



June 2016

Retail Banking and Wealth Management
Goldman Sachs European Financials Conference



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This presentation contains non-GAAP financial information. The primary non-GAAP financial measure we use is ‘adjusted performance’ which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons. Significant items are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business. Reconciliations between non-GAAP financial measurements and the most directly comparable measures under GAAP are provided in the 2015 Annual Report and Accounts and the Reconciliations of Non-GAAP Financial Measures document which are both available at www.hsbc.com.

Group highlights

1st Quarter 2016

Reported PBT
(1Q15: \$7.1bn)

\$6.1bn

Adjusted PBT
(1Q15: \$6.6bn)

\$5.4bn

Reported RoE¹
(1Q15: 11.5%)

9.0%

Adjusted Jaws

(2.8)%

CET1 ratio²
(2015: 11.9%)

11.9%

1Q16 Financial Performance (vs. 1Q15)

- Reported PBT of \$6.1bn; a resilient performance despite challenging market conditions
- Adjusted PBT down 18%:
 - Lower revenue of \$0.5bn (4%): Client-facing GB&M and BSM down 10% and Principal RBWM down 5% in challenging market conditions
 - Continued momentum in CMB with revenue up 2%
 - Higher LICs, up \$0.7bn from higher specific charges across a number of countries, but significantly lower (by \$0.5bn) than 4Q15
 - Costs broadly unchanged reflecting tight cost control and continued effect of cost saving plans

Capital and liquidity

- Strong capital position with a common equity tier one ratio² of 11.9% and a strong leverage ratio of 5.0%
- Issued TLAC securities of \$10.5bn – largest fund-raising by a bank since 2008

Strategy execution

- Clearly defined actions to capture value from our network and connecting our customers to opportunities
 - Remain on track to deliver our Group RWA reduction target with 50% of our target achieved
 - Disposal of Brazil³ on track: Technical body of the Brazilian Competition Agency has recommended to its Board that the sale be approved
 - Development of Asia business gathering momentum despite a challenging environment with key increases in market share in debt capital markets, China M&A and syndicated lending

1Q16 Key metrics

Discrete quarter

Key financial metrics	1Q15	4Q15	1Q16	Target
Return on average ordinary shareholders' equity ¹	11.5%	(3.4)%	9.0%	>10%
Return on average tangible equity ¹	13.1%	(4.0)%	10.3%	n/a
Jaws (adjusted)	-	-	(2.8)%	Positive
Dividends per ordinary share in respect of the period	\$0.10	\$0.21	\$0.10	Progressive
Earnings per share	\$0.26	\$(0.07)	\$0.20	n/a
Common equity tier 1 ratio ²	11.2%	11.9%	11.9%	n/a
Leverage ratio	4.9%	5.0%	5.0%	n/a
Advances to deposits ratio	72.5%	71.7%	70.0%	n/a
Net asset value per ordinary share (NAV)	\$8.95	\$8.73	\$8.86	n/a
Tangible net asset value per ordinary share (TNAV)	\$7.67	\$7.48	\$7.59	n/a

Reported Income Statement, \$m						Adjusted Income Statement, \$m					
	1Q15	4Q15	1Q16	vs. 1Q15	vs. 4Q15		1Q15	4Q15	1Q16	vs. 1Q15	vs. 4Q15
Revenue	15,892	11,772	14,976	(916)	3,204	Revenue	14,457	12,603	13,914	(543)	1,311
LICs	(570)	(1,644)	(1,161)	(591)	483	LICs	(469)	(1,611)	(1,161)	(692)	450
Costs	(8,845)	(11,542)	(8,264)	581	3,278	Costs	(7,950)	(9,681)	(7,874)	76	1,807
Associates	582	556	555	(27)	(1)	Associates	558	546	555	(3)	9
PBT	7,059	(858)	6,106	(953)	6,964	PBT	6,596	1,857	5,434	(1,162)	3,577

RBWM overview

Retail Banking

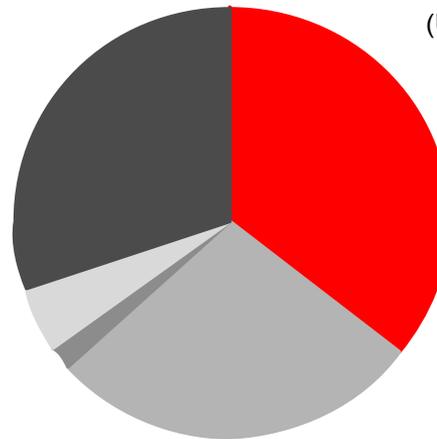
Wealth Management

Asset Management

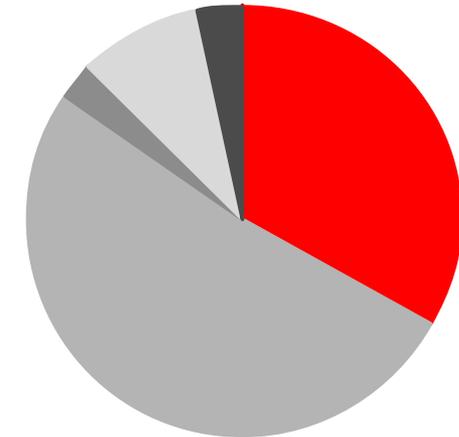
Insurance

- 45 million customers
- Consistent global proposition model
- Significant domestic scale in Hong Kong and UK
- Strong local market share¹ in five further priority markets
- Focused on developing affluent segments in other priority markets

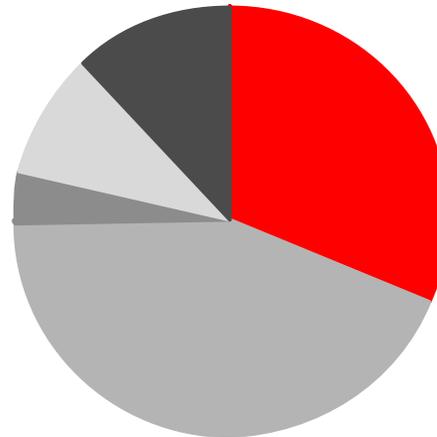
Active customers²



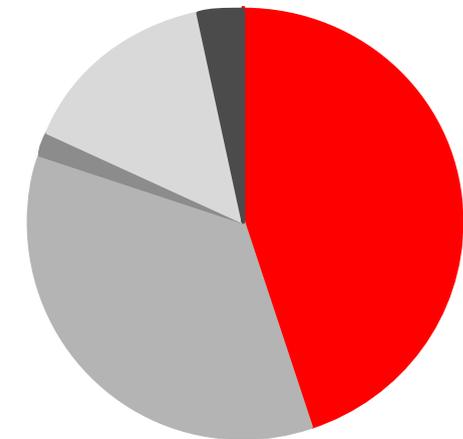
Customer deposits³
(USD)



Net operating income⁴
(USD)



Loans and advances³
(USD)



Asia

Europe

Latin America

Middle East

North America

Since 2011, we have simplified and repositioned the business for high quality sustainable revenues

A simplified global business

62 disposals /
closures of business
lines or markets¹

Common organisation
design and target
operating model

Headcount reduced
by c.18,000 FTE^{1,2}

Focused on delivering good customer outcomes

Global product range review

Fair value exchange

Updated financial planning
standards

Global sales quality
standards

New sales incentives
frameworks³

RBWM's strategy

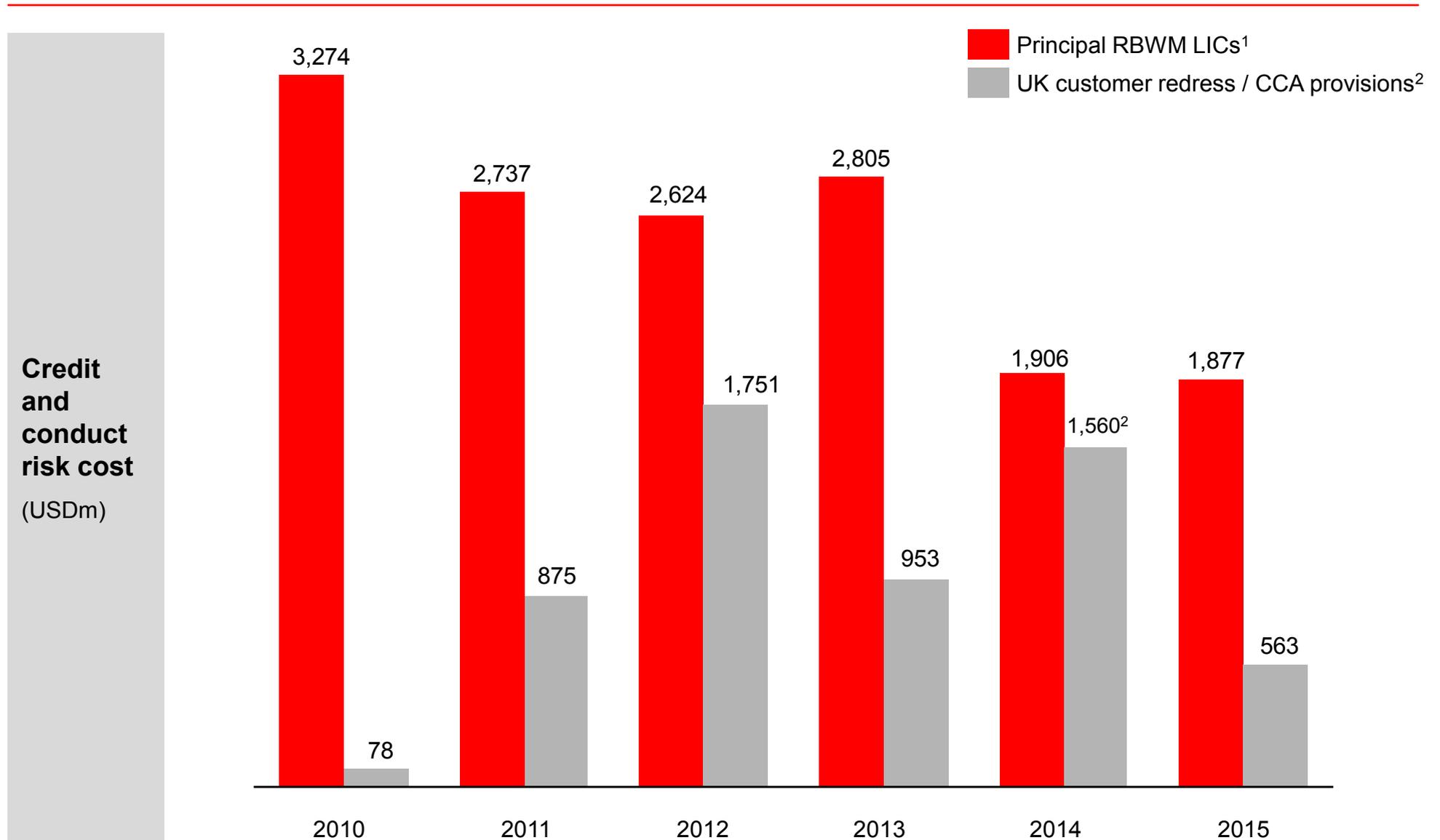
Relationship-led Personal Lending

Wealth Management

Digital Transformation

Continued Portfolio Optimisation

UK customer redress is at the lowest level since 2010

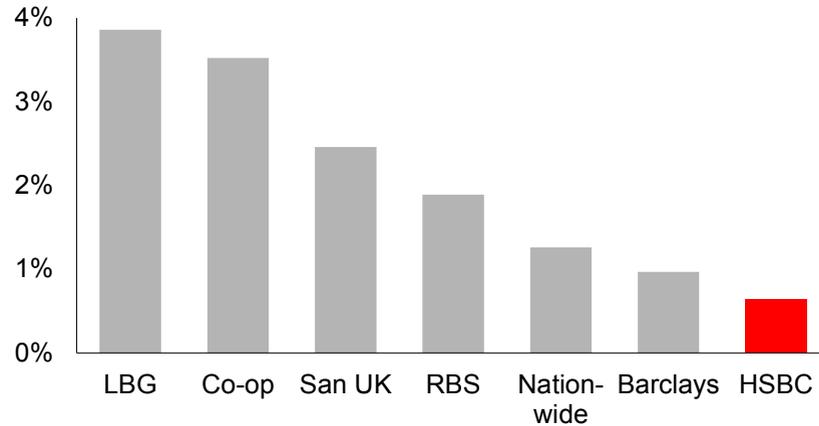


We are maintaining our credit discipline – Example RBWM UK

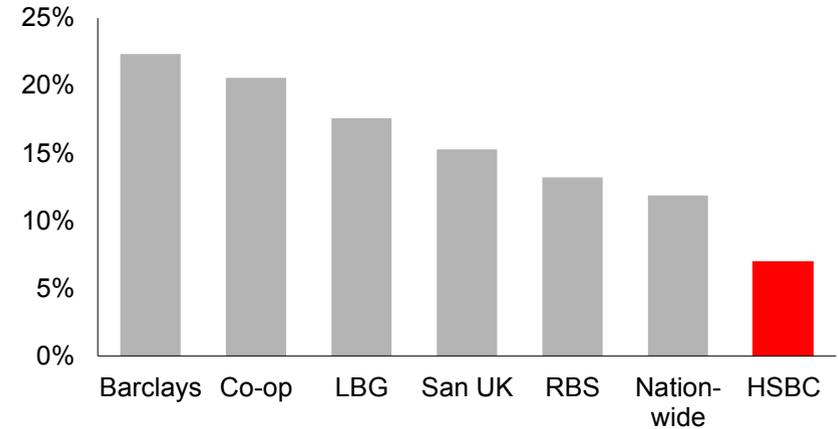
PRA stress tests

2014

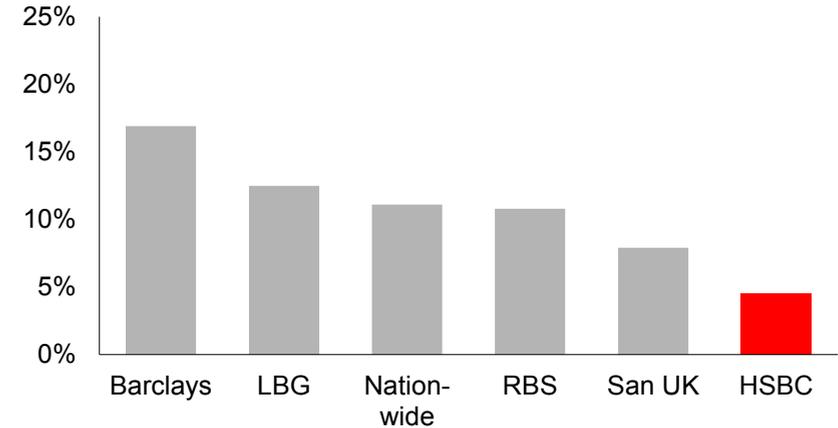
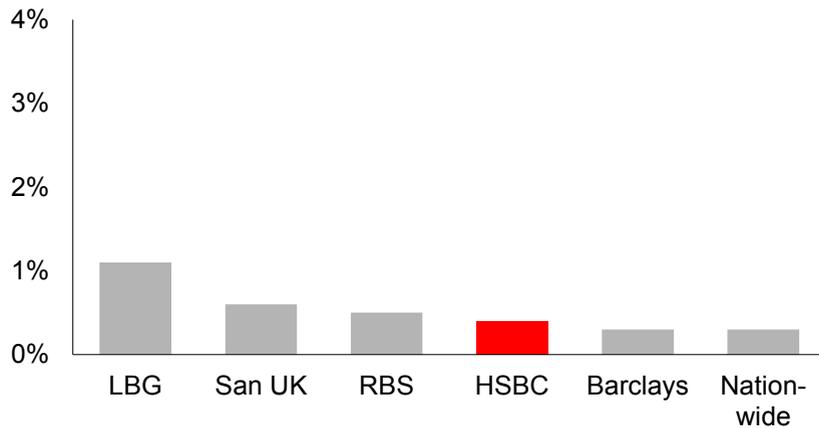
Stressed mortgage impairments^{1,2} (%)



Stressed non-mortgage impairments^{1,2} (%)

