HSBC Holdings plc 3Q20 Results

Presentation to Investors and Analysts

HSBC

Noel Quinn

Group Chief Executive

Highlights

1. **Reported PBT of $3.1bn down $1.8bn (36%) vs. 3Q19;** adjusted PBT of $4.3bn down $1.1bn (21%); resilient 9M20 adjusted PBT of $9.9bn

2. 3Q20 PBT supported by **significantly reduced ECL charge and continued good cost management**

3. **Continued support of customers, communities and colleagues** through Covid-19 restrictions

4. **Strong funding, liquidity and capital;** adjusted deposits of $1.6tn up $164bn or 12% vs. 3Q19, CET1 ratio[1] of 15.6%

5. **Transformation and restructuring on track despite headwinds:** expect to exceed our original FY22 targets of $100bn of gross RWA reductions and $4.5bn cost programme saves

A reconciliation of reported results to adjusted results can be found on slide 21, the remainder of the presentation unless otherwise stated, is presented on an adjusted basis

We are driving **our strategy** forward in three key areas

Asia

Accelerating in Asia

- Asian economy is rebounding strongly, led by a pick-up in manufacturing and trade
- HSBC's client activity has shown resilience into the third quarter
- We are stepping up investment in Asia to match our elevating ambitions

Technology

Digitising at pace

- We continue to build out and invest in technology through the cycle
- We are investing in digital platforms that streamline operations and support growth in key areas such as Wealth, Transaction Banking, and SMEs

Restructuring

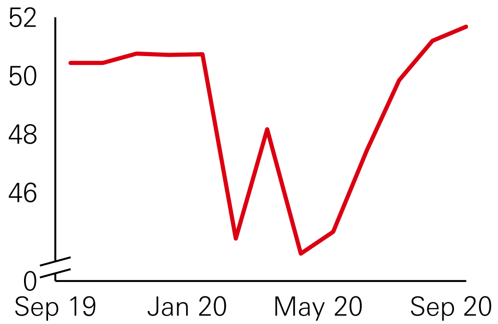
Restructuring further and faster

- HSBC has delivered $41bn of RWA saves and $0.6bn of cost programme saves YTD
- US and Europe are executing at pace and remain committed to 2022 targets
- We expect to go further and faster on our cost and RWA reduction programmes

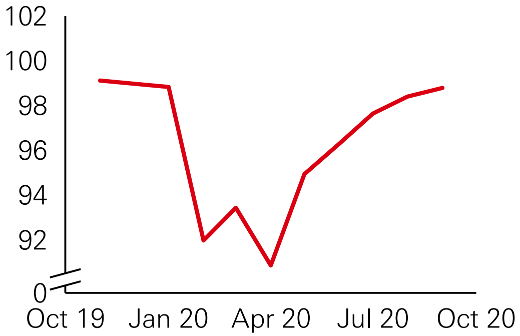
Asia economic activity has proven resilient; we continue to elevate our ambition in the region

Asia is rebounding

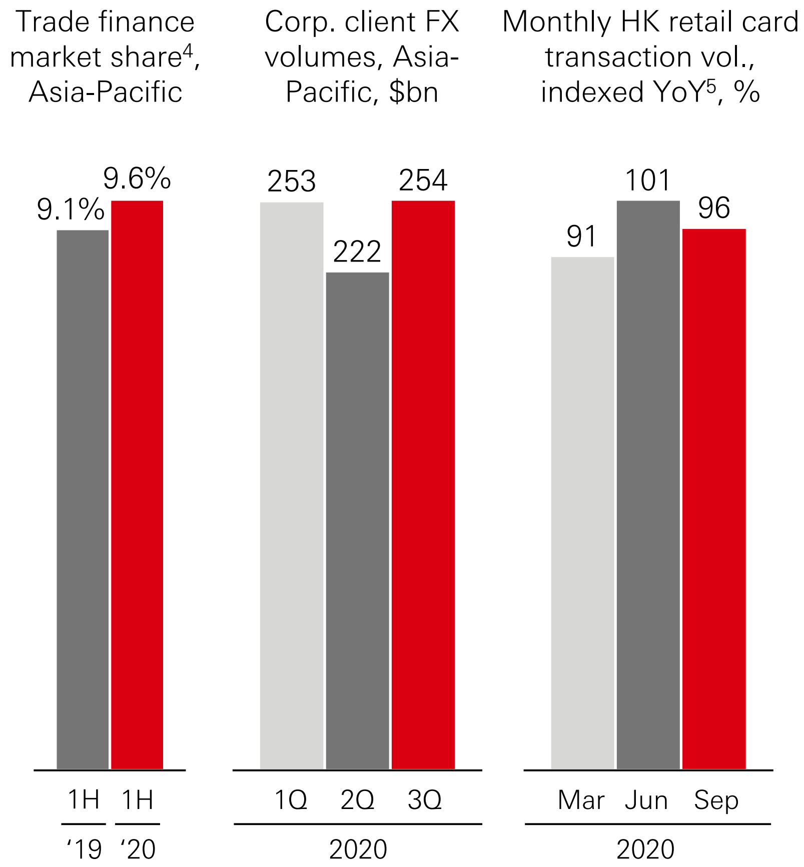
Manufacturing PMI index, Asia[2]



Composite leading indicator index, Asia Pacific composite[3]



Client activity is resilient



Stepping up our investment in Asia

- Large majority of growth investment will go to Asia
- Asia reported RWAs as % of Group up 3ppts YoY to 44%

Recent initiatives launched

- **VisionGo** platform connecting SME service providers and customers in HK; >8k members since Apr 20 launch
- **Pinnacle** digital wealth planning and insurance services in China; hiring 2-3k wealth planners in 4 years; supported by new **Fintech subsidiary** – a first for a foreign FI in China
- **Simultaneous onboarding** for SMEs in ASEAN markets[6]; new **multi-currency digital wallet** for international SMEs piloting in Singapore

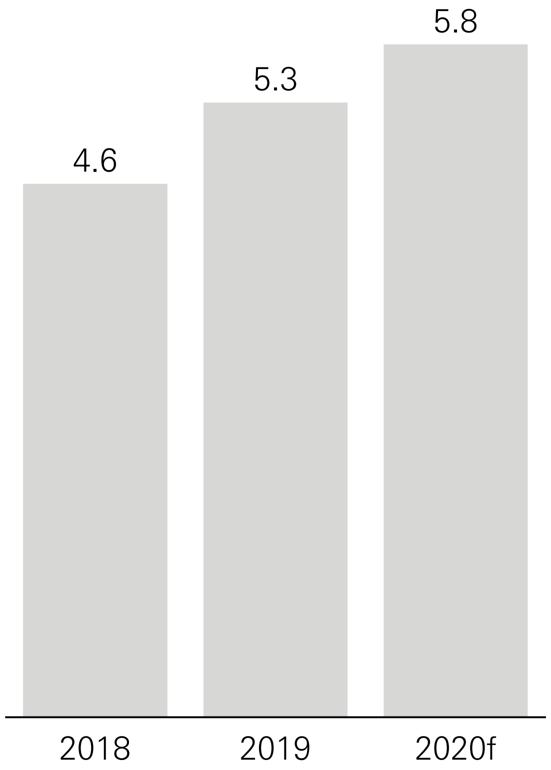
Performance in Asia supported by:

- **Deposits** up 7% YoY to $732bn; HK up 5%
- **Loans** broadly stable YoY at $484bn; HK up 3%
- **Strong credit quality;** 9M20 ECL as % of loans of 54bps (26bps in HK); **HK 3Q20 adjusted ECL of $0.1bn,** down 49% YoY

We also continue to increase **investment in technology**, to drive improved customer experience and operational efficiency

Changing the bank with technology investment

Technology spend[7], $bn



Including investments in…

WPB: Digital Platforms and Wealth

Digitising key platforms e.g. Mobile X, Banking 2.0 and Secure Access digital security platform

Enhanced transaction banking for HNW clients in Asia

Wholesale: Trade and SMEs

Trade transformation including a new Trade Services operating model

HSBC Kinetic: a mobile SME bank that uses the cloud to deliver faster, same day service

Markets: Foreign Exchange

HSBC Evolve, an FX execution platform enabling greater HSBC collaboration and digitised solutions for clients

Recent technology enhancements

Automated lending process for Covid relief programmes; circa 200,000 clients funded since inception of Government backed loan schemes

Upgraded global payments systems, enabling future growth capacity with clients; doubled transaction throughput globally

Transformed customer onboarding process for Wholesale customers in HK; reduced turnaround time for domestic customers by 38% (10 days) between Aug 19 and Aug 20

Modernised finance and risk analytics systems, using cloud to improve speed; this allows us to make smarter, faster decisions for our customers

Our **restructuring in the US and Europe** continues at pace

Group-level transformation milestones

$41bn of RWA saves

achieved vs. >$100bn gross reduction targeted by 2022

Includes $30bn of saves from GBM

Expect c.$50bn of saves by year-end

$0.6bn of cost programme saves[8]

vs. c.$4.5bn targeted by 2022

Includes impact from headcount reductions

Adjusted costs of $22.4bn for 9M20 are down 4% YoY

Expect to go further and faster on cost reduction programme

US and the NRFB in Europe and the UK transformation milestones

US:

- **Reported RWAs** down 8% YoY to $90bn; commenced novation of fixed income derivatives positions to NRFB and externally
- **Adjusted costs** for 9M20 down 7% vs. 9M19 to $2.7bn; FTEs down 11% YoY and on track for >1400 reduction by year-end
- **Other rationalisation:** Branches reduced by >30%, exceeding 2020 reduction target

NRFB:

- **RWAs:** committed to delivering the c.35% RWA reduction by 2022 (vs. 2019)
- **Adjusted costs:** committed to reduce costs by c.25% by 2022
  - Re-organised Europe around two hubs: London and Paris; removed a layer of management with further consolidation underway
  - Announced GBM France restructuring; FTE within restructuring perimeter will be reduced by 38%
- Strategic review of our **French retail operations** continues
- Acquired minority interest in **Germany**, a key export-oriented market, enabling full integration into our strategy

Progress update

1. **2020 to 2022 transformation programme on track**
2. **Expect to beat our Group cost target** of ≤$31bn in 2022
3. **Expect to exceed our $100bn gross RWA reduction target;** c.$50bn expected to be achieved by end FY20
4. **Update on plans in France and the US** expected by FY20 results announcement in February 2021
5. **Dividends are important;** a decision on paying a **conservative FY20 dividend** will depend on the economic outlook in early 2021, and is subject to regulatory consultation

Ewen Stevenson

Group Chief Financial Officer

HSBC

3Q20 results summary

$m	3Q20	3Q19		Δ
NII	6,497	7,691	▼	(16)%
Non interest income	5,568	5,656	▼	(2)%
Revenue	12,065	13,347	▼	(10)%
ECL	(785)	(843)	▼	7%
Costs	(7,411)	(7,605)	▼	3%
Associates	435	519	▼	(16)%
Adjusted PBT	**4,304**	**5,418**	▼	**(21)%**
Significant items and FX translation	(1,230)	(581)	▼	>(100)%
Reported PBT	**3,074**	**4,837**	▼	**(36)%**
Reported profit after tax	**2,039**	**3,795**	▼	**(46)%**
Profit attributable to ordinary shareholders	1,359	2,971	▼	(54)%
EPS[9], $	0.07	0.15	▼	$(0.08)

$bn	3Q20	2Q20		Δ
Customer loans	1,041	1,042	▼	(0)%
Customer deposits	1,569	1,565	▲	0%
Reported RWAs	857	855	▲	0%
CET1 ratio[1], %	15.6	15.0	▲	0.6ppt
TNAV per share, $	7.55	7.34	▲	$0.21

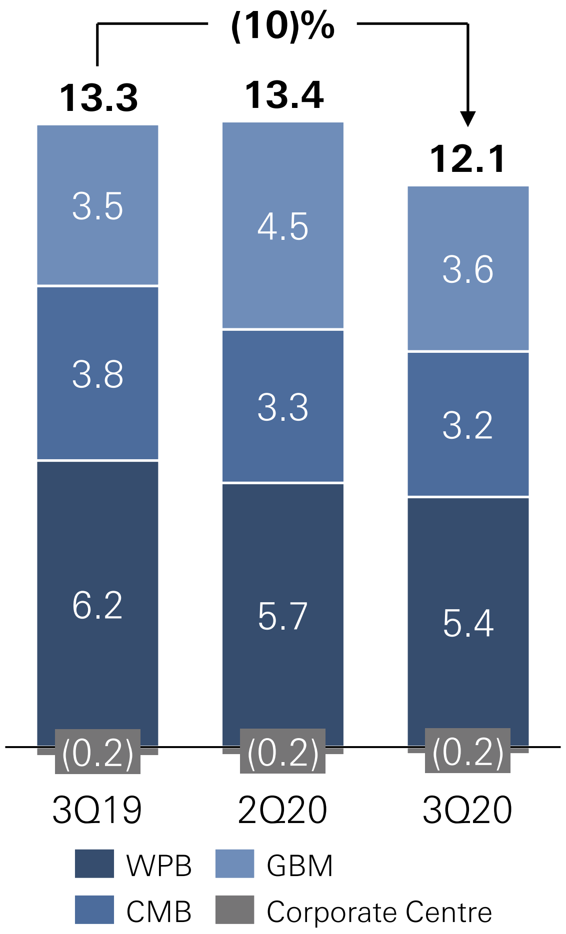
- **3Q20 reported profit after tax of $2.0bn, up $1.4bn vs. 2Q20**
- **Adjusted revenue of $12.1bn, down $1.3bn (10%)** vs. 3Q19; adjusted revenue was positively impacted by $652m movement in volatile items
- **ECL of $0.8bn,** down $3.2bn vs. 2Q20; limited further reserve build due to largely unchanged economic guidance
- **Costs of $7.4bn,** down $0.2bn (3%) vs. 3Q19
- **Adjusted PBT of $4.3bn,** down $1.1bn (21%); **reported PBT of $3.1bn** down $1.8bn (36%) vs. 3Q19
- Resilient 9M20 adjusted PBT of $9.9bn, down $7.8bn (44%) vs. 9M19
- **Customer lending stable** vs. 2Q20; customer deposits up $164bn vs. 3Q19
- **CET1 ratio of 15.6%,** up 0.6ppt vs. 2Q20
- **TNAV per share increased by $0.21** vs. 2Q20 from retained profits and currency movements

3Q20 adjusted revenue performance

	3Q20 revenue				3Q20 vs. 3Q19	
WPB	**$5,441m**	▼(13)%	Retail Banking	**$2,999m**	(991)	
			Wealth Management	**$2,160m**	177	o/w insurance market impacts: $333m
			Other	**$282m**	25	
CMB	**$3,165m**	▼(17)%	GLCM	**$936m**	(574)	
			GTRF	**$429m**	(38)	
			Credit and Lending	**$1,442m**	55	
			Other	**$358m**	(78)	
GBM	**$3,614m**	▲ 3%	Global Markets, Securities Services	**$1,997m**	108	o/w bid-offer adjustments: $58m
			Global Banking, GLCM, GTRF	**$1,602m**	(280)	
			Principal Investments, XVA, Other	**$15m**	271	o/w XVAs: $199m
Corp. Centre	**$(155)m**	–			43	o/w valuation differences: $(108)m
Group	**$12,065m**	▼(10)%			(1,282)	

