

Global Banking and Markets Investor update

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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 is available in our Interim Report. 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.

Introduction

HSBC's Global Banking and Markets' business model and strategy are well established:

- We are emerging markets led, financing focused and internationally connected
- By executing our strategy we are delivering strong financial results
- We are positioned for future growth, thanks to our:
 - Distinctive geographical network, which connects developed and faster-growing regions
 - Long-standing and diversified client franchise, geared towards growth opportunities
 - Strength in products that will benefit from powerful economic trends
 - Collaboration with HSBC's other global businesses, allowing us to appropriately service the needs of our international client base

GBM core to HSBC strategy





GBM core to HSBC strategy HSBC 1H 2013 results financial highlights¹

HSBC Group summary financial highlights

	2011	2012	1H 2013
Reported PBT (USDbn)	21.9	20.6	14.1
Underlying PBT (USDbn)	13.9	16.4	13.1
EPS (USD)	0.92	0.74	0.54
Dividends (USD) ²	0.41	0.45	0.20

Key ratios %

	2011	2012	1H 2013
Return on average ordinary shareholders' equity	10.9	8.4	12.0
Cost efficiency ratio	57.5	62.8	53.5
Advances-to-deposits ratio	75.0	74.4	73.7
Core tier 1 ratio	10.1	12.3	12.7
Common equity tier 1 ratio ³	na	10.3	10.1

Notes

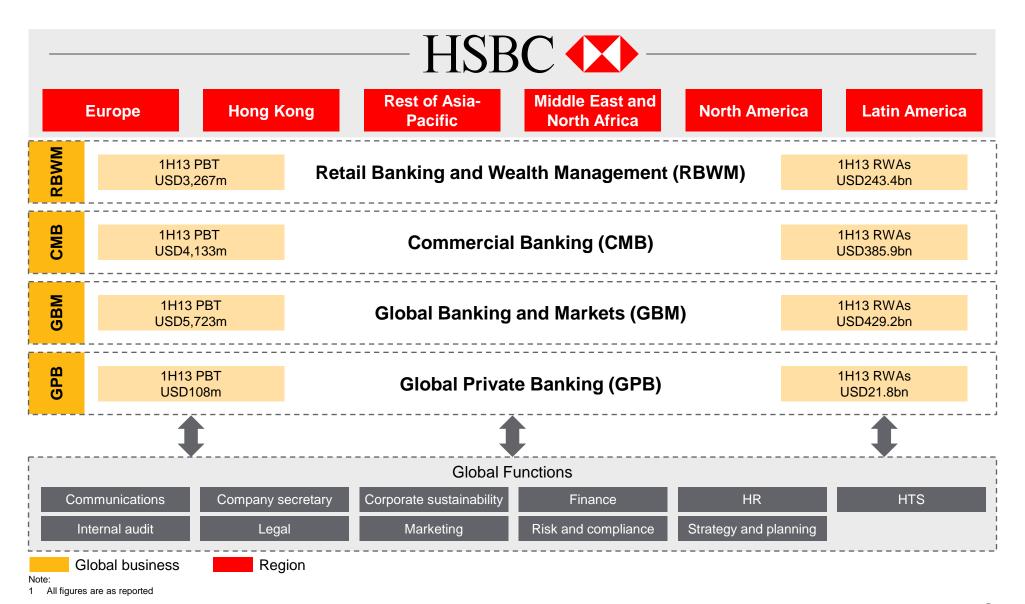
¹ All figures are as reported unless otherwise stated

² Declared in respect of the period

³ Estimated Basel III end point CET1 ratio based on our interpretation of the July 2011 draft CRD IV regulation, supplemented by FSA guidance for 31 December 2012 and Final CRR rules for 30 June 2013. Refer to Estimated effect of CRD IV end-point rules table on page 188 and basis of preparation on page 197 in the Interim Report 2013

GBM core to HSBC strategy¹

Franchise of four global businesses offering an integrated service



GBM core to HSBC strategy Group strategy delivered through GBM

Group strategy

International trade and capital flows

- International network in markets that matter
- Build on international trade and commercial banking heritage



Economic development and wealth creation



- Most relevant markets for wealth creation
- Retail banking only where we can achieve profitable scale

GBM strategy

Emerging markets led

- International network connecting emerging and mature markets, covering key growth areas
- 4 main hubs and 6 strategic hubs
- Operating in approximately 60 countries and territories

Financing focused

- Simple financing led product set, including:
- Credit and Lending
- Debt Capital Markets/Equity Capital Markets
- Project and Export Finance
- Asset and Structured Finance

Connectivity emphasis

- Franchise client focus including:
 - Global Banking: more than 4,000 mastergroup clients¹
 - CMB
 - RBWM
 - GPB