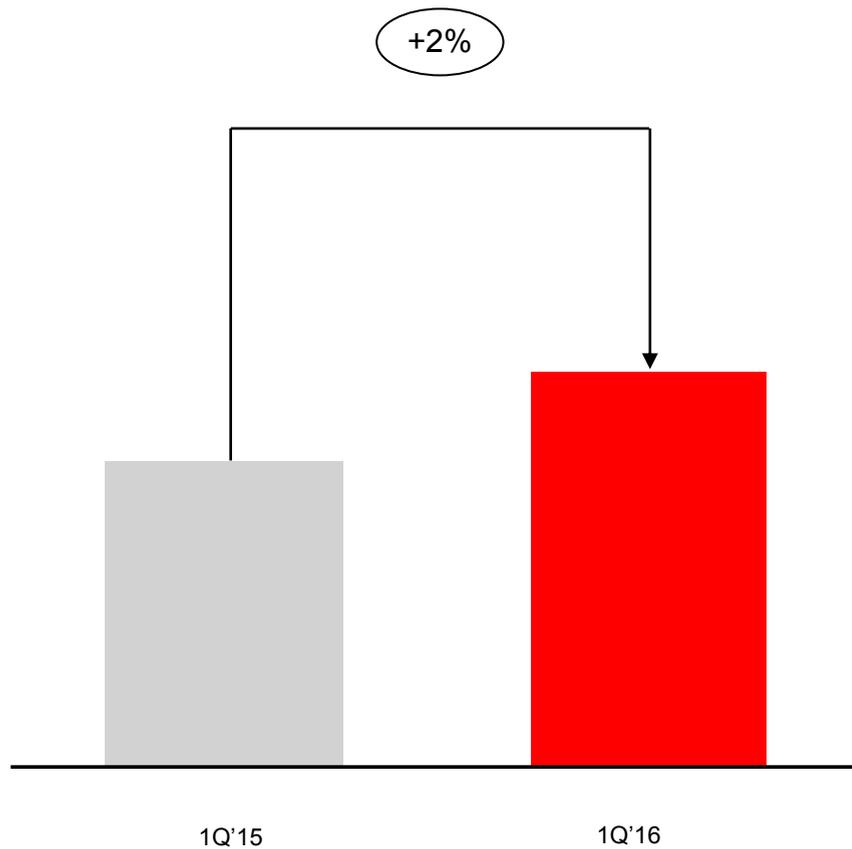


2015

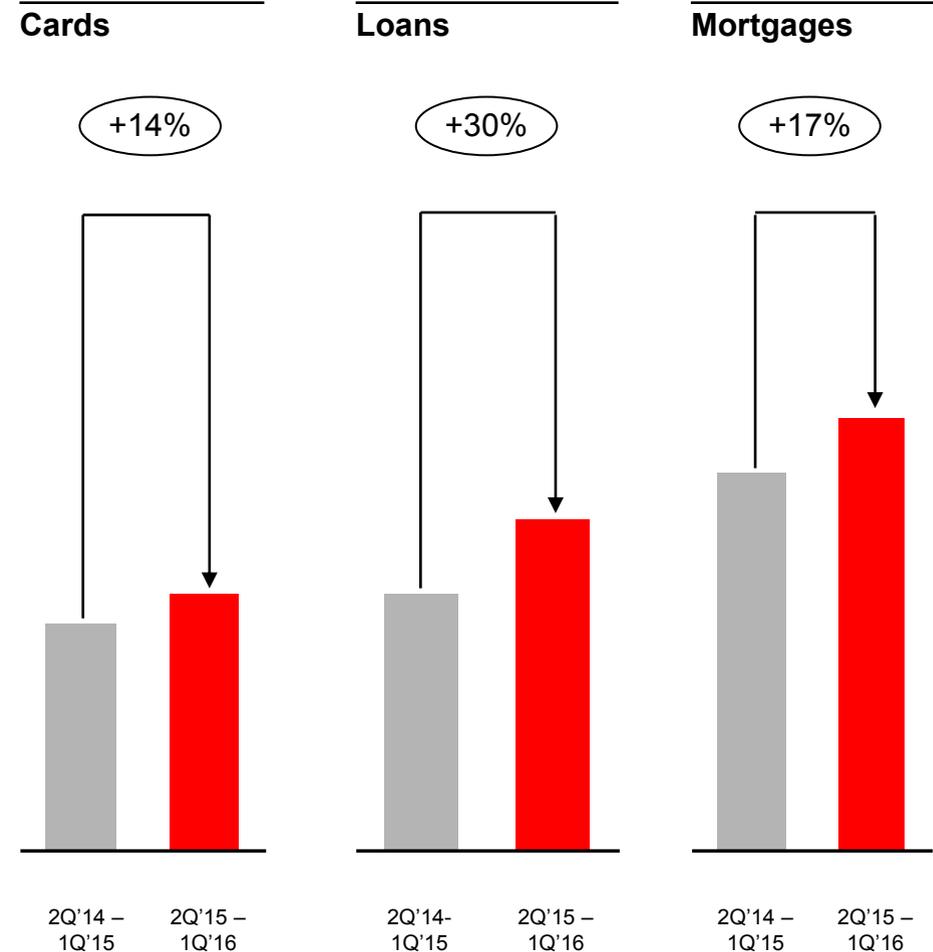


We have the capacity to take more credit risk in RBWM and the business is showing signs of volume growth

Personal lending balances¹ (USD)

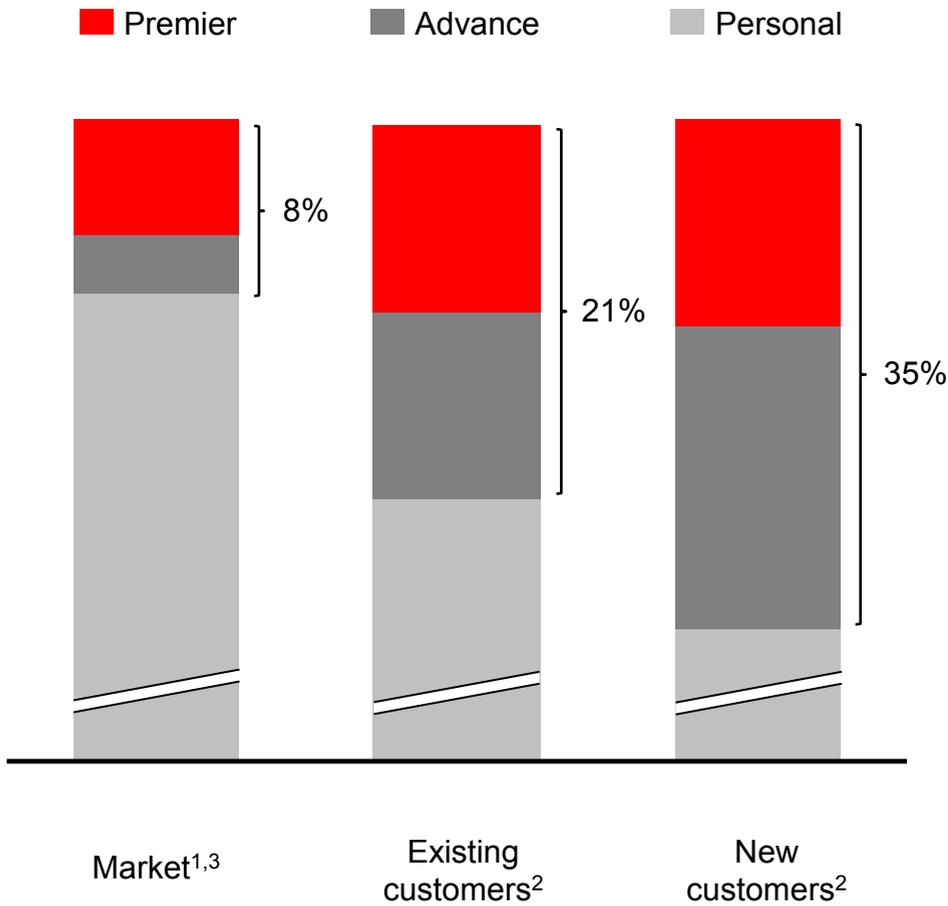


Sales volumes²

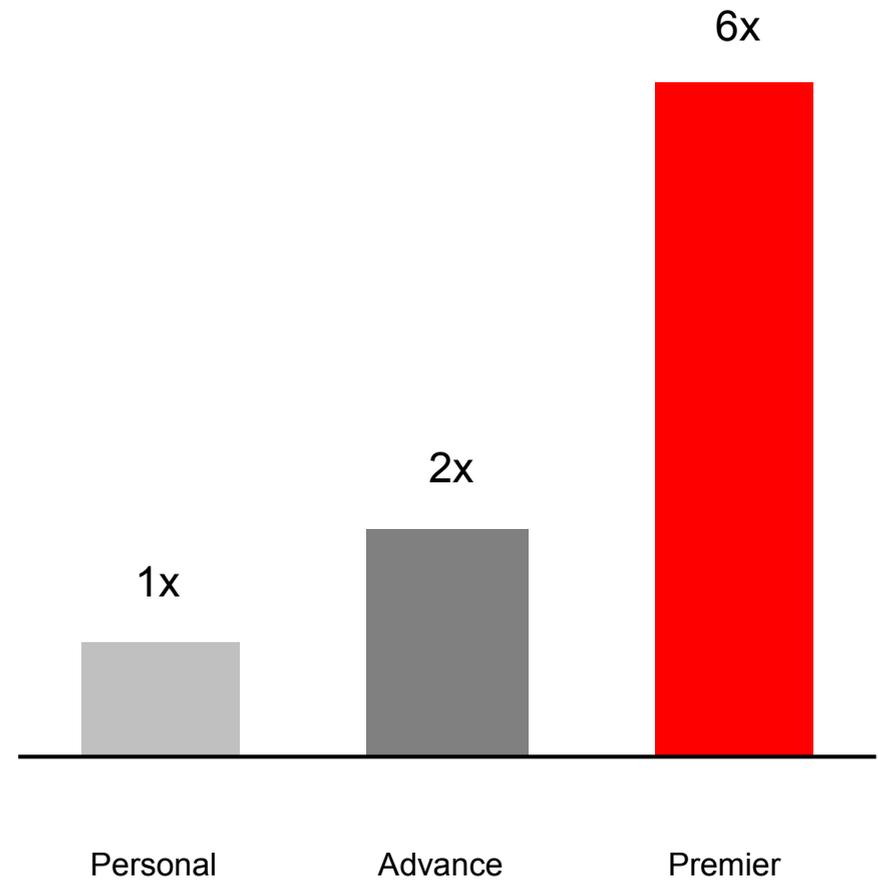


Our customer base is positioned towards affluent clients

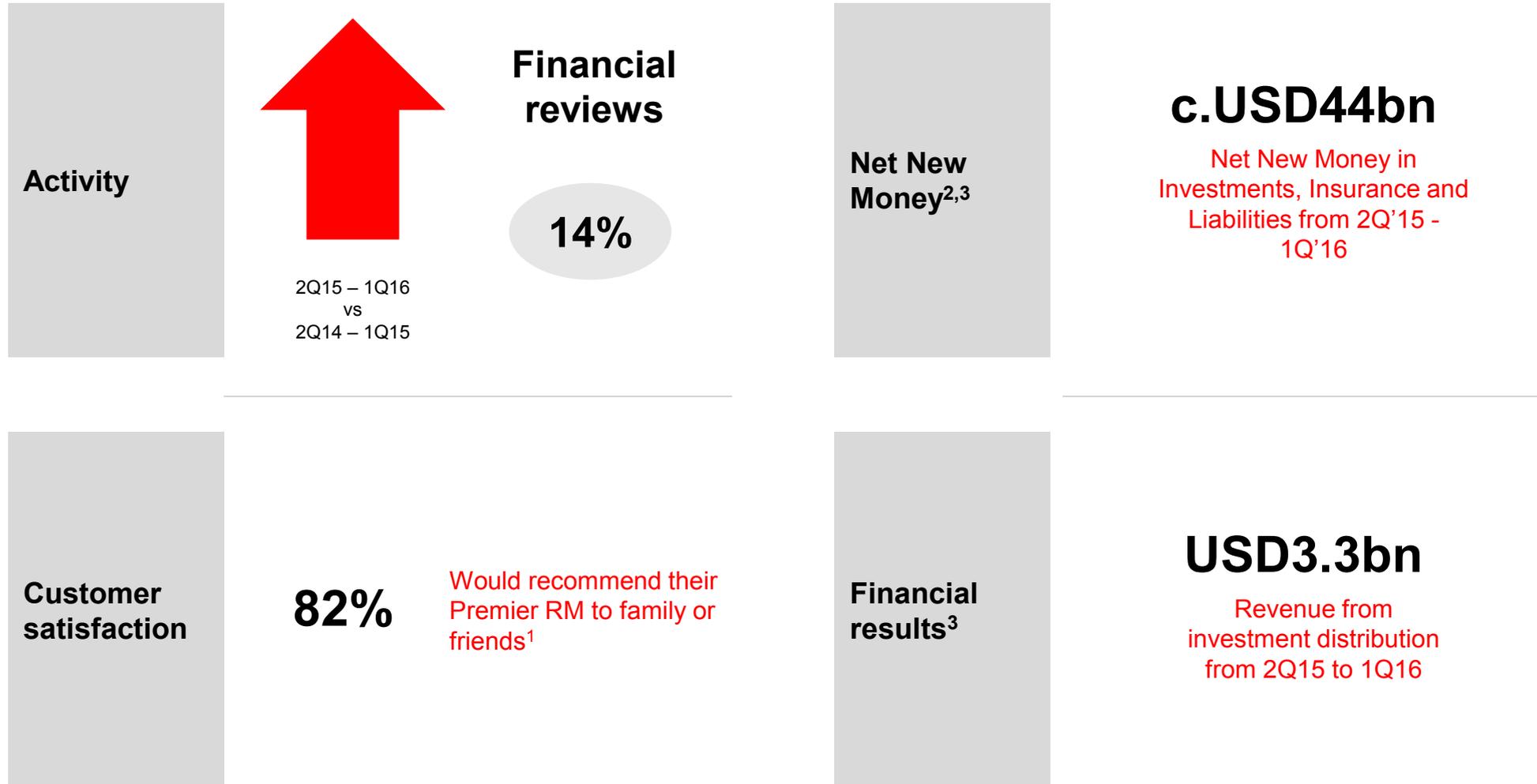
Customer base compared to market



Revenue per customer by segment

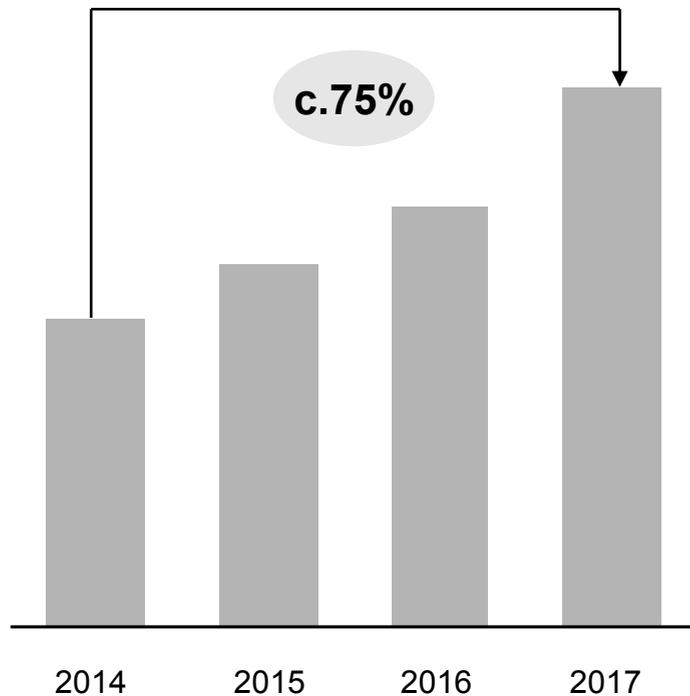


Our investment in a differentiated Wealth offering is driving good performance in the face of market headwinds

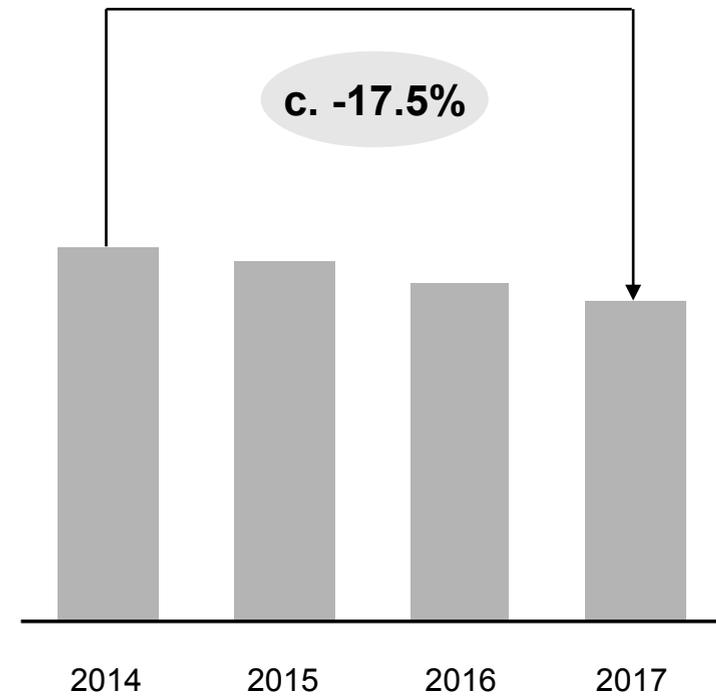


We are transforming our business to adapt to changes in our customers' preferences and behaviour

Digital sales volumes¹ (million)



Branch area² (million sq.m.)