Includes positive impact from $652m of volatile items in adjusted revenue, see p.22 for more information

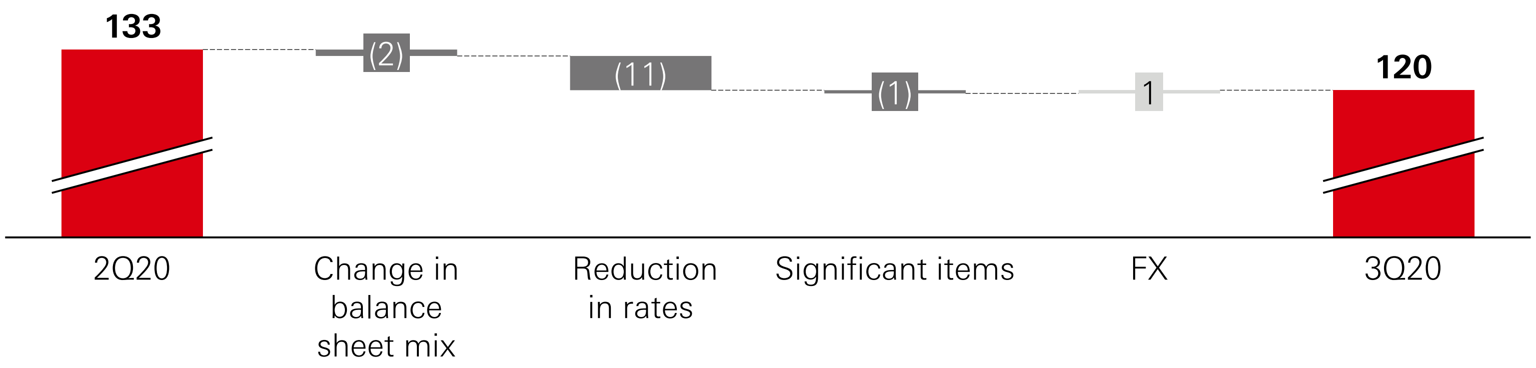
Revenue by global business, $bn



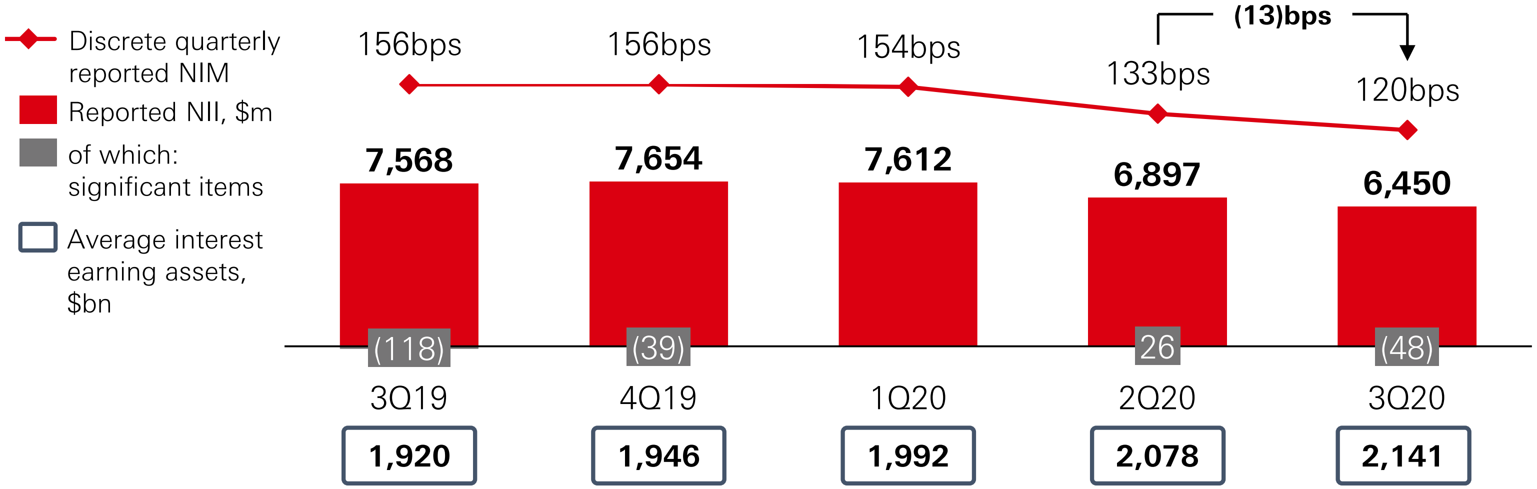
Totals may not cast due to rounding

Net interest income

Reported NIM progression, bps



Reported NIM trend

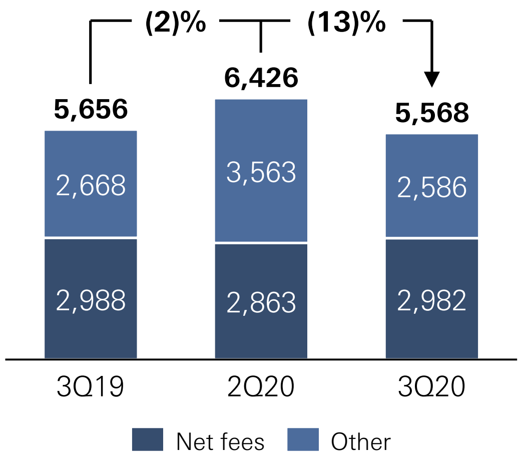


Items include rounding

- **Reported NII of $6.5bn, down $0.4bn (6%)** vs. 2Q20 and down $1.1bn (15%) vs. 3Q19 due to HIBOR reduction in 3Q20
- **NIM of 1.20% down 13bps** vs. 2Q20, largely driven by Asia (down 25bps); UK RFB NIM stable vs. 2Q20 excluding significant items
- **AIEAs of $2.1tn, up $63bn (3%)** vs. 2Q20; most growth in AIEAs was in low-yielding, short-term instruments
- **Expect further NII pressure in 4Q20 with some quarter on quarter stabilisation as we move into 2021**

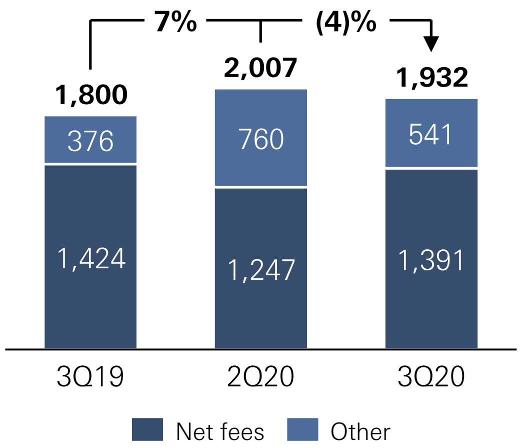
Other revenue (non-NII)

Group, $m



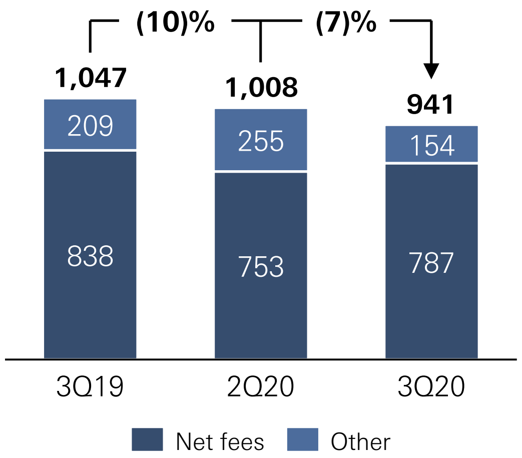
- **Net fees:** higher fees in GBM in 2Q20 more than offset reductions in Retail Banking and CMB. Recovery in fees in Investment distribution, GTRF and GLCM in 3Q20 vs. 2Q20
- **Other income:** strong trading activity in 2Q20; lower volatility and client activity in 3Q20

WPB, $m



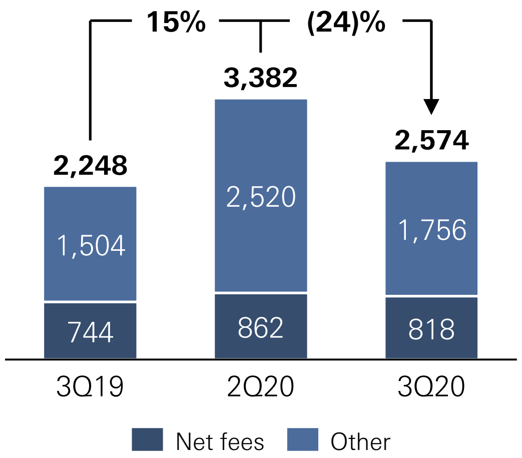
- **Net fees:** 2Q20 impacted by lower unsecured retail lending volumes. Investment distribution income up in 3Q20 as market conditions improved
- **Other income:** includes life insurance market impacts

CMB, $m



- **Net fees:** 2Q20 impacted by lower transaction volumes (GTRF and GLCM) and lending volumes (C&L). Some recovery seen in 3Q20 in both GTRF and GLCM
- **Other income:** lower in 3Q20 from lower GBM revenue share, from lower trading volumes

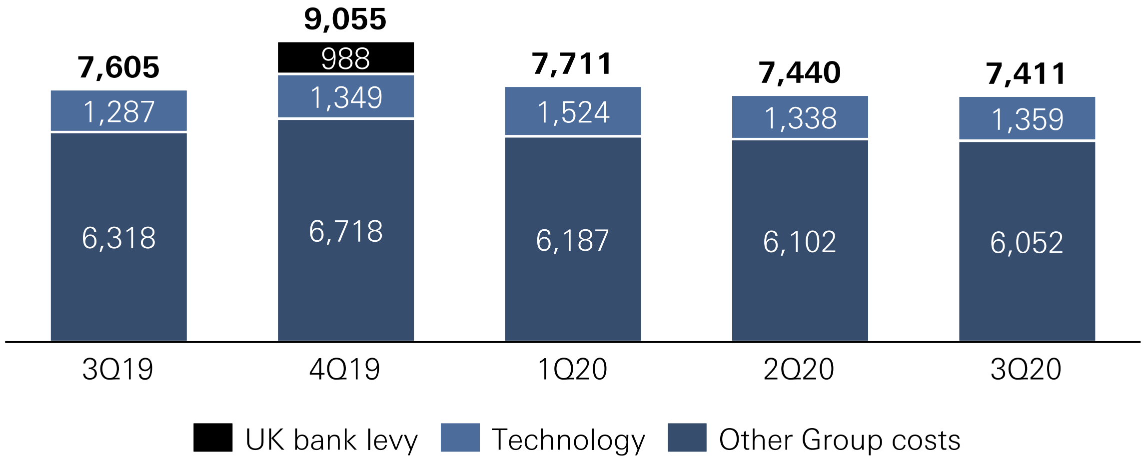
GBM, $m



- **Net fees:** strong 2Q20 capital markets performance in Global Banking offset lower volumes in GTRF and GLCM. Some recovery in GLCM volumes in 3Q20
- **Other income**: strong 2Q20 in Global Markets. Lower volatility and client activity in 3Q20

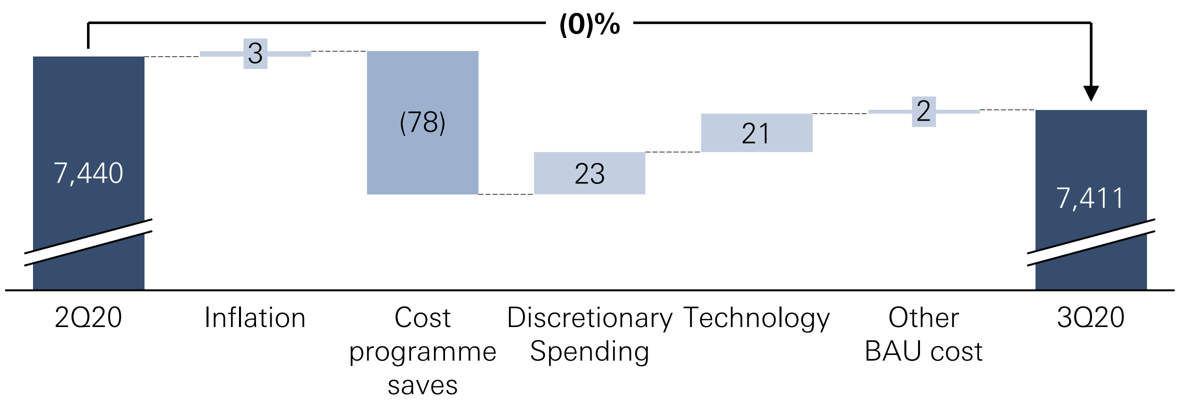
Adjusted costs

Operating expenses trend, $m

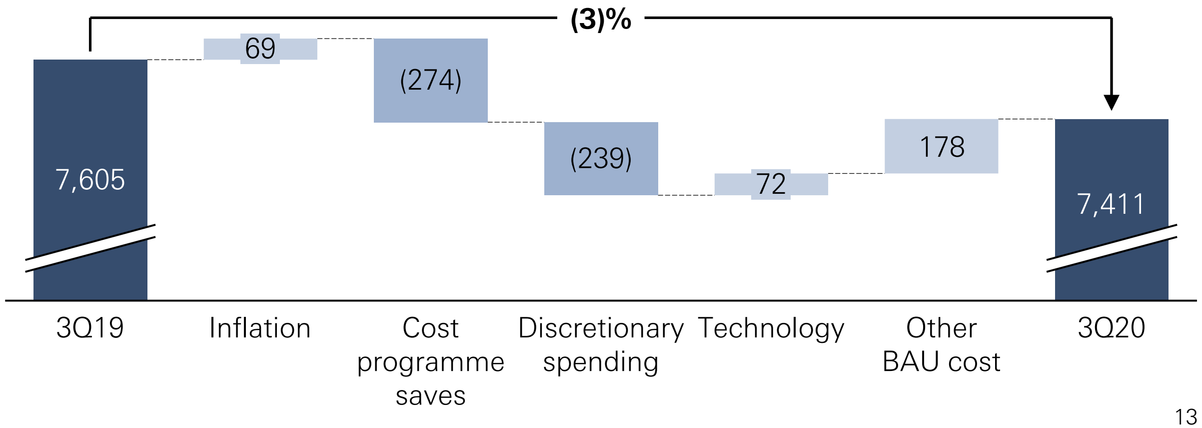


- **Adjusted costs of $7.4bn down $0.2bn (3%) vs. 3Q19** driven by reduced discretionary spending and cost programme saves; note 3Q19 costs benefitted from $0.2bn of variable pay releases
- **Technology costs of $1.4bn slightly up vs. 2Q20** reflecting investment in our digital capabilities to support business growth
- **YTD cost programme saves of $0.6bn[8] with CTA of $1.0bn**
- **Expect FY20 CTA of c.$1.6bn,** delivering c.$1bn of cost saves[8]
- **Continue to expect FY20 adjusted costs to be ≥3% lower than FY19**

