HSBC France Green Bond
Presentation to Institutional Investors

November 2015
HSBC Green Bond Update

Important notice and forward-looking statements

Important notice
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Non-GAAP Financial Information
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 3Q15 Earnings Release and the Reconciliations of Non-GAAP Financial Measures document which are both available at www.hsbc.com
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HSBC’s Green Bond Framework & Proposed New Issue
**HSBC Green Bond Framework & Proposed New Issue**

The need for climate finance is imminent

- **Climate change is in focus** - political support has never been stronger.
  - 128 intended nationally determined contributions (INDCs) covering 155 countries have been submitted to the UN in preparation for the climate talks in Paris in December.
  - Commitments covering 86% of greenhouse gases (GHGs) were included in a synthesis report, assessing climate ambition (both mitigation & adaptation) in advance of the talks.

- The IEA estimate that **USD 53trn cumulative investment** is required in energy supply and energy efficiency up to 2035 in order to keep the world on a 2°C warming path.

- The World Economic Forum *estimate that future annual spending towards climate finance* will be in the range of USD 700bn annually\(^1\)
  - In 2014 USD **37bn green bonds** were issued in the market, but this is **still a long way short** of the additional investment needed annually of USD 1trn to finance a 2°C world\(^2\)
  - HSBC Climate Centre of Excellent research states; **“In our view green bonds are an attractive solution – issuance has been strong and we expect it to continue to grow”**\(^2\)

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2. HSBC Climate Change Centre of Excellence Research. Keeping it cool, Financing a 2 degree world. September 2014
HSBC is committed to Sustainable Financing

“Governments are pushing ahead with decarbonising their economies, and businesses are responding by producing low carbon goods and services. HSBC is working with its clients to capture the benefits of the low carbon economy”

“HSBC stands ready to play its full part, and to work with all of our peers and partners to build the climate-friendly future to which we all aspire”

Stuart Gulliver, Group CEO, HSBC Holdings plc

- HSBC’s Climate Change Centre of Excellence: #1 ranking 2014 Thomson Reuters Extel survey. Consistently ranked in top 3 for 5 years
  - Part of its Global Research business, Climate Change Centre of Excellence, has issued more than 65 research notes and reports in the last 12 months informing clients on climate policy, climate impacts and how to finance the transition to a low carbon sustainable economy.

- HSBC is a partner of the Climate Bonds initiative (CBI) and has an open dialogue to share knowledge and opinion on market developments.
  - The State of the Market 2014 Report has just been released the 2015 (JUL15)

- HSBC is a member of the Green Growth Platform Financial Advisory Council
  - The council draws on leaders from the European Finance Sector to advise of mobilising capital behind the low carbon transition.

- HSBC was one of the initial banks to support the Green Bond Principles (GBP), run by ICMA
  - HSBC is the founding writer of the Social and Sustainability Bond Appendix to the GBP, together with Credit Agricole and Rabobank, (JUL15)

The HSBC Green Bond represents a further step in supporting our investors and clients to help them achieve their goals

- The first HSBC Green Bond will be a senior unsecured issuance by HSBC France, denominated in EUR

- Use of Proceeds will be applied in Eligible Sectors: 
  - Renewable Energy
  - Energy efficiency
  - Sustainable waste management
  - Sustainable land use
  - Clean Buildings
  - Clean Transportation
  - Sustainable water management
  - Climate change adaptation

(See page 7 & 8 for details)

- Use of Proceeds will be applied to projects and businesses, including pure play entities, defined as businesses that derive more than 90% of their revenue from one of the Eligible Sectors

- HSBC has defined policies in sectors which may have a high adverse impact on people or the environment that are referred to in the HSBC Green Bond Framework

- HSBC commits to engage an appropriate external assurance provider to independently assure the Green Bond Progress Report, produced annually, and opine on its conformity with the HSBC Green Bond Framework

- HSBC has obtained a second party review from CICERO on the HSBC Green Bond Framework and been certified as ‘Dark Green’

- HSBC is an active member of the Green Bond Principles Executive Committee and HSBC’s Green Bond will follow the Green Bond Principles
**HSBC Green Bond Framework & Proposed New Issue**

