SUPPLEMENTARY LISTING PARTICULARS DATED 2 SEPTEMBER 2020

HSBC Holdings plc

(a company incorporated in England with registered number 617987; the liability of its members is limited)

as Issuer

USD 50,000,000,000
PROGRAMME FOR THE ISSUANCE OF PERPETUAL SUBORDINATED CONTINGENT CONVERTIBLE SECURITIES

This supplement (the "**Supplement**") to the offering memorandum dated 30 March 2020 relating to the Programme for the Issuance of Perpetual Subordinated Contingent Convertible Securities and the supplementary listing particulars thereto dated 26 May 2020 (together, the "**Offering Memorandum**", which constitutes listing particulars for the purposes of listing ("**Listing**") on the Official List of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") and trading on the Global Exchange Market of Euronext Dublin and, for the avoidance of doubt, which does not constitute (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Regulation (EU) 2017/1129 constitutes supplementary listing particulars (pursuant to rule 3.10 of the Global Exchange Market Listing and Admission to Trading – Rules) for the purposes of Listing.

Terms defined in the Offering Memorandum have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Memorandum and any other supplements to the Offering Memorandum prepared by HSBC Holdings plc, as issuer (the "**Issuer**") in relation to its USD 50,000,000,000 Programme for the Issuance of Perpetual Subordinated Contingent Convertible Securities.

This Supplement has been approved by Euronext Dublin for the purposes of Listing.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The purpose of this Supplement is to:

- supplement the section entitled "*Documents Incorporated by Reference*" commencing on page 29 of the Offering Memorandum and incorporate by reference into the Offering Memorandum the Issuer's unaudited consolidated interim report for the six month period ended 30 June 2020 as filed with the U.S. Securities and Exchange Commission ("**SEC**") on Form 6-K on 3 August 2020 (the "**Unaudited Consolidated Interim Report**"). The Unaudited Consolidated Interim Report is available on the Issuer's website at: https://www.hsbc.com/investors/results-and-announcements/all-reporting/group?page=1&take=20. The Unaudited Consolidated Interim Report has also been filed with the SEC and is available in electronic form at https://sec.report/Document/0001628280-20-011446/;

- replace paragraph 1 of the "*General Information*" section of the Registration Document (which is incorporated by reference into the Offering Memorandum) with the following statement:

  "There has been no significant change in the financial position or financial performance of the Group since 30 June 2020 nor any material adverse change in the prospects of the Issuer since 31 December 2019.";

- replace paragraph 10 of the "*General Information*" section of the Offering Memorandum with the following statement:

  "There has been no significant change in the financial or trading position of the Issuer and its subsidiaries since 30 June 2020.";

- update the risk factor entitled "*Risks relating to the impact of Covid-19*" as set out in Annex 1 hereto;

- update the risk factor entitled "*We are subject to political, social and other risks in the countries in which we operate*" as set out in Annex 1 hereto; and

- update the risk factor entitled "*We could incur losses or be required to hold additional capital as a result of model limitations or failure*" as set out in Annex 1 hereto.

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Offering Memorandum has arisen or been noted, as the case may be, since the publication of the Offering Memorandum.

To the extent that any document or information incorporated by reference itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Supplement or the Offering Memorandum, except where such information or documents are stated within this Supplement as specifically being incorporated by reference or where this Supplement is specifically defined as including such information.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated into the Offering Memorandum by this Supplement and (b) any other statement in or incorporated by reference in the Offering Memorandum prior to the date of this Supplement, the statement in this Supplement will prevail.

ANNEX 1

Risks relating to the impact of Covid-19

The Covid-19 pandemic and its effect on the global economy have impacted the Group's customers and performance, and the future effects of the pandemic are uncertain. The outbreak necessitated governments to respond at unprecedented levels to protect public health, local economies and livelihoods. It has affected regions at different times and varying degrees as it has developed. The varying government measures in response have added challenges, given the rapid pace of change and significant operational demands. The speed at which countries and territories will be able to unwind their lockdown measures and return to pre-Covid-19 economic levels will vary based on the levels of infection and local political decisions. There remains a risk of subsequent waves of infection.