3Q20 vs. 2Q20, $m

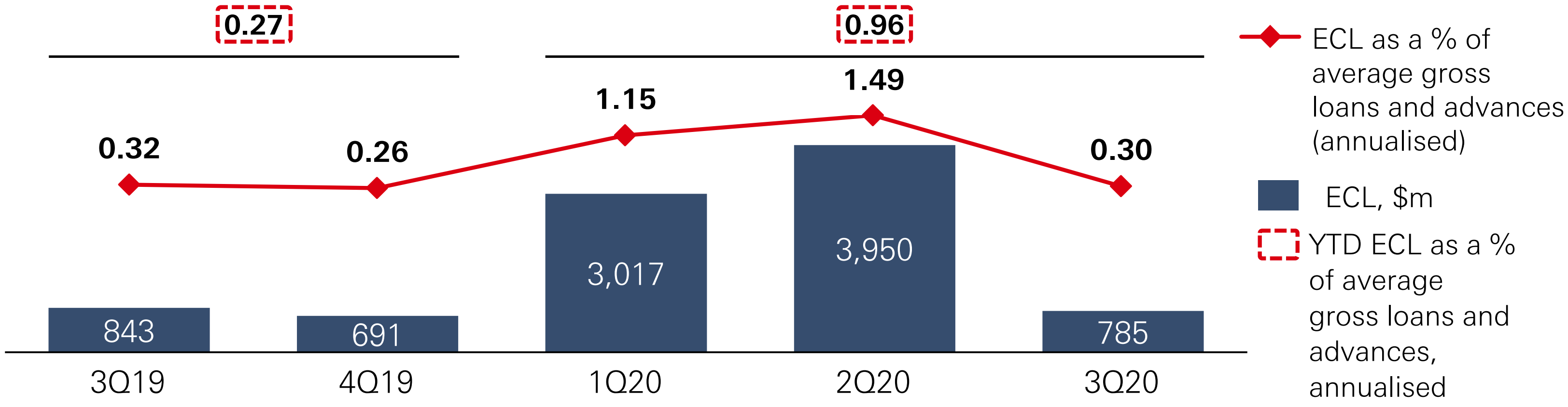


3Q20 vs. 3Q19, $m

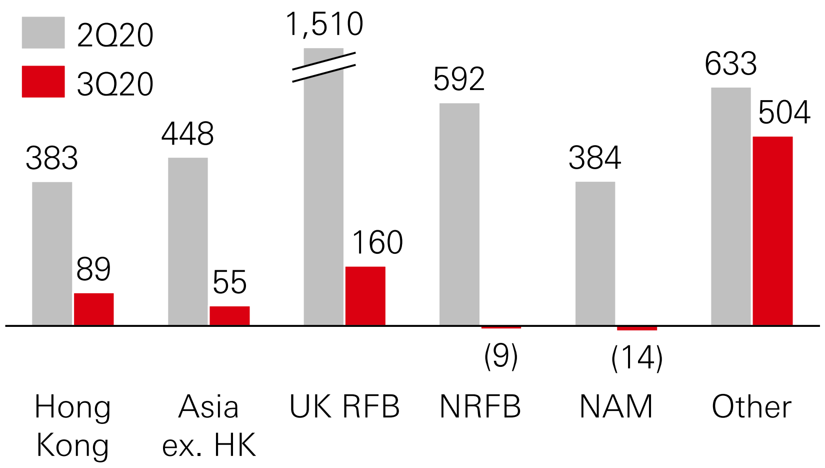


Credit performance

ECL charge trend



ECL by geography, $m



3Q20 ECL charge by stage, $bn

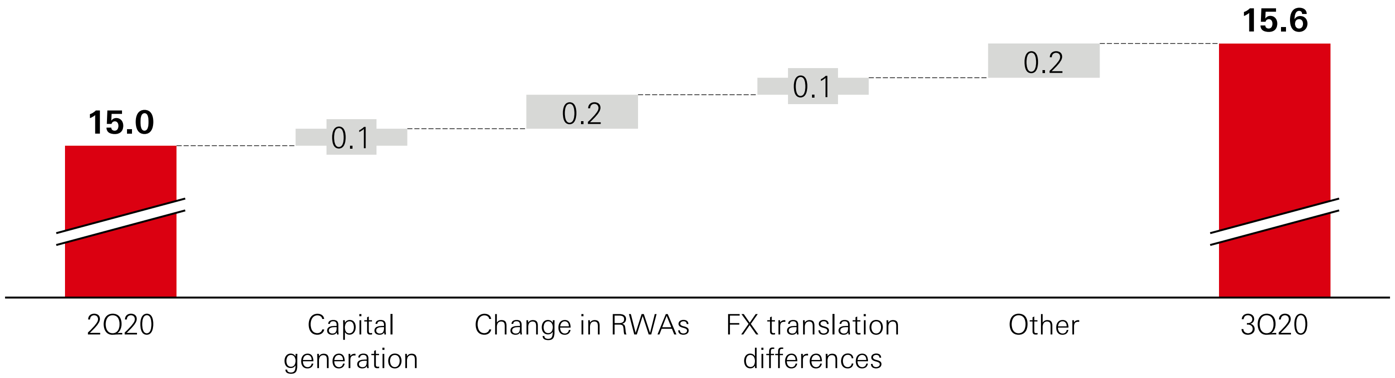
	Stage 1-2	Stage 3	Total
Wholesale	0.1	0.3	0.4
Personal	0.2	0.2	0.4
Total	**0.3**	**0.5**	**0.8**

- **3Q20 ECL charge of $0.8bn (down $3.2bn, or 80% vs. 2Q20)**
- Stage 1 and 2 allowances on customer lending at end of 3Q20 are $6.6bn
- 3Q20 ECL charge benefitted from **c.$0.3bn of non-Covid-19 related releases**
- UK RFB is a major centre for ECL YTD; $2.2bn of $7.6bn Group 9M20 ECL charge
- **Asia remains resilient;** 9M20 ECL as % of average loans of 54bps, Hong Kong ECL as % of average loans of 26bps
- 9M20 Stage 1 & 2 charge of $4.2bn; 3Q20 Stage 1 & 2 charge of only $0.3bn
- Limited Stage 3 charges in 3Q20 vs. 2Q20; **Stage 3 loans were 1.7% of total loans and advances to customers**, stable vs. 2Q20
- Minimal movements in sectors particularly impacted by Covid-19 in 3Q20*
- **Expect FY20 ECL charge to be towards the lower end of $8-13bn range[10]**

*Slides 39 and 40 of the 2Q20 results presentation give relevant credit disclosures for these sectors as at 30 June 2020

Capital adequacy

CET1 ratio, %



	2Q20	Capital generation	Change in RWAs	FX translation differences	Other	3Q20
CET1, $bn	128.4	0.9		2.8	1.3	133.4
RWAs, $bn	854.6		(11.8)	14.2		857.0

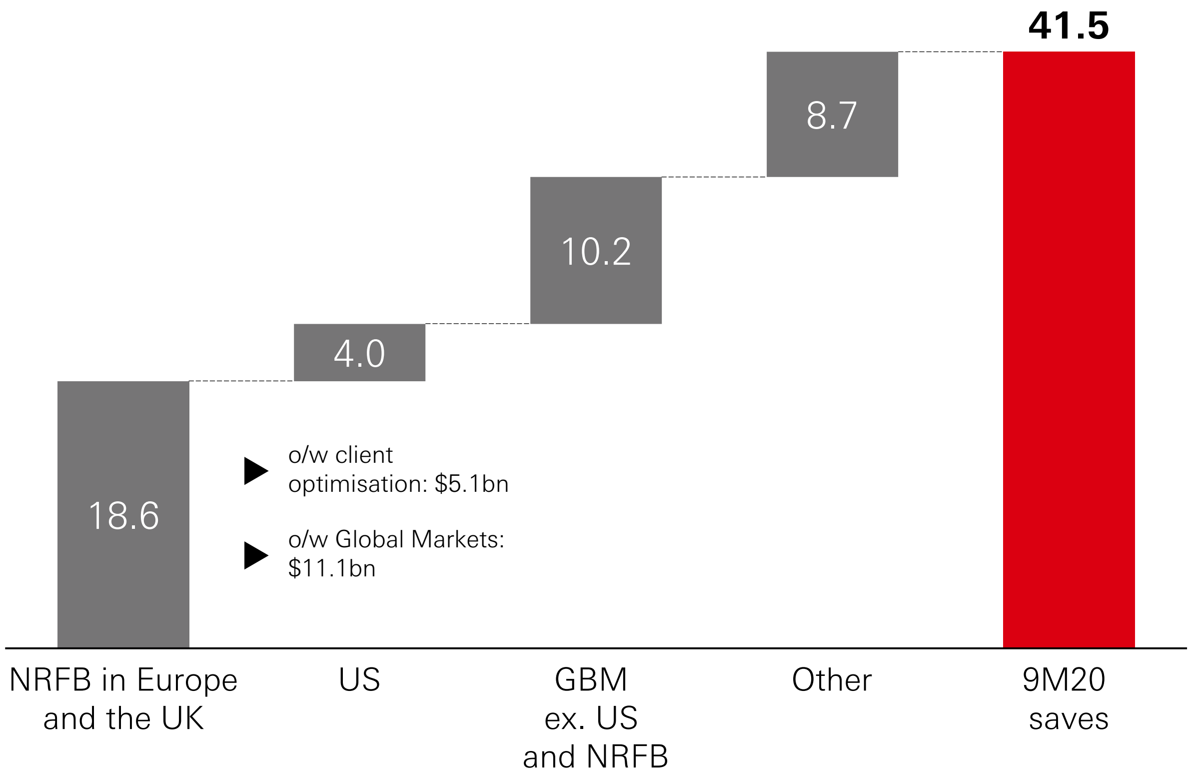
Capital progression

	3Q19	4Q19	1Q20	2Q20	3Q20
Common equity tier 1 capital, $bn	123.8	124.0	125.2	128.4	133.4
Risk-weighted assets, $bn	865.2	843.4	857.1	854.6	857.0
CET1 ratio, %	14.3	14.7	14.6	15.0	15.6
Leverage ratio exposure, $bn	2,708.2	2,726.5	2,782.7	2,801.4	2,857.4
Leverage ratio[11], %	5.4	5.3	5.3	5.3	5.4

- **CET1 ratio increased by 0.6ppts to 15.6%;**
- Excluding FX, **RWAs decreased by $11.8bn**, vs. 2Q20 **primarily due to reduction in asset size ($10.8bn)**
- **Ratings migration increased RWAs by $7.3bn** over 3Q20; $25.6bn YTD
- RWAs held against **government backed loan schemes are $1.9bn.** Absent government guarantees, RWAs against this lending would have been **c.$13.5bn**
- **Asia RWAs up 6% vs. 3Q19.** Asia RWAs as % of Group **up 3ppts to 44%**
- **Expect bank levy** of c.$1bn, impacting profitability and capital generation
- Expect mid single digit percentage Group RWA inflation for FY20 vs. FY19 currency adjusted RWAs of $835bn
- **In the medium term, we expect to manage our CET1 ratio to a 14.0% – 14.5% range**

Transformation programme – RWA saves

YTD RWA savings, $bn



- **$41.5bn of saves YTD,** primarily in GBM. 3Q20 reductions of $11.8bn
- **Expect c.$50bn of FY20 saves**
- **NRFB saves of $18.6bn** primarily from Global Markets ($11.1bn). UK NRFB reductions of $13.7bn includes $10.2bn related to Global Markets
- **US reductions of $4.0bn,** mainly in Global Markets and from client optimisation
- **Other RWAs of $8.7bn** mainly in CMB in Asia ($4.7bn) and UK RFB ($2.9bn)

Saves by global business

- **Total GBM reductions of $30.1bn;** c.50% in Global Markets primarily from novation and exits of positions and c.50% in Global Banking primarily from acceleration of RWA optimisation unit
- **CMB reductions of $9.6bn** largely in the UK RFB, Europe / NRFB and Asia from client optimisation and data improvements
- **WPB reductions total $1.0bn** primarily in Asia

Summary

1 **Good quarter, with continued resilience in Asia and a more optimistic credit outlook**

2 **Low interest rates remain a headwind; moving to a revenue model less reliant on interest rates**

3 **Lower operating costs whilst increasing investment and benefiting from digitalisation and automation**

4 **Working to reduce the required level of CET1 capital once the economic environment stabilises**

5 We intend to provide **an update on our plan and financial targets** at FY20 results. A decision on paying a **conservative FY20 dividend** will depend on the economic outlook in early 2021, and is subject to regulatory consultation

Appendix

Business highlights

Group

- Announced **new climate statement** to be operationally net zero by 2030 and align financed emissions from our portfolio of customers to net zero by 2050
- Awarded '**Global Excellence in Leadership during the Covid-19 pandemic**'[12]
- Awarded '**World's Best Bank for Transaction Services**'[12]
- Headcount including contractors decreased by 10,000 vs. 3Q19

WPB

- **Pinnacle:** Fintech license approved in China for Pinnacle Venture; the first fintech subsidiary by a foreign financial institution in China
- **Digital:** Launched HSBC Global Money Account in the US, our multi-currency mobile wallet, enabling customers to pay, send and receive money in different currencies
- **Digital:** All online product sales up vs. 3Q19, particularly wealth
- **Customer satisfaction:** continued positive Net Promoter Scores in online and contact centre channel
- **Lending:** up $25bn or 6% YoY, mainly mortgages in the UK and Hong Kong

Asia

- IPO volumes in Hong Kong up 67% (by value) and 5% (by number) up to 3Q20 YoY[13]
- **Trade is recovering in Asia:** HSBC has grown its market share in Asia to 9.6% in 1H20 (from 9.1% in 1H19)[14]

Wholesale (GBM and CMB)

- **Capital markets:** gross revenue of $460m in 3Q20; YTD gross revenue of $1.6bn, up 21% year on year
- Led **more than $1.5tn** of financing YTD across DCM, ECM and Syndicated loans, including $97bn through Social and Covid-19 response bonds[15]
- #1 globally for Green, Sustainable and Social bonds[15]; #1 for Asia (ex Japan) G3 bonds; #1 for EMEA bonds[15]
- **Global Markets revenue up 31% year on year;** driven by improved FICC performance from increased market volatility
- International account openings are up 8% vs. 9M19 and up 6% vs. 2Q20
- HSBCnet mobile downloads have continued to increase, **up 155% vs. 9M19**

UK RFB

- **Adjusted revenue up 6% vs. 2Q20;** lending up $10bn (4%) vs. 3Q19, up $6bn (2%) vs. 2Q20
- **UK mortgages: c.13% market share of new business lending** in July and August[16]
- **Strong government lending shares[17];** 15.7% of BBLS lending, 18.0% of CBILS lending and 24.4% of CLBILS lending

Key financial metrics

Reported results, $m	3Q20	2Q20	3Q19
NII	6,450	6,897	7,568
Other Income	5,477	6,162	5,787
Revenue	**11,927**	**13,059**	**13,355**
ECL	(785)	(3,832)	(883)
Costs	(8,041)	(8,675)	(8,147)
Associates	(27)	537	512
Profit before tax	**3,074**	**1,089**	**4,837**
Tax	(1,035)	(472)	(1,042)
Profit after tax	**2,039**	**617**	**3,795**
Profit attributable to ordinary shareholders	1,359	192	2,971
Profit attributable to ordinary shareholders excl. goodwill and other intangible impairment and PVIF	1,109	1,290	2,319
Basic earnings per share[9], $	0.07	0.01	0.15
Diluted earnings per share, $	0.07	0.01	0.15
Dividend per share (in respect of the period)[18], $	0.00	0.00	0.10
Return on tangible equity (annualised)*, %	2.9	3.5	6.4
Return on equity (annualised)*, %	3.2	0.5	7.0
Net interest margin, %	1.20	1.33	1.56