Digital transformation

Simplifies customer interactions

Product and service automation

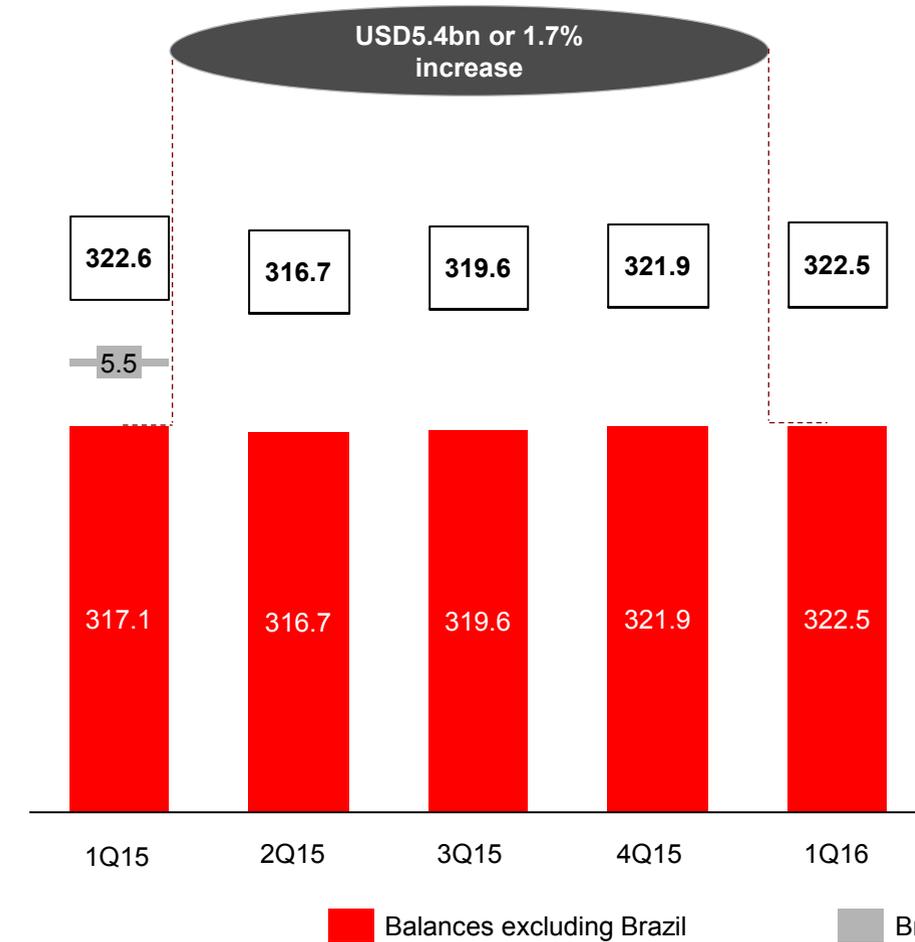
Improves productivity

Channel simplification

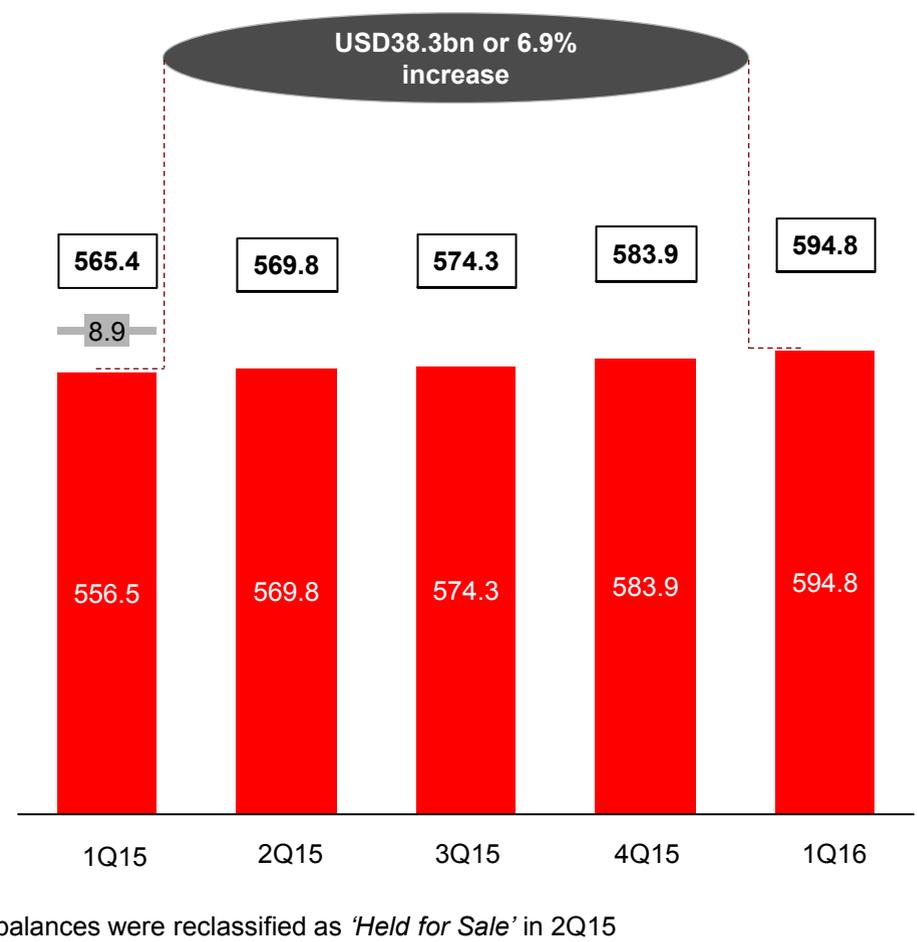
Enhances customer experience

Principal RBWM – Balance sheet

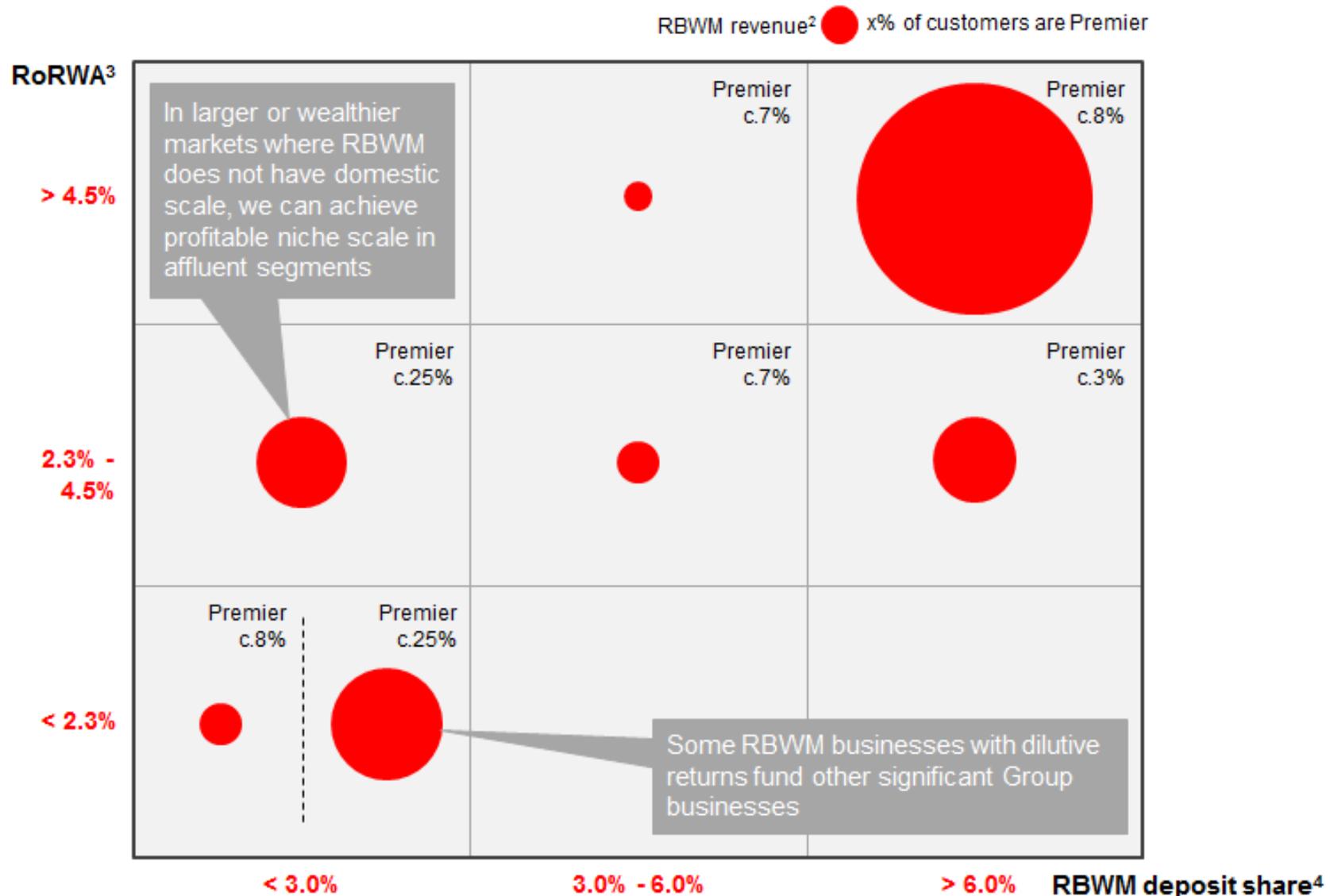
Loans and advances to customers (USDbn, Constant currency basis¹)



Customer deposits (USDbn, Constant currency basis¹)

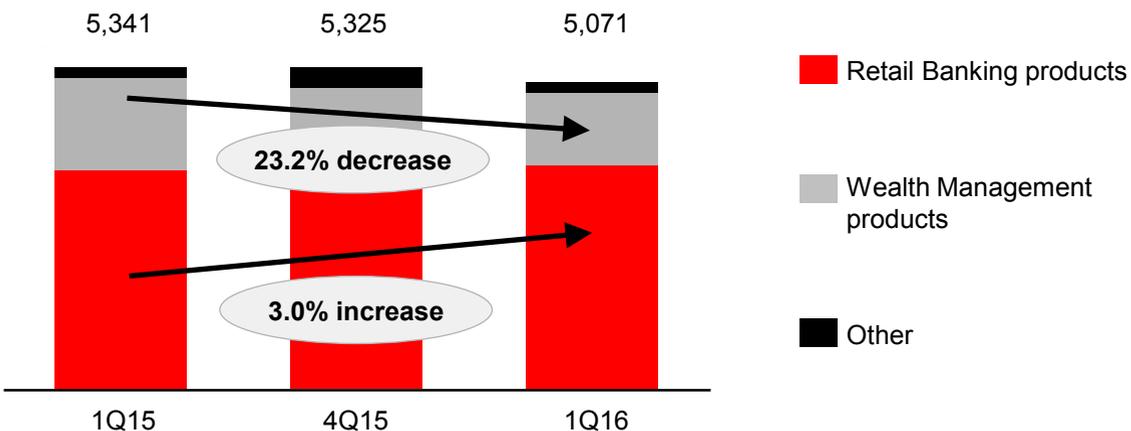


Within our portfolio of businesses¹, returns are driven by a combination of domestic scale and focus on affluent customers

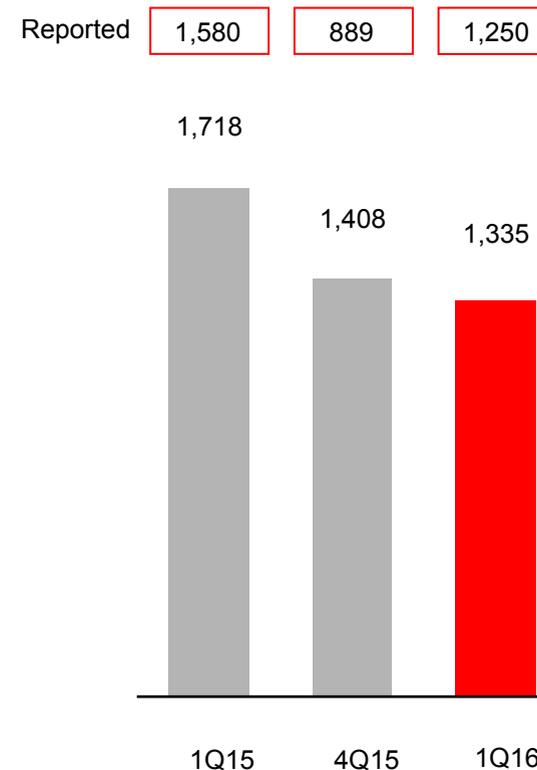


Principal RBWM 1Q16 Financial Performance

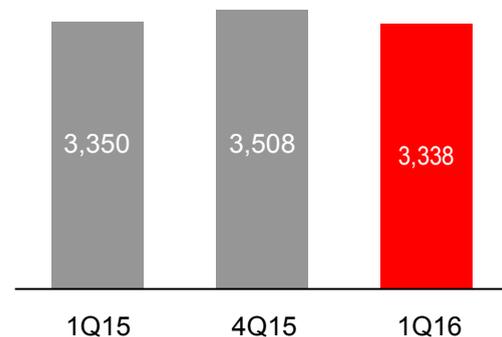
Adjusted revenue² (USDm)



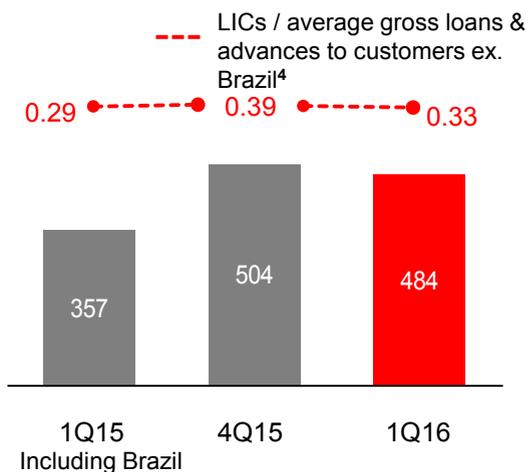
Adjusted PBT^{1,2} (USDm)



Adjusted operating expenses² (USDm)



Adjusted LICs² (USDm)



