

HSBC Holdings plc

Presentation to Fixed Income Investors

September 2013

HSBC 





Forward-looking statements

This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations, capital position and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional detailed information concerning important factors that could cause actual results to differ materially are available in the Annual Report and Accounts, Interim Report and other financial statements of HSBC Holdings plc. These documents are available at www.hsbc.com. Past performance cannot be relied on as a guide to future performance.

This presentation contains non-GAAP financial information. Reconciliation of non-GAAP financial information to the most directly comparable measures under GAAP are provided in the "constant currency and underlying reconciliations" supplement available at www.hsbc.com.

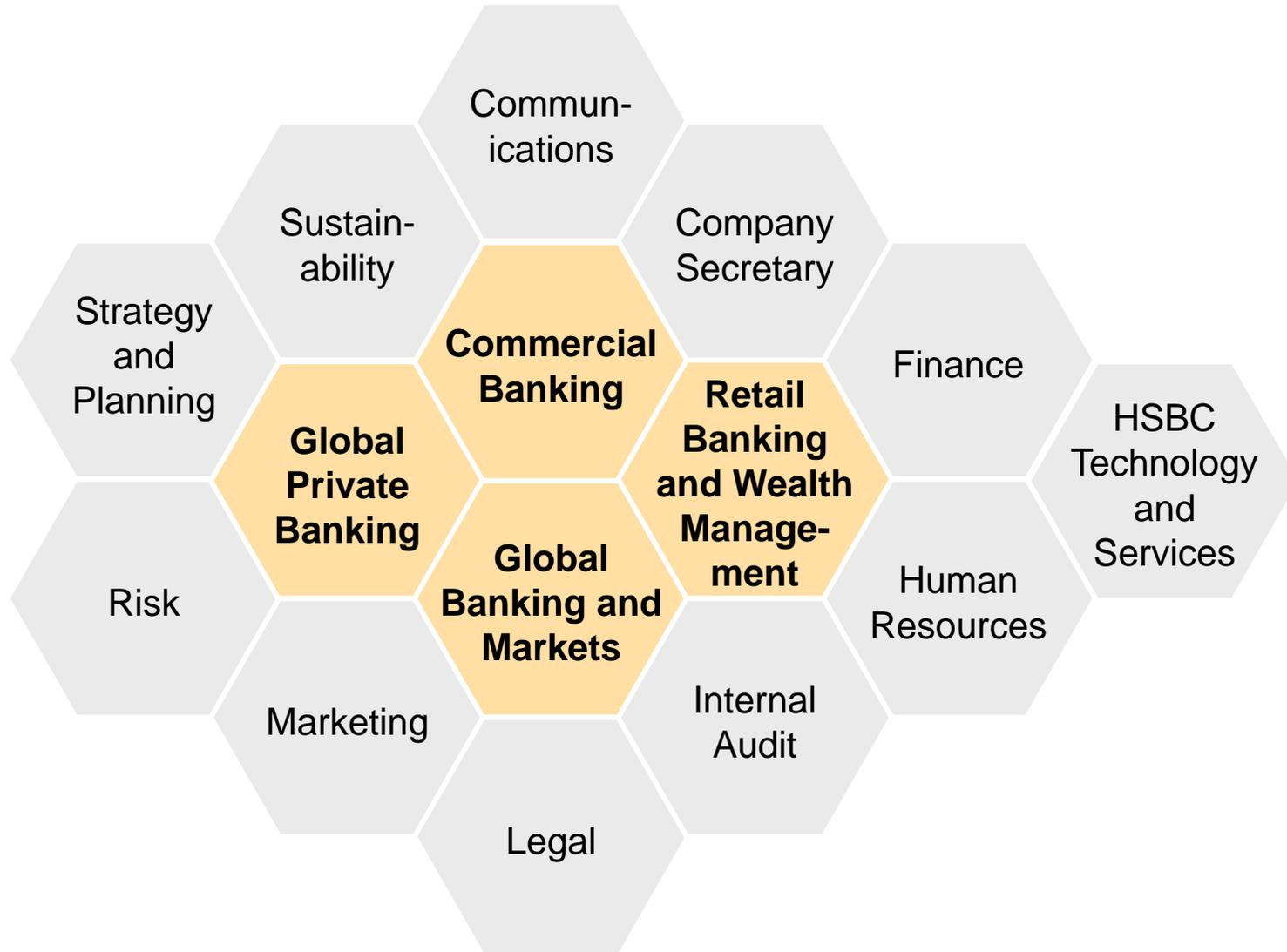
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The HSBC Group