Adjusted results*, $m	3Q20	2Q20	3Q19
NII	6,497	7,007	7,691
Other Income	5,568	6,426	5,656
Revenue	**12,065**	**13,433**	**13,347**
ECL	(785)	(3,950)	(843)
Costs	(7,411)	(7,440)	(7,605)
Associates	435	553	519
Profit before tax	**4,304**	**2,596**	**5,418**
Cost efficiency ratio, %	61.4	55.4	57.0
ECL as a % of average gross loans and advances to customers, %	0.30	1.49	0.32

Balance sheet, $m	3Q20	2Q20	4Q19
Total assets	2,955,935	2,922,798	2,715,152
Net loans and advances to customers	1,041,340	1,018,681	1,036,743
Adjusted net loans and advances to customers*	1,041,340	1,041,984	1,029,686
Customer accounts	1,568,714	1,532,380	1,439,115
Adjusted customer accounts*	1,568,714	1,565,072	1,428,898
Average interest-earning assets	2,141,454	2,078,178	1,945,596
Reported loans and advances to customers as % of customer accounts	66.4	66.5	72.0
Total shareholders' equity	191,904	187,036	183,955
Tangible ordinary shareholders' equity*	152,260	147,879	144,144
Net asset value per ordinary share at period end*, $	8.41	8.17	8.00
Tangible net asset value per ordinary share at period end*, $	7.55	7.34	7.13

Capital, leverage and liquidity	3Q20	2Q20	4Q19
Risk-weighted assets, $bn	857.0	854.6	843.4
CET1 ratio, %	15.6	15.0	14.7
Total capital ratio, %	21.2	20.7	20.4
Leverage ratio[11], %	5.4	5.3	5.3
High-quality liquid assets (liquidity value), $bn	654.2	654.4	601.4
Liquidity coverage ratio, %	147	148	150

Share count, m	3Q20	2Q20	4Q19
Basic number of ordinary shares outstanding	20,173	20,162	20,206
Basic number of ordinary shares outstanding and dilutive potential ordinary shares	20,227	20,198	20,280
Average basic number of ordinary shares outstanding, QTD	20,166	20,190	20,433

*Denotes an alternative performance metric

Reconciliation of reported and adjusted results

$m	3Q20	2Q20	3Q19
Reported PBT	**3,074**	**1,089**	**4,837**
Revenue			
Currency translation	—	279	76
Customer redress programmes	48	(26)	118
Disposals, acquisitions and investment in new businesses	—	1	4
Fair value movements on financial instruments	(11)	58	(210)
Restructuring and other related costs	101	58	—
Currency translation on significant items	—	4	4
	138	**374**	**(8)**
ECL			
Currency translation	—	(118)	40
Operating expenses			
Currency translation	—	(226)	(78)
Cost of structural reform	—	—	35
Customer redress programmes	3	49	488
Impairment of goodwill and other intangibles	57	1,025	—
Restructuring and other related costs	567	335	140
Settlements and provisions in connection with legal and regulatory matters	3	4	(64)
Currency translation on significant items	—	48	21
	630	**1,235**	**542**
Share of profit in associates and joint ventures			
Impairment of goodwill	462	—	—
Currency translation	—	16	7
	462	**16**	**7**
Total currency translation and significant items	**1,230**	**1,507**	**581**
Adjusted PBT	**4,304**	**2,596**	**5,418**

- $101m of revenue restructuring and other related costs in 3Q20 relate to incurred losses on portfolio exits in GBM
- During the year, The Saudi British Bank ('SABB'), an associate of HSBC, impaired the goodwill that arose following the merger with Alawwal bank in 2019. HSBC's post-tax share of the goodwill impairment was $462m

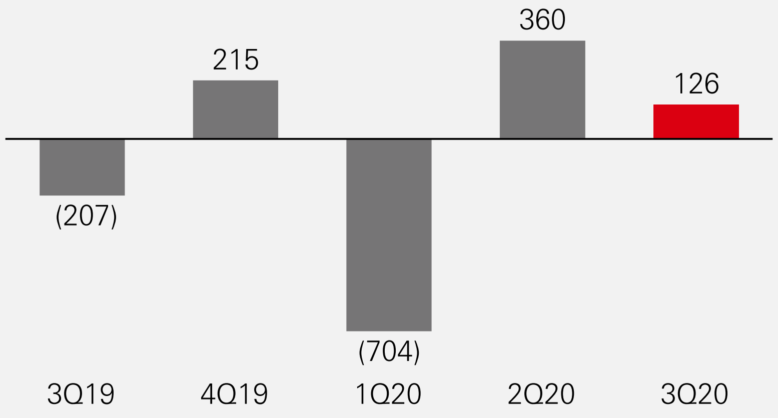
Certain items and Argentina hyperinflation

Certain items included in adjusted revenue highlighted in management commentary[19], $m	3Q20	2Q20	1Q20	4Q19	3Q19	9M20	9M19
Insurance manufacturing market impacts in WPB	126	360	(704)	215	(207)	(218)	(59)
Credit and funding valuation adjustments in GBM	32	(9)	(346)	190	(167)	(322)	(153)
Legacy Credit in Corporate Centre	28	43	(92)	13	(41)	(20)	(124)
Valuation differences on long-term debt and associated swaps in Corporate Centre	(32)	(64)	259	(73)	76	163	219
Argentina hyperinflation[20]	(31)	(29)	(22)	30	(132)	(82)	(173)
Bid-offer adjustment in GBM	35	249	(310)	15	(23)	(26)	(11)
WPB disposal gains in Latin America	—	—	—	—	—	—	133
CMB disposal gains in Latin America	—	—	—	—	—	—	24
GBM provision release in Equities	—	—	—	—	—	—	106
Total	**158**	**550**	**(1,215)**	**390**	**(494)**	**(505)**	**(38)**

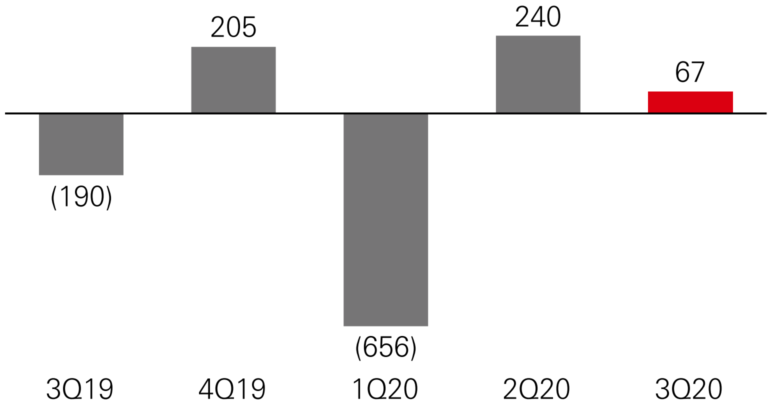
Argentina hyperinflation[20] impact included in adjusted results, $m	3Q20	2Q20	1Q20	4Q19	3Q19	9M20	9M19
Net interest income	(1)	(7)	(3)	33	(61)	(11)	(45)
Other income	(30)	(22)	(19)	(3)	(71)	(71)	(128)
Total revenue	**(31)**	**(29)**	**(22)**	**30**	**(132)**	**(82)**	**(173)**
ECL	(2)	2	2	(10)	12	2	10
Costs	1	5	2	(26)	53	8	34
PBT	**(32)**	**(22)**	**(18)**	**(6)**	**(67)**	**(72)**	**(129)**

Certain volatile items analysis

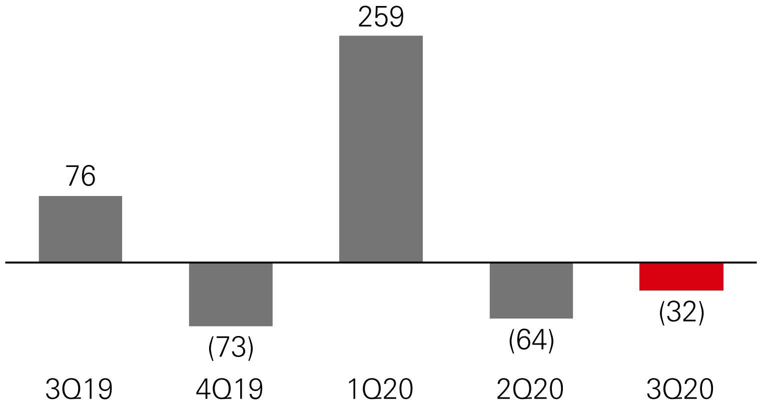
WPB: Insurance manufacturing market impacts revenue, $m



GBM: Credit and funding valuation adjustments revenue and bid-offer adjustment, $m

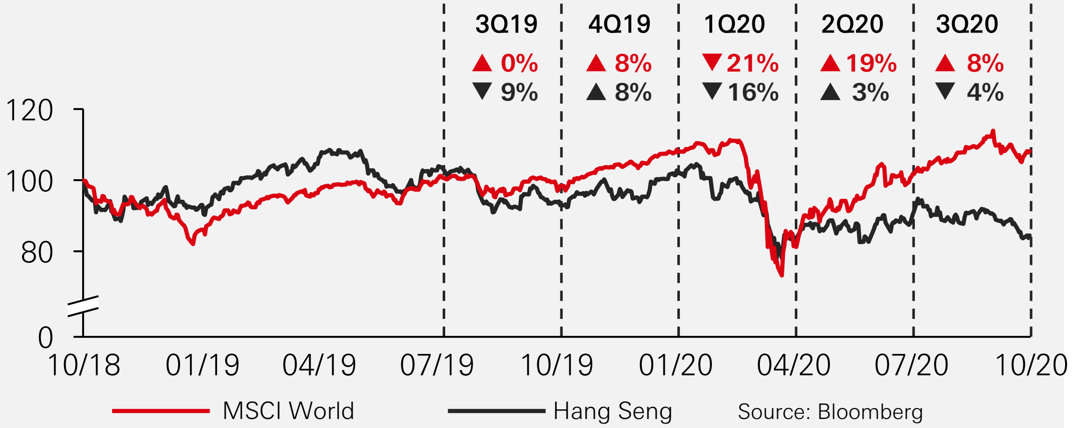


Corporate Centre: Valuation differences on long-term debt and associated swaps, $m



Sensitivity of HSBC's insurance manufacturing subsidiaries to market risk factors[21]	Effect on profit after tax, $m	Effect on total equity, $m
+100 basis point parallel shift in yield curves	(119)	(230)
-100 basis point parallel shift in yield curves	11	127
10% increase in equity prices	301	301
10% decrease in equity prices	(306)	(306)
10% increase in $ exchange rate compared with all currencies	90	90
10% decrease in $ exchange rate compared with all currencies	(90)	(90)

Stock market indices performance[22]



Global business management view of adjusted revenue

Group, $m	3Q19	4Q19	1Q20	2Q20	3Q20	Δ3Q19
Total Group revenue	13,347	13,592	13,323	13,433	12,065	(10)%
Adjusted revenue reported at original FX rates[23]	13,267	13,647	13,327	13,150		

WPB, $m	3Q19	4Q19	1Q20	2Q20	3Q20	Δ3Q19
Retail Banking	**3,990**	**3,956**	**3,820**	**3,133**	**2,999**	**(25)%**
Net Interest Income	3,585	3,546	3,475	2,882	2,686	(25)%
Non-interest income	405	410	345	251	313	(23)%
Wealth Management	**1,983**	**2,126**	**1,425**	**2,214**	**2,160**	**9%**
Investment distribution	844	721	885	726	872	3%
Life insurance manufacturing	408	681	(217)	800	601	47%
Private banking	485	463	520	420	418	(14)%
Net interest income	227	221	217	163	142	(37)%
Non-interest income	258	242	303	257	276	7%
Asset management	246	261	237	268	269	9%
Other	171	204	126	148	93	(46)%
Balance Sheet Management, Holdings interest expense and Argentina hyperinflation	86	101	238	248	189	>100%
Total	**6,230**	**6,387**	**5,609**	**5,743**	**5,441**	**(13)%**
Adjusted revenue reported at original FX rates[23]	6,196	6,409	5,621	5,630		

CMB, $m	3Q19	4Q19	1Q20	2Q20	3Q20	Δ3Q19
GTRF	467	433	470	432	429	(8)%
Credit and Lending	1,387	1,330	1,390	1,394	1,442	4%
GLCM	1,510	1,421	1,333	1,034	936	(38)%
Markets products, Insurance and Investments and other	460	496	478	421	341	(26)%
Balance Sheet Management, Holdings interest expense and Argentina hyperinflation	(24)	(12)	72	62	17	>100%
Total	**3,800**	**3,668**	**3,743**	**3,343**	**3,165**	**(17)%**
Adjusted revenue reported at original FX rates[23]	3,773	3,678	3,733	3,267		

GBM, $m	3Q19	4Q19	1Q20	2Q20	3Q20	Δ3Q19
Global Markets	**1,373**	**1,244**	**2,139**	**2,177**	**1,588**	**16%**
FICC	**1,163**	**1,068**	**1,845**	**2,107**	**1,296**	**11%**
Foreign Exchange	720	666	1,132	803	766	6%
Rates	311	272	672	685	232	(25)%
Credit	132	130	41	619	298	>100%
Equities	210	176	294	70	292	39%
Securities Services	**516**	**520**	**515**	**444**	**409**	**(21)%**
Global Banking	**990**	**984**	**947**	**1,024**	**953**	**(4)%**
GLCM	**690**	**668**	**605**	**494**	**457**	**(34)%**
GTRF	**202**	**197**	**194**	**204**	**192**	**(5)%**
Principal Investments	**94**	**46**	**(237)**	**226**	**52**	**(45)%**
Credit and funding valuation adjustments	(167)	190	(346)	(9)	32	>100%
Other	(201)	(120)	(142)	(145)	(153)	24%
Balance Sheet Management, Holdings interest expense and Argentina hyperinflation	18	(25)	97	108	84	>100%
Total	**3,515**	**3,704**	**3,772**	**4,523**	**3,614**	**3%**
Adjusted revenue reported at original FX rates[23]	3,490	3,715	3,759	4,419		