Adjusted RoRWA³

	1Q15	1Q16
Principal RBWM	5.2%	3.8%

Notes to slides

Slide 3

1. On an annualised basis 2. From 1 Jan 2015 the transitional CET1 and end point CET1 capital ratios became aligned for HSBC Holdings plc due to the recognition of unrealised gains on investment property and available-for-sale securities 3. We plan to maintain a corporate presence in Brazil to serve our international clients

Slide 4

1. On an annualised basis 2. From 1 Jan 2015 the transitional CET1 and end point CET1 capital ratios became aligned for HSBC Holdings plc due to the recognition of unrealised gains on investment property and available-for-sale securities

Slide 5

¹Deposit market share > 4% as at Dec 2014 ²Active customers in 2015 ³Financial data presented at March 2016 exchange rate ⁴Net operating income before loan impairment charges, also referred to as "Revenue". Presented on an adjusted basis, excluding significant items. For a full list of significant items, please see HSBC Earnings Release 1Q16

Slide 6

¹Data since 2011 ²Number excludes impact of disposals (c.20k FTE reduction) ³New sales incentive frameworks implemented in two phases from 2013 to 2014

Slide 8

All figures are sourced from 2010, 2011, 2012, 2013, 2014 and 2015 Annual Report and Accounts & Data Pack. ¹Reported basis. 2010 figure corresponds to RBWM (total) reported LIC less USD7.9bn related to US CRS and US run-off. In the first half of 2015, a portfolio of customers was transferred from CMB to RBWM in Latin America in order to better align the combined banking needs of the customers with our established global businesses. 2014 and 2013 comparatives have been re-presented accordingly ²2014 and 2015 include provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK, respectively of USD568m and USD22m

Slide 9

Source: "Stress testing the UK banking system: 2015 results", Bank of England, Dec 2014 and Dec 2015, respectively page 17 and page 46. ¹Data sources: Participating banks' FDSF data submissions, Bank of England analysis and calculations. Projected cumulative three-year impairment charge rates on UK individuals mortgage / non-mortgage lending in the stress (%) ²Cumulative impairment charge rates = (three-year total impairment charge) / (average gross on balance sheet exposure), where the denominator is a simple average of 2014, 2015 and 2016 year-end positions. This calculation may result in a lower impairment rate for those banks that expand balances significantly in the later years of the scenario as the economy recovers

Slide 10

¹Principal RBWM financial data presented at March 2016 exchange rate ²Average Weekly Sales for Priority Markets; Cards: Number of new cards issued; Loans & Mortgages: Value of total drawdowns in USD ^{1,2}Excludes Brazil and Turkey

Slide 11

¹Australia, Canada, China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Turkey, UAE, UK US: Source: Datamonitor as of September 2014 ²Existing customers as at Dec 2015; New customers acquired in 2015 ³Premier / Advance estimated as % of banked individuals holding USD 100,000 / USD 50,000 or more in liquid assets; Source: Datamonitor as of September 2014

Slide 12

¹HSBC Premier Relationship Manager Customer Experience Survey 4Q15; Median recommendation score across 18 priority markets ²New Net Money collected for Top 10 Markets, of which \$32.6bn is Liabilities, \$8.7bn is Investments and \$3bn is Insurance. Excluding mortgages ³Financial data presented at March 2016 exchange rate

Slide 13

¹Retail sales for mortgage, loans, cards, savings, current accounts, through digital channels in top 6 markets (includes ATM / third party sales) ²Top 6 markets. Previously shown as c. 20%. Change reflects planned disposal of Brazil

Slide 14

All figures are sourced from the data Pack for further details on RBWM Balance Sheet. ¹Comparatives have been retranslated at 31 March 2016 rates. The reported quarterly balances for Loans and advances to customers are as follows: 1Q15 USD327.6bn; 2Q15 USD331.0bn; 3Q15 USD323.6bn; 4Q15 USD321.7bn; 1Q16 USD322.5bn. The reported quarterly balances for Customer accounts are as follows: 1Q15 USD574bn; 2Q15 USD589.7bn; 3Q15 USD580.6bn; 4Q15 USD584.9bn; 1Q16 USD594.8bn. ²During 2Q15, customer lending and customer account balances relating to our Brazil operations were reclassified to 'Assets held for sale' or 'Liabilities of disposal groups held for sale' respectively

Slide 15

¹Analysis based on all HSBC priority markets excluding Saudi Arabia ²Principal RBWM financial data presented on an "adjusted" basis with comparatives translated at average 2014 exchange rates, 2011-2014 average. Size of the bubble corresponds to total revenue of priority markets meeting RoRWA and deposit share criteria ³Principal RBWM financial data presented on an "adjusted" basis with comparatives translated at average 2014 exchange rates, 2011-2014 average RoRWA; Reported Group 2.3% RoRWA equivalent to 10% RoE ⁴Deposit share as at Dec 2014; Source: Datamonitor

Slide 16

Refer to page 33 of the 1Q16 Earnings release and the 2015 Presentation to Investors and Analysts for further details on RBWM Financial Performance. Please note that there are no currency effects relating to the US run-off portfolio. ¹Reported Total RBWM PBT: 1Q15 USD1,610m, 4Q15 USD445, 1Q16 USD1,133m. Reported US run-off PBT: 1Q15 USD30m, 4Q15 USD(444), 1Q16 USD(117)m ²Reported Principal RBWM PBT: 1Q15 USD1,580m, 4Q15 USD889, 1Q16 USD1,250m; Reported Revenue: 1Q15 USD5,704m, 4Q15 USD5,489, 1Q16 USD5,042m; Reported Operating Expenses: 1Q15 USD3,777m, 4Q15 USD4,179, 1Q16 USD3,394m; Reported Loan Impairment Charge (LICs): 1Q15 USD435m, 4Q15 USD518, 1Q16 USD484m. ³Adjusted RoRWA for Principal RBWM excludes associates. Reported RoRWA for Principal RBWM (including associates): 1Q15 4.2%, 1Q16 3.3% ⁴Excludes Brazil as the loans relating to Brazil are included in Assets held for sale.



June 2016

Appendix – RBWM 1Q16 Investor Presentation



Group highlights

2015 Full Year

Reported PBT
(2014: \$18.7bn)

\$18.9bn

Adjusted PBT
(2014: \$22.0bn)

\$20.4bn

Reported RoE
(2014: 7.3%)

7.2%

Adjusted Jaws

(3.7)%

Ordinary dividends
In respect of the year
(2014: \$0.50)

\$0.51

CET1 ratio
(2014: 11.1%)

11.9%

2015 Financial Performance

- Reported PBT up 1%: net favourable movement in significant items
- Adjusted PBT fell 7%:
 - Higher revenue of \$0.5bn (1%) from growth in client-facing GB&M (7%), CMB (3%) and Principal RBWM (2%)
 - Higher costs (up \$1.6bn) from increased bank levy (\$0.4bn), investment in growth (\$0.3bn) and regulatory programmes and compliance (\$0.7bn)
 - Higher LICs (up 17% or \$0.6bn) across a number of countries and industrial sectors, most notably oil and gas

Capital and dividends

- Strong capital position with a common equity tier one ratio of 11.9% on an end point basis and a strong leverage ratio of 5.0%
- Progressive dividends in 2015 of \$0.51 per ordinary share; total dividends in respect of the year of \$10.0bn

Strategy execution

- Clearly defined actions to capture value from our network and connecting our customers to opportunities
 - Progress on reducing Group RWAs with a \$124bn reduction from RWA initiatives or 45% of our rebased 2017 target achieved
 - Signed agreement to sell operations in Brazil¹
 - Revenue from transaction banking products up 4% highlighting the value and potential of our international network
 - Development of Asia business gaining momentum – revenue growth in excess of GDP in seven out of eight of our priority Asia markets
 - 2H15 costs in line with 1H15 following tight cost control and the initial effect of our cost saving plans

1. We plan to maintain a corporate presence in Brazil to serve our international clients

Group 2015 key metrics

Key financial metrics	FY14	FY15	Target
Return on average ordinary shareholders' equity	7.3%	7.2%	>10%
Jaws (adjusted)	-	(3.7)%	Positive
Dividends per ordinary share in respect of the year	\$0.50	\$0.51	Progressive
Earnings per share	\$0.69	\$0.65	n/a
Common equity tier 1 ratio (end point basis) ¹	11.1%	11.9%	n/a
Return on average tangible equity	8.5%	8.1%	n/a
Leverage ratio	4.8%	5.0%	n/a
Advances to deposit ratio	72.2%	71.7%	n/a
Net asset value per ordinary share (NAV)	\$9.28	\$8.73	n/a
Tangible net asset value per ordinary share (TNAV)	\$7.91	\$7.48	n/a

Reported Income Statement (USDm)					Adjusted Income Statement (USDm)				
	4Q15	vs. 4Q14	2015	vs. 2014		4Q15	vs. 4Q14	2015	vs. 2014
Revenue	11,772	(18)%	59,800	(2)%	Revenue	12,950	(1)%	57,765	1%
LICs	(1,645)	(32)%	(3,721)	3%	LICs	(1,645)	(63)%	(3,721)	(17)%
Costs	(11,542)	3%	(39,768)	4%	Costs	(9,959)	(2)%	(36,182)	(5)%
Bank levy ²	(1,465)	(32)%	(1,421)	(34)%	Bank levy ²	(1,465)	(32)%	(1,421)	(34)%
Costs excl. bank levy	(10,077)	6%	(38,347)	5%	Costs excl. bank levy	(8,494)	2%	(34,761)	(4)%
Associates	557	(2)%	2,556	1%	Associates	557	2%	2,556	3%
PBT	(858)	(150)%	18,867	1%	PBT	1,903	(34)%	20,418	(7)%

1. From 1 January 2015 the CRD IV transitional CET1 and end-point CET1 capital ratios became aligned for HSBC Holdings plc due to recognition of unrealised gains on investment property and available-for-sale securities

2. Net bank levy charge was USD1,421m in 2015 and USD1,063m in 2014; 1Q14 and 1Q15 included credits relating to the prior year's bank levy charge of USD45m and USD44m respectively

Key strategic priorities

Retail Banking and Wealth Management

Key messages

Capital accretive	<ul style="list-style-type: none"> – Consistently strong returns, accretive to Group RoE
Sustainable high quality revenue	<ul style="list-style-type: none"> – Client base positioned towards affluent customers – High quality asset book with low LICs – Repositioned the business for conduct risk
Diversified revenue base	<ul style="list-style-type: none"> – Revenue sources broadly spread across products and segments
Interest rate sensitivity	<ul style="list-style-type: none"> – Business will benefit as interest rates rise
Strong deposit franchise	<ul style="list-style-type: none"> – Supports a stable and diversified core funding base for the Group
Group value	<ul style="list-style-type: none"> – Shared infrastructure generates economies of scale – Global footprint enhances brand visibility – Branch services support other Global Businesses

Principal RBWM financial outlook¹

2015, USDbn	
Revenue	22.7
Operating expenses	14.9
LICs	1.9
PBT²	6.3
CER	66%
RWA	152
RoRWA excl. associates	4.5%
Total RBWM, USDbn	2015
Adjusted PBT:	6.8
Of which: <i>US run-off portfolio</i>	0.5
<i>Principal RBWM</i>	6.3

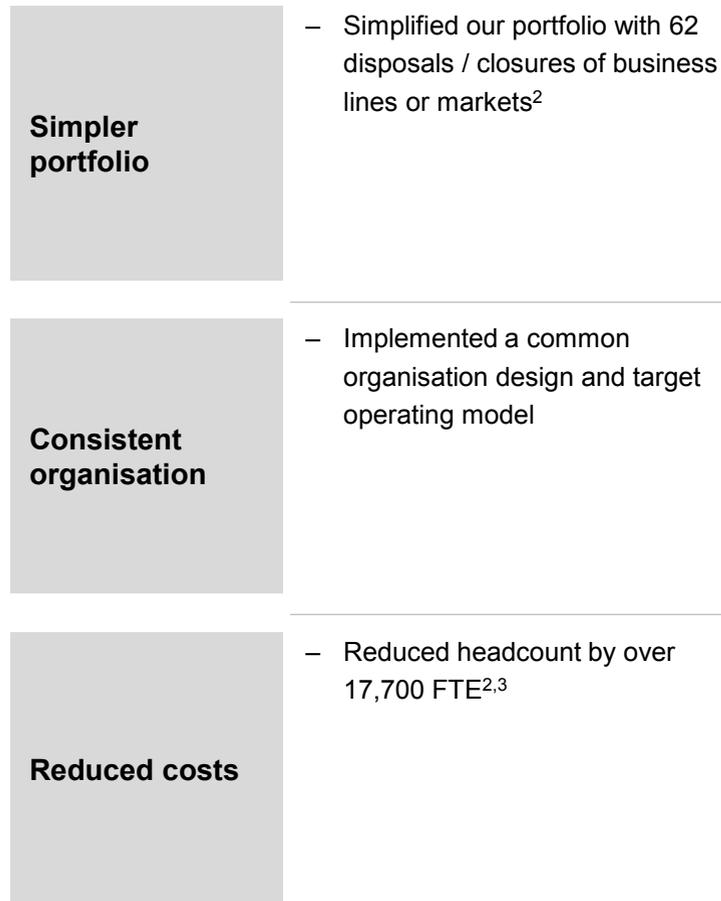
1. Financial data presented on an "adjusted" basis. 2017 is presented at 1Q 2015 average rates

2. Includes associates

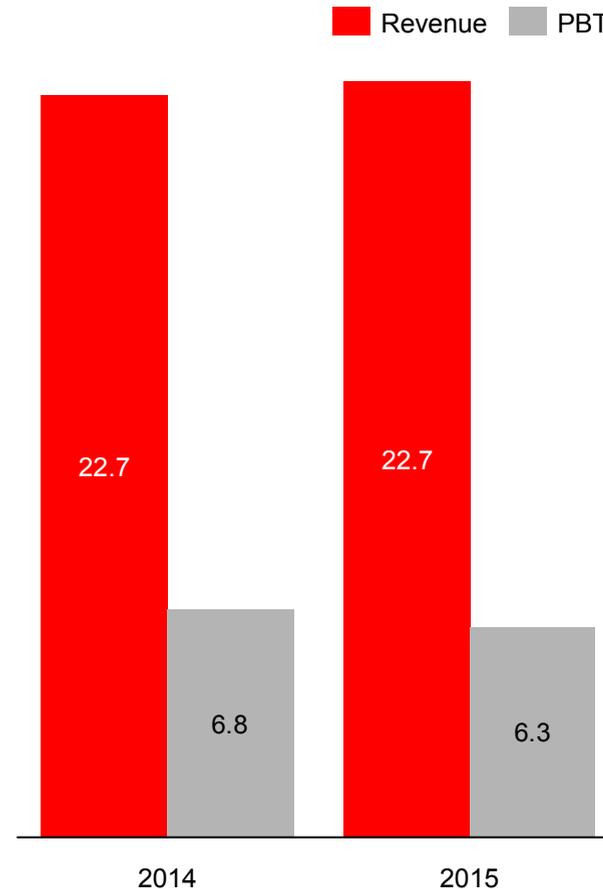
RBWM is now a simpler business, delivering sustainable, diversified revenues

RBWM Investment Case

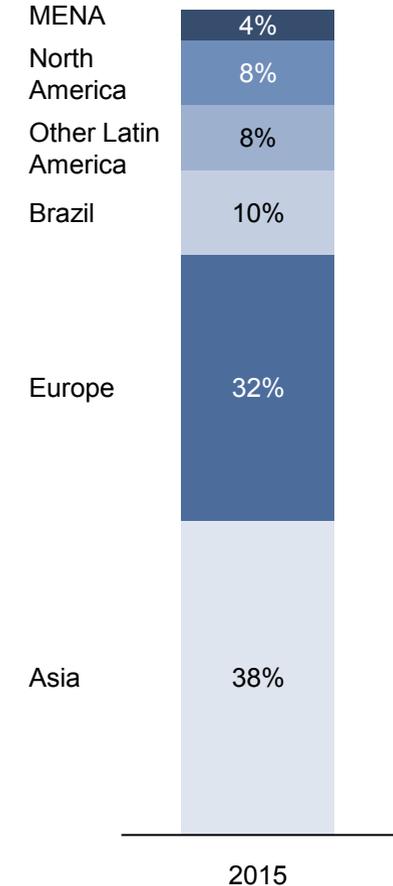
Business transformation



Principal RBWM Revenue and PBT¹ (USDbn)