Four Global businesses

Supported by global functions



22 Home and Priority Growth markets

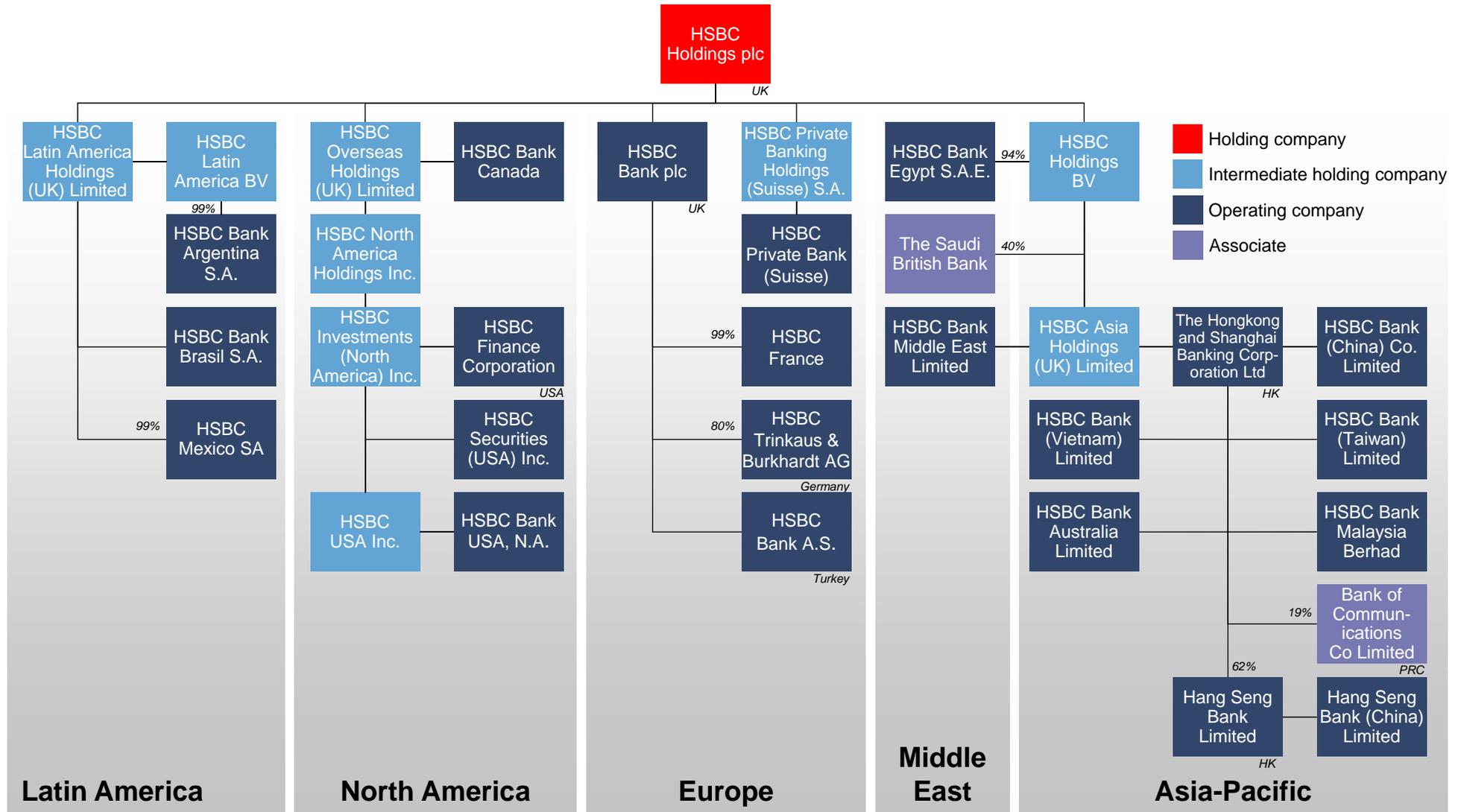
With further Network and Small markets

	Asia Pacific	Europe	Middle East and North Africa	North America	Latin America
Home markets	Hong Kong ¹	United Kingdom			
Priority Growth markets	Australia Mainland China India Indonesia Malaysia Singapore Taiwan Vietnam	France Germany Switzerland Turkey	Egypt Saudi Arabia UAE	Canada USA	Argentina Brazil Mexico
Network markets	Operations focused on Commercial Banking and Global Banking and Markets international clients and businesses				
Small markets	Markets where HSBC has profitable scale and focused operations Representative Offices				

