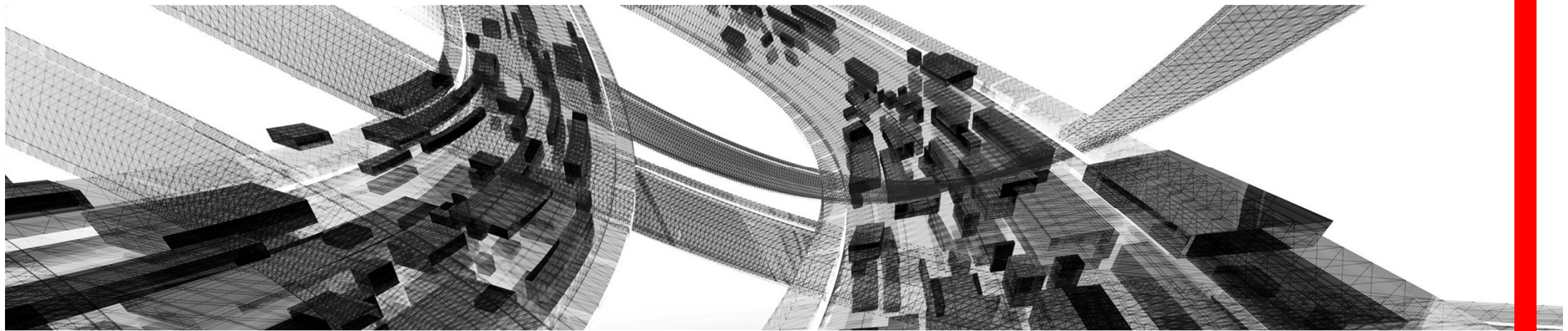


Autonomous Conference

Marc Moses, HSBC Group Chief Risk Officer
11th June 2012





Forward-looking statements

This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations 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 Annual Report and Accounts 2011. 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 'Reconciliation of reported and underlying profit before tax' supplement available at www.hsbc.com.

HSBC Vision – Shaped by a strong risk management culture

Purpose	We enable businesses to thrive and economies to prosper, helping people fulfil their hopes and dreams and realise their ambitions	<i>Reason why we exist – aligns with our risk management capabilities</i>
Values	Act with courageous integrity <ul style="list-style-type: none">• Dependable and do the right thing• Open to different ideas and cultures• Connected to customers, regulators and each other	<i>How we behave and conduct business – we have zero tolerance for self-inflicted reputational risk</i>
Strategy	<ul style="list-style-type: none">• International network connecting faster growing and developed markets• Develop Wealth and invest in Retail only in markets where we can achieve profitable scale	<i>Where and how we compete – shapes and is informed by our risk appetite</i>
Outcome	Being the world's leading international Bank	Delivering consistent returns: <ul style="list-style-type: none">• 50% of earnings retained• 35% to shareholders as dividends• 15% variable pay - linking risk and remuneration



Group Strategy – Aligned with Risk Appetite

Key execution elements	May 2011 Report Card Metrics	Progress to date	Related Risk Appetite Metric
Capital Deployment Five Filters	<ul style="list-style-type: none"> Disposals and closures of nonstrategic / underperforming businesses Turnaround of strategically relevant businesses 	<ul style="list-style-type: none"> 28 transactions to dispose of or close businesses <ul style="list-style-type: none"> c.USD55bn expected reduction in RWAs c.15k FTE to be transferred c.USD5.9bn total consideration 	<ul style="list-style-type: none"> Returns in excess of COE RoRWA Core Tier 1 Asset to Deposit Ratio
Cost efficiency Four Programmes	<ul style="list-style-type: none"> USD2.5-3.5bn in sustainable cost saves by 2013 Simplify and delayer Organisation 	<ul style="list-style-type: none"> USD2.0bn in total annualised sustainable savings FTE down 14k from 1Q11 (including 1.5k from transactions and US run off portfolios) Global functions re-engineering across the Group 	<ul style="list-style-type: none"> C/E ratio Jaws
Growth	<ul style="list-style-type: none"> Revenue growth in faster growing markets USD4bn in incremental wealth revenues in the medium term USD1bn in additional CMB and GB&M revenues in the short to medium term 	<ul style="list-style-type: none"> 1Q12 yoy revenue growth of 7% in Latin America, 16% in Hong Kong, and 18% in Rest of Asia Pacific c.USD300m in incremental Wealth revenues in 2011 c.USD500m in incremental revenues from CMB and GB&M integration in 2011 	<ul style="list-style-type: none"> Returns in excess of COE RoRWA RWA Targets Position under Stress (Mild and Severe) Leverage Ratio Non core RWAs

Active risk management is at the core of executing our priorities

Key execution elements

Key Actions

Simplify

- Aggressively run-off legacy assets
- Fragmentation – Continue to dispose non-strategic businesses through Five Filters
- Four Programmes – Make HSBC easier to manage and control