Principal RBWM Revenue by region¹



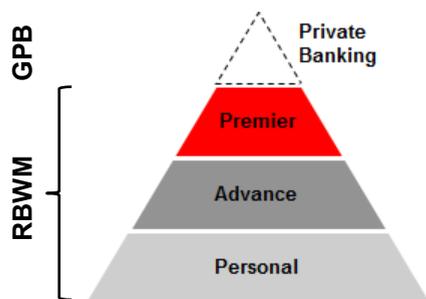
1. Principal RBWM financial data presented on an "adjusted" basis with comparatives translated at average 2015 exchange rates
 2. Data since 2011
 3. Number excludes impact of disposals (c.20k FTE reduction)

Through Premier and Advance, we are able to attract an affluent client base, with higher revenue per customer

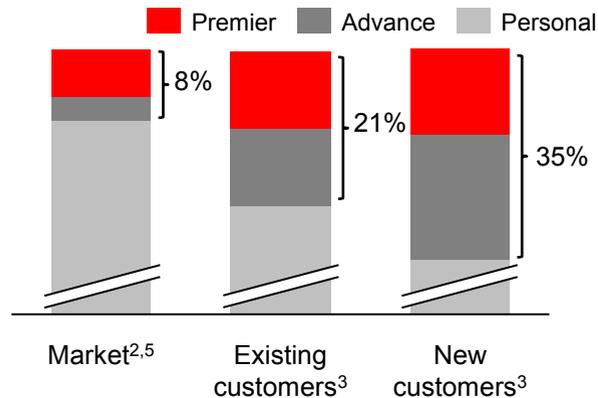
RBWM Investment case

Customers and markets

Positioned towards affluent customers



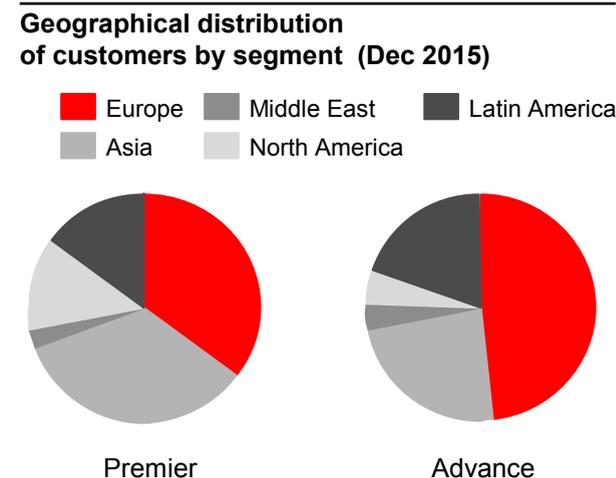
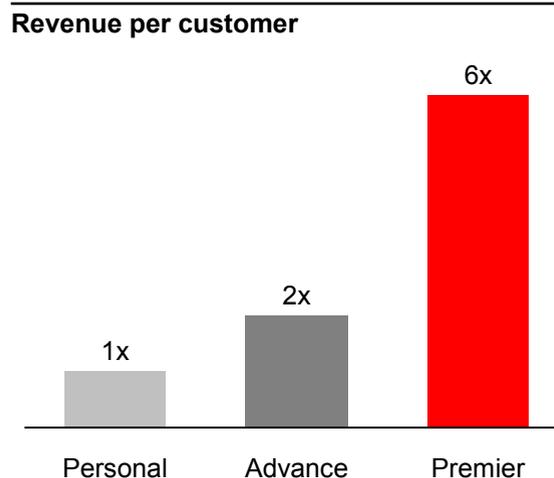
Customer base compared to market



Selected markets ⁴	% Premier	Market ⁵	HSBC customer base
China	~1%	2%	c. 71%
France	~1%	7%	c. 50%
Canada	~1%	17%	c. 35%
UAE	~1%	3%	c. 23%

- Close to 45 million customers worldwide, served through a consistent global proposition model
- Significant domestic scale in two home markets, Hong Kong and UK
- A strong local market share¹ in five further priority markets
- Focused on developing affluent segments in other priority markets

Customer revenues by segment

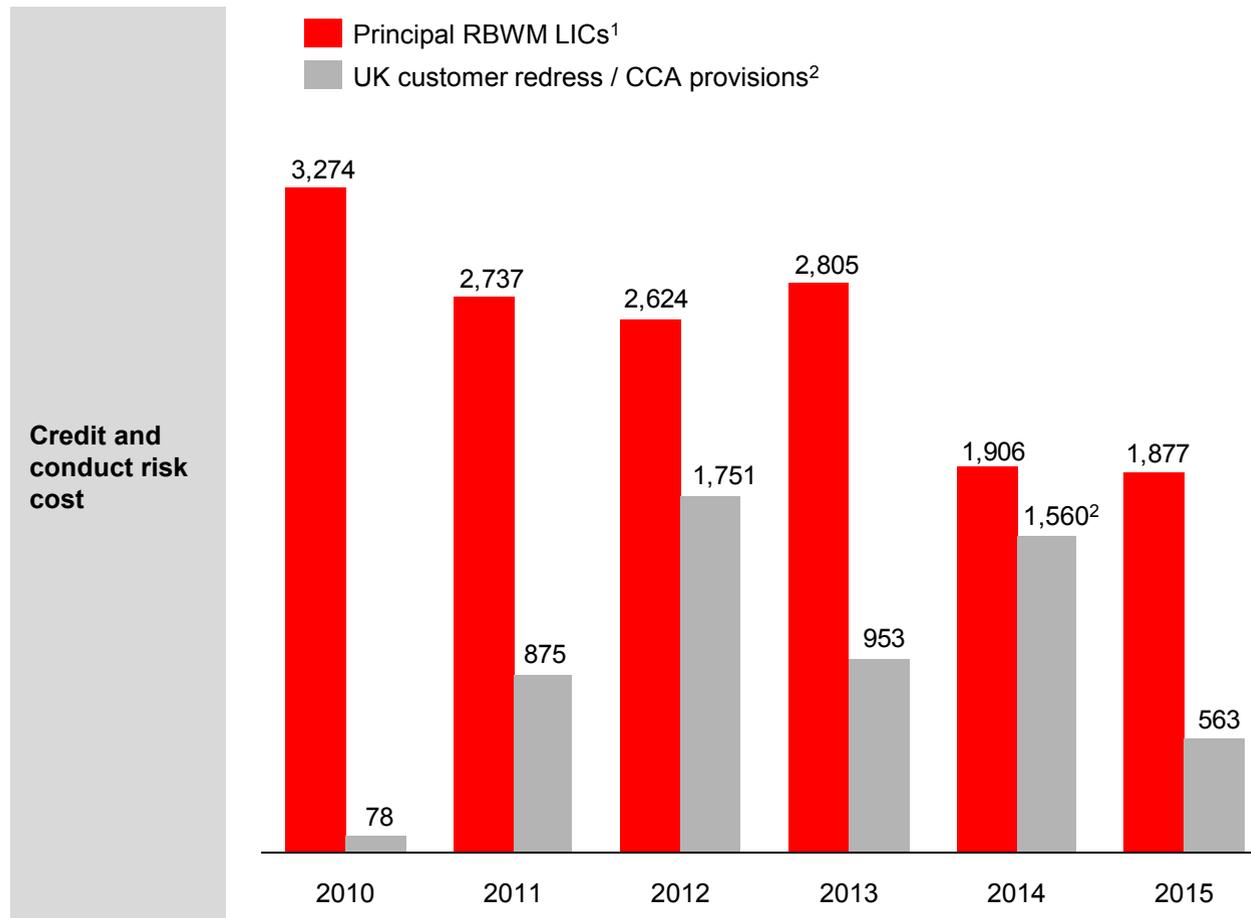


1. Deposit market share > 4% as at Dec 2014
 2. Australia, Canada, China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Turkey, UAE, UK US: Source: Datamonitor as of September 2014
 3. Existing customers as at Dec 2015; New customers acquired in 2015
 4. Selected examples only. In some countries neither HSBC nor the market have a high proportion of Premier clients. E.g. Turkey (1% Market, c.4% Premier customer base)
 5. Premier / Advance estimated as % of banked individuals holding USD 100,000 / USD 50,000 or more in liquid assets; Source: Datamonitor as of September 2014

Conduct risk is redefining how retail banks engage with and serve their customers. We have proactively repositioned the business for this...

RBWM Investment case

UK customer redress and CCA provisions at their lowest since 2010 (USDm)



Numerous actions to significantly reduce conduct risk starting in 2012

- Removed the formulaic link between product sales and remuneration: staff are paid on a discretionary basis
- Simplified our product shelf (c.30% reduction in retail products as of 2015 vs. 2012)
- Addressed pro-actively the Fair Value Exchange (FVE) between customers and shareholders
- Implemented new sales quality monitoring, including mystery shopping and strengthened assurance programme
- Deployed new investment product risk framework to better match products with clients' risk profile

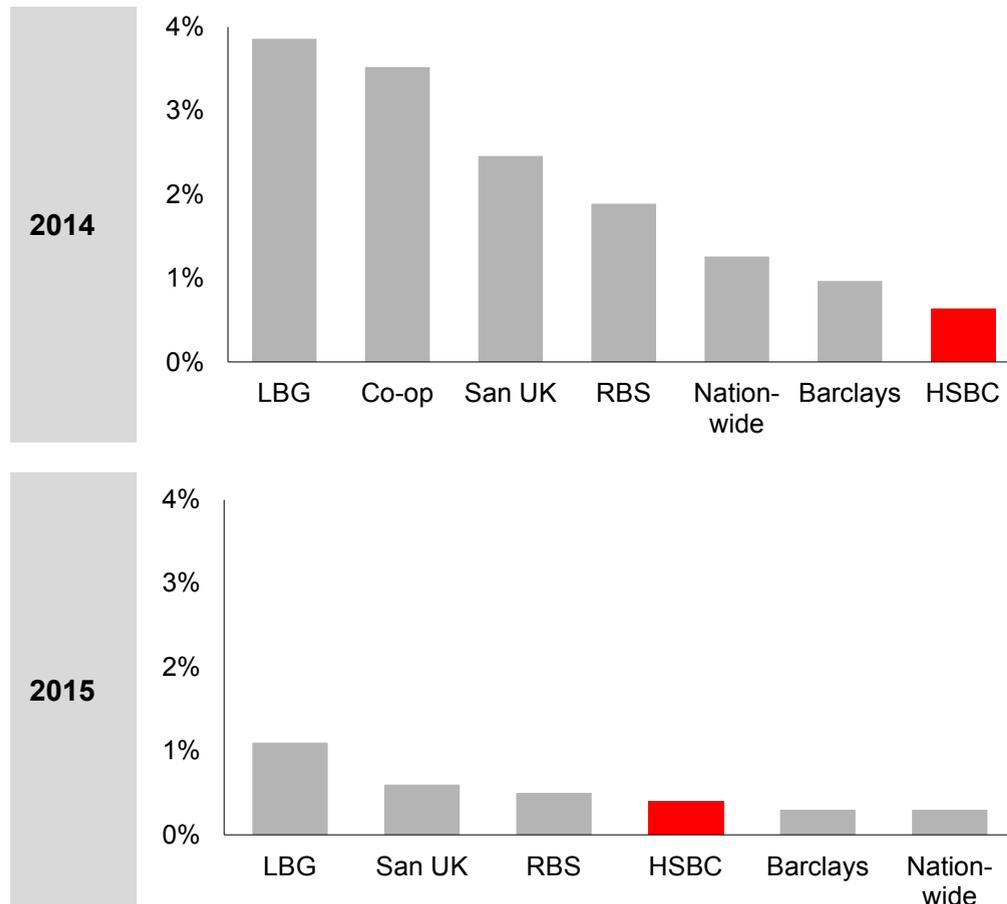
All figures are sourced from 2010, 2011, 2012, 2013, 2014 and 2015 Annual Report and Accounts & Data Pack

1. Reported basis. 2010 figure corresponds to RBWM (total) reported LIC less USD7.9bn related to US CRS and US run-off. In the first half of 2015, a portfolio of customers was transferred from CMB to RBWM in Latin America in order to better align the combined banking needs of the customers with our established global businesses. 2014 and 2013 comparatives have been re-presented accordingly
2. 2014 and 2015 include provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK, respectively of USD568m and USD222m

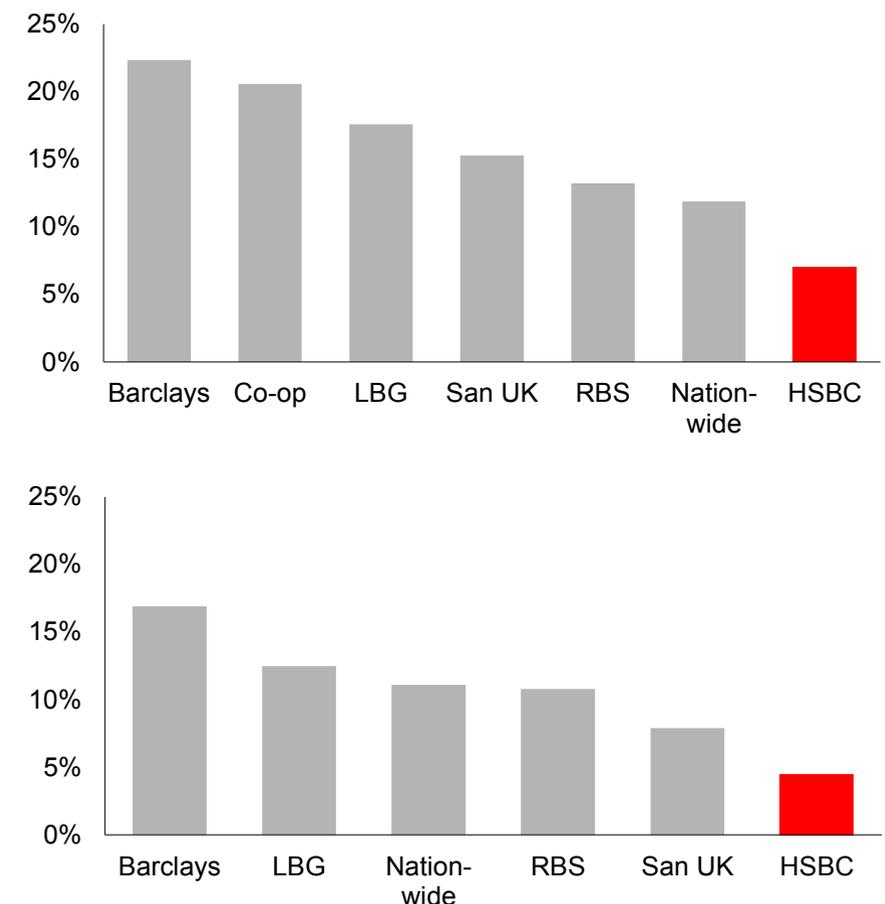
... and we are maintaining our credit discipline – Example RBWM UK

RBWM Investment case

PRA stress tests: Projected cumulative three-year impairment charge rates on UK individuals mortgage lending in the stress^{1,2} (%)



PRA stress tests: Projected cumulative three-year impairment charge rates on UK individuals non-mortgage lending in the stress^{1,2} (%)



Source: "Stress testing the UK banking system: 2015 results", Bank of England, Dec 2014 and Dec 2015, respectively page 17 and page 46