**Eligible Sectors (1/2)**

<table>
<thead>
<tr>
<th>HSBC eligible sectors</th>
<th>Description and select examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renewable Energy</strong></td>
<td>▪ Generation of energy and manufacture of components from renewable sources, e.g. wind, solar, tidal, biomass</td>
</tr>
<tr>
<td><strong>Energy Efficiency</strong></td>
<td>▪ Development of products or technology which reduce energy consumption, e.g. improved chillers, improved lighting technology, and reduced power usage in manufacturing operations</td>
</tr>
</tbody>
</table>
| **Efficient Buildings**       | ▪ New construction building developments or renovation of existing buildings which meet recognised environmental standards  
                                ▪ Buildings which have reduced life cycle consumption of energy levels of at least 20% less that statute/city baseline consumption levels |
| **Sustainable Waste Management** | ▪ Waste minimisation, collection, management, recycling, re-use, processing, disposal (such as methane capture) products, technologies and solutions                                     |
| **Sustainable land use**      | ▪ Forestry with FSC or PEFC certification and agriculture with RSPO, RTRS certification or equivalent, or palm oil with RSPO certification, in line with HSBC’s Forestry and Agricultural Commodities policies |

Note: Financing provided to any business or project that is not eligible under the criteria set out in the HSBC Green Bond Framework will not be considered as Use of Proceeds of an HSBC Green Bond
**HSBC Green Bond Framework & Proposed New Issue**

**Eligible Sectors (2/2)**

<table>
<thead>
<tr>
<th>HSBC eligible sectors</th>
<th>Description and select examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean Transportation</td>
<td>• Low energy or emission transportation assets, systems, infrastructure, components and services</td>
</tr>
<tr>
<td>Sustainable Water Management</td>
<td>• Water collection, treatment, recycling, re-use, technologies and related infrastructure</td>
</tr>
<tr>
<td>Climate Change Adaptation</td>
<td>• Flood defence systems and related infrastructure</td>
</tr>
</tbody>
</table>

**Excluded sectors**

Business and projects that are involved in the following operations will be ineligible as Use of Proceeds of an HSBC Green Bond issue

- Nuclear Power generation
- Weapons
- Alcohol
- Gambling / Adult entertainment

Note: Financing provided to any business or project that is not eligible under the criteria set out in the HSBC Green Bond Framework will not be considered as Use of Proceeds of an HSBC Green Bond
Both existing and future assets of HSBC will be assessed for HSBC’s Green Bond Use of Proceeds.

Assets located in France and EMEA will be prioritised for the upcoming HSBC France Green Bond issuance.

Use of Proceeds will be applied to projects and businesses, including pure play entities (defined as businesses that derive more than 90% of their revenue from one of the Eligible Sectors).

Indicatively, HSBC’s currently-identified existing assets are primarily in the Renewable Energy and Sustainable Waste Management sectors.

However, HSBCs Green Bond Framework allows for Use of Proceeds to be applied in a variety of sectors, which we anticipate will be utilised going forwards.

HSBC will report annually on the Use of Proceeds in a Green Bond Progress report.

This report will be independently assured by an appropriate external assurance provider.

Green Bonds are ranked pari passu with other senior obligations of HSBC France.

Payment of interest and principal are not linked to the performance of the related assets.
Governance, Reporting and Assurance

**Governance**
- HSBC has established a Green Bond Committee, made up of sustainability experts, senior directors and managers with responsibility for governing the HSBC Green Bond Framework
- Business teams will identify potential green lending for HSBC Green Bond Use of Proceeds
- In all cases, Group Sustainability will have a final veto on eligibility decisions

**Reporting**
- The issuing entity will provide a Green Progress Report, annually. The Green Bond Committee will review and approve each Green Progress Report, which will include:
  - Aggregate amounts of funds allocated to each of the Eligible Sectors together with a description of the types of business and projects financed
  - The remaining balance of unallocated Green Bond proceeds at the reporting period end
  - Confirmation that the Use of Proceeds of the Green Bond(s) issued conform to the HSBC Green Bond Framework