Note

¹ HSBC internal management information as at 31 December 2012

GBM core to HSBC strategy

Diverse range of products aligned with client need



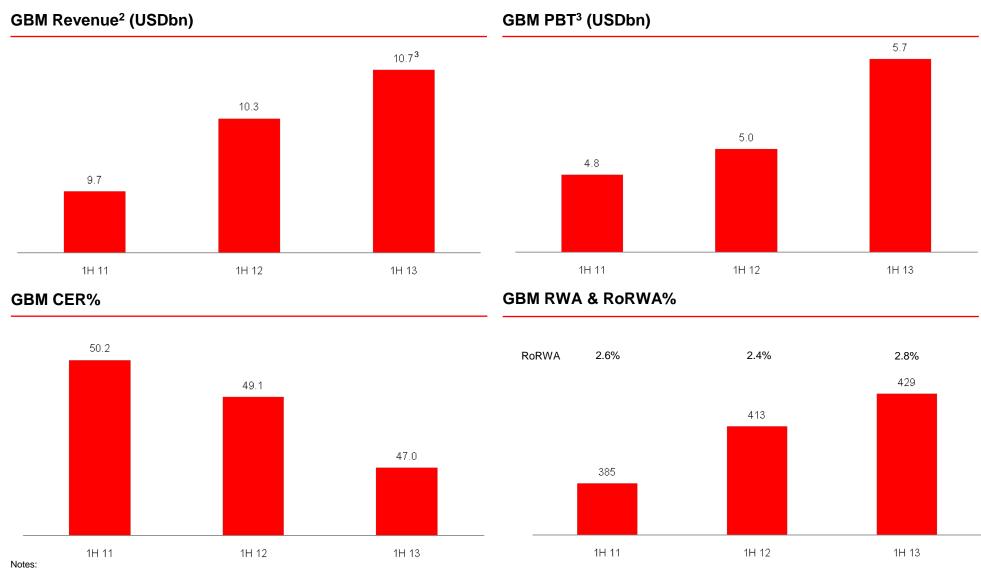
Note:

¹ HSBC internal management information as at 31 July 2013





GBM 1H13 results were USD5.7bn PBT with RoRWA of 2.8%1



¹ All data on a reported basis

² Revenues are before loan impairment charges and other credit risk provisions

^{3 1}H13 includes DVA revenue of USD0.5bn vs. nil in 1H12

Delivering the strategy 1H13 Results¹

Achieving growth

- · Well positioned in products and services that benefit from global trends e.g. offshore RMB
- Strong DCM demand in our Credit business, building on the momentum achieved in 2012
- Foreign Exchange revenue increased reflecting higher client volumes
- Global Banking revenue increased as lending spreads rose and funding costs declined, with average lending balances remaining stable
- Gross revenues from collaboration with CMB grew by 9% compared with 1H12

Simplifying and restructuring the business

- Continue to actively identify cost savings and simplify our business model resulting in a further USD50m of sustainable savings in 1H13:
 - Implementing consistent business models
 - Re-engineering operational processes
- Cost efficiency ratio improved to 47.0% (incl. DVA of USD0.5bn) in 1H13 from 49.1% in 1H12

Financial results

- PBT of USD5.7bn (incl. DVA of USD0.5bn), growth of 13% vs. 1H12
- GBM delivered a strong revenue performance in 1H13 with growth in most of our business lines
- RWAs³ increased to USD429bn from USD413bn 1H12 largely due to mandated regulatory changes
- RoRWA² of 2.8% vs. 2.4% in 1H12

Note

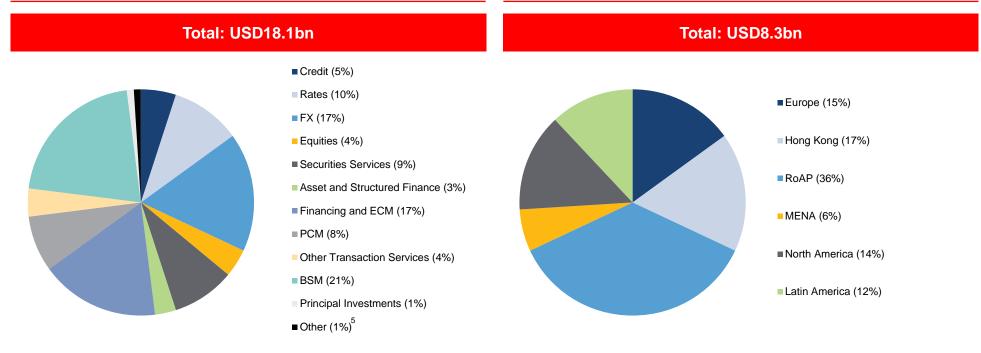
- Reported basis unless otherwise stated
- 2 Return on risk weighted assets
- 3 Risk Weighted Assets

Stable and predictable performance, diversified by business line and geography

Management view of operating income^{1, 4, 6}

% average 2010-2012

Profit before tax² % average 2010-2012



FY 12 Cost Efficiency Ratio: 54% FY 11 Cost Efficiency Ratio: 57%

FY 10 Cost Efficiency Ratio: 49%

FY 12 RoRWA³: 2.1%

FY 11 RoRWA³: 1.8%

FY 10 RoRWA³: 2.5%

FY 12 RWAs³: USD403bn

FY 11 RWAs³: **USD423bn**

FY 10 RWAs3: USD353bn

Notes

- 1 On a reported basis and before loan impairment charges and other credit risk provisions
- 2 On a reported basis
- 3 FSA, Basel 2 basis. RoRWA is calculated using reported pre-tax profits and reported average RWAs
- 4 A charge of USD(903)m is included in 2012 relating to the change in credit valuation estimation methodology: Credit USD(52)m, Rates USD(837)m, Foreign Exchange USD(7)m and Equities USD(7)m
- 5 Other in 2012 includes a debit valuation adjustment (DVA)
- 6 2010 to 2012 full year comparatives are as per disclosures in the 2012 AR&A and are not restated for the allocation of funding costs from Other into the respective business lines