Government restrictions imposed around the world to limit the spread of Covid-19 resulted in a sharp contraction in global economic activity in the first half of 2020. At the same time governments also took steps designed to soften the extent of the damage to investment, trade and labour markets. Economic activity is expected to gradually recover in the second half of 2020 but there is significant uncertainty associated with the pace and scale of recovery. Strong recovery in economic activity in the Group's major markets is expected in 2021, but this is contingent on the successful containment of the virus and the evolution of other top risks, including the United Kingdom's (the "**UK**") relationship with the European Union following the transition period ending on 31 December 2020, political unrest in Hong Kong and tensions between the United States and China. It also relies on the willingness and ability of households and businesses to return towards pre-Covid-19 spending levels. There is a material risk of a renewed drop in economic activity. The economic fallout from Covid-19 risks increasing inequality across markets that have already suffered from social unrest. This will leave the burden on governments and central banks to maintain or increase fiscal and monetary stimulus. After financial markets suffered a sharp fall in the early phases of the spread of Covid-19, they rebounded but still remain volatile. Depending on the degree to which global economic growth suffers permanent losses, financial asset prices may suffer a further sharp fall.

Governments and central banks in major economies have deployed extensive measures to support their local populations. Measures implemented by governments included income support to households and funding support to businesses. Central bank measures included cuts to policy rates, support to funding markets and asset purchases. These measures are expected to be unwound gradually as government restrictions ease and as economic activity increases. Central banks are expected to maintain record-low interest rates for a considerable period of time and the debt burden of governments is expected to rise significantly.

The Group has initiated market-specific measures to support its personal and business customers through these challenging times. These have included mortgage assistance, payment holidays, the waiving of certain fees and charges, and liquidity relief for businesses facing market uncertainty and supply chain disruption. The Group is also working closely with governments, and providing support to national schemes that focus on the parts of the economy most impacted by Covid-19.

Central bank and government actions and support measures taken in response to the Covid-19 outbreak, and the Group's responses to those, have created, and may in the future create, restrictions in relation to capital. This has limited and may in the future limit management's flexibility in managing the business and taking action in relation to capital distribution and capital allocation. For example, in response to a written request from the Prudential Regulation Authority ("**PRA**"), the Group cancelled the fourth interim dividend for 2019 of $0.21 per ordinary share. Similar requests were also made to other UK incorporated banking groups. The Group also announced that until the end of 2020, it will make no quarterly or interim dividend payments or accruals in respect of ordinary shares. The Group also plans to suspend share buy-backs in respect of ordinary shares in 2020 and 2021.

It is recognised that all of the above measures and actions, and the Group's responses to those, expose the Group to heightened risks. The rapid introduction and varying nature of the government support schemes, as well as customer expectations, can lead to risks as the Group implements large-scale changes in a short period of time. This has led to increased operational risks, including complex conduct considerations, increased reputational risk and increased risk of fraud. These risks are likely to be heightened further as and when those government support schemes are unwound. Central bank and government actions and support measures, and the Group's responses to those, have also led to increased litigation risk, including lawsuits that have been and may continue to be brought in connection with its cancellation of the fourth interim dividend for 2019.

In many of the Group's markets, the Covid-19 outbreak has led to a weakening in gross domestic product ("**GDP**"), a key input used for calculating expected credit losses and other credit impairment charges ("**ECL**"), and there remains the risk of more adverse economic scenarios given its ongoing impact. Furthermore, ECL will also increase from other parts of the Group's business impacted by the disruption to supply chains. The impact will vary by sectors of the economy, with heightened risk to the oil and gas, transport and discretionary consumer sectors being observed in the first stages of the outbreak. The impact of the outbreak on the long-term prospects of businesses in these sectors is uncertain and may lead to significant ECL charges on specific exposures, which may not be fully captured in ECL estimates. In addition, in times of crisis, fraudulent activity is often more prevalent, leading to potentially significant ECL charges.

Central banks have reduced interest rates in most financial markets due to the adverse impact on the timelines and the path for economic recovery from the Covid-19 outbreak, which in turn increased the likelihood of negative interest rates. This raises a number of risks and concerns, such as the readiness of the Group's systems and processes to accommodate zero or negative rates, the resulting impacts on customers, regulatory constraints and the financial implications given the significant impact that prolonged low interest rates are likely to have on the Group's net interest income. For some products, the Group has floored deposit rates at zero or made decisions not to charge negative rates. This, alongside loans repriced at lower rates, results in the Group's commercial margins being compressed, which will be reflected in the Group's profitability. The pricing of this risk will need to be considered carefully. If there is a rebalancing of portfolios toward fee-generating business and trading activities to offset reduced profits, the Group may become exposed once rates start rising again. These factors may challenge the long-term profitability of the banking sector, including the Group.