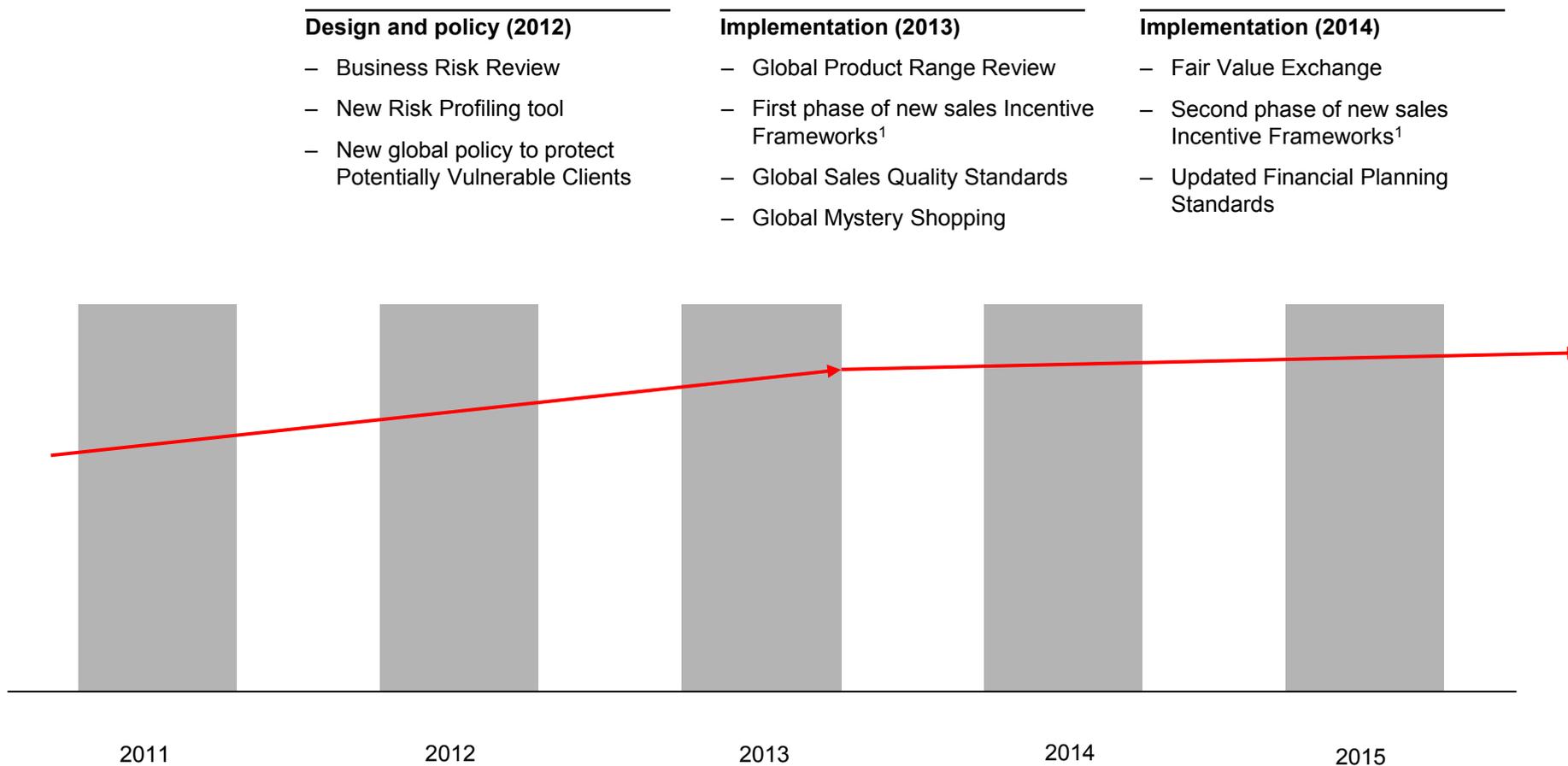
1. Data sources: Participating banks' FDSF data submissions, Bank of England analysis and calculations

2. Cumulative impairment charge rates = (three-year total impairment charge) / (average gross on balance sheet exposure), where the denominator is a simple average of 2014, 2015 and 2016 year-end positions. This calculation may result in a lower impairment rate for those banks that expand balances significantly in the later years of the scenario as the economy recovers

The repositioning impacted the rate of revenue growth in 2013 and 2014, but we are confident the quality of revenues is improving...

RBWM Investment Case

Principal RBWM revenue progress 2011 to 2015 (USDm)



1. 1Q13: Global Wealth Incentive Framework (GWIF) globally, and Retail Bank Incentive Framework (RBIF) in Canada, USA and UK; 1Q14: GWIF and RBIF in all other markets

... and there are signs that the repositioning is leading to improved customer experience – Example RBWM Mexico

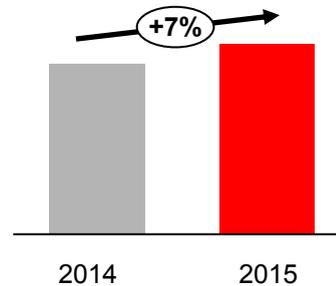
RBWM Investment Case

Conduct Agenda

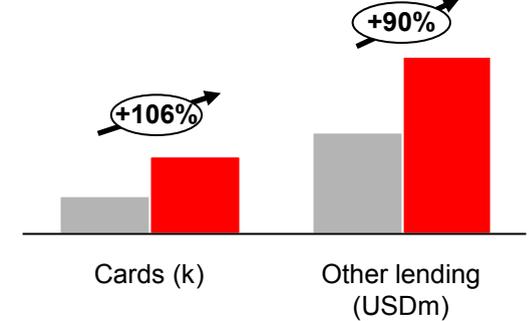
- In 2013-24, a new incentive framework was implemented across the Group, remunerating staff for meeting customer needs
- Following an initial decline as we adjusted to the new framework, product sales and revenue have been steadily increasing over the past year
- Implementation of the Conduct Agenda has resulted in an improved customer experience and a better reputation for the bank

Business performance

Revenues¹



Sales volumes²



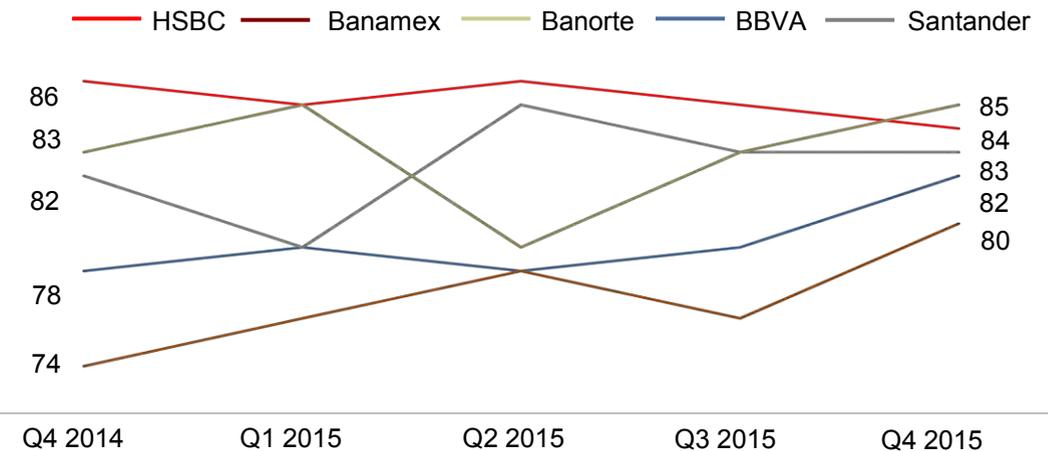
Latin American Retail : HSBC Mexico
Bank of the Year 2015



Reported drivers of customer recommendation³

HSBC	<ul style="list-style-type: none"> - Customers feel valued - Advice is relevant to customer needs - Customers are treated fairly
Competitor 1	<ul style="list-style-type: none"> - Strong reputation - Good customer service
Competitor 2	<ul style="list-style-type: none"> - Customers feel understood - Poor relationship managers service

Customer recommendation³



1. Financial data presented on an "adjusted" basis with comparatives based on 2015 average exchange rates
 2. Other lending includes value of total drawdowns for Personal loans, Payroll loans and Mortgages
 3. Source: HSBC Customer Recommendation Index Q4'14-Q4'15, TNS Global

Our growth priorities have not changed and we continue to optimise our portfolio of markets and businesses

Growth Priorities

	Strategic actions	Targeted outcome 2014-17	2015 Progress
Growth Priorities	1 Relationship-led Personal Lending <ul style="list-style-type: none"> Invest in marketing, customer relationship management, analytics and digital Strengthen credit capabilities (people, tools) Acquire new customers through unsecured lending 	<ul style="list-style-type: none"> Principal RBWM lending balance¹ growth 3-4% CAGR 	✓
	2 Wealth Management <ul style="list-style-type: none"> Deliver competitive Premier USD1-5m, International, FX and Digital propositions Disciplined execution of the needs-based sales model Continue strong collaboration with the rest of Group Accelerate the pivot of Insurance and Asset Management towards Asia 	<ul style="list-style-type: none"> Premier Total Relationship Balance² 5-7% CAGR Wealth revenue³ growth 5-7% CAGR c.10% growth p.a. AUM in Asia 	<ul style="list-style-type: none"> ✓ ✓ ✓
	3 Digital <ul style="list-style-type: none"> Expand digital ways of working within RBWM including digitalisation of processes Deliver data-driven, relevant and timely customer touchpoints Leverage digital investment to transform customer experience and cost base 	<ul style="list-style-type: none"> 40-50% of customers digitally active⁴ 2017 exit cost rate at 2014 level 	<ul style="list-style-type: none"> <i>In progress</i> <i>In progress</i>
Portfolio optimisation	4 Continue portfolio optimisation <ul style="list-style-type: none"> Review market portfolio in line with Group priorities and requirements Address low performing / sub-scale businesses Focus investment on key priority growth markets 	<ul style="list-style-type: none"> Portfolio review conclusions implemented 	<i>In progress</i>

1. Money lent to individuals rather than institutions. This includes both secured and unsecured loans such as mortgages and credit card balances.

2. Aggregate of Deposits (both local and foreign currency), investments (e.g. Mutual Funds, Equities, etc.) and Insurance (Life, Pension and Investment insurance products). It is exclusive of Credit Enhancement Services Insurance and General Insurance products, pure Protection Insurance products as well as Mortgage or other Loan / Asset balances

3. Wealth Distribution revenue only

4. Total customers who have logged in to one of our Digital platforms (Internet / Mobile) in the last three months as a % of all RBWM active customers (priority markets)

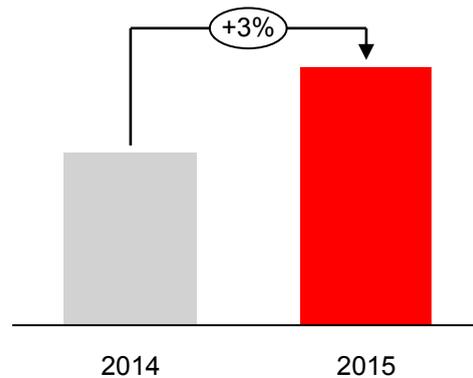
We have the capacity to take more credit risk in RBWM and the business is showing signs of volume growth

Relationship-led Personal Lending

Principal RBWM lending balances and sales volume growth

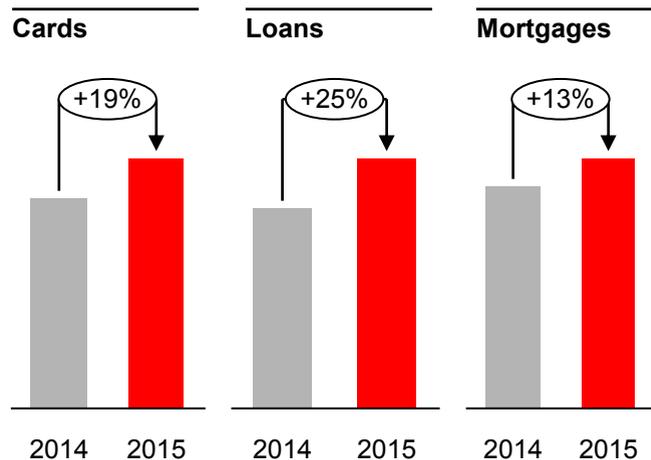
Actions to date

Personal lending balances¹
(USD)



- Global analytics capability improving the identification of customer needs
- New triggers enabling targeted offers to individual customers
- Expansion of sales channels supported by increased investment in marketing, improving new-to-bank customer acquisition
- Consistently implemented global segmentation capability, strengthening pricing and profitability discipline
- Integrated risk approach enhancing risk adjusted returns

Sales volumes²



Next steps

- Investing further in analytics, including digital targeting and real-time offer capability
- Deploying digital utilities (e-signature, document upload) to simplify the customer experience and enable straight through processing
- Focusing on innovation, including new mobile sales and service capabilities, and strategic partnerships with new payment providers
- Leveraging the Group's connectivity to deliver international mortgages and global consumer offers

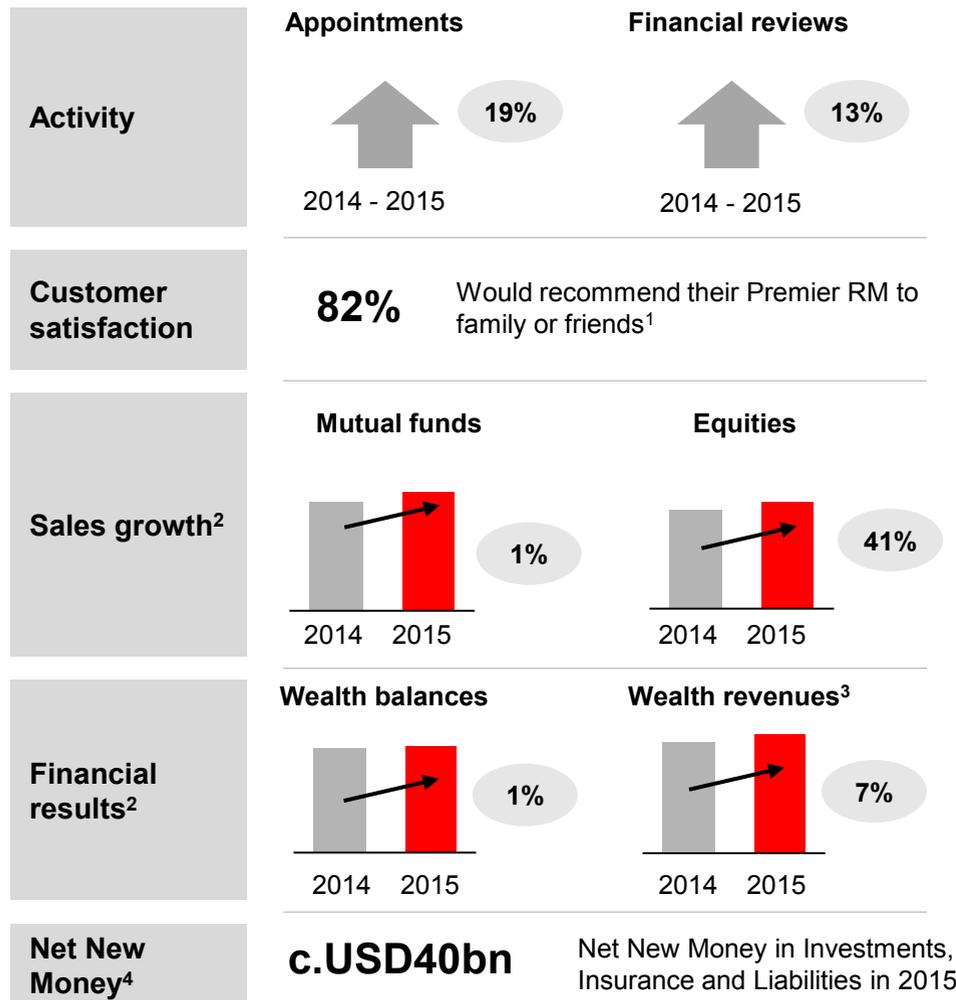
1. Principal RBWM financial data presented at December 2015 exchange rate

2. Average Weekly Sales for Priority Markets; Cards: Number of new cards issued; Loans & Mortgages: Value of total drawdowns in USD

Our investment in a differentiated Wealth offering is driving improved performance, with further opportunities for growth

Wealth Management

Strong customer satisfaction with improving sales momentum



We have built a clearly differentiated Wealth offering

- | | |
|---------------------------|-------------------------------------------------------------------------------------------------------------|
| Financial planning | – We operate a consistent global financial planning model based on our customers' goals and aspirations |
| Aligned to needs | – Our relationship managers are rewarded for meeting customer needs, not for product sales |
| Integrated advice | – A single relationship manager can provide professional advice across a customer's Wealth and Retail needs |