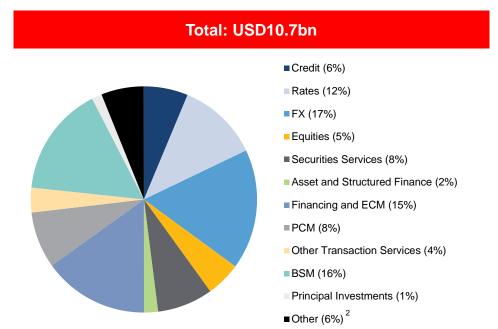
Performance diversified by business line and geography

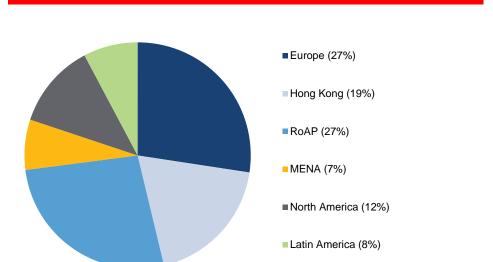
Management view of operating income¹

% 1H 2013

Profit before tax1

% 1H 2013





Total: USD5.7bn

1H 13 Cost Efficiency Ratio: 47%
1H 12 Cost Efficiency Ratio: 49%
1H 11 Cost Efficiency Ratio: 50%

1H 13 RoRWA³: 2.8% 1H 12 RoRWA³: 2.4% 1H 11 RoRWA³: 2.6% 1H 13 RWAs3: USD429bn

1H 12 RWAs3: USD413bn

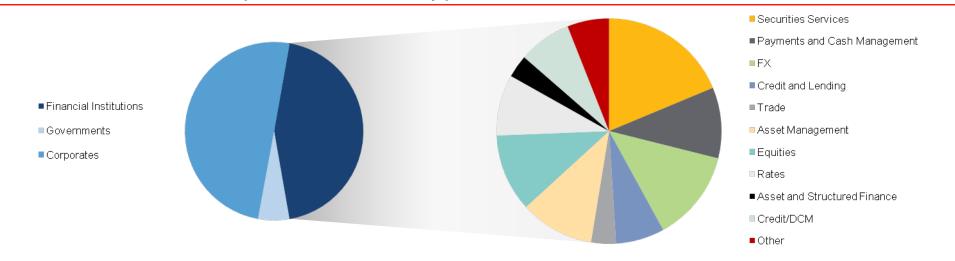
1H 11 RWAs3: USD385bn

Notes:

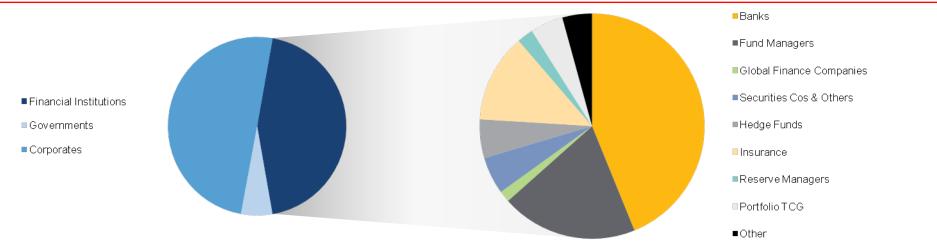
- 1 On a reported basis, total operating income is before loan impairment charges and other credit risk provisions
- 2 'Other' includes a debit valuation adjustment (DVA) of \$451m in 1H 13 and zero in 1H 12 and 1H 11
- 3 PRA, Basel 2 basis. Return on RWAs is calculated using reported pre-tax profits and reported average RWAs
- 4 The above reflects the management structure of GB&M prior to the organisational restructure, effective from the second half of 2013

Financial institutions' revenues are well diversified

Financial institutions relationship revenue – diversified by product¹



Financial institutions relationship revenue – diversified by client¹

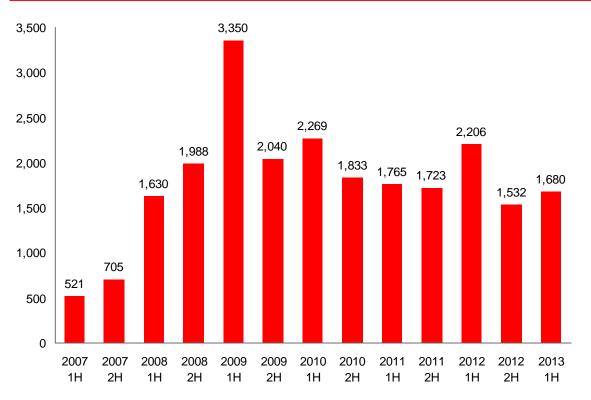


Note:

1 HSBC internal management information of customer revenues for FY2012

Delivering the strategy BSM revenues

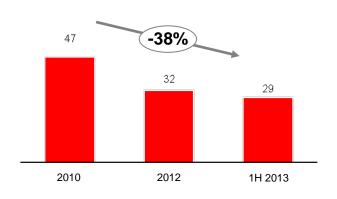
Balance Sheet Management Revenues (USDm)¹



- Within each operating entity, BSM is responsible for managing liquidity, funding and structural interest rate risk.
- BSM reinvests excess liquidity into highly rated liquid assets:
 - central bank deposits
 - government, supranational and agency securities
 - short-term interbank and central bank loans
- Credit risk is limited to short-term bank exposure (interbank lending, central banks, high quality sovereigns, supranationals or agencies).
- BSM does not manage the structural credit risk of any of the Group entity balance sheets.

GBM legacy portfolio managed to protect shareholder value

ABS portfolio carrying value¹ (USDbn)



- § Portfolio reduced by USD18bn since 2010
- § Hold versus dispose decisions based on a clear economic framework (considering cost of capital and funding)
- Strong capital base allowed us to hold positions while market liquidity improved
- § AFS ABS reserve reduced by USD17bn since 2008
- § Price improvements may provide further opportunities to reduce portfolio

AFS ABS Reserve² (USDbn)

2008 2009 2010 2011 2012 1H 2013

AFS portfolio composition³ (USDbn)

To	tal		24.6
	-	Other ABSs and ABS CDOs	1.4
	-	Student loan-related ABSs and ABS CDOs	4.0
	-	Leveraged finance related ABSs and ABS CDOs	5.0
	Ot	her Asset-backed	
	Co	ommercial Property MBSs and MBS CDOs	6.1
	-	Other MBSs	1.9
	-	US Alt-A MBSs	3.6
	_	Sub-prime MBSs and MBS CDOs	2.6
	Re	esidential Property	

Notes:

- 1 Carrying value relates solely to ABS positions held by the GBM Legacy credit business
- 2 Reserve related to the AFS ABS portfolio that comprises the substantial portion of the Legacy credit portfolio
- 3 Consolidated HSBC AFS portfolio of ABS and ABS CDOs excluding US government agency and US government sponsored enterprise MBS. A substantial majority of positions shown are part of the Legacy credit portfolio

Market leaders by both product and region

-	Global Markets			Tra	Transaction Banking			Capital Financing			
	FX¹	Rates²	Credit ³	Equities ⁴	PCM⁵	Securities Services ⁶	Trade and Receivable Finance ⁷	Project and Export Finance ⁸	DCM ⁹	ECM ¹⁰	M&A ¹¹
Hong Kong	#1	ща	44	# 2		#1			#1	#3	#1
RoAP ex Japan	#3	#1	#1	#2		#1			#1	#9	#2
MENA	#5	#1	n/a	#1		#1			#1	#8	#11
Latam	#3	#2	n/a	n/a	#1	n/a	#1	#1	#2	#10	#12
UK	#4	#4	#11	#8		#1			#1	#13	#8
Cont. Europe	#5	#4	#11	#0		#5			#1	#16	#19
North America	#9	#11	#15	n/a		#11			#8	n/a	n/a
Top 5 Top 10 Outside Top 10							No	ot available/r	not meaning		

Sources:

- FX Euromoney 2013
- Rates Greenwich 2012, MENA Bloomberg 1Q 2013
- 3. Credit Greenwich 2012
- 4. Equities Asiamoney Brokers Poll 2012, Extel 2013 Overall Pan-European Broker Ranking (9th in 2012)
- 5. PCM Euromoney Cash Management Survey 2012

- HSS Global Custodian Global Custody, Mutual Fund and Hedge Fund Administration Survey, Hedge fund next administrator survey, Clearstream, CMU HK
- 7. Global Trade and Receivable Finance Oliver Wyman Global Transaction Banking Survey 2012
- . Project and Export Finance Dealogic 2012 based on International Bank on advisories closed
- DCM Bloomberg H1 2013 as at 30 June 2013; Cont Europe Euromarket Bonds; NA US Bonds (Foreign Issuer); UK – Sterling Bonds
- 10. ECM -Dealogic 1H 2013
- 11. M&A Dealogic (Announced) 1H 2013

GBM has a distinctive business model





A distinctive business model

Connecting clients to global growth opportunities

GBM competitive advantages

International network

- Active in approximately 60 markets
- Able to serve multi-national clients

Deep and diversified client base

- Serve 89 of the Fortune 100 Global companies
- Even mix of 50% Corporates, 50% Fls and Governments¹

Product expertise

 Complete suite of products across markets, transaction banking and advisory

Balance sheet strength and regulatory readiness

- Well placed with regards to Basel III
- Well equipped for regulatory change

Universal bank

 Can support deals all the way from advisory to on-the-ground execution

Collaboration

 Collaboration across the Group allows more customers to access our products

Notes:

- 1 HSBC internal management information of customer revenues for FY2012
- 2 Euromoney 2012 survey
- 3 Bloomberg
- 4 Corporates and Financial institutions, Euromoney 2012
- 5 World's largest global trade finance bank with 10% global market share according to Oliver Wyman Global Transaction Banking survey 2012

Example areas of focus Global FX and Rates Top 5² Global EM DCM #1³ Global PCM #14 #15 Global GTRF Offshore RMB services #16 **Global Project Finance** #17 Cross-border M&A (EM to EM) #38

6 AsiaMoney survey 2012

7 #1 Financial Advisor in terms of the number of deals among international banks ("Financial Advisor of Global Project Finance Deals – Full Year 2012" by Dealogic) 8 Dealogic FY 2012

A distinctive business model

Enabling a multiplicity of touchpoints on every transaction

Client	What has HSBC done? Examples of recent transactions	Why HSBC?		
gsk GlaxoSmithKline	Advised on increasing stake in Indian subsidiary to 72.5%, USD900m deal, second largest stake enhancement deal in India	 § 100 year relationship, across 25+ countries § India equities and cross-border expertise § Execution capacity, including FX and escrow services 		
AES the power of being global	Financial Advisor, MLA ¹ and Korean ECA ² coordinator on USD1bn loan package to construct Chilean power plant, co-owned with Mitsubishi and constructed by South Korea's POSCO ³	 § Rapidly deepening relationship with client, who is active in 27 countries § Ability to connect parties across US, Japan, Korea and Chile § Capabilities in Project and Export Finance 		
SIEMENS	RMB banking partner through which Siemens will channel offshore related payments and collections	 § Long established relationship across 28 countries § RMB capabilities § Experience in Mainland China 		
	Joint Global Coordinator and Joint Bookrunner of EUR6.2bn hybrid bond in multi-currency tranches	§ Relationship since 1968 across 20+ entities§ Ability to deliver a large and complex transaction		

- 1 Mandated Lead Arranger
- 2 Export Credit Agency (ECA)
- 3 POSCO multinational steel-making and heavy industry conglomerate

A distinctive business model Well equipped for regulatory changes

Impact Concerns **Strengths** Precise composition of ringfenced bank Leverage in ring-fenced bank Structural Geographic reach Minimum loss absorbing capital Ability to service customers Reform requirements from subsidiary balance sheets Liquidity impact **ICB/Volcker** Prohibited activities Cost and compliance implications Clearing mandated for liquid Scale of existing custody and **OTC** contracts Central counterparty exposure execution businesses **Execution and** Risk mitigation for un-cleared Extra-territoriality Strong balance sheet clearing trades Market requirement for Derivative business is Trading of liquid OTC contracts liquid assets customer focused on exchange-like venues HSBC at forefront of liquidity management Higher capital charges for Capital and Subsidiary structure facilitates market and credit risk Increased CVA charges liquidity orderly resolution 'G-SIFI' surcharge based Uneven playing field changes Extremely well-placed with on resolvability regard to Basel III compliance^{1,2}

Robust regulatory change programme in operation

Notos:

2 See slide 14 of the HSBC Holdings Plc Annual Results 2012 Presentation to Investors and Analysts

¹ Estimated Basel III end point CET1 ratio based on our interpretation of the July 2011 draft CRD IV regulation, supplemented by FSA guidance





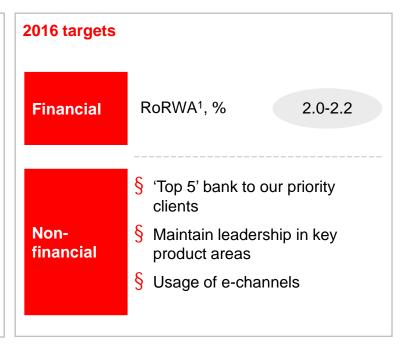
Positioned for growth GBM growth priorities

Connecting clients to global growth opportunities

Growth priorities to 2016

Well-positioned in products that will benefit from global trends

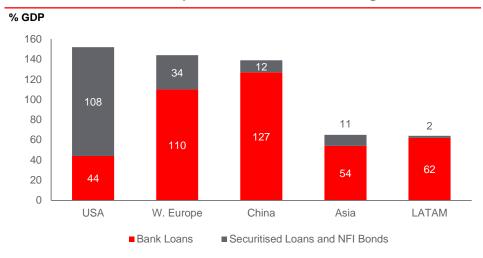
- §Debt Capital Markets Corporates in Europe and Asia shifting financing mix towards debt capital markets, including High Yield
- **§Project and Export Finance** Continued high levels of global expenditure on infrastructure
- §Trade Finance, Payments and Cash Management and Foreign Exchange
- §RMB internationalisation
- §Event emerging markets led





Leading position to capture capital market growth in Europe and Asia

Global variation in composition of debt financing¹



Market trends

- Bank balance sheet constraints will force corporates to replace bank financing with capital markets debt financing
- If Western Europe and China shifted their debt financing mix to resemble the US, the amount of securitised loans and NFI bonds in circulation would increase 3x and 8x in those markets
- Rest of Asia-Pacific and Latin America have room to both increase the number of financial assets relative to GDP and increase the mix of capital markets debt financing