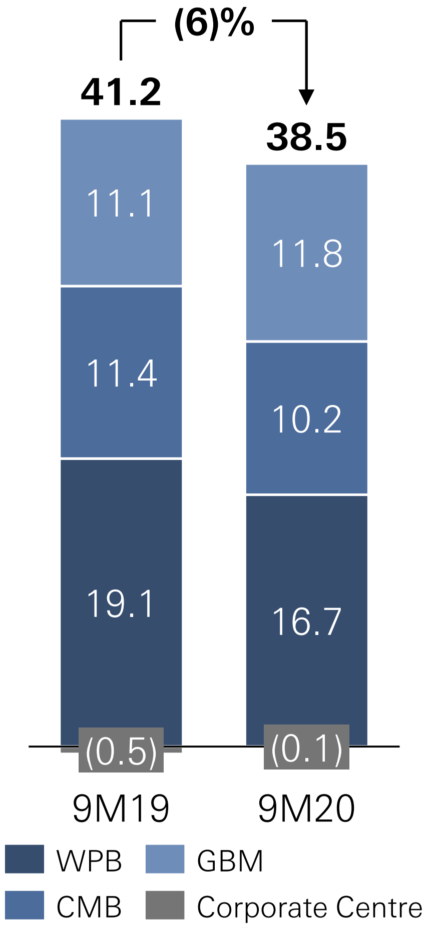
Corporate Centre, $m	3Q19	4Q19	1Q20	2Q20	3Q20	Δ3Q19
Central Treasury	88	(47)	265	(64)	(32)	>(100)%
Of which: Valuation differences on long-term debt and associated swaps	76	(73)	259	(64)	(32)	>(100)%
Legacy Credit	(41)	13	(92)	43	28	>100%
Other	(245)	(133)	26	(155)	(151)	38%
Total	**(198)**	**(167)**	**199**	**(176)**	**(155)**	**22%**
Adjusted revenue reported at original FX rates[23]	(192)	(155)	214	(166)		

9M20 adjusted revenue performance

	9M20 revenue				9M20 vs. 9M19
WPB	**$16,692m** ▼ (13)%	Retail Banking	**$9,895m**		(1,744)
		Wealth Management	**$5,765m**	o/w insurance market impacts: $(159)m	(726)
		Other	**$1,032m**		70
CMB	**$10,165m** ▼ (11)%	GLCM	**$3,283m**		(1,214)
		GTRF	**$1,321m**		(67)
		Credit and Lending	**$4,183m**		111
		Other	**$1,378m**		(111)
GBM	**$11,792m** ▲ 6%	Global Markets, Securities Services	**$7,212m**	o/w bid-offer adjustments: $(15)m	1,242
		Global Banking, GLCM, GTRF	**$5,033m**		(492)
		Principal Investments, XVA, Other	**$(453)m**	o/w XVAs: $(169)m	(62)
Corp. Centre	**$(107)m**				373
Group	**$38,542m** ▼ (6)%				(2,620)

Includes negative impact from $(467)m of volatile items included in adjusted revenue, see p.22 for more information

Revenue by global business, $bn



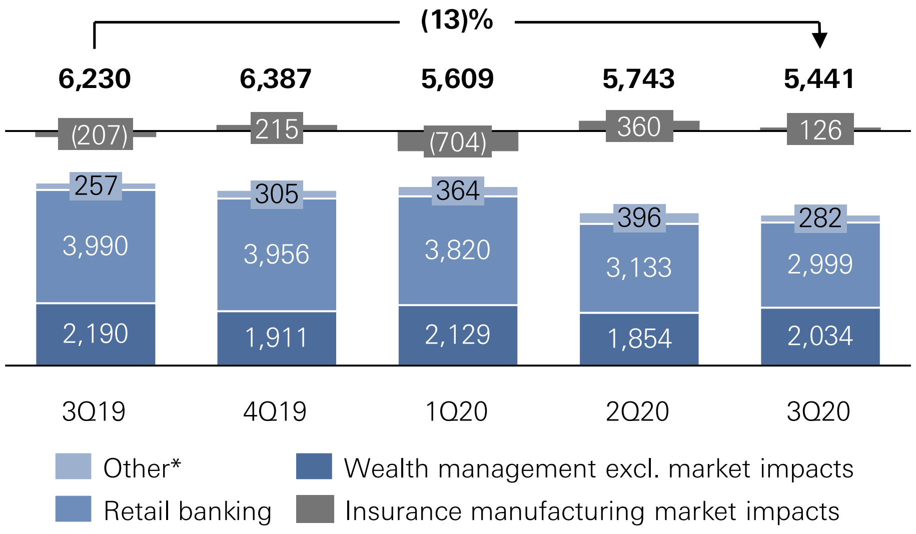
Totals may not cast due to rounding

Wealth and Personal Banking

3Q20 financial highlights

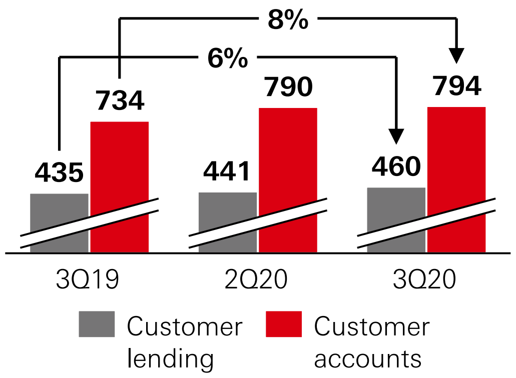
Revenue	**$5.4bn**	▼	(13)% (3Q19: $6.2bn)
ECL	**$(0.3)bn**	▼	20% (3Q19: $(0.4)bn)
Costs	**$(3.7)bn**	▼	4% (3Q19: $(3.8)bn)
PBT	**$1.4bn**	▼	(28)% (3Q19: $2.0bn)
RoTE[24]	**7.6%**	▼	(10.3)ppt (9M19: 17.9%)

Revenue performance[19], $m

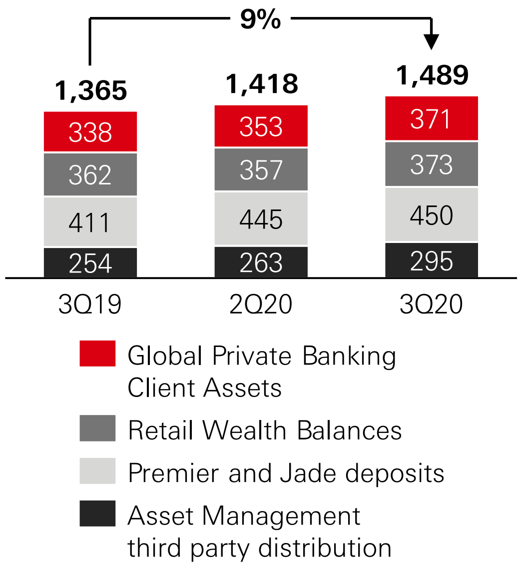


*Other includes BSM, Holdings interest expense and Argentina hyperinflation

Balance sheet[25] $bn



Wealth Balances[26], $bn



3Q20 vs. 3Q19

- **Revenue** down $789m (13%) driven by lower Retail Banking NII (down $899m) and lower Private Banking deposit NII (down $64m), partially offset by $333m of insurance manufacturing market impacts (MCU)
- **ECL** down $84m (20%) to $343m, due to reduction in provisions in 3Q20 after the Covid-19 related provision build in 1H20
- **Costs** down $155m (4%) driven by lower performance related pay and reduced discretionary spend
- **Customer lending** up $25bn (6%), driven by short-term IPO activity in HK (up $11bn) and broad based mortgage growth, particularly in the UK, offset by lower unsecured balances
- **Customer accounts** up $60bn (8%) in all regions
- **Wealth balances** up 9% to $1.5tn

3Q20 vs. 2Q20

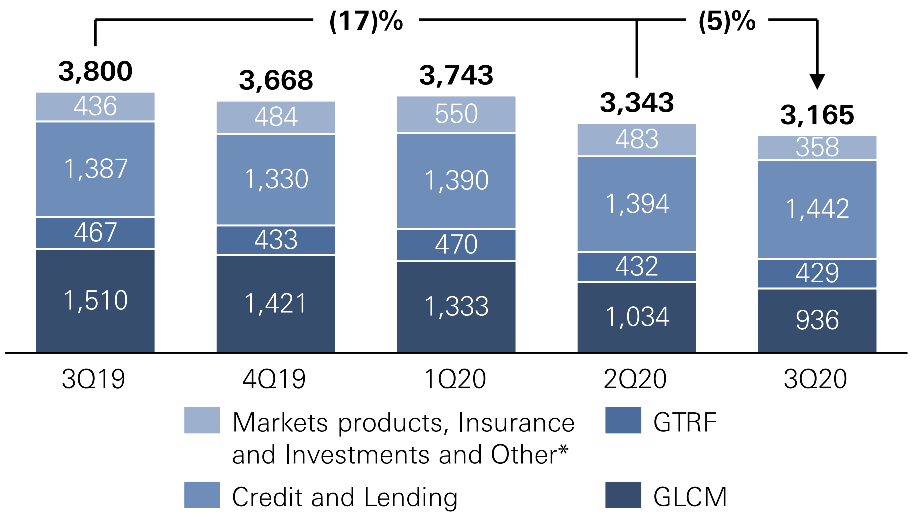
- **Revenue** down $302m (5%) driven by lower Retail Banking NII from margin compression and reduced favourable MCU (down $234m), partially offset by higher mutual fund and equity sales in Wealth Management (up $196m or 11%)
- **ECL** down $785m (70%) to $343m following substantial Stage 1 and 2 ECL charges in 2Q20
- **Costs** up $65m (2%) driven by performance related pay accrual in 2Q20
- **Customer lending** up $19bn (4%), driven by an increase in mortgage balances and a recovery in card spend, particularly in the UK and HK. HK lending up $12bn, primarily due to short-term IPO activity
- **Customer accounts** broadly stable, up $3bn

Commercial Banking

3Q20 financial highlights

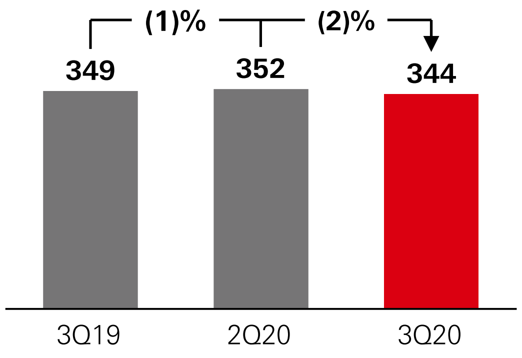
Revenue	**$3.2bn**	▼	(17)% (3Q19: $3.8bn)
ECL	**$(0.4)bn**	▼	12% (3Q19: $(0.4)bn)
Costs	**$(1.6)bn**	▼	8% (3Q19: $(1.8)bn)
PBT	**$1.2bn**	▼	(28)% (3Q19: $1.6bn)
RoTE[24]	**1.1%**	▼	(12.9)ppt (9M19: 14.0%)

Revenue performance[19], $m

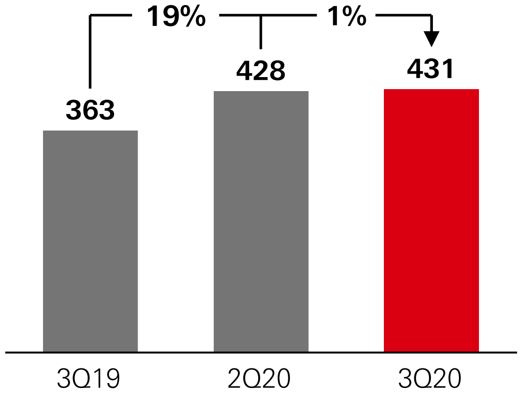


Balance sheet[25], $bn

Customer lending



Customer accounts



3Q20 vs. 3Q19

- **Revenue** down $635m (17%), reflecting the impact from lower interest rates in GLCM and other products, lower fees predominantly from lower transaction volumes, partially offset by higher deposits.
- **ECL** down $47m (12%) to $354m reflecting lower Stage 1-2 charges partly offset by small number of specific client charges
- **Costs** down $133m (8%) due to controlled discretionary spend, while continuing to invest in digital and transaction banking capabilities
- **Customer lending** down $5bn (1%) primarily due to lower trade balances, partly offset by government scheme lending.
- **Customer accounts** up $68bn (19%) as customers raised and retained liquidity across all regions

3Q20 vs. 2Q20

- **Revenue** down $178m (5%), primarily from lower HIBOR in the quarter impacting GLCM, lower BSM revenue, partially offset by higher C&L revenue due to wider margins
- **ECL** down $1.9bn (84%) as 2Q reflected high provisions mainly due to the impact of Covid-19 on the forward economic outlook
- **Costs** flat due to continued cost discipline
- **Customer lending** down $8bn (2%) from lower trade balances and repayment of drawdowns, partly offset by government scheme lending
- **Customer accounts** up $3bn (1%) as customers raised and retained liquidity in the UK

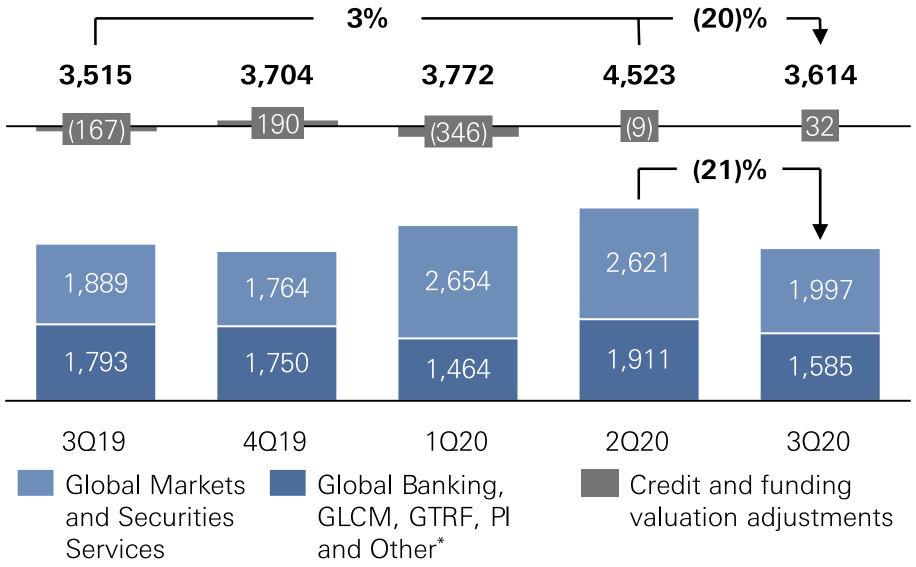
*Other includes BSM, Holdings interest expense and Argentina hyperinflation

Global Banking and Markets

3Q20 financial highlights

Revenue	**$3.6bn**	▲	3% (3Q19: $3.5bn)
ECL	**$(0.1)bn**	▲	>(100)% (3Q19: $(0.0)bn)
Costs	**$(2.3)bn**	▲	(0)% (3Q19: $(2.3)bn)
PBT	**$1.2bn**	▲	1% (3Q19: $1.2bn)
RoTE[24]	**6.9%**	▼	(3.1)ppt (9M19: 10.0%)

Revenue performance[19], $m

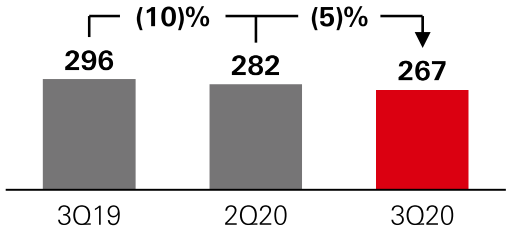


*Other includes BSM, Holdings interest expense and Argentina hyperinflation

View of adjusted revenue

$m	3Q20	Δ3Q19
Global Markets	1,588	**16%**
FICC	1,296	**11%**
- FX	766	**6%**
- Rates	232	**(25)%**
- Credit	298	**>100%**
Equities	292	**39%**
Securities Services	409	**(21)%**
Global Banking	953	**(4)%**
GLCM	457	**(34)%**
GTRF	192	**(5)%**
Principal Investments	52	**(45)%**
Credit and Funding Valuation Adjustments	32	**>100%**
Other	(153)	**24%**
BSM, Holdings interest expense and Argentina hyperinflation	84	**>100%**
Total	3,614	**3%**