With opportunities for sustainable growth

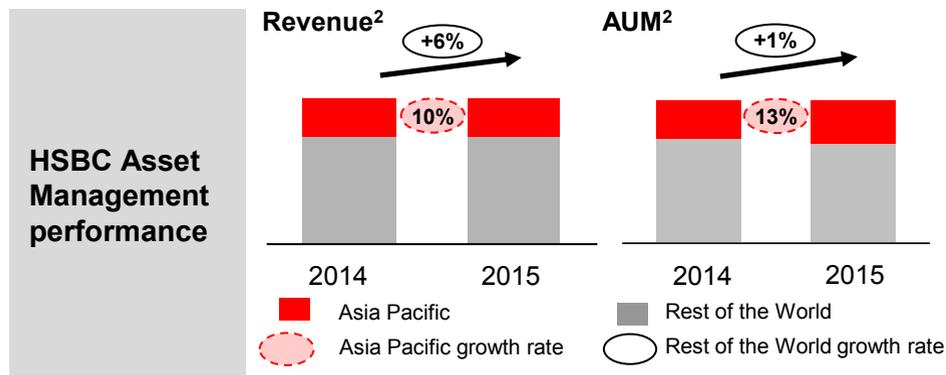
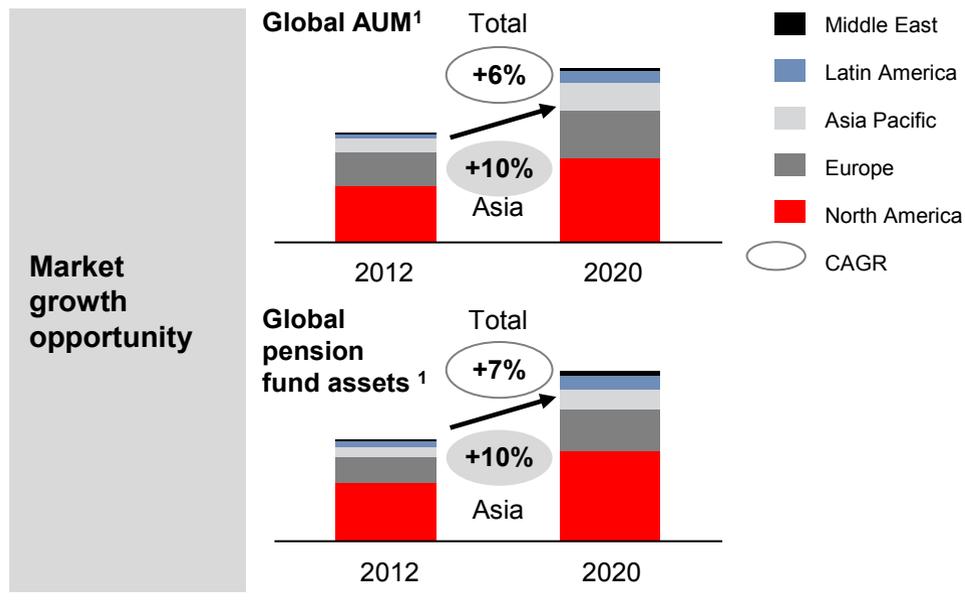
- Further customising our Premier proposition to better meet the needs of wealthier and more international customers
- Deploying enhanced analytics to improve our understanding of customer needs
- Investing in marketing, tools, and digital capabilities
- Simplifying our processes for our customers
- Bringing Asset Management and Insurance capabilities to retail clients including research, insights and advice

1. HSBC Premier Relationship Manager Customer Experience Survey 4Q15; Median recommendation score across 18 priority markets
 2. YTD constant currency FX rate. Mutual funds gross sales (USDm); Equities turnover (USDm); Wealth balances (USDbn); Wealth revenues (USDm)
 3. Wealth Distribution revenues only
 4. New Net Money collected for Top 10 Markets, of which \$30bn is Liabilities, \$6bn is Investments and \$3bn is Insurance. Excluding mortgages

Our Asset Management business delivers attractive returns, and is positioned to benefit from managed asset growth in Asia

Asset Management

Managed asset pools are forecast to grow strongly (USD)



This growth provides opportunities for us

- Asia focus** – Distribution footprint aligned to forecast growth of managed assets in key emerging markets
- Retirement** – Defined contribution pensions growth, driving reliance on investments for retirement income
- Group clients** – Group customer base including relationships with pension funds and insurance companies

We have already moved on these

- Deepened relationships with pension, insurance and corporate clients
- Developed core asset allocation solutions for RBWM
- Deployed a single global investment process and platform; ongoing alignment with GPB for management of discretionary portfolios
- Differentiated products and services through highest standards of fiduciary conduct and governance

And we are positioned for future growth

- Participating in growing managed asset pools driven by individual investors' wealth, savings and retirement plans, particularly in Asia
- Driving continued growth from Group retail distribution channels
- Leveraging Group connectivity to meet needs of institutional clients, both long-term and liquidity management
- Potential for selective acquisitions to strengthen franchise

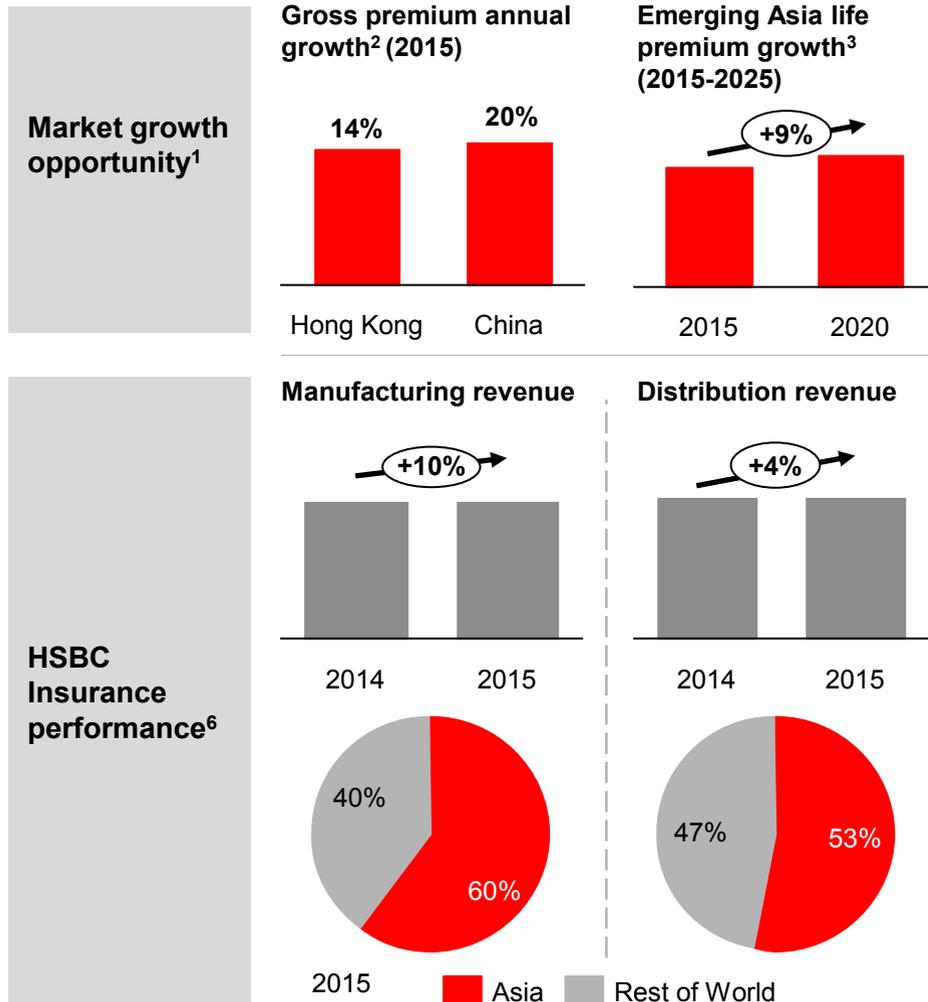
1. Source: PwC Report "Asset Management 2020 – A Brave New World"

2. Principal RBWM financial data presented on an "adjusted" basis

Insurance is accretive to the Group, with majority of exposure to Asia

Insurance

Profitable and accretive returns for Group (USD)



Significant growth opportunity, particularly in Asia

- Asia's share of the global middle class will almost double by 2020⁴, driving growth and demand for wealth products including insurance, particularly to meet saving and protection needs
- Asia's aging population, particularly in China⁵, is increasing the need for retirement and protection products as public systems become strained
- Increasing international availability and usage of RMB drives demand for RMB-denominated insurance products
- Continued focus on the high quality and underpenetrated customer base in Hong Kong where market growth has exceeded 13% for the last 2 years

The insurance business is positioned for quality earnings

- Insurance contributes positively to Group CET1 capital through the dividends it pays to the Group, with a high RoRWA
- Significant distribution footprint in markets where bancassurance is the predominant channel
- Proactively addressed the conduct agenda improving customer outcomes and minimising the risk of mis-selling

Next steps

- Committed to invest in Asia to capitalise on growth opportunities
- Fill in product gaps, enhance offerings, and simplify processes while increasing distribution capabilities and capacity
- Support development with improved data and analytics

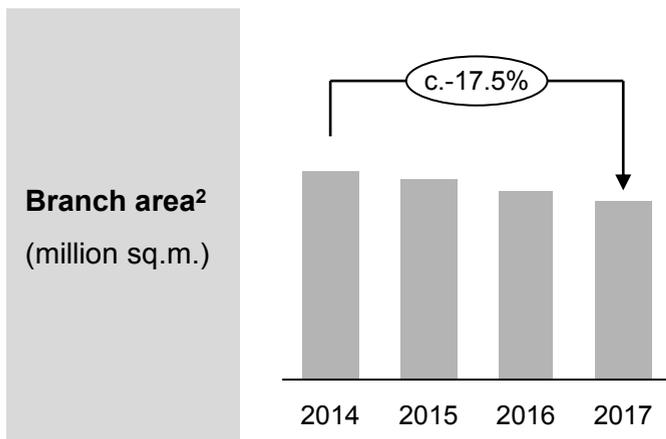
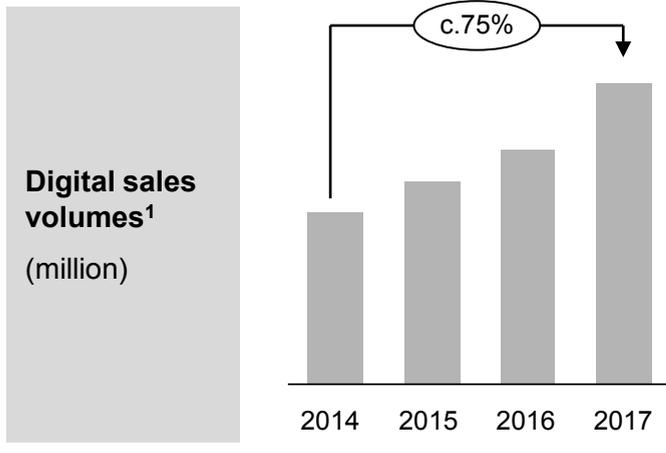
1. Life Insurance
 2. HK TDC (Trade Development Council) research, H1 2015 YoY
 3. CAGR, Munich Re Insurance Market Outlook (May 2015)

4. 2014 EY Asia-Pacific insurance outlook
 5. 2014 EY Waves of change
 6. Principal RBWM financial data presented on an "adjusted" basis

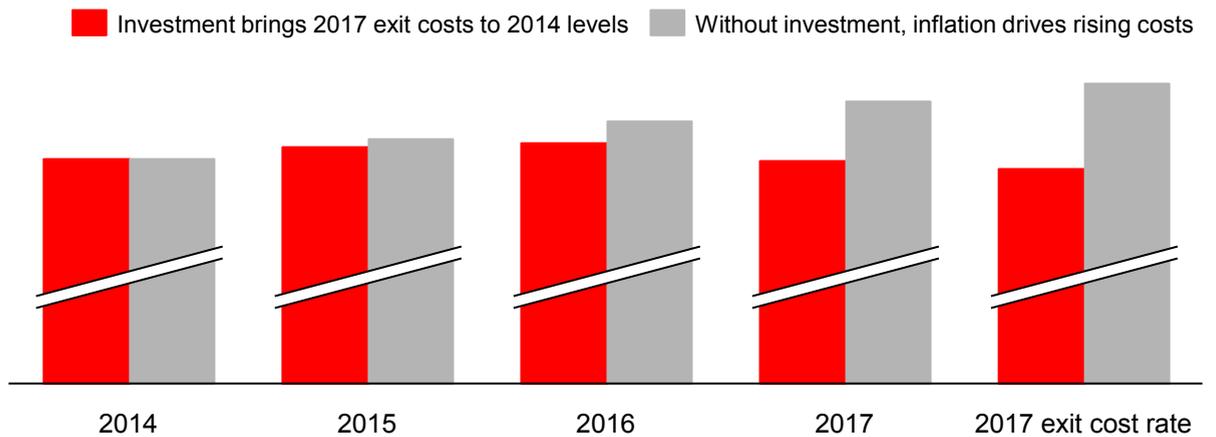
Digital transformation will enable process simplification and accelerate channel migration, improving productivity and customer experience

Digital

Changing customer behaviour



The Group's streamlining programme will sustainably reduce RBWM's costs



Digital transformation

- Enhance digital platform and service capabilities
- Accelerate deployment across geographies
- Improve supporting digital operations

Simplifies customer interactions

Product and service automation

- Optimise end-to-end customer journeys
- Automate sales and service transactions to deliver straight through processing

Improves productivity

Channel simplification

- Deliver effortless multi-channel capability
- Empower customers via self-assisted sales
- Optimise branch and contact centre footprint

Enhances customer experience

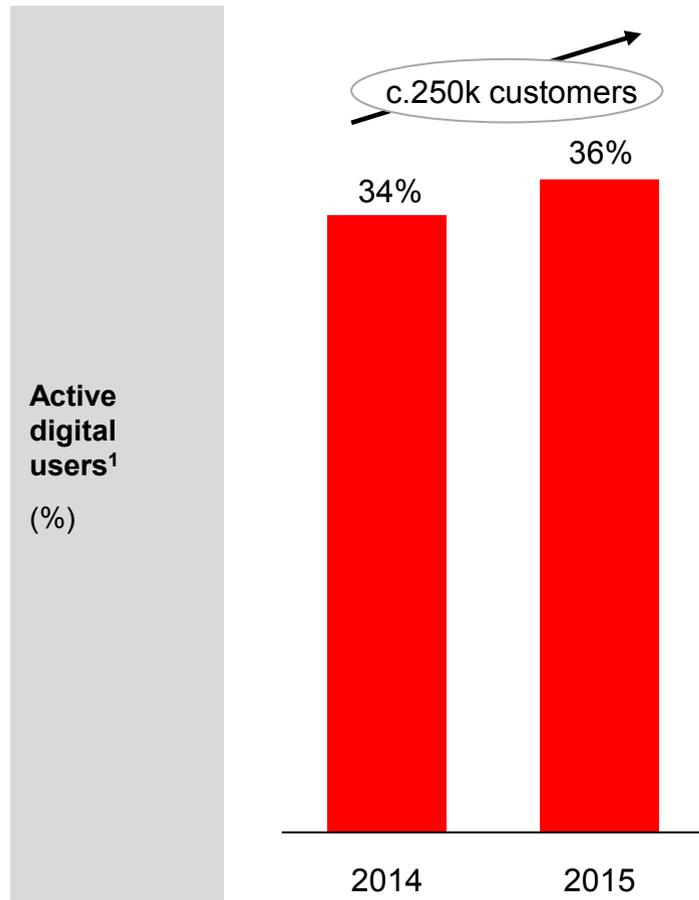
1. Retail sales for mortgage, loans, cards, savings, current accounts, through digital channels in top 6 markets (includes ATM / third party sales)

