation buffer
23. The issuance plan is guidance only; it is a point in time assessment and subject to change
24. To next call date if callable; otherwise to maturity. Included in 2H20 maturities/calls are $1.95bn of Tier 2 instruments and $1.45bn of AT1 instruments that are past their first call date but available for discretionary call during the period
25. On the 31st March 2020 HSBC cancelled the fourth interim dividend of $0.21, following a written request from the Bank of England through the Prudential Regulation Authority. The Board also announced that until the end of 2020, HSBC will make no quarterly or interim dividend payments or accruals in respect of ordinary shares, or undertake any share buy-backs in respect of ordinary shares. The Board will review our dividend policy at or ahead of the year-end results for 2020, when the economic impact of the pandemic is better understood
26. Where a quarterly trend is presented on the Income Statement, all comparatives are re-translated at average 2Q20 exchange rates
27. From 1st July 2018, Argentina was deemed a hyperinflationary economy for accounting purposes
28. Due to customer redress programmes, HBUK 2Q20 NIM has been favourably impacted by 3bps (4Q19 NIM adversely impacted by 5bps, 3Q19 NIM adversely impacted by 19bps), FY19 NIM of 2.05% has been adversely impacted by 6bps
29. Total includes POCI balances and related allowances
30. BBLS: Bounce Back Loan Scheme; CBILS: Coronavirus Business Interruption Loan Scheme; CLBILS: Coronavirus Large Business Interruption Scheme
31. Market shares by value of approved lending as at 26 July 2020. BBLS, CBILS, CLBILS market sizing sources: Her Majesty's Treasury
32. 9.3% of SME loans and overdrafts balances as at 30 June 2020. SME is defined as a client with turnover of up to £25m. Market size source: Bank of England
33. Mortgage market share as at 31 May 2020, source: Bank of England; mortgage payment holiday market share: UK Finance
34. HSBC's insurance business has exposure to the oil and gas industry via investment-grade bond holdings which are excluded from these charts and tables. The majority of the credit risk of these instruments is borne by policyholders
35. Risk measure, excludes repos and derivatives. Guarantees are excluded from tables and charts
36. Includes aircraft lessors
37. Mainland China drawn risk exposure. Retail drawn exposures represent retail lending booked in mainland China; wholesale lending where the ultimate parent and beneficial owner is Chinese
38. Hong Kong Census and Statistics Department
39. Includes offset mortgages in first direct, endowment mortgages and other products
40. Current Account Switch Service Dashboard, Issue 27: covering the period 1 April to 30 June 2020. Published 30 July 2020

Disclaimer

Important notice

The information, statements and opinions set out in this presentation and accompanying discussion ("this Presentation") are for informational and reference purposes only and do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

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

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

Forward-looking statements

This Presentation may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position, strategy and business of the Group which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "seek", "intend", "target" or "believe" or the negatives thereof or other variations thereon or comparable terminology (together, "forward-looking statements"), including the strategic priorities and any financial, investment and capital targets described herein. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. 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 Covid-19). 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 2019 filed with the Securities and Exchange Commission (the "SEC") on Form 20-F on 19 February 2020 (the "2019 Form 20-F"), our 1Q 2020 Earnings Release furnished to the SEC on Form 6-K on 28 April 2020 (the "1Q 2020 Earnings Release"), and our Interim Financial Report for the six months ended 30 June 2020 which we expect to furnish to the SEC on Form 6-K on 03 August 2020 (the "2020 Interim Report").

Non-GAAP financial information

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

Reconciliations between non-GAAP financial measurements and the most directly comparable measures under GAAP are provided in our 2019 Form 20-F, our 1Q 2020 Earnings Release, our 2020 Interim Report and the corresponding Reconciliations of Non-GAAP Financial Measures document, each of which are available at www.hsbc.com.

Information in this Presentation was prepared as at 03 August 2020.