¹ Includes Hang Seng Bank

Simplified structure chart

Principal entities in Home and Priority Growth markets¹



¹ At 30 June 2013. All entities wholly owned unless shown otherwise (part ownership rounded down to nearest per cent). Excludes other Associates, Insurance companies and Special Purpose Entities

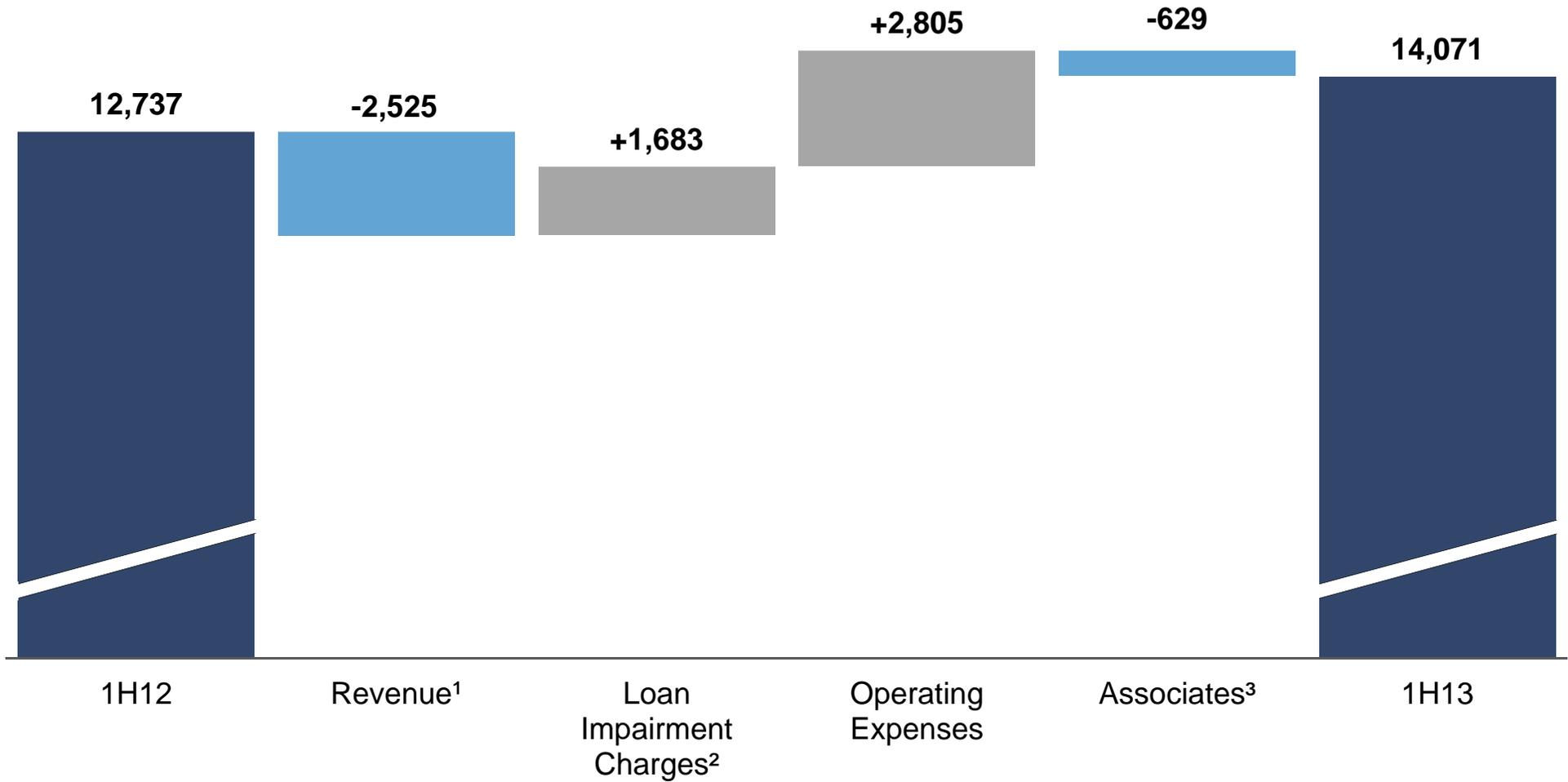