**Assurance**
- HSBC has obtained a second party opinion from CICERO on the HSBC Green Bond Framework and been certified as ‘Dark Green’
- For each Green Bond issuance under the HSBC Green Bond Framework, HSBC will engage an appropriate external assurance provider to independently assure the Green Bond Progress Report, on an annual basis, and opine on its conformity with the HSBC Green Bond Framework
- Assurance will be made available on www.hsbc.com
There will be a dedicated area on HSBCs Investor Relations webpage to house the documents associated with HSBCs Green Bond Issuance.
"Overall, HSBC’s Green Bond framework and environmental policies provide a progressive framework for climate friendly investments. The Green Bond framework lists eligible businesses and projects that are mainly supportive of the objective of promoting a transition to low-carbon and climate resilient growth and is supported by a strong governance structure.”

“The governance structure of the HSBC Green Bond Framework creates a solid base to ensure that only green business and projects are financed by the proceeds of the green bonds.”

“There are no substantial weaknesses in HSBC’s Green Bond Framework.”

The second opinion is available on www.hsbc.com
HSBC’s ESG Profile
**HSBC ESG Overview**

**Highlights**

- **Number 1**
  - for Climate Change Research, according to Thomson Reuters Extel

- **More than**
  - 300,000 hours spent by employees who volunteered during the working day

- **9%**
  - of our energy to be sourced from renewables, under plans agreed in 2014

- **8%**
  - reduction in overall energy consumption since 2013

- **USD114 million**
  - donated to community investment programmes around the world

- **Around 250,000**
  - employees reached by training & awareness campaigns on Global Standards since 2011

- **180,000**
  - employees participated in Global Standards engagement workshops since 2011

- **80%**
  - of Group General Managers are new appointments since 2011

- **92%**
  - of all paper used came from certified sustainable sources, by the end of 2014

Source: http://www.hsbc.com/citizenship/sustainability
**HSBC – Environment**

**Building our business for the long term**

- Sustainability underpins HSBC’s strategic priorities and enables us to fulfil our purpose. Our ability to identify and address environmental, social and ethical developments which present risks or opportunities for the business contributes to our financial success.

- Sustainable decision-making shapes our reputation, drives employee engagement and affects the risk profile of the business – and can help reduce costs and secure new business.

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**Sustainable Finance**

- Policies covering agricultural commodities, chemicals, defence, energy, freshwater infrastructure, forestry, mining and metals, World Heritage Sites and Ramsar Wetlands and we apply the Equator Principles when financing projects.

- In 2015 HSBC refreshed its Climate Business Council to further enhance, track and promote its business activities related to financing the low carbon economy. Solar, wind, and water and waste continued to be the major sectors. A leader in the fast-developing green bond market.

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**Sustainable Communities**

- In 2014, donated USD113.9 million to charities and non-profit organisations running community projects around the world.

- Employees gave 303,922 hours of time to volunteer during working hours.

- Details of flagship HSBC Education Programme and HSBC Water Programme can be found at www.hsbc.com/sustainability.

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**Sustainable Operations**

- Public goal to cut annual per employee carbon emissions from 3.5 tonnes to 2.5 tonnes by 2020.

- 8% reduction in overall energy consumption and 15% reduction in CO₂ emissions per employee in 2014.

- Signed power purchase agreements to source 9% of energy from brand new renewables projects and target 25% by 2020.

Source: http://www.hsbc.com/citizenship/sustainability
**HSBC – Environment**

**Implementation of energy sector policy**

- HSBC will only support customers which meet our policy standards of good environmental and social practice.
- We will exit relationships, or not enter into new relationships, where our standards are not met.
- We will review the policy from time to time in response to changes in technology, scientific opinion or governmental policies.
- HSBC will proactively support the transition towards a low carbon economy. We recognise this will take time so we will continue to work with fossil fuel-based customers while supporting and encouraging them to move towards cleaner technologies. This engagement reinforces HSBC’s commitment to sustainable development and the attainment of a balance between economic, environmental and social demands.