DCM at HSBC

- Leadership in Western Europe and Global Emerging Markets DCM
- Diverse and multi-currency Global EM DCM platform
- EM market share gains²: 6.1% FY 2012, up from 5.8% in FY2011
- Ranked #1 in Emerging Markets, Asia Pacific ex-Japan, Asian Local Currency, Offshore RMB, and Islamic bonds



Notes: 1 McKinsey

2	Bloomberg	as	at	30	June	2013

Bloomberg key league tables ²	2011	2012	1H 2013
All International Bonds	4	5	4
Euromarket Corporates	3	3	1
Sterling	3	4	1
Emerging Markets	1	1	1
Asia-Pacific ex Japan	2	1	1
Asian Local Currency	1	1	1
Offshore RMB	1	1	1
Islamic Bonds	4	1	1
Latin America Bonds	1	2	2

Market leader in fast-growing project and export finance market

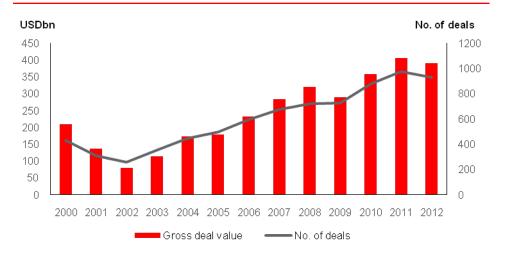
Global Infrastructure Market

- Global annual spending on infrastructure continues at high levels (est. USD2.4 trillion¹)
- Project financing (est. USD0.4 trillion²) increasing as government and corporate balance sheets become constrained, supplemented by ECA guarantee programs, which grew 3 times from 2009 to 2012
- · Banks lead in arranging and structuring roles
- Pension, insurance and other institutional funds interested in increasing participation in infrastructure investments

Project and Export Finance at HSBC

- A leading international bank in PF advisory and arranging & Export Credit Agency (ECA) arranging
- In the period between June 2012 and June 2013, HSBC closed 52 Project Finance mandates with project volumes of more than USD 45 billion across 19 countries
- PF maintains strong business with c. 70 advisory and c. 30 arranging current mandates, plus c. 40 EF arranging mandates
- Significant ancillary revenue (project bonds, interest rate swaps, etc) closed 8
 project bonds 2013 YTD raising more than USD 3bn in finance including the largest
 project bond globally to date
- c. 20% of PEF deals closed globally in 2013 YTD involved CMB clients

Global project finance volumes²



Dealogic League Table	2011	2012	1H13
Middle East and African Project Finance Loans – MLA	1	1	1
Export Credit Agency (ECA) Financing – MLA	2	2	3 ³
European ECA Financing - MLA	na	1	1



- ▶ Best Project Finance House Award Asia 2013 (also in 2012)
- Best Project Finance House Award Latin Americas 2013 (also in 2012)
- Best Project Finance House Award Africa 2013



- Best Global Export Finance Arranger 2013
- Best Export Finance Arranger in Asia-Pacific 2013
- Best Export Finance Arranger in EMEA 2013
- Best Export Finance Arranger in Latin America 2013

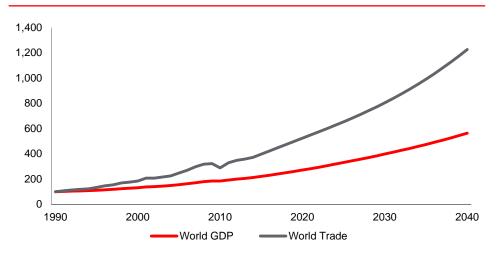
Notes: 1 OECD estimate

2 Dealogic

3 excluding aircraft & shipping

World's largest global trade finance bank¹, increasing market share

Trade grows faster than GDP²



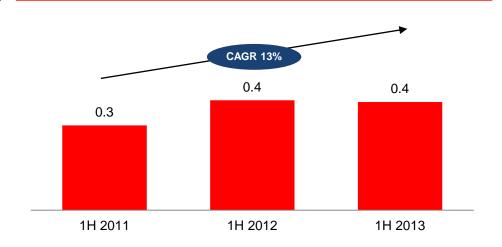
Globalisation drives trade

- Between 1990 and 2010, the average annual growth rate in world trade was 1.9 times that of GDP²
- Trade is predicted to continue to grow c. 30% faster than GDP until 2040²
- The patterns of trade will also change. Over the period 2021-2030, 9 of the 10 fastest growing trade routes will be within Asia, growing on average 15% per year²

Trade Finance at HSBC

- HSBC was founded nearly 150 years ago to finance trade between China, India and Europe
- It is the world's largest global trade finance bank with 10% global market share¹
- Our network provides access to 77% of world trade flows³
- Trade finance provides access to the wider corporate relationship and often generates ancillary FX revenue
- Voted "Best Global Trade Finance Bank" by Global Trade Review