Financial Performance

Reported Profit before tax

Increased by 10%

1H13 vs 1H12

USDm



1 Revenue is net operating income before loan impairment charges and other credit risk positions

2 Loan impairment charges and other credit risk provisions

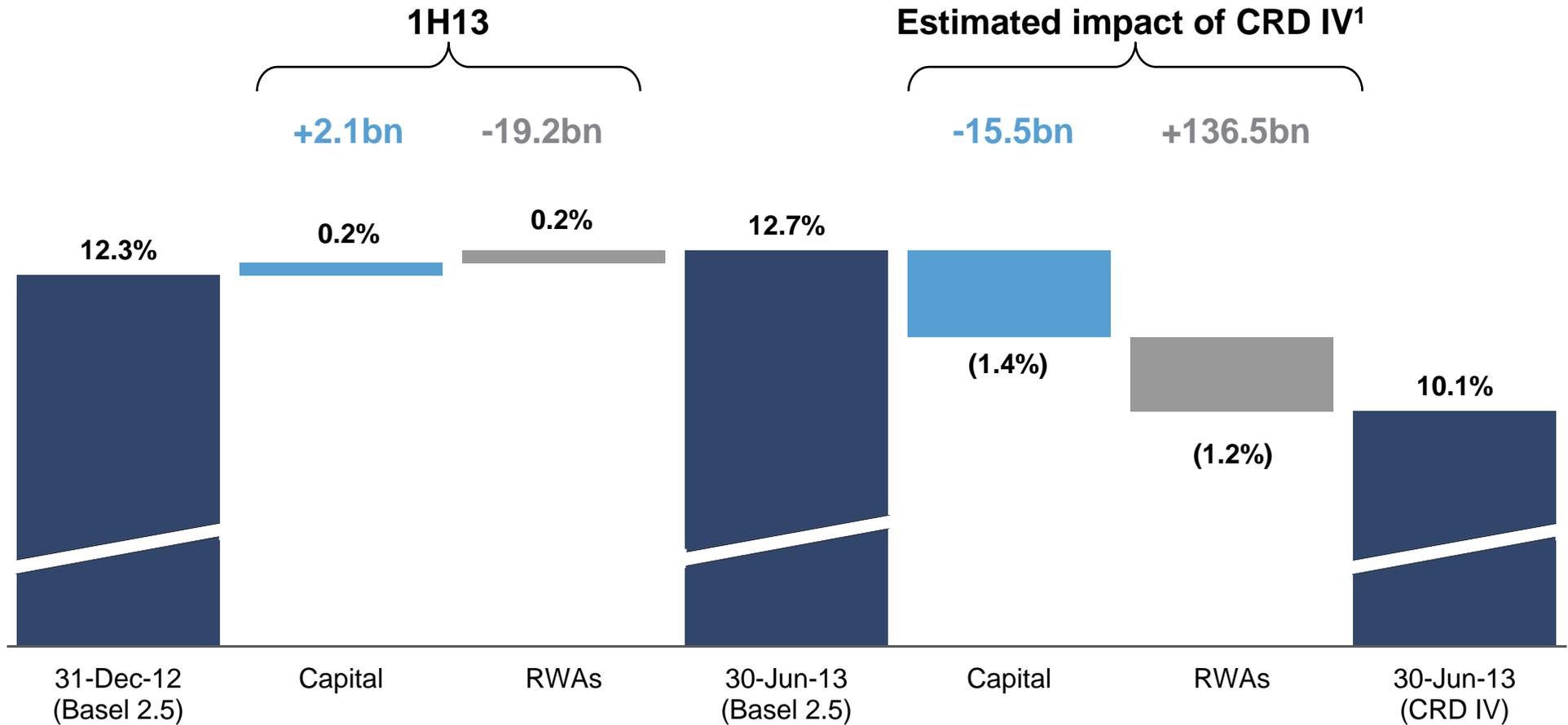
3 Share of profit in associates and joint ventures