2. Top 6 markets. Previously shown as c. 20%. Change reflects planned disposal of Brazil

Digital transformation is well under way

Digital

Active digital users



Key achievements – Examples

Channel Migration²

- Branch optimisation programme delivering cost savings as per plan³
- Mortgages live connect video roll out in the UK with completion of 1st remote mortgage drawdown in December 2015
- Live chat available in 6 countries with 400k chats
- Touch ID implemented in Firstdirect UK with 100,000 users in the first month after launch
- Voice ID to be implemented from Spring 2016 onwards for telephone banking customers, reducing time to complete the authentication process by up to 2 minutes

Process simplification²

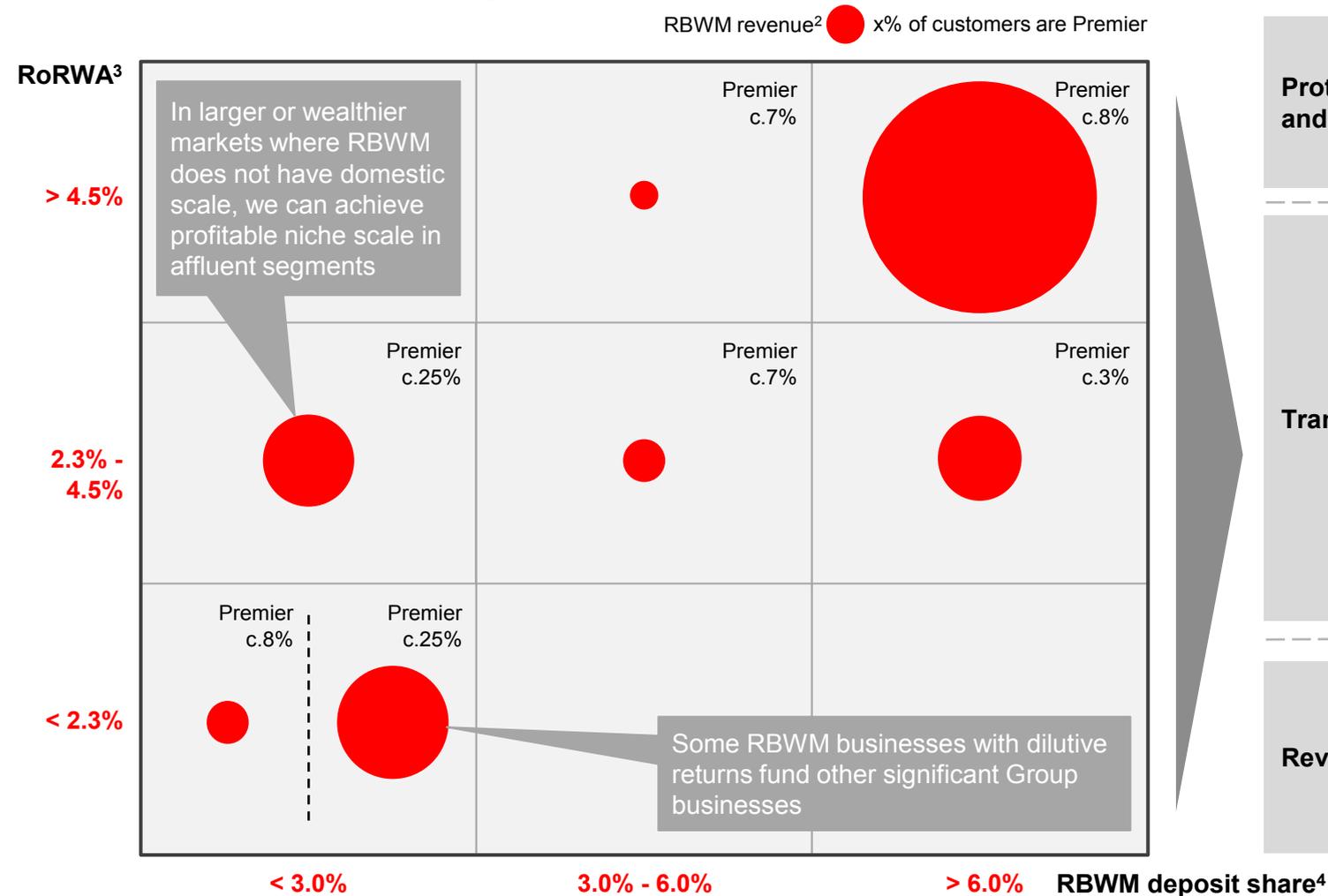
- Simplified wealth advice journeys in the UK and Hong-Kong allowing Relationship Managers to focus on value- adding discussions
- Faster decisions on online personal loans with real time approvals in Australia and the UAE
- Paperless tablet account opening in the UK, reducing account opening turnaround time to c.10 minutes for low risk customers
- Mortgage tablet application launch in India, reducing approval time from days to minutes

1. Proportion of active customers that have logged into online or mobile banking at least once in the last 90 days¹, in our home and priority markets excluding Brazil
2. All data is shown as per 2015, except indicated otherwise
3. Delivering \$62m cost savings, or 0.4% of total cost base

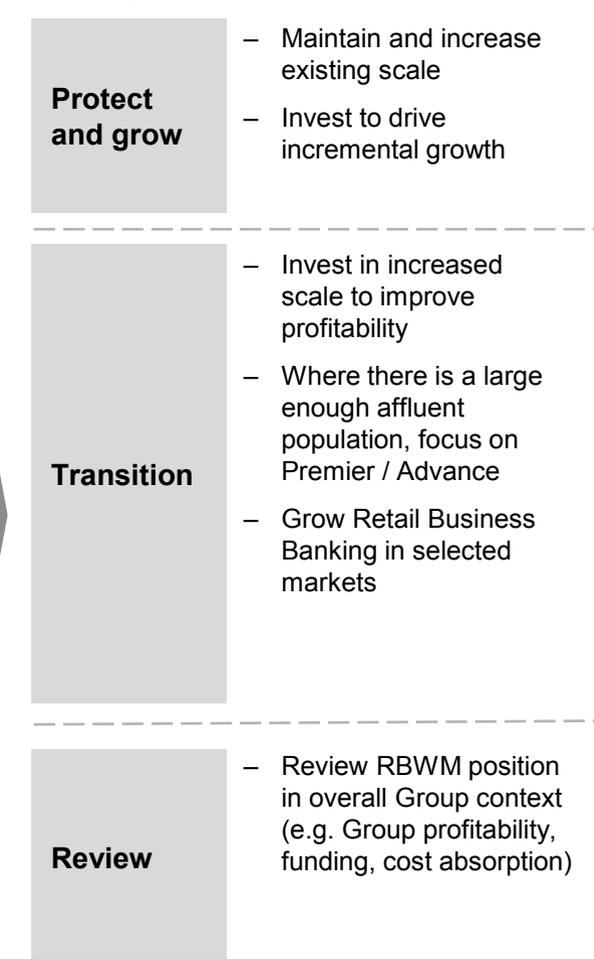
Within our portfolio of businesses, returns are driven by a combination of domestic scale and focus on affluent customers...

Portfolio

Scale and returns for RBWM priority markets¹



Strategic actions



1. Analysis based on all HSBC priority markets excluding Saudi Arabia

2. Principal RBWM financial data presented on an "adjusted" basis with comparatives translated at average 2014 exchange rates, 2011-2014 average. Size of the bubble corresponds to total revenue of priority markets meeting RoRWA and deposit share criteria

3. Principal RBWM financial data presented on an "adjusted" basis with comparatives translated at average 2014 exchange rates, 2011-2014 average RoRWA; Reported Group 2.3% RoRWA equivalent to 10% RoE

4. Deposit share as at Dec 2014; Source: Datamonitor

RBWM is focused on growth, and will invest to offset rising costs while optimising our portfolio of businesses

Conclusion

Focus areas

Growth priorities

- Our growth priorities have not changed. We will continue to focus our investment on relationship-led lending, wealth management and digital
- We will shift the focus of our Asset Management and Insurance businesses to capture opportunities in Asia
- Through these priorities, we will grow our PBT faster than our RWAs, increasing our RoRWA

Digital transformation

- Digital transformation will enable process simplification and accelerate channel migration, improving productivity and customer experience
- Through our investment in the digital transformation, we will hold our 2017 exit cost rate at 2014 levels

Portfolio optimisation

- We will continue to review our portfolio of markets from both RBWM and Group perspectives
- We will address poorly performing businesses, and focus our investment on priority growth markets

Interest rate sensitivity

- Our strong deposit franchise supports a stable and diversified core funding base for the Group, and positions us to benefit when interest rates rise



June 2016

Appendix 2

HSBC 

Financial overview

Reconciliation of Reported to Adjusted PBT for HSBC Group

Discrete quarter

\$m	1Q15	4Q15	1Q16	vs. 1Q15	vs. 4Q15
Reported profit before tax	7,059	(858)	6,106	(953)	6,964
Includes					
Currency translation	296	47	-	(296)	(47)
Significant items:					
Fair value gains / (losses) on own debt (credit spreads only)	298	(773)	1,151	853	1,924
Gain on the partial sale of shareholding in Industrial Bank	363	-	-	(363)	-
Loss on sale of several tranches of real estate secured accounts in the US	-	(214)	-	-	214
Other revenue-related significant items ⁴	(175)	(190)	(89)	86	101
Revenue-related significant items	486	(1,177)	1,062	576	2,239
Settlements and provisions in connection with legal matters	-	(370)	-	-	370
UK customer redress programmes	(137)	(337)	-	137	337
Costs-to-achieve	-	(743)	(341)	(341)	402
Other operating expenses-related significant items ⁴	(182)	(135)	(49)	133	86
Operating expenses-related significant items	(319)	(1,585)	(390)	(71)	1,195
Adjusted profit before tax	6,596	1,857	5,434	(1,162)	3,577

The remainder of the presentation, unless otherwise stated, is presented on an adjusted basis



June 2016

Appendix 3

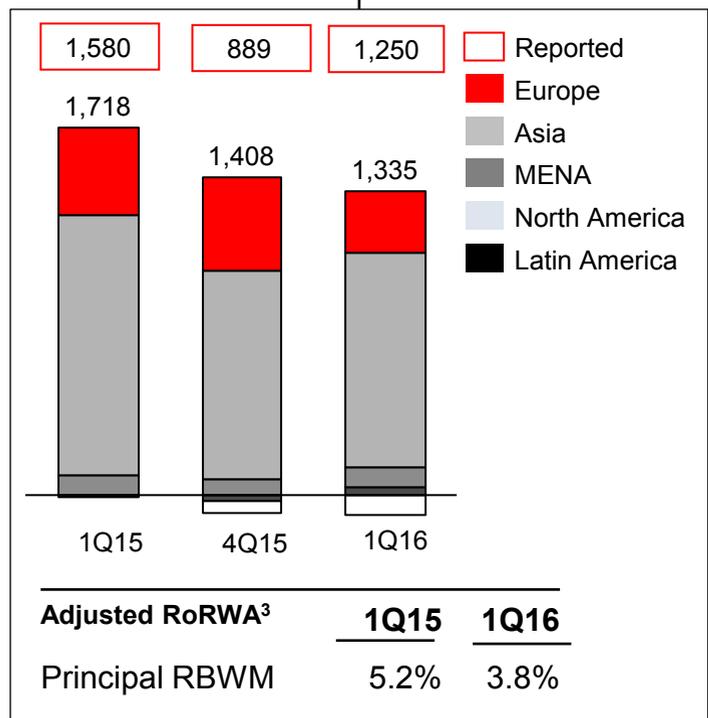
HSBC 

Total RBWM 1Q16 Financial Performance

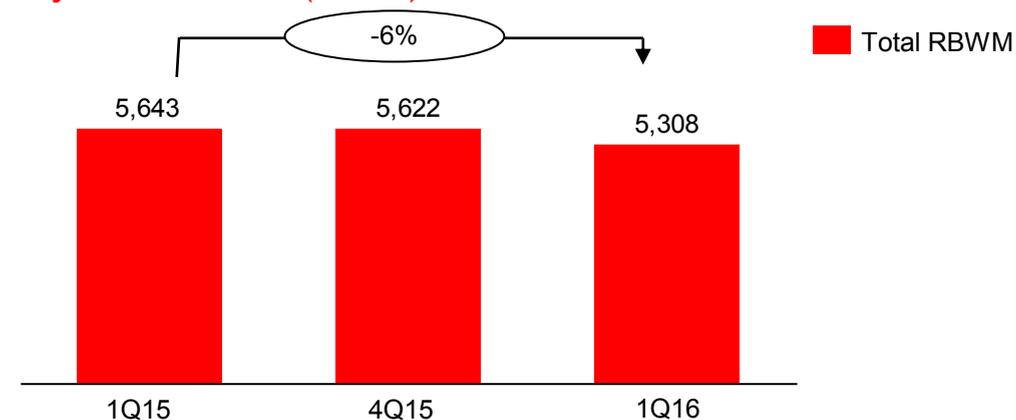
PBT down reflecting lower insurance manufacturing revenue in Asia and France following unfavourable market updates, and higher LICs partly offset by cost control

Adjusted PBT^{1,2} (USDm)

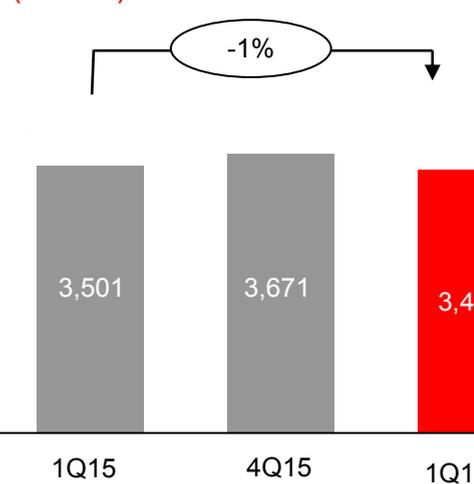
	1Q15	4Q15	1Q16
Total RBWM	1,844	1,516	1,359
<i>Of which:</i>			
US run-off portfolio	126	108	24
Principal RBWM	1,718	1,408	1,335



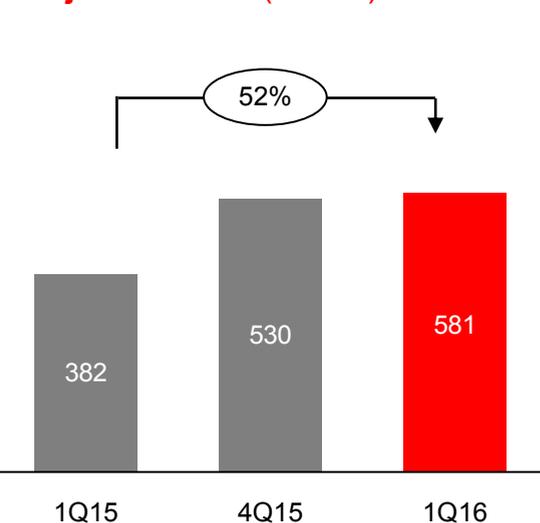
Adjusted revenue² (USDm)



Adjusted operating expenses² (USDm)



Adjusted LICs² (USDm)



Refer to page 33 of the 1Q16 Earnings release and the 2015 Presentation to Investors and Analysts for further details on RBWM Financial Performance

1. Reported Total RBWM PBT: 1Q15 USD1,610m, 4Q15 USD445, 1Q16 USD1,133m. Reported US run-off PBT: 1Q15 USD30m, 4Q15 USD(444), 1Q16 USD(117)m
2. Reported Principal RBWM PBT: 1Q15 USD1,580m, 4Q15 USD889, 1Q16 USD1,250m; Reported Revenue: 1Q15 USD5,912m, 4Q15 USD5,604, 1Q16 USD5,160m; Reported Operating Expenses: 1Q15 USD3,929m, 4Q15 USD4,712, 1Q16 USD3,532m; Reported Loan Impairment Charge (LICs): 1Q15 USD382m, 4Q15 USD530, 1Q16 USD481m. Adjusted RoRWA for Principal RBWM excludes associates. Reported RoRWA for Principal RBWM (including associates): 1Q15 4.2%, 1Q16 3.3%
3. Excludes Brazil