Trade revenue contribution to GBM³ (USDbn)



Notes

- 1 Oliver Wyman Global Transaction Banking survey 2012
- 2 HSBC Global Connections, February 2013 and Oxford Economics

4 GBM revenues on a reported basis

³ Global Insight 2011

Number one cash management bank¹, growing faster than the market

Foundation of the global economy

- Payments and Cash Management underpins the world's financial system
- It moves money around the globe for investment and trade
- A product set that anchors relationships, increases franchise value and creates an annuity income stream
- Strong franchise value and annuity revenue stream with ancillary FX revenues

Global payment volumes (m) growing rapidly²



Payments and Cash Management at HSBC

- #1 Global cash management bank1
- Continued strong growth in GBM's contribution to PCM revenues USD1.7bn in 2012
- Revenue growing at 24% CAGR 2010-12
- First foreign bank to gain approval to establish an automated, cross-border pooling structure in mainland China

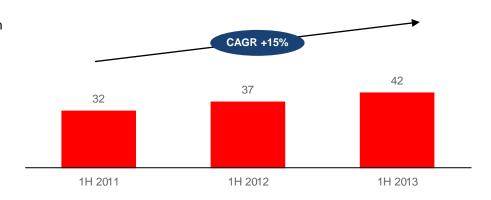


for Corporates and Financial Institutions (2012)

Best Cash Management Bank globally

- 1 Euromonev Cash Management Survey 2012
- 2 Number of SWIFT payment messages sent and received between different banks. Payments defined as transactions between HSBC and other banks. Transactions defined as number of SWIFT messages processed (MT103, MT103+, MT202) SWIFT database.
- 3 Number of SWIFT payment messages sent and received between HSBC and a 3rd party bank

HSBC's payment volume (m) is growing 2x faster than market³



The leading international bank for RMB products and services

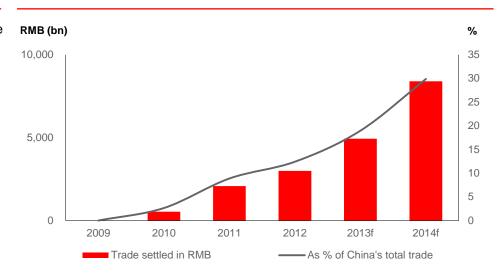
RMB usage is growing

- China initiated the internationalisation of RMB in July 2009 by permitting some cross-border transactions
- RMB Qualified Foreign Institutional Investors (QFII) quota limit expanded more than 10x since inception
- Over 2010-2012 its use in trade settlement grew 137% annually¹
- By 2015, China will settle 30% of its trade, or USD2 trillion, in RMB¹
- Its adoption will affect a diverse array of products including FX, Trade, PCM and DCM

HSBC is at the forefront

- First foreign bank to underwrite RMB government bonds
- Ranked #1 in Dim Sum bond market with 21% market share²
- · Dominant market share (c.50%) among RMB (QFII) custody banks
- Gained market share in cross-border RMB SWIFT payments by value and volume³
- · First ever to issue a RMB bond outside of Chinese territory
- First ever to execute a RMB repo trade
- Tier 1 market maker in RMB FX. Support six new currency crosses

Global RMB trade settlement¹





AsiaRisk wrote, "With its roots in Hong Kong and China, HSBC has been at the forefront of developing the renminbi market both onshore and offshore."



AsiaMoney declared, "HSBC is considered the clear leader for offshore renminbi products."

Notes:

- 1 PBoC and HSBC Economics
- 2 For 1H 2013. Source: Bloomberg as at 30 June 2013
- 3 Since 1Q2012. SWIFT

Continuing to target opportunities in Equities and Event business

Equities - business highlights

- Cash Equities has been refocused on Emerging Markets where we are gaining wallet share in most markets
- Global Research specialise in Emerging Markets 70% of our analysts are dedicated to Emerging Markets and/or Asia
- Prime Finance is a successful business driven by the recent build up of its Emerging Market capability and now led by the development of the Prime franchise
- Equity Derivatives is a Top 3 global retail structured product franchise¹



Asiamoney Best Bank Awards 2012, 2013

Best Domestic Equity House in Hong Kong

EXTEL

Extel Survey 2012

Sales

- #1 Multi Asset Sales
- #1 MENA (for Sales & Research)
- #3 Sector Sales (every sector in top 10)
- #3 Small and Mid Cap Sales overall
- #5 Emerging Europe (for Sales & Research)
- #6 Global Sales
- #6 Leading Pan-European Brokerage Firm Equity & Equity Linked Sales

Research

Top 10 ranking in 7 out of 10 sectors for Economics & Strategy

Top 10 ranking in 14 out of 28 sectors for EMEA

Top 10 ranking for Emerging EMEA in 10 out of 15 sectors

Source: Thomson Reuters, June 2012

Event products - business highlights

- Our Equity Capital Markets business continues its momentum in emerging markets (Asia, Latam) and the EMEA franchise is benefiting from a combination of increased new issue volumes and key wins in strategic markets
- Leveraged and Acquisition Finance continues to capitalise on our balance sheet strength to win business from competitors
- M&A continues its momentum in working with our key developed markets clients on their strategic transactions in or involving the emerging markets