Capital Strength

Now and under CRD IV

Core / Common Equity Tier 1 ratio

USDbn



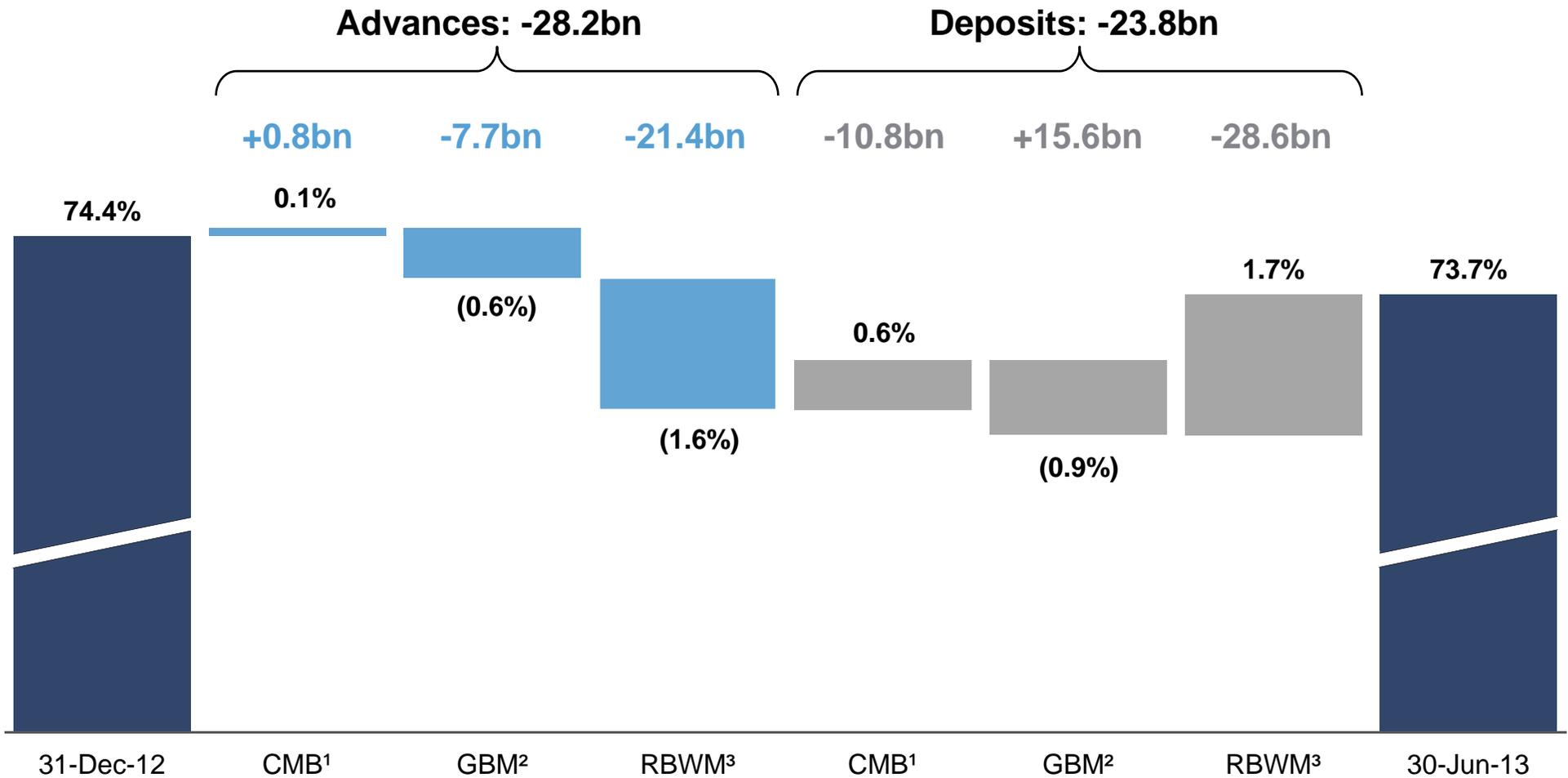
¹ Estimated CRDIV end point CET1 after planned mitigation of immaterial holdings based on our interpretation of final CRR rules