**Coal-Fired Power Plants (CFPPs)**

- CFPPs are the most significant contributor to climate change in this sector. HSBC will increasingly support only new CFPPs which have lower carbon intensities. We will require more robust standards for developed countries.
- We will **not** provide financial services which directly support new CFPPs, including expansions, with individual units of 500MW or more and a carbon intensity exceeding:
  - 850g CO2/kWh in developing countries;
  - 550g CO2/kWh in developed countries. With existing technologies, this may require acceptable CCS (carbon capture and storage) plans or material benefits from combined heat and power or biomass.
- Policy restrictions require an analysis of carbon intensity when:
  - New CFPP exceeds 300MW. Particular emphasis is placed on whether the plant could be constructed with a lower carbon intensity and whether flue gas desulphurisation equipment is to be fitted.
  - Plants of 300MW or more extend their previously agreed lifetime.
  - Customers have a portfolio of CFPPs exceeding 3000MW in aggregate generating capacity.

Source: http://www.hsbc.com/citizenship/sustainability
Implementation of forestry and agricultural commodities policies in 2014

- Updated Forestry and Agricultural Commodities policies introduced in 2014

- HSBC customers responsible for 50m hectares of certified forest & 3,100 certified operations, approx. 10% of global certified forestry market

- Palm oil customers responsible for 1.7m hectares of RSPO-certified land, approx. 54 per cent of total land certified under RSPO. HSBC customers responsible for 6.3m tonnes of RSPO-certified palm oil

- 3,000 colleagues trained on sustainability risk framework and policy updates

- Recognised as leader in Forest500 ranking of 150 investors’ policies on sustainability of forest commodity supply chains

- Discounted prepayment export finance product for trade flows of certified sustainable palm oil launched Singapore & Indonesia in 2014; Malaysia in 2015. First deal completed on this structured, bespoke financing for major palm oil exporter in 2014

- For other HSBC Sector policies please see: http://www.hsbc.com/citizenship/sustainability/finance

Source: http://www.hsbc.com/citizenship/sustainability
1. HSBC internal data based on estimates at YE14
2. Feb15, see www.forest500.org
HSBC – Social

HSBC Values

- HSBC’s Values are to be dependable and do the right thing; to be open to different ideas and cultures; and to be connected with our customers, communities, regulators and each other
  - We require a high behavioural standard from all our employees, and our focus on values and courageous integrity continues to be instilled at every level in the Group
  - In 2014, 145,000 employees received values training in addition to 135,000 employees in 2013
  - A number of employees left the Group in 2014 for breaching our values

- HSBC is committed to a diverse and inclusive culture where employees can be confident that: their views are encouraged; their concerns are attended to; they work in an environment where bias, discrimination and harassment on any matter (including gender, age, ethnicity, religion, sexuality and disability) are not tolerated; and advancement is based on merit
  - Our diversity helps us support our increasingly diverse customer base and acquire, develop and retain a secure supply of skilled and committed employees

- Our Agricultural Commodities policy states that HSBC will not knowingly provide financial services to high-risk customers involved directly or indirectly in: the violation of the rights of local communities, such as the principle of free, prior and informed consent; and operations where there is significant social conflict

Source: http://www.hsbc.com/citizenship/sustainability
**HSBC – Governance**

**Strengthened approach to Compliance and Conduct; reinforced values, culture and leadership**

### Compliance (Global Standards)
- Enhanced global **AML & sanctions policies**
- **Standardised processes** rolled out across global network
- Training & awareness campaigns for **c.250,000 employees**
- Global Standards engagement workshops for c.180k employees
- New **financial intelligence and investigations units**

### Conduct
- **Revised sales incentives** frameworks in retail banking
- **Discontinued products** (c.1,200 in RBWM)
- Established **Conduct & Values Committee**

### Values and culture
**Training:**
- **Values culture and leadership training; global employee communication campaign**

**Reinforcement:**
- **Values incorporated into incentive frameworks** for front line employees

**Evaluation:**
- **Values and behaviours embedded into performance management** evaluation criteria

### Leadership
- **Expanded Group leadership team** to drive execution – from 102 in 2010 to 292 in 2014
- 80% of Group General Managers **new appointments** since 2011