Rankings	2012	1H 2013
Equity Capital Markets ²	9	10
M&A (Emerging Markets) ³	12	4
Project Finance ⁴	1	1
Export Finance ⁵	1	2



Sole Financial Adviser and Manager to the offer by Unilever and Sole Financing Bank in the acquisition of an additional 22.52% stake in Hindustan Unilever Limited May 2013

COMMERZBANK

EUR2.5 billion Rights Issue and EUR625m SoFFin placement

Issuer Nat.: Germany List: Frankfurt

Joint Bookrunner



Notes

- 1 Europe (by issuance volume of equity-linked MTNs, source: MTN-i); US (by issuance volume of equity-linked SEC registered structured notes, source: Bloomberg); HK (by outstanding Warrant Vega, source: Bloomberg)
- 2 Dealogic. Global view excluding North American, Australian and Japanese issuers and Chinese A-share transactions
- 3 Dealogic
- 4 Dealogic (International Bank in number of Advisories closed)
- 5 Dealogic (Global Mandated Lead Arrangers of ECA Financing in number of deals closed)

Increasing collaborative revenues by connecting HSBC's global businesses

Initiatives

Potential upside in the medium term

Commercial Banking

- Aspiration: increase incremental CMB collaboration revenues in the medium term
 - Delivered nearly USD0.7bn in incremental gross revenue since 2010¹
 - Of which USD0.1bn was in 2012¹
- Global initiative for FX
- Referrals for Event products
- Joint Client-led Planning

Retail Banking and Wealth Management

Foreign Exchange offering to RBWM customers

A significant proportion of the potential USD2bn group collaboration revenues upside will be driven by CMB and GBM collaboration²

Global Private Banking

- Institutional Private Client Group within GBM and the Global Priority Client structure within GPB to jointly cover Ultra High Net Worth Individuals
- GBM referrals to GPB

Notes:

As reported

² As presented at May 2012 Investor Day

Summary





Summary Committed to delivering on our financial targets

- GBM business model and strategy are well established
- GBM is delivering strong results
 - Continue to make good progress in 1H 2013
 - Good pipeline of sustainable cost saving opportunities
- Well positioned for growth with a disciplined approach to cost and capital
- Extremely well-placed with regard to Basel III compliance

Summary Why you should own HSBC

The world is changing . . .

Long-term trends

- Increasing imbalances in international trade and capital flows
- Rebalancing of the world economy towards faster growing markets

Regulation

- Recovery and Resolution
- Dodd Frank, ICB, ...

HSBC's distinctive position

- 1. Privileged access to growth opportunities (cohesive portfolio)
 - International network supporting our Commercial Banking and Global Banking and Markets businesses
 - Exposure and meaningful presence in the most attractive growth markets for Wealth and Retail Banking

- Four global businesses sharing strong commercial linkages
- **3. Lean and values driven** organisation fit for the new environment
- 4. Strong balance sheet supported by diversified deposit base and generating resilient stream of earnings

GBM's competitive advantage

1. International network concentrating 85-90% of international trade and capital flows

- 2. Deep and diversified client base. 4,000 client mastergroups spanning a diversified range of corporate and financial counterparties in GBM with further access to the client base across the group
- 3. Product capabilities and balance sheet strength. Market leader in PCM, GTRF, FX, Rates and HSS

Appendix





GBM financials¹

(USDm)	1H12⁴	2H12 ⁴	1H13
Credit	370	409	670
Rates	1,805	(34)	1,236
Foreign Exchange	1,733	1,482	1,833
Equities	396	283	531
Securities Services	798	825	847
Asset and Structured Finance	212	414	212
Global Markets	5,314	3,379	5,329
Financing and Equity Capital Markets	1,356	1,375	1,609
Payments and Cash Management	842	838	862
Other transaction services ²	385	368	376
Global Banking	2,583	2,581	2,847
Balance Sheet Management	2,206	1,532	1,680
Principal Investments	147	(22)	154
DVA	-	518	451
Other ³	85	(50)	201
Total operating income before loan impairment charges and other credit risk provisions	10,335	7,938	10,662
Loan impairment Charges and other credit risk provisions	(598)	(72)	(174)
Net operating income	9,737	7,866	10,488
Total operating expenses	(5,073)	(4,834)	(5,007)
Operating profit	4,664	3,032	5,481
Share of profit in associates and joint ventures	383	441	242
Profit before tax	5,047	3,473	5,723
Cost efficiency ratio	49.1%	60.9%	47.0%
Pre-tax return on average risk-weighted assets (annualised)	2.4%	1.7%	2.8%

Notes:

¹ On a reported basis

² Global Trade and Receivables Finance, Bank Notes and Other

³ Includes net interest earned on free capital not assigned to products, gains resulting from business disposals and the offset to notional tax credits 4 2012 data has been restated for the reallocation of funding costs from 'Other' to respective business lines

⁵ The above table reflects the management structure of GB&M prior to the organisational restructure, effective from the second half of 2013