Adjusted RWAs[27], $bn



3Q20 vs. 3Q19

- **Revenue** up $99m (3%). Global Markets up $215m (16%) driven by ongoing market volatility and high volumes; FICC performance driven by strong Credit performance and resilient FX, with Equities benefitting from derivatives performance; GTRF, GLCM and Securities Services negatively impacted by lower interest rates; Global Banking revenue was impacted by tightening credit spreads on portfolio hedges
- **ECL** charge of $100m (up $80m) mainly reflecting specific client charges, following the significant reserve build in 1H20
- **Costs** up $10m including $87m arising from the settlement of a number of historic conduct cases. Savings primarily driven by managed cost initiatives, more than offsetting investment spend in regulatory programmes and technology
- **RWAs** reduced by $29bn (10%); managed reductions have more than offset the impact of deteriorations in economic outlook

3Q20 vs. 2Q20

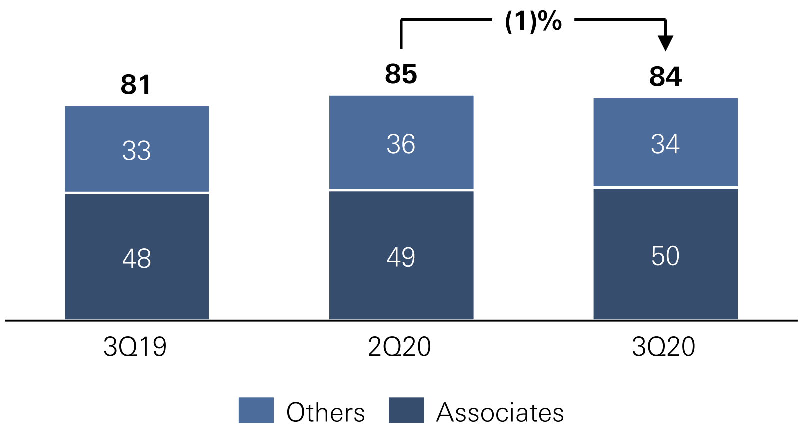
- **Revenue** down $909m (20%)
  - Global Markets revenue down, as a result of reduced market volatility
  - Transactional Products revenue down, due to spread compression driven by lower rates and decreased FX volumes
- **ECL** down $495m (83%) from $595m. 2Q20 ECL included a small number of specific client charges and Covid-19 economic overlay related provisions
- **RWAs** down $15bn (5%), mainly from management actions

Corporate Centre

3Q20 financial highlights

Revenue	**$(155)m**	▲	22% (3Q19: $(198)m)
ECL	**$12m**	▼	>100% (3Q19: $5m)
Costs	**$188m**	▼	(31)% (3Q19: $272m)
Associates	**$425m**	▼	(17)% (3Q19: $512m)
PBT	**$470m**	▼	(20)% (3Q19: $591m)
RoTE[24]	**4.6%**	▲	3.3ppt (9M19: 1.3%)

Adjusted RWAs[27], $bn



Revenue performance[19], $m

	3Q19	4Q19	1Q20	2Q20	3Q20
Central Treasury	**88**	**(47)**	**265**	**(64)**	**(32)**
Of which:					
Valuation differences on long-term debt and associated swaps	76	(73)	259	(64)	(32)
Other central treasury	12	26	6	–	–
Legacy Credit	**(41)**	**13**	**(92)**	**43**	**28**
Other	**(245)**	**(133)**	**26**	**(155)**	**(151)**
Total	**(198)**	**(167)**	**199**	**(176)**	**(155)**

3Q20 vs. 3Q19

- **Revenue** up $43m, largely due to higher revenue from our Legacy portfolios (up $69m) driven by favourable fair value adjustments
- **Associates** down $87m (17%), primarily due to a reduction in share of profit from BoCom

3Q20 vs. 2Q20

- **Revenue** up $21m, largely due to favourable valuation differences on long term debt and associated swaps (up $32m)
- **Associates** down $132m (24%), primarily due to a reduction in share of profit from BoCom

GBM and CMB IRB RWA inflation and mitigating actions

Wholesale counterparty IRB RWAs and exposures

All CRR Bands	**FY19**	**3Q20**	**Δ**
RWA, $bn	**341**	**351**	
EAD, $bn	695	691	
RWA density, %	49.0	50.8	1.8ppt
Weighted average PD, %	0.9	1.1	0.2ppt

Of which: **CRR 1.1 – 5.3**	**FY19**	**3Q20**	**Δ**
RWA, $bn	**318**	**319**	
EAD, $bn	678	666	
RWA density, %	46.8	47.8	1.0ppt
Weighted average PD, %	0.6	0.7	0.1ppt

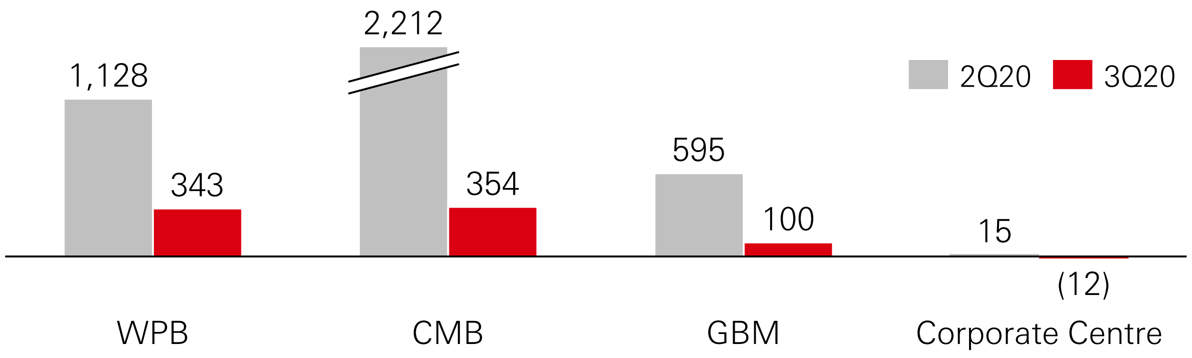
Of which: **CRR 6.1+**	**FY19**	**3Q20**	**Δ**
RWA, $bn	**23**	**32**	
EAD, $bn	17	25	
RWA density, %	138.3	128.5	(9.8)ppt
Weighted average PD, %	14.2	12.9	(1.3)ppt

- GBM & 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 3Q20
- **c.90% of the book is higher quality** (CRR1-5) with RWAs stable vs. FY19
- 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
- Of the higher risk bands, 63% of exposures sit in the top two bands (6.1 and 6.2). As at 31 December 2019, this percentage was 60%
- Expect mid single digit percentage Group RWA inflation for FY20 vs. FY19 currency adjusted RWAs of $835bn

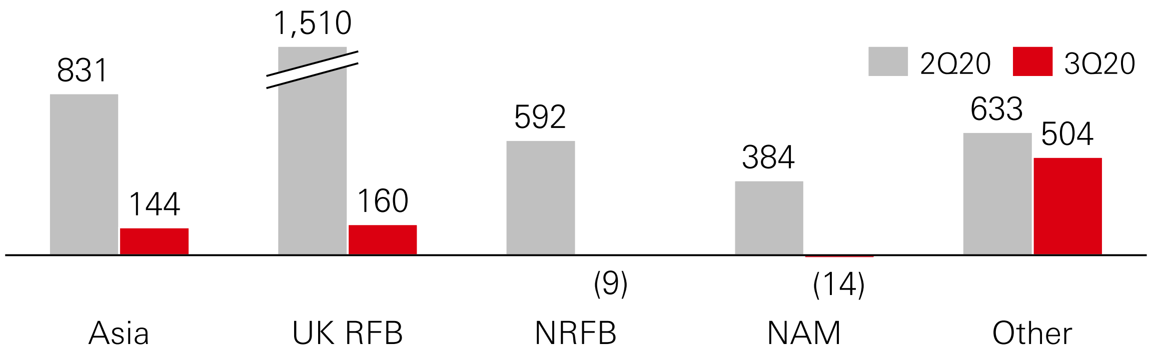
CRR: Customer risk rating. CRR 1-3 considered Strong to Good credit quality (roughly equivalent to an external credit rating of AAA to BBB-); CRR 4-5 considered Satisfactory (BB+ to BB-); CRR 6+ considered Sub-standard, broadly equivalent to an external rating of B- or below

ECL analysis

ECL charge by global business, $m



ECL charge by geography, $m



Analysis by stage

Reported basis, $bn	Stage 1	Stage 2	Stage 3	Total[28]	Stage 3 as a % of Total
3Q20					
Gross loans and advances to customers	878.6	157.8	18.4	**1,055.0**	1.7%
Allowance for ECL	2.0	4.6	7.0	**13.7**	
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**	
3Q19					
Gross loans and advances to customers	941.1	71.7	13.3	**1,026.4**	1.3%
Allowance for ECL	1.3	2.2	4.9	**8.6**	

3Q20 vs. 2Q20 geographic analysis

Asia

- Asia ECL charge of $144m, down $687m vs. 2Q20 due to lower stage 1-2 charges driven by forward economic guidance updates, coupled with c. $100m of lower stage 3 impairments

UK RFB

- UK RFB ECL charge $160m, down $1,350m vs. 2Q20, though the UK RFB remains a major centre for ECL YTD ($2.2bn of $7.6bn Group 9M20 ECL charge)

Other

- Mexico ECL of $220m in 3Q20 (2Q20: $332m; 3Q19: $130m)

Customer relief and lending (including government) support programmes

Personal lending

- The gross carrying values of personal customers under relief was $14.9bn, down from $26.3bn at 2Q20
- This comprised $11.5bn in relation to mortgages (2Q20: $21.1bn) and $3.4bn in relation to other personal lending (2Q20: $5.2bn)
- The decrease in personal customer relief during the third quarter was driven by customers exiting relief measures

Wholesale lending

- The gross carrying value of wholesale customers under relief was $52.3bn, slightly up from $51.8bn at 2Q20

Extant at 30 September 2020	UK	Hong Kong	US	Other major markets*	Total
Personal lending					
Number of customers in mortgage relief, '000s	17	3	2	54	76
Drawn loan value of accounts in mortgage customer relief, $m	**3,709**	**1,259**	**1,016**	**5,509**	**11,493**
Number of accounts in other personal lending customer relief, '000s	24	1	20	129	174
Drawn loan value of accounts in other personal lending customer relief, $m	**303**	**92**	**138**	**2,856**	**3,389**
Mortgage relief as a proportion of total mortgages	2.6%	1.4%	5.5%	7.4%	3.5%
Other personal lending relief as a proportion of other personal lending	1.6%	0.2%	6.2 %	5.7%	3.0%
Wholesale lending					
Number of customers under market-wide measures, '000s	187	5	4	7	203
Drawn loan value of customers under market-wide schemes, $m (BBLS, CBILS and CLBILS in UK)	**10,265**	**21,457**	**1,186**	**7,246**	**40,154**
Number of customers under HSBC-specific measures, '000s	5	—	—	10	15
Drawn loan value of customers under HSBC-specific measures, $m	**4,031**	**1,274**	**1,103**	**5,787**	**12,195**
Total wholesale relief as a proportion of total wholesale lending	9.8%	12.1%	5.4%	6.8%	9.2%

*Other major markets include Australia, Canada, mainland China, Egypt, France, Germany, India, Indonesia, Malaysia, Mexico, Singapore, Switzerland, Taiwan and UAE

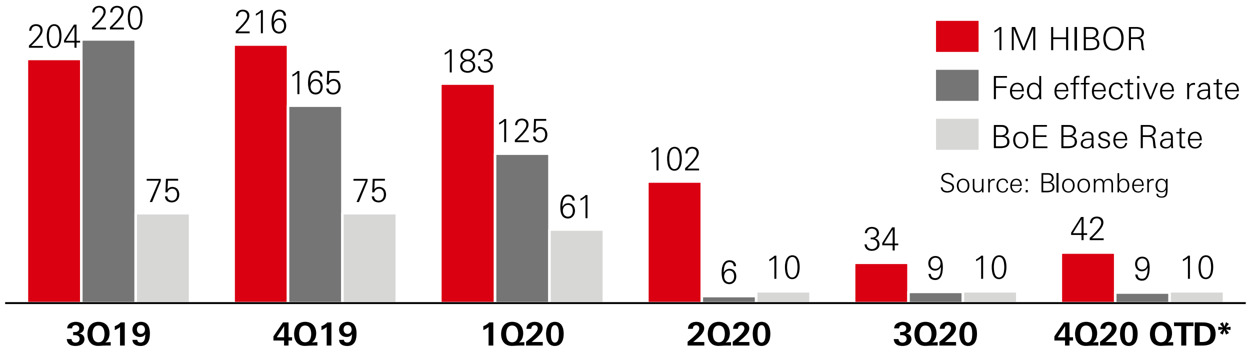
Net interest margin supporting information

Quarterly NIM by key legal entity

	3Q19	4Q19	1Q20	2Q20	3Q20	% of 3Q20 Group NII	% of 3Q20 Group AIEA
The Hongkong and Shanghai Banking Corporation (HBAP)	2.05%	2.00%	1.96%	1.69%	1.44%	51%	42%
HSBC Bank plc (NRFB)	0.47%	0.46%	0.48%	0.54%	0.50%	10%	23%
HSBC UK Bank plc (UK RFB)	1.93%	1.95%	2.01%	1.68%	1.60%	22%	17%
HSBC North America Holdings, Inc	0.87%	0.99%	0.91%	0.85%	0.83%	7%	10%

Note: UK RFB 3Q20 NIM excluding significant items stable vs. 2Q20

Key rates (quarter averages), basis points

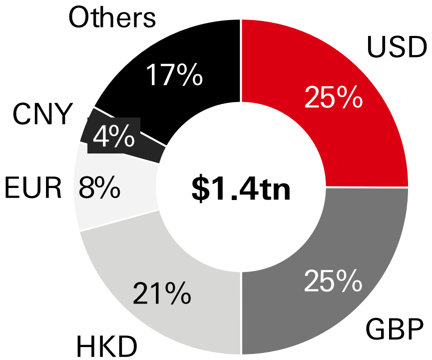


Source: Bloomberg

*As at 23 October 2020

HSBC Group customer accounts by currency

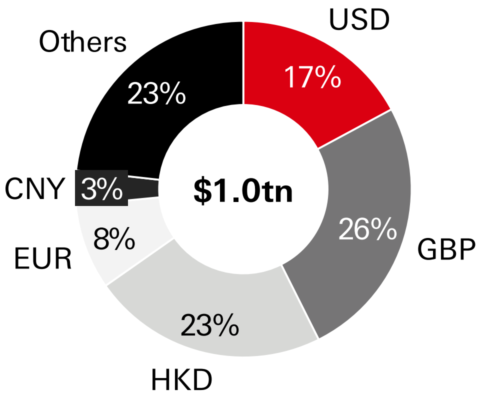
FY19



Hong Kong system deposits by currency as at 31 August 2020: 52% HKD; 36% USD; 12% Non-US foreign currencies. Source: HKMA