### Employee survey results

#### Awareness - Ask the right questions

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 2014</th>
<th>Q3 2014</th>
<th>Q1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>68%</td>
<td>78%</td>
<td>81%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>97%</td>
</tr>
</tbody>
</table>

#### Awareness - Global Standards

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 2014</th>
<th>Q3 2014</th>
<th>Q1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>68%</td>
<td>81%</td>
<td>97%</td>
</tr>
<tr>
<td></td>
<td>Not surveyed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Belief in HSBC commitment to speak up

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 2014</th>
<th>Q3 2014</th>
<th>Q1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>65%</td>
<td>76%</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td>69%</td>
<td>83%</td>
<td>81%</td>
</tr>
</tbody>
</table>

Source: HSBC Holdings plc Group Investor Update presentation – 9 June 2015
Global Standards – key initiatives

**Until 2014**
- Commenced de-risking, added sixth filter
- Enhanced customer selection focus
- Private Bank tax transparency
- FCC¹ Function expanded
- Global Risk governance framework enhanced
- Global policies on AML and sanctions issued
- Financial intelligence and investigation units set up
- Training and awareness campaigns for 250,000 employees

**2015-2017**
- Embedded global AML and sanctions policies
- Customer Due Diligence to new Global Standard implemented in all markets
- Continue to strengthen risk controls
- Improved data quality for existing and new customers
- Continue to enhance compliance infrastructure

**2017+**
- Embedded in day-to-day risk management practices
- Sustainable and effective financial crime risk management controls
- Continuous monitoring

**Key benefits for the Group**
- Long-term **competitive advantage** (early mover)
- Increased **quality of earnings**
- Reduced risk of future fines

Source: HSBC Holdings plc Group Investor Update presentation – 9 June 2015
1. Financial Crime and Compliance
HSBC Group Overview
**HSBC Group Strategy**

Actions to capture value from our global presence in a changed world

1. **Reduce Group RWA by at least 25%** and re-deploy towards higher performing businesses; return **GB&M to Group target profitability**

2. **Sell operations in Turkey and Brazil**; continued application of six filter process

3. **Rebuild NAFTA profitability**

4. **Set up UK Ring-Fenced Bank**

5. **Realise USD4.5-5bn cost savings**, deliver flat costs by end 2017

6. **Deliver growth above GDP from international network**

7. **Capture growth opportunities in Asia**: Pearl River Delta, ASEAN, Asset Management, Insurance

8. **Extend leadership in RMB internationalisation**

9. **Complete Global Standards** implementation

10. **Complete Headquarters review** by year-end

**Group financial targets**

- **ROE**: >10%
- **Jaws**: Positive (adjusted, excluding cost to achieve)
- **Dividend**: Progressive

Source: HSBC Holdings plc Group Investor Update presentation – 9 June 2015

1. Plan to maintain a presence in Brazil to serve large corporate clients with respect to their international needs
2. Excludes currency translation and significant items; excluding cost to achieve
3. Progression of dividends should be consistent with the growth of the overall profitability of the Group and is predicated on the ability to meet all capital requirements in a timely manner
3Q15 Highlights

Key messages

Third quarter revenue down; progress on costs

- Reported PBT up due to net favourable movement in significant items
- Adjusted revenue down in Principal RBWM and GB&M
- Adjusted costs up in regulatory programmes and compliance
- Lower adjusted costs vs. 2Q15, down 4%; traction on cost programmes
- Higher LICs in North America and MENA; lower LICs in Asia with no significant impact from China slowdown
- RWA initiatives resulting in USD32bn reduction in 3Q15

<table>
<thead>
<tr>
<th>Quarterly performance (vs. 3Q14)</th>
<th>Adjusted USDm</th>
<th>Reported USDm</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3Q15</td>
<td>vs. 3Q14 %</td>
</tr>
<tr>
<td>Revenue</td>
<td>14,044</td>
<td>(4)%</td>
</tr>
<tr>
<td>LICs</td>
<td>(638)</td>
<td>(15)%</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(8,583)</td>
<td>(2)%</td>
</tr>
<tr>
<td>Associates</td>
<td>689</td>
<td>3%</td>
</tr>
<tr>
<td>PBT</td>
<td>5,512</td>
<td>(14)%</td>
</tr>
</tbody>
</table>