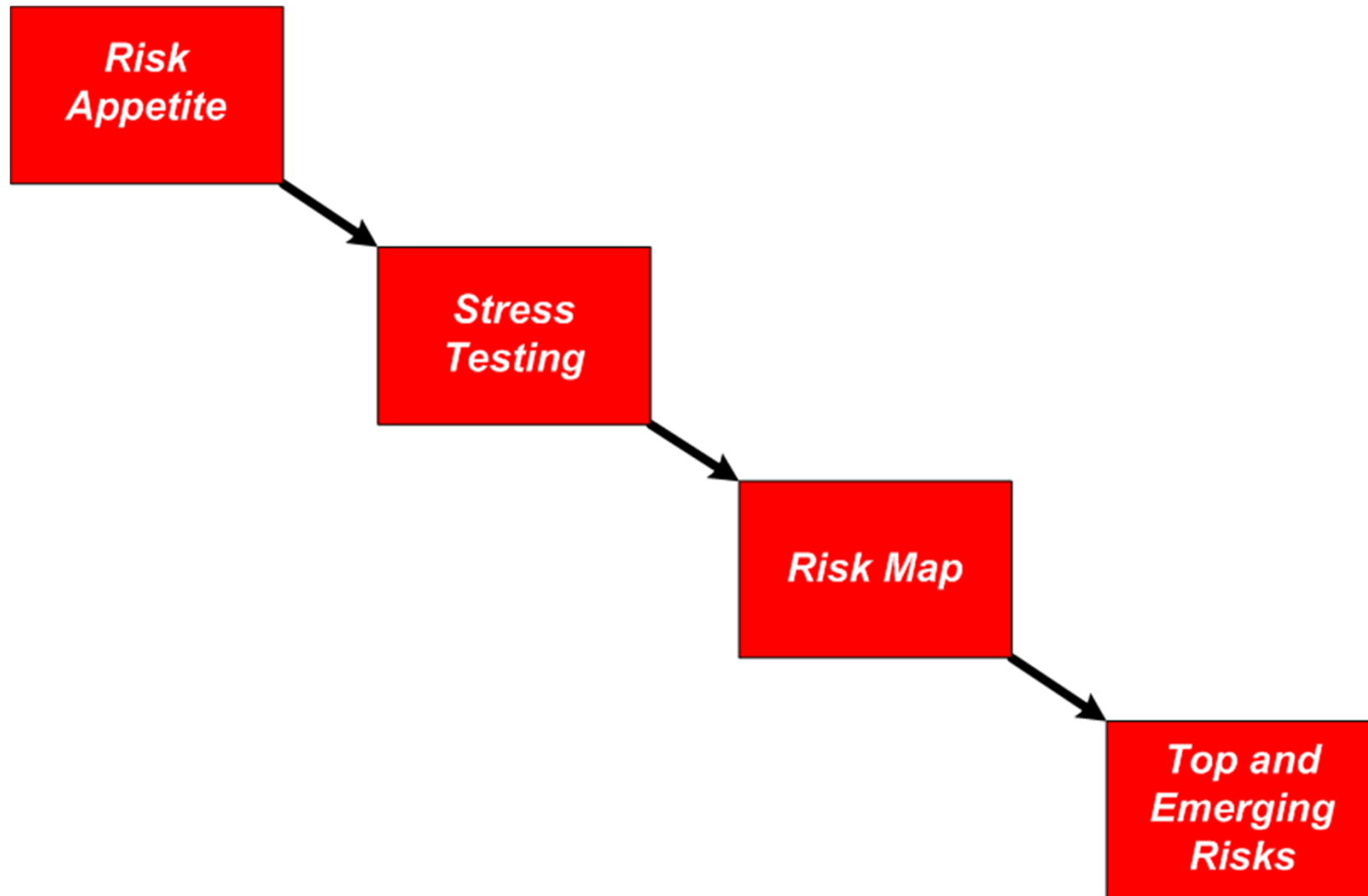
Restructure

- Reposition elements of GPB business model
- Reposition the US for growth
- Review of GB&M challenges arising from Regulatory Environment

Growth

- Integration – Capture an additional USD1bn in revenues through Global Businesses coordination
- Active capital deployment in growth portfolio

The Global Risk function is empowered to "enable and protect" as we carry out our business activities



Actively identifying and managing our Top and Emerging Risks is a top priority, in particular in the current environment

All of our activities involve, to varying degrees, the measurement, evaluation, acceptance and management of risk or combinations of risks which we assess on a Group-wide basis

Categories	Top and Emerging Risks
Macro-economic & geopolitical risk	<ul style="list-style-type: none"> ▪ Eurozone – risk of sovereign default ▪ Eurozone member departing from the currency union ▪ Increased geopolitical risk in certain regions
Macro-prudential, regulatory & legal risks to our business model	<ul style="list-style-type: none"> ▪ Regulatory developments affecting our business model & Group profitability ▪ Regulatory investigations & requirements relating to conduct of business & financial crime negatively affecting our results & brand ▪ Dispute risk
Risks related to our business operations, governance & internal control systems	<ul style="list-style-type: none"> ▪ Challenges to achieving our strategy in a downturn ▪ Internet crime & fraud ▪ Social media risk ▪ Level of change creating operational complexity & heightened operational risk ▪ Information security risk