HSBC Group loans and advances to customers by currency

FY19

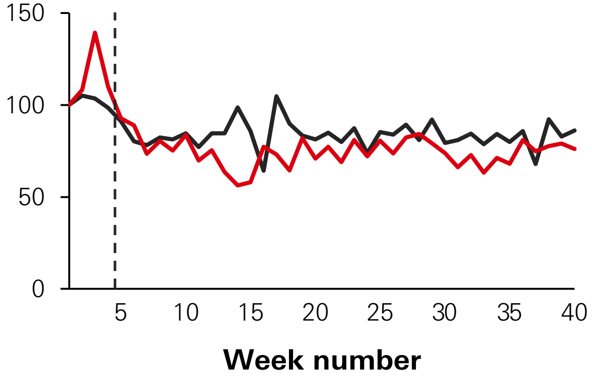


Hong Kong and UK WPB customer activity data

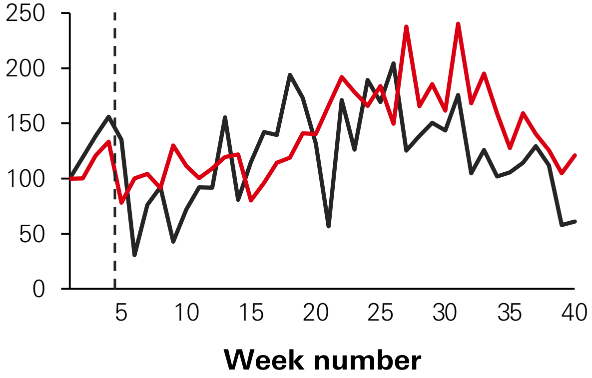
- UK mortgages: strong momentum as we continue to support homebuyers. Additional growth expected from lockdown easing supported by stamp duty changes. UK RFB share of gross mortgage lending was c.13% in July and August[16]
- Hong Kong digital sales mix pre social distancing measures was 27%, increasing slightly to 28% post social distancing
- UK digital sales mix pre-social distancing was 71% increasing to 76% post-social distancing

Hong Kong*

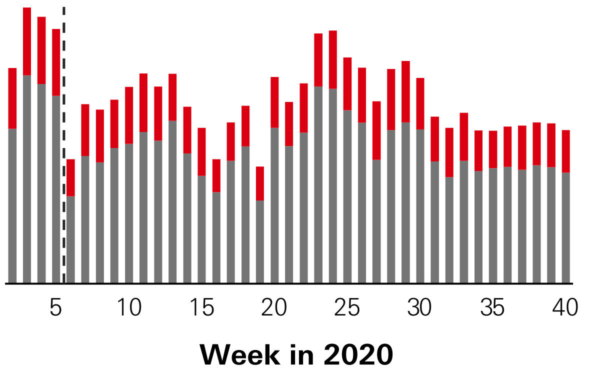
Credit card spend**



Mortgage drawdowns**



Retail sales units[29]

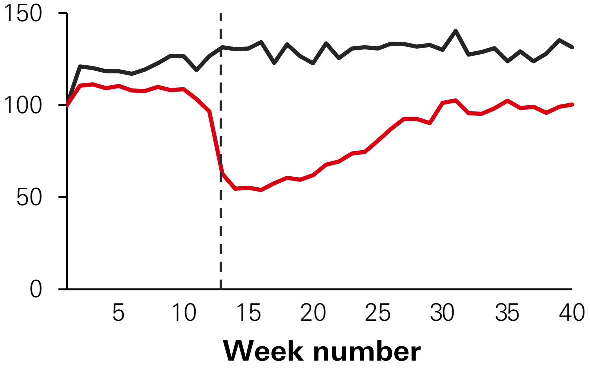


2019 2020 Start of social distancing

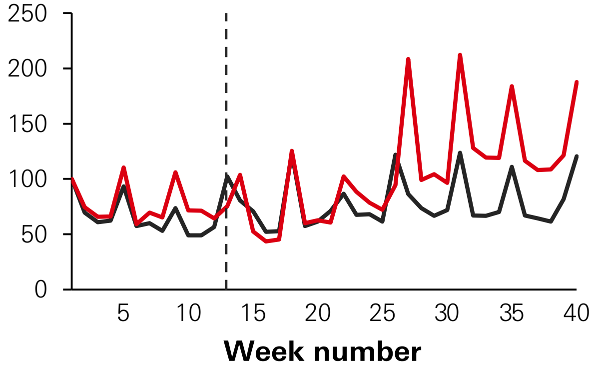
Digital Non-digital

UK

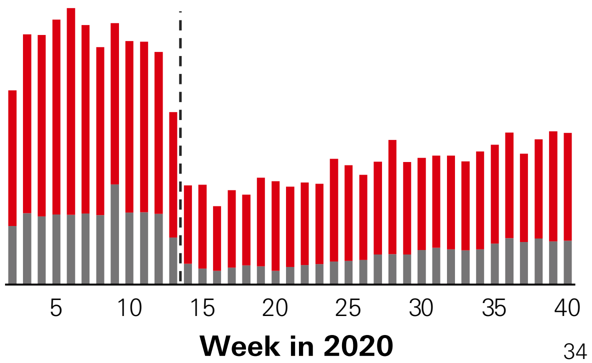
Credit card spend**



Mortgage drawdowns**



Retail sales units[29]



*Excludes Hang Seng

**Rebased to 100

RoTE by global business excluding significant items and UK bank levy

9M20 $m	WPB	CMB	GBM	Corporate Centre	Group
Reported profit before tax	**2,696**	**1,284**	**2,912**	**500**	**7,392**
Tax expense	(492)	(527)	(1,093)	(116)	(2,228)
Reported profit after tax	**2,204**	**757**	**1,819**	**384**	**5,164**
less attributable to: preference shareholders, other equity holders, non-controlling interests	(543)	(492)	(498)	(295)	(1,828)
Profit attributable to ordinary shareholders of the parent company	**1,661**	**265**	**1,321**	**89**	**3,336**
Increase in PVIF (net of tax)*	(544)	(16)	—	(2)	(562)
Significant items (net of tax) and UK bank levy	346	64	818	1,040	2,268
BSM allocation and other adjustments	15	(8)	(12)	398	393
Profit attributable to ordinary shareholders excluding PVIF, significant items and UK bank levy	**1,478**	**305**	**2,127**	**1,525**	**5,435**
Average tangible shareholders' equity excluding fair value of own debt, DVA and other adjustments[30]	25,998	37,519	41,114	43,809	148,440
RoTE excluding significant items and UK bank levy (annualised), %	**7.6%**	**1.1%**	**6.9%**	**4.6%**	**4.9%**

9M19 $m	WPB	CMB	GBM	Corporate Centre	Group
Reported profit before tax	**5,607**	**5,531**	**3,832**	**2,274**	**17,244**
Tax expense	(766)	(1,030)	(392)	(1,324)	(3,512)
Reported profit after tax	**4,841**	**4,501**	**3,440**	**950**	**13,732**
less attributable to: preference shareholders, other equity holders, non-controlling interests	(885)	(660)	(592)	(117)	(2,254)
Profit attributable to ordinary shareholders of the parent company	**3,956**	**3,841**	**2,848**	**833**	**11,478**
Increase in PVIF (net of tax)*	(1,236)	(46)	—	(8)	(1,290)
Significant items (net of tax) and UK bank levy	858	45	158	(613)	448
BSM allocation and other adjustments	(3)	2	—	161	160
Profit attributable to ordinary shareholders excluding PVIF, significant items and UK bank levy	**3,575**	**3,842**	**3,006**	**373**	**10,796**
Average tangible shareholders' equity excluding fair value of own debt, DVA and other adjustments[30]	26,714	36,691	40,226	39,661	143,292
RoTE excluding significant items and UK bank levy (annualised), %	**17.9%**	**14.0%**	**10.0%**	**1.3%**	**10.1%**

*Excludes the increase in PVIF (net of tax) attributable to non-controlling interests. The increase in PVIF (net of tax), including those attributable to non-controlling interest, was $658m in 9M20 and $1,498m in 9M19

3Q20 vs. 2Q20 equity drivers

	Shareholders' Equity, $bn	Tangible Equity, $bn	TNAV per share, $	Basic number of ordinary shares, million
As at 30 June 2020	**187.0**	**147.9**	**7.34**	**20,162**
Profit attributable to:	1.8	1.3	0.06	—
Ordinary shareholders[31]	1.4	1.3	0.06	—
Other equity holders	0.5	—	—	—
Dividends gross of scrip	(0.5)	—	—	—
On ordinary shares	-	—	—	—
On other equity instruments	(0.5)	—	—	—
Scrip	-	—	—	—
FX[31]	3.9	3.6	0.18	—
Actuarial gains/(losses) on defined benefit plans	(0.4)	(0.4)	(0.02)	—
Fair value movements through 'Other Comprehensive Income'	(0.4)	(0.4)	(0.02)	—
Of which: changes in fair value arising from changes in own credit risk	(0.5)	(0.5)	(0.02)	—
Of which: Debt and Equity instruments at fair value through OCI	0.0	0.0	(0.00)	—
Other[31]	0.5	0.3	0.01	11
As at 30 September 2020	**191.9**	**152.3**	**7.55**	**20,173**

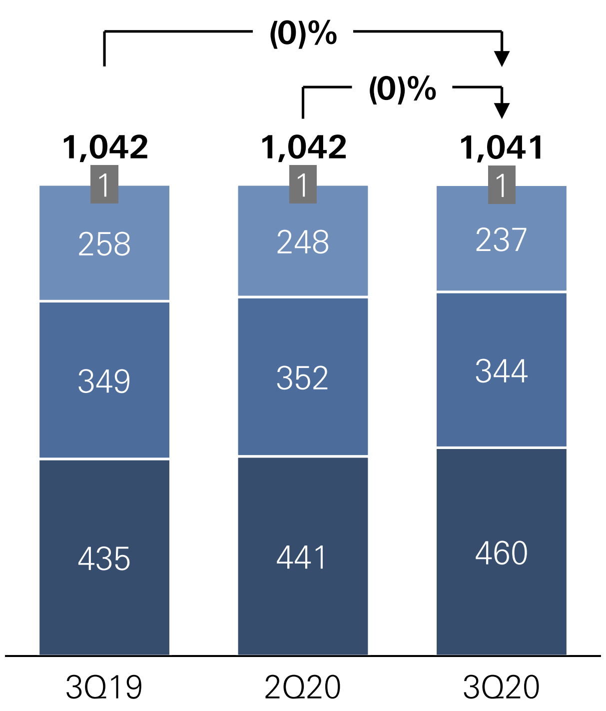
- Average basic number of shares outstanding during 3Q20: 20,166
- **3Q20 TNAV per share increased by $0.21** to $7.55 per share due to currency movements and retained profits

$7.53 on a fully diluted basis

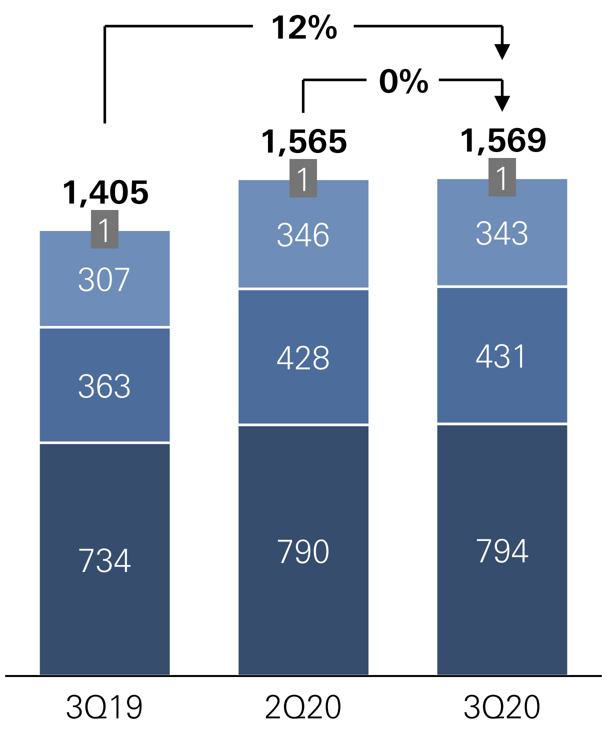
20,227 million on a fully diluted basis

Balance sheet

Customer lending, $bn



Customer accounts, $bn



WPB CMB GBM Corporate Centre

LDR: 66.4%

HQLA: $654bn

LCR*: 147%

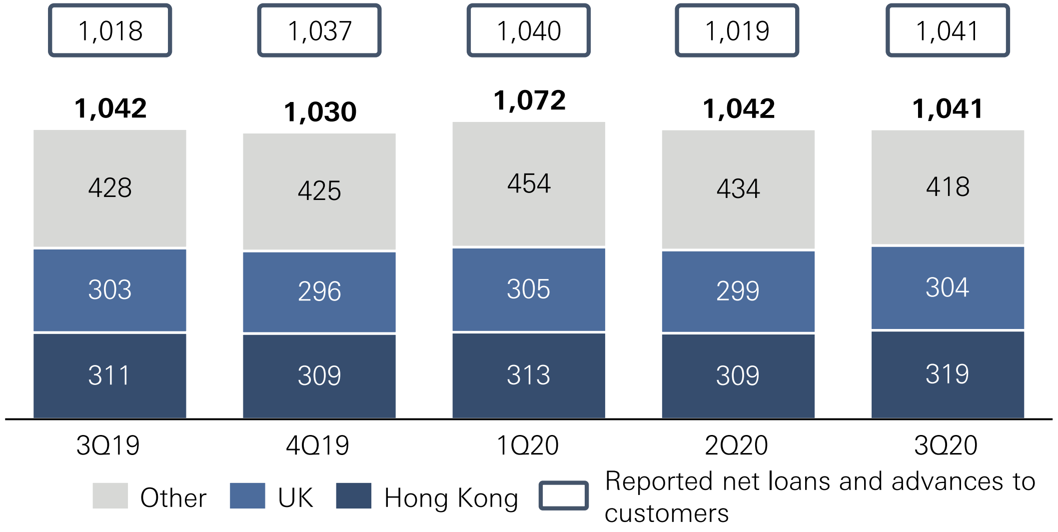
- **Customer lending was stable at $1,041bn** vs. 2Q20, with higher lending in WPB (up $19bn) offset by lower lending in CMB (down $8bn) and GBM (down $11bn)
- **Customer accounts increased modestly by $4bn to $1,569bn** vs. 2Q20, with deposits broadly stable in all global businesses
- **Loan to deposit ratio of 66.4%** is stable vs. 2Q20, and down from 74.1% in 3Q19
- **Strong liquidity position maintained**, with LCR of 147% and HQLA of $654bn

Totals may not cast due to rounding

*The methodology used in the Group consolidated LCR in relation to the treatment of part of our HQLA is currently under review with our regulators