Customer deposits are the principal source of funding

With over \$300bn excess deposits compared to customer loans

Advances to deposits ratio

USDbn



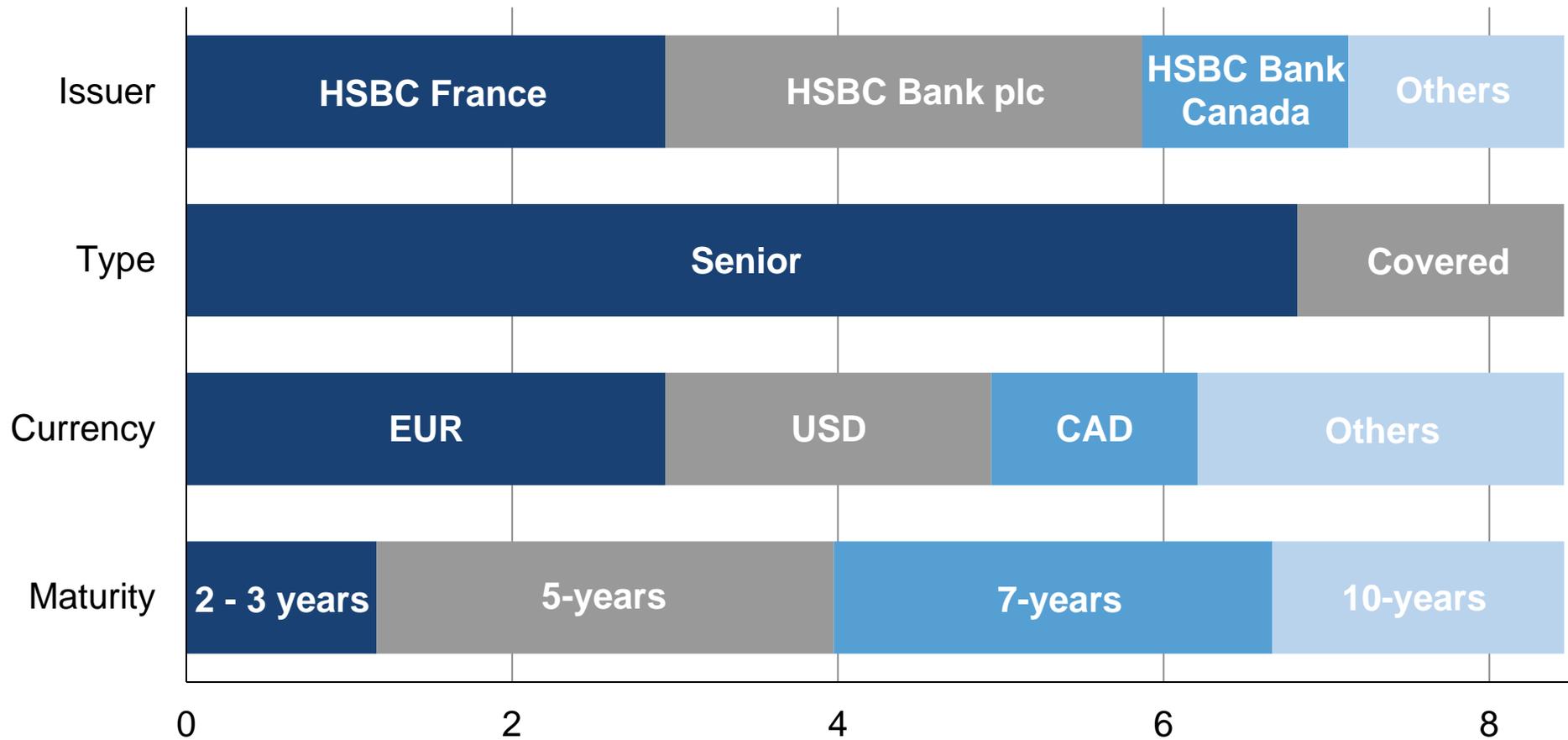
1 Commercial Banking
2 Global Banking and Markets

3 Retail Banking and Wealth Management, Global Private Banking and others

Limited use of public funding markets

HSBC entities issued USD8.5bn of new fixed income securities in 1H13

(USDbn)



Conclusions

Investment case

<p>Distinctive position</p>	<ul style="list-style-type: none"> • Privileged access to growth opportunities • Four global businesses sharing strong commercial linkages • Lean and values driven organisation fit for the new environment • Strong balance sheet generating resilient stream of earnings 		
<p>Strategy</p>	<ul style="list-style-type: none"> • To be the world's leading international bank • International trade & capital flows: Network of businesses connecting the world • Economic development & wealth creation: Wealth management and retail with local scale 		
<p>Execution focus</p>	<ul style="list-style-type: none"> • Growth: faster growing markets; wealth opportunity; intra-group connectivity • Capital deployment; six filters and turnaround actions, standards • Cost efficiency; sustainable cost saves & simplification 		
<p>Financial targets</p>	<p>Common equity Tier 1 ratio</p>	<p>2011-13: >10%</p>	<p>2014-16: >10%</p>
	<p>Return on Equity</p>	<p>2011-13: 12-15%</p>	<p>2014-16: 12-15%</p>
	<p>Cost Efficiency ratio</p>	<p>2011-13: 48-52%</p>	<p>2014-16: mid 50s%</p>