Year-to-date performance

- Reported PBT up driven by a net favourable movement in significant items
- Adjusted revenue up driven by client-facing GB&M, CMB and Principal RBWM
- Adjusted costs up reflecting investment in growth, and regulatory programmes and compliance costs
- RWA initiatives resulting in USD82bn reduction
- Strong capital base with a common equity tier 1 ratio of 11.8% (end point basis)

<table>
<thead>
<tr>
<th>Year-to-date performance</th>
<th>9M15</th>
<th>vs. 9M14 %</th>
<th>9M15</th>
<th>vs. 9M14 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>44,816</td>
<td>2%</td>
<td>48,028</td>
<td>2%</td>
</tr>
<tr>
<td>LICs</td>
<td>(2,077)</td>
<td>3%</td>
<td>(2,077)</td>
<td>20%</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(26,225)</td>
<td>(6)%</td>
<td>(28,226)</td>
<td>4%</td>
</tr>
<tr>
<td>Associates</td>
<td>2,000</td>
<td>3%</td>
<td>2,000</td>
<td>2%</td>
</tr>
<tr>
<td>PBT</td>
<td>18,514</td>
<td>(3)%</td>
<td>19,725</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: HSBC Holdings plc 3Q 2015 Earnings Release Presentation to Investors and Analysts

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.
### HSBC Group Performance

**9M15 Profit before tax**

Revenue growth more than offset by investment in growth initiatives and regulatory programmes and compliance.

<table>
<thead>
<tr>
<th>Adjusted and reported PBT</th>
<th>USDm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>16,949</td>
</tr>
<tr>
<td>LICs</td>
<td>19,725</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,211</td>
</tr>
<tr>
<td>Share of profits in associates and JVs</td>
<td>675</td>
</tr>
<tr>
<td>PBT</td>
<td>(605)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjusted PBT growth by account line</th>
<th>USDm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>675</td>
</tr>
<tr>
<td>LICs</td>
<td>58</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,395)</td>
</tr>
<tr>
<td>Share of profits in associates and JVs</td>
<td>57</td>
</tr>
<tr>
<td>PBT</td>
<td>(605)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjusted PBT growth by global business</th>
<th>USDm</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBWM</td>
<td>(569)</td>
</tr>
<tr>
<td>CMB</td>
<td>18</td>
</tr>
<tr>
<td>GB&amp;M</td>
<td>625</td>
</tr>
<tr>
<td>GPB</td>
<td>(148)</td>
</tr>
<tr>
<td>Other</td>
<td>(531)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjusted PBT growth by region</th>
<th>USDm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>(902)</td>
</tr>
<tr>
<td>Asia</td>
<td>392</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>(201)</td>
</tr>
<tr>
<td>North America</td>
<td>(33)</td>
</tr>
<tr>
<td>Latin America</td>
<td>(139)</td>
</tr>
</tbody>
</table>

Source: HSBC Holdings plc 3Q 2015 Earnings Release Presentation to Investors and Analysts
## HSBC Group Performance