Balance sheet – customer lending

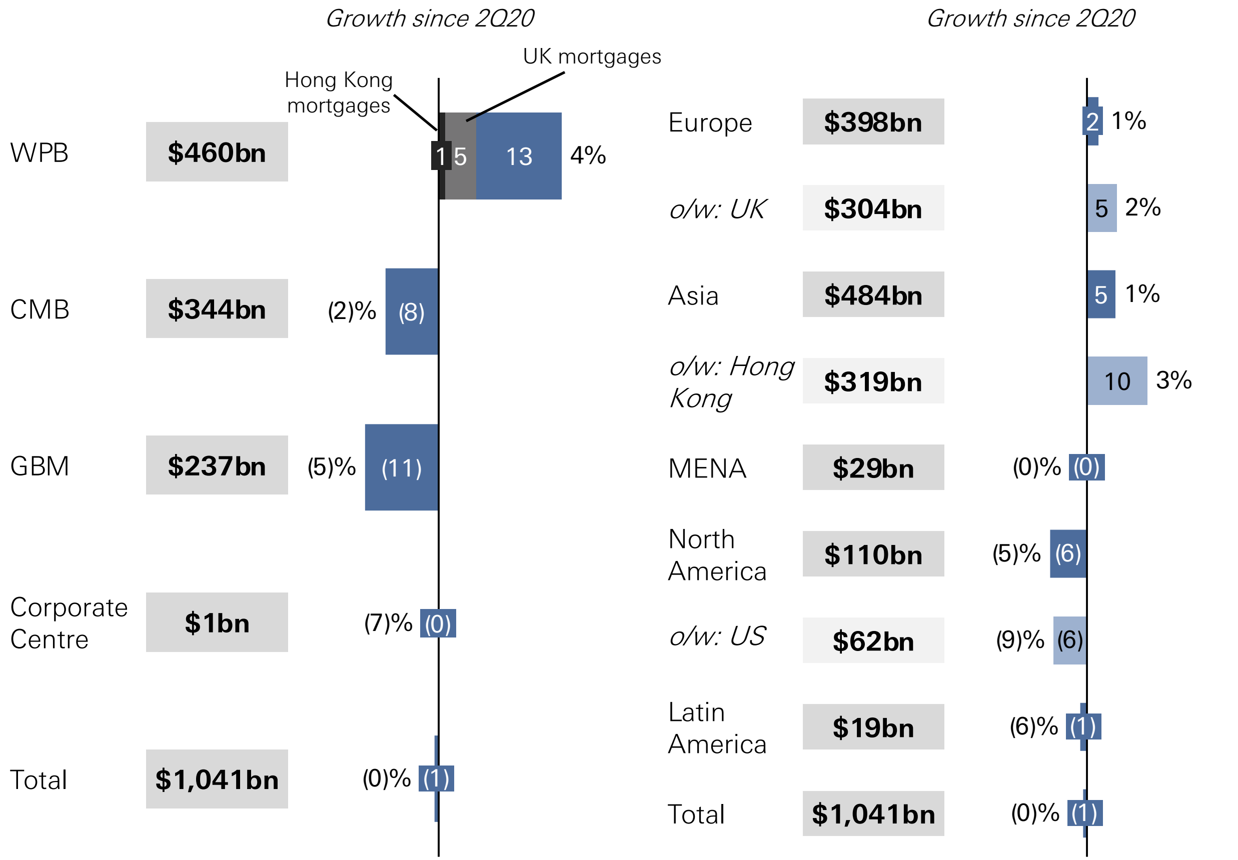
Adjusted customer lending (on a constant currency basis), $bn



Adjusted customer lending of $1,041bn stable vs. 2Q20

- WPB lending up $19bn (4%) to $460bn due to an increase in term lending in Hong Kong (up $11bn), as customers borrowed to fund investments in IPOs, and higher mortgage balances, mainly in the UK (up $5bn)
- CMB lending down $8bn to $344bn mainly from a reduction in term lending in the US, Asia and Europe
- GBM lending down $11bn to $237bn, mainly from lower term lending in Asia and the US, partly offset by higher overdraft balances in the UK

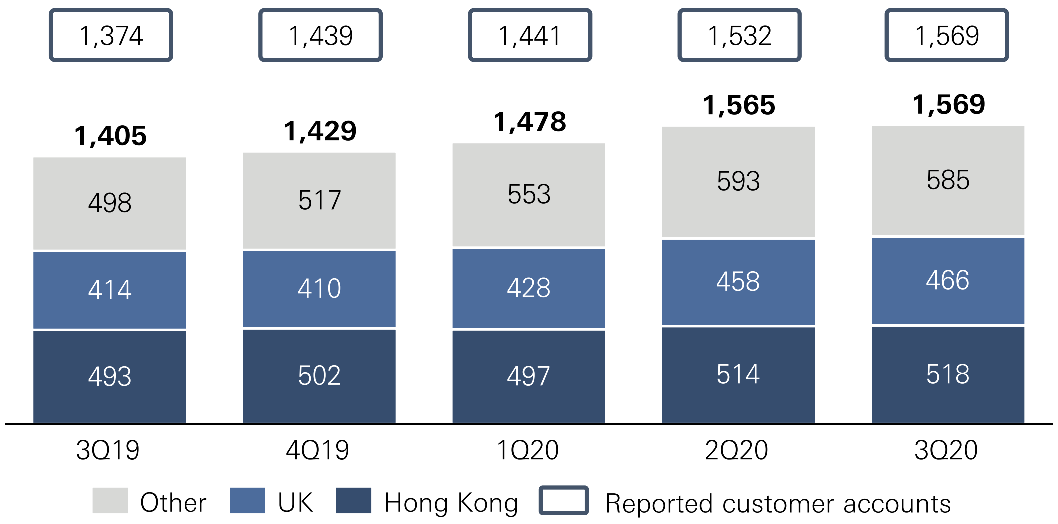
3Q20 adjusted customer lending growth by global business and region, $bn



Totals may not cast due to rounding

Balance sheet – customer accounts

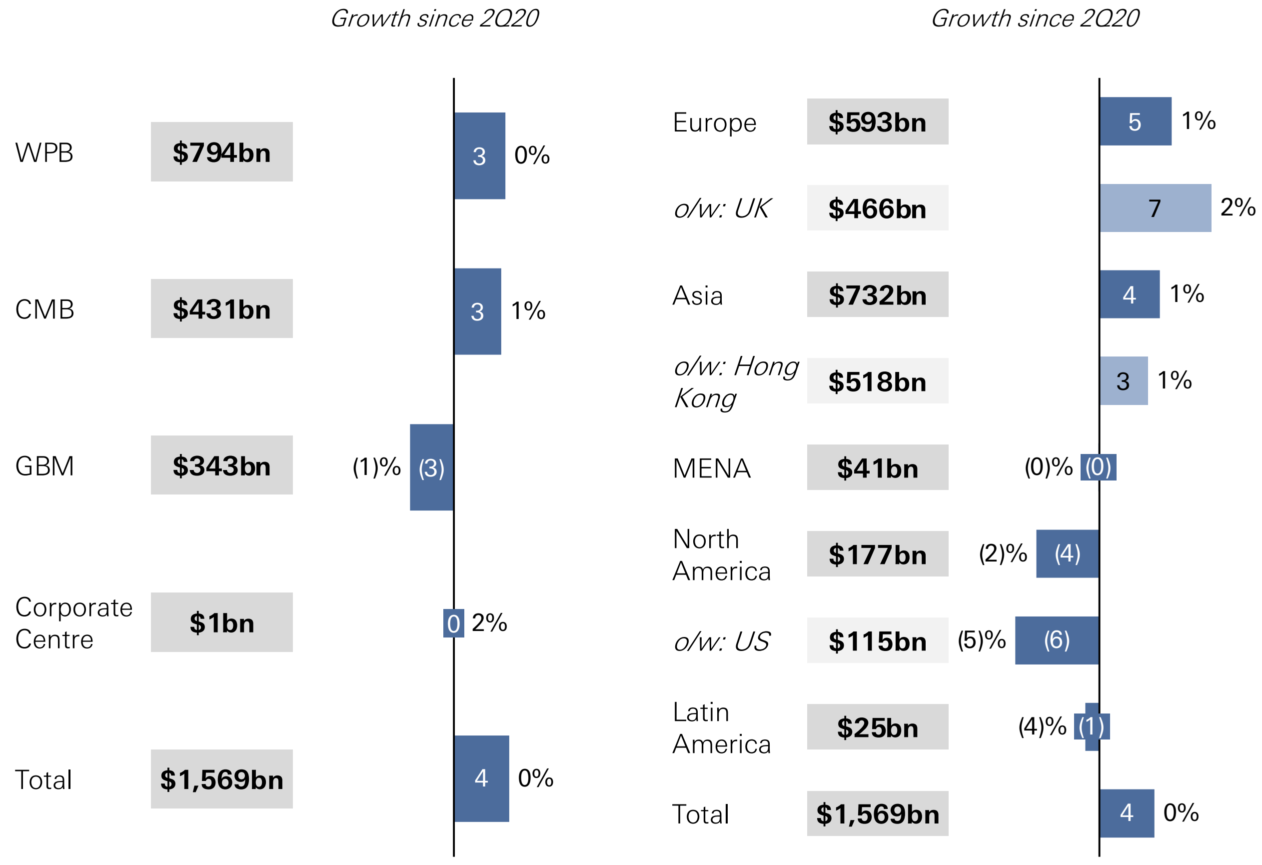
Adjusted customer accounts (on a constant currency basis), $bn



Adjusted customer accounts of $1,569bn increased modestly by $4bn vs. 2Q20

- WPB customer accounts increased by $3bn (0%), primarily in the UK (up $4bn) as customers continued to spend less and increase their cash balances
- CMB customer accounts increased by $3bn (1%), notably in the UK (up $4bn) as customers raised and retained liquidity
- GBM customer accounts decreased by $3bn (1%), primarily in the US

3Q20 adjusted customer accounts growth by global business and region, $bn



Totals may not cast due to rounding

Glossary

AIEA	Average interest earning assets
BAU	Business as usual
BoCom	Bank of Communications Co., Limited. An associate of HSBC Holding plc
Bps	Basis points. One basis point is equal to one-hundredth of a percentage point
BSM	Balance Sheet Management
CET1	Common Equity Tier 1
Corporate Centre	Corporate Centre comprises Central Treasury, our legacy businesses, interests in our associates and joint ventures, central stewardship costs and the UK bank levy
CMB	Commercial Banking, a global business
CRD IV	Capital Requirements Directive IV
CRR	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
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
IRB	Internal ratings-based

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
MENA	Middle East and North Africa
NAV	Net Asset Value
NCI	Non-controlling interests
NII	Net interest income
NIM	Net interest margin
NRFB	Non ring-fenced bank in Europe and the UK
PAOS	Profit attributable to ordinary shareholders
PBT	Profit before tax
PD	Probability of default
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 global business 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 September 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 IFRS9 Financial instruments
2. Source: Thomson Reuters
3. Asia Pacific composite consists of China, India, Indonesia, Japan, Korea. Source: OECD
4. Source is Oliver Wyman and Coalition. Market share is for Asia-Pacific
5. Cards spend data for Hong Kong. Indexed YoY for each corresponding month
6. Pilot launched in Singapore, Malaysia and Vietnam
7. 2020f technology spend excludes c.$0.5bn of forecasted CTA spend; There was no technology CTA spend in 2018-2019
8. Amount of savings realised through profit and loss
9. 3Q20: 20,166 million weighted average basic ordinary shares outstanding during the period; 2Q20: 20,190 million weighted average basic ordinary shares outstanding during the period; 3Q19: 20,201 million weighted average basic ordinary shares outstanding during the period
10. FY ECL range is subject to a high degree of uncertainty due to Covid-19 and geopolitical tensions, assumes that the likelihood of further significant deterioration in the current economic outlook is low, and that stage 3 impairments from now until the end of 2020 are broadly in line with the average quarterly charge for the year to date
11. Leverage ratio at 30 September 2020 is calculated using the CRR II end-point basis for additional tier 1 capital and the CRR II regulatory transitional arrangements for IFRS9
12. Euromoney Awards for Excellence 2020
13. Source: Dealogic. HK-listed new listing volume
14. Source: Coalition OW GTB Benchmarking, 1H20
15. Source: Dealogic. Volumes: Volume shows the full (non-apportioned) amount of financing raised in transactions in which HSBC led or co-led. Rankings: Dealogic volume league table rankings by bookrunner
16. Mortgage market share information from the Bank of England
17. As at 18 October 2020. Source: UK Finance. BBLS: Bounce Back Loan Scheme; CBILS: Coronavirus Business Interruption Loan Scheme; CLBILS: Coronavirus Large Business Interruption Scheme. Markets shares by value of approved lending. HSBC UK BBLS approved lending amount of £6.3bn; HSBC UK CBILS approved lending amount of: £3.1bn; HSBC UK CLBILS approved lending amount of: £1.1bn
18. 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. Based on our results for 9M20 and our forecasts for the remainder of 2020 and 2021, the Board will consider whether to pay a conservative dividend for 2020. Any such dividend would be dependent on the economic outlook in early 2021, and be subject to regulatory consultation. A final determination is expected to be made and communicated in February 2021 with our 2020 full-year results. We also expect to communicate our revised policy for dividends for 2021 and beyond at the same time
19. Where a quarterly trend is presented on the Income Statement, all comparatives are re-translated at average 3Q20 exchange rates
20. From 1st July 2018, Argentina was deemed a hyperinflationary economy for accounting purposes
21. Where observable long-tenor interest rates are at or close to zero, the -100bps stress sensitivity allows for the impact of negative interest rates. Additionally, the inverse impacts on profit after tax and total equity from interest rate changes is due to changes in risk discount rates which impact the present value of in-force long-term insurance business
22. Equity market investments in the Insurance manufacturing business are mainly benchmarked to MSCI World index (c.50%), MSCI Asia excl. Japan (c.50%); rebased to 100
23. A change in reportable segments was made in 2Q20. Comparative data have been re-presented accordingly
24. YTD, annualised. RoTE by Global Business excludes significant items and the UK bank levy. RoTE methodology annualises Profits Attributable to Shareholders, including ECL, in order to provide a returns metric. RoTE by Global Business for 3Q20 considers AT1 Coupons on an accruals basis, vs. Reported RoTE where it is treated on a cash basis
25. Where a quarterly trend is presented on the Balance Sheet and Funds Under Management, all comparatives are re-translated at 30 September 2020 exchange rates
26. Includes Private Bank client assets, retail wealth balances including insurance investment balances, Premier & Jade deposits (including HASE Prestige), and asset management funds distributed to third parties
27. A reconciliation of reported RWAs to adjusted RWAs can be found in the 'HSBC Holdings plc 3Q 2020 Datapack'
28. Total includes POCI balances and related allowances
29. Sales include weekly sales units where a digital journey is available for Retail products including Current and Savings Accounts, Cards, Loans, and Mortgages
30. Tangible Equity is allocated to global businesses at a legal entity level, using RWAs, or a more suitable local approach, where appropriate
31. Differences between shareholders' equity and tangible equity drivers primarily reflect goodwill and other intangible impairment, PVIF movements and amortisation expense within 'Profit Attributable to Ordinary shareholders', FX on goodwill and intangibles within 'FX', and intangible additions and other movements within 'Other'

Disclaimer

Important notice

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Forward-looking statements

This Presentation may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position, strategy and business of the Group which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "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"), our Interim Financial Report for the six months ended 30 June 2019 furnished to the SEC on Form 6-K on 3 August 2020 (the "2020 Interim Report") and our 3Q 2020 Earnings Release available at www.hsbc.com and which we expect to furnish to the SEC on Form 6-K on 27 October 2020 (the "3Q 2020 Earnings Release").

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, our 3Q 2020 Earnings Release 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 27 October 2020.