The Covid-19 outbreak has caused disruption to economic activity globally in 2020, and depending on the time taken for economic activity to return to previous levels, there could be further adverse impacts on the Group's income due to lower lending and transaction volumes and lower wealth and insurance manufacturing revenue due to equity market volatility and weakness. Lower or negative interest rates globally will increase the cost of guarantees for insurance manufacturing, and there could also be adverse impacts on other assets, such as the Group's investment in Bank of Communications Co., Limited, goodwill and other intangible assets.

The Covid-19 outbreak may also have material impacts on capital and liquidity. This may include downward customer credit rating migration, which could negatively impact the Group's risk-weighted assets ("**RWAs**") and capital position, and potential liquidity stress due, among other factors, to increased customer drawdowns, notwithstanding the significant initiatives that governments and central banks have put in place to support funding and liquidity. Central banks in some markets have also initiated a series of capital measures, including the reduction of certain regulatory capital buffers, to support the ability of banks to supply credit to businesses and households through this period of economic disruption. For instance, the Bank of England's Financial Policy Committee reduced the UK countercyclical capital buffer rate to zero per cent.

The significant changes in economic and market drivers, customer behaviours and government actions caused by Covid-19 have also impacted the performance of financial models. These include retail and wholesale credit models such as IFRS loss models, as well as capital models, traded risk models and models used in the asset/liability management process. This has required more ongoing monitoring and more frequent testing across the Group, particularly for credit models. It also has resulted in the use of compensating controls, specifically as underlays on top of model outputs to provide a more appropriate assessment. See "*The Group could incur losses or be required to hold additional capital as a result of model limitations or failure.*"

There remain significant uncertainties in assessing the duration of the Covid-19 outbreak and its impact, and how this will evolve through 2020 and beyond. The actions taken by the various governments and central banks, in particular in the UK, mainland China, Hong Kong and the U.S., provide an indication of the potential severity of the downturn and post-recovery environment, which from a commercial, regulatory and risk perspective could be significantly different to past crises and persist for a prolonged period. A prolonged period of significantly reduced economic activity as a result of the impact of the outbreak would have a materially adverse effect on the Group's financial condition, results of operations, prospects, liquidity, capital position and credit ratings. This would, in turn, have an impact on the Group's ability to meet its financial targets as set out in its business update in February 2020 and also adversely affect its future dividend policy.

We are subject to political, social and other risks in the countries in which we operate

The Group operates through an international network of subsidiaries and affiliates in over 64 countries and territories around the world. The Group's global operations are subject to potentially unfavourable political, social, environmental and economic developments in such jurisdictions, which may include:

- coups, civil wars or acts of terrorism;
- political and / or social instability;
- climate change, acts of God, including as epidemics and pandemics (such as the Covid-19 outbreak, further details on which can be found in "Risks relating to the impact of Covid-19") and natural disasters (such as floods and hurricanes), each of which could also impact credit RWAs, and the financial losses caused by these events could impair asset values and the creditworthiness of customers; and
- infrastructure issues, such as transportation or power failures.
- These risk events may give rise to disruption to the Group's services and result in physical damage to the Group's operations and/or risks to the safety of its personnel and customers. Escalation could have broader social, political and economic ramifications, affecting the Group's portfolios.

The financial impact to the Group of geopolitical risks in Asia is heightened due to the importance and profitability of the region, and Hong Kong in particular. These geopolitical risks include, but are not limited to the following:

- The global Covid-19 outbreak has fuelled existing tensions within the U.S.-China bilateral relationship. Disagreements over trade, technology, human rights and the status of Hong Kong could result in people, sanctions, regulatory, reputational and market risks for the Group. The extent to which both countries can overcome these tensions and coordinate their responses to the outbreak is likely to have an important bearing on the post-Covid-19 global economy and geopolitical order.
- Hong Kong in particular has emerged as an additional source of tension in U.S.-China relations, with potential ramifications for the Group. In June 2020, China passed the Hong Kong national security law, which is now in force in Hong Kong. In response, the United States took steps to terminate the preferential treatment afforded to Hong Kong under the 1992 Hong Kong Policy Act. Additionally, the U.S. President signed into law the Hong Kong Autonomy Act (the "**Act**") and issued an Executive Order, providing authority to impose primary sanctions against entities and individuals determined to have undermined Hong Kong's autonomy. The Act also provides authority to impose secondary sanctions against non-U.S. financial institutions determined to have conducted a significant transaction for any individual or entity subject to primary sanctions under the Act. Disagreements over the interpretation of the 'one country, two systems' model is likely to affect protest activity in Hong Kong, and may prompt further U.S. executive branch or congressional action. For example, on August 7, 2020, the U.S. Treasury Department imposed primary sanctions on 11 individuals under the Executive Order.

On August 10, 2020, China in turn imposed sanctions on 11 members of the U.S. Congress and heads of NGOs.

- Tensions in the UK-China relationship have been heightened over disagreements about future UK 5G networks and Hong Kong. In response to the introduction of the Hong Kong national security law, the UK has offered residency rights and a path to citizenship to eligible British National (Overseas) passport holders in Hong Kong. The UK and Hong Kong extradition treaties have also recently been suspended.

- Domestic social unrest in Hong Kong remains a risk, with investor and business sentiment in some sectors remaining dampened. There are concerns that ongoing tensions could result in an increasingly fragmented trade and regulatory environment, with the retail and leisure sectors being particularly affected by the lack of tourists.

As geopolitical tensions rise, the compliance by multinational corporations with their legal or regulatory obligations in one jurisdiction may be seen as supporting the law or policy objectives of that jurisdiction over another jurisdiction, creating additional risks for the Group.

Geopolitical tensions will continue to present challenges for the Group and could have a material adverse impact on the Group's customers, results of operations, prospects, strategy, business and financial condition.

We could incur losses or be required to hold additional capital as a result of model limitations or failure

The Group uses models for a range of purposes in managing its business, including regulatory capital calculations, stress testing, credit approvals, calculation of ECLs on an IFRS 9, Financial Instruments ("**IFRS 9**") basis, financial crime and fraud risk management and financial reporting. The Group could face adverse consequences as a result of decisions that may lead to actions by management based on models that are poorly developed, implemented or used, or as a result of the modelled outcome being misunderstood or the use of such information for purposes for which it was not designed or by inherent limitations arising from the uncertainty inherent in predicting or estimating future outcomes. Regulatory scrutiny and supervisory concerns over banks' use of models is considerable, particularly the internal models and assumptions used by banks in the calculation of regulatory capital. If regulatory approval for key capital models is not achieved in a timely manner or if those models are subject to review and challenge, the Group could be required to hold additional capital. Evolving regulatory requirements have resulted in changes to the Group's approach to model risk management, which poses execution challenges. The adoption of more sophisticated modelling approaches and technology by both the Group and the financial services industry could also lead to increased model risk.

The economic consequences of the Covid-19 outbreak on macroeconomic variables that are used in models are outside of the bounds for which IFRS 9 models have been built and calibrated to operate. Moreover, the complexities of current governmental support programmes and regulatory guidance on the treatment of customer impacts, such as forbearance and payment holidays, and the unpredictable pathways of the Covid-19 outbreak, have not previously been factored into the modelling. Consequently, IFRS 9 models under the current economic conditions are generating outputs that do not accurately assess the actual level of credit quality. Therefore, compensating controls, such as overlays or underlays based on expert analysis are necessary to reflect ECL. By their nature, such compensating controls require a significant degree of management judgment and assumptions to be applied, and there is a risk that future actual results/performance may differ from such judgments and assumptions. The performance and usage of models over the next 12 to 18 months will continue to be impacted by the consequences of the Covid-19 outbreak. It is too early in the current situation to be certain of the magnitude of change required for models at HSBC. In the short term, the focus is on refining model inputs and outputs in a consistent and explainable manner, including the use of compensating controls. Wider ranging model changes for risk and loss models will take time to develop and need more real data on which models can be trained to be meaningful. It is likely that capital, credit risk and IFRS 9 models will need to be recalibrated, or in some cases may need to be replaced with the development of alternative models. The effectiveness of the existing models will depend in large part on the depth and length of the economic downturn faced by the world's economies.

Risks arising from the use of models could have a material adverse effect on the Group's business, financial condition, results of operations, prospects, capital position and reputation.