Progress on our actions to capture value

<table>
<thead>
<tr>
<th>Actions</th>
<th>Key achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reduce Group RWAs by c. USD290bn</td>
<td>▪ USD32bn reduction during the third quarter, notably in GB&amp;M</td>
</tr>
<tr>
<td>2. Optimise global network</td>
<td>▪ Disposal of our operations in Brazil on track</td>
</tr>
<tr>
<td>3. Rebuild NAFTA profitability</td>
<td>▪ Increased PBT in 9M15 in both the US Principal (85%) and Mexico (95%) compared with 9M14</td>
</tr>
<tr>
<td>4. Set up UK ring-fenced bank</td>
<td>▪ Implementation in progress</td>
</tr>
<tr>
<td>5. Deliver USD4.5-5.0bn cost savings</td>
<td>▪ Lower adjusted costs vs. 2Q15, down USD0.4bn; traction on cost programmes</td>
</tr>
<tr>
<td>6. Deliver growth above GDP from international network</td>
<td>▪ Transaction banking revenue up 5% to USD11.5bn compared with 9M14</td>
</tr>
<tr>
<td>▪ Growth driven by our FX and PCM businesses</td>
<td></td>
</tr>
<tr>
<td>7. Investments in Asia – prioritise and accelerate investments</td>
<td>▪ 6% revenue growth in ASEAN compared with 9M14</td>
</tr>
<tr>
<td>▪ 5% growth in insurance manufacturing new business premium revenue (annualised)</td>
<td></td>
</tr>
<tr>
<td>8. RMB internationalisation</td>
<td>▪ 8% revenue growth compared with 9M14</td>
</tr>
<tr>
<td>▪ Maintained #1 ranking in offshore RMB bond underwriter league table</td>
<td></td>
</tr>
<tr>
<td>9. Global standards</td>
<td>▪ Implementation in progress</td>
</tr>
<tr>
<td>10. Headquarters review</td>
<td>▪ Review in progress</td>
</tr>
</tbody>
</table>

### Highlights

1. RWAs reduced by USD32bn in the quarter; USD82bn YTD

![Graph showing reduction in RWAs](image)

- 3Q15 reduction
- 1H15 reduction
- 30% of 2017 target achieved

5. Achievements to date

- Reduced the number of software applications by c. 100
- USD130m annualised procurement savings realised
- Automation of manual payments 1/3 complete
- Delivery of digital data capabilities, e.g. Apple Pay, Click to Chat, and Branch tablets in the UK, and HSBC.net mobile in more than 30 countries

Source: HSBC Holdings plc 3Q 2015 Earnings Release Presentation to Investors and Analysts
HSBC France Overview
HSBC France Strategy

Simplified structure chart

1. At 31 December 2014. All entities wholly owned unless shown otherwise (part ownership rounded down to nearest per cent). Excludes other Associates, Insurance companies and Special Purpose Entities.
2. Middle East and North Africa

Source: HSBC Holdings plc Pillar 3 Disclosure at 31 December 2014
**HSBC France Strategy**

**France within the HSBC Group**

**A Long-Standing Actor on the French Market...**

- **1894** The Banque Suisse et Française (BSF) is founded, which will become the Crédit Commercial de France (CCF)
- **1987** CCF is privatised
- **2000** CCF joins the HSBC Group
- **2008** HSBC France disposes of its regional banking subsidiaries
- **2009** HSBC France absorbs its remaining retail banking subsidiaries
- **2011** HSBC Private Bank France merges with HSBC France
- **2013** HSBC France acquires HSBC Assurances Vie (France)

**HSBC France is given high credit ratings by all major rating agencies**

- AA- (stable) by S&P
- A2 (stable) by Moody’s
- AA- (stable) by Fitch

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**... Organised around Four Global Businesses...**

- **Retail Banking and Wealth Management**: Personal Financial Services, Asset Management and Insurance activities
- **Commercial Banking**: banking products and services for businesses
- **Global Banking and Markets**: banking and market support for large corporates, institutional investors and governments
- **Global Private Banking**

**... and Differentiated through Specific Positioning**

- Wholly-owned by a UK-regulated entity: HSBC Bank plc
- One of the Priority Markets for the HSBC Group
- Acting as the HSBC Group’s Global Markets centre of excellence in euro rate products and equity derivatives
- Positioned as the largest foreign bank on the French market
- A strategy focused on Wealth retail customers, international SMEs and MMEs and Large Corporates

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1. As of 30 June 2015
HSBC France Performance

Financial results

Consolidated Statement of Income – Reported revenues
EURm, as of H1 2015

- Revenues: 1,366 EURm
- Loan Impairment Charges: (52) EURm
- Operating Expenses: (834) EURm
- Profit Before Taxes: 480 EURm

- Increase in Reported Results…
- …as well as in adjusted results excluding volatile items (NQH, credit spread, DVA)

RBWM Customers Loans and Advances
EURbn

- Rise in loans balances, especially in RBWM home loans

Source: HSBC France Reference Document H1 2015
1. On a reported basis / legal perimeter