Global Banking and Markets

Investor update

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Date: June 2013

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 2012 Annual Report and Accounts and 1Q 2013 Interim Management Statement. 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 1Q 2013 results financial highlights[1]

HSBC Group summary financial highlights

	2011	2012	1Q 2013
Reported PBT (USDbn)	21.9	20.6	8.4
Underlying PBT (USDbn)	13.9	16.4	7.6
EPS (USD)	0.92	0.74	0.34
Dividends (USD)[2]	0.41	0.45	0.10

Key ratios %

	2011	2012	1Q 2013
Return on average ordinary shareholders' equity	10.9	8.4	14.9
Cost efficiency ratio	57.5	62.8	50.8
Advances-to-deposits ratio	75.0	74.4	73.3
Core tier 1 ratio	10.1	12.3	12.7
Common equity tier 1 ratio[3]	na	9.0	9.7
Common equity tier 1 ratio, post management actions[3,4]	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
4 See slide 14 of the HSBC Holdings Plc Annual Results 2012 Presentation to Investors and Analysts

GBM core to HSBC strategy[1]

Franchise of four global businesses offering an integrated service

HSBC

Europe | Hong Kong | Rest of Asia-Pacific | Middle East and North Africa | North America | Latin America

Global business	1Q13 PBT		1Q13 RWAs
RBWM	USD1,567m	Retail Banking and Wealth Management (RBWM)	USD264.2bn
CMB	USD2,187m	Commercial Banking (CMB)	USD373.8bn
GBM	USD3,588m	Global Banking and Markets (GBM)	USD412.3bn
GPB	USD(125)m	Global Private Banking (GPB)	USD22.0bn

Global Functions

Communications	Company secretary	Corporate sustainability	Finance	HR	HTS
Internal audit	Legal	Marketing	Risk and compliance	Strategy and planning	

Global business | Region

Note:
1 All figures are reported

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 more than 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 clients[1]
  - 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

GBM

Global Banking and Markets Coverage Groups
Clients – more than 4,000 mastergroups[1]

- FX
- Credit
- Rates
- Equities
- Debt Capital Markets (DCM)
- Asset and Structured Finance
- Research

- Credit and Lending
- Equity Capital Markets (ECM)
- Project and Export Finance (PEF)
- Leveraged and Acquisition Finance
- Advisory

- Payments and Cash Management (PCM)
- Securities Services
- Global Trade and Receivables Finance (GTRF)

- Balance Sheet Management (BSM)

Commercial Banking (CMB)	Retail Banking and Wealth Management (RBWM)	Global Private Banking (GPB)

Clients **Products/business**

Note:
1 HSBC internal management information as at 31 December 2012

GBM core to HSBC strategy
Regional and product outlooks

Regional outlook[1]	**Europe**	• We expect Eurozone contraction
	Asia	• We expect mainland Chinese economy to accelerate after a slower than expected start to the year
	North America	• We expect US to continue to outperform its peers, however the pace of growth will be slow compared to past standards
	Latin America	• We expect an uneven growth pattern in Mexico, inflation risks appear to be on the rise in Brazil, and there are downside risk to our GDP growth forecast in Argentina
	Middle East	• We see both UAE and Saudi Arabia as outperformers in 2013, however unless Egypt secures the IMF loan their economic situation could get materially worse
Product outlook	**Positive**	• Regulatory change has a potential upside for HSS, with growth driven by pension funds, insurers, sovereign wealth • International trade growth resulting in increased volumes for FX and GTRF • Higher corporate cash balances increases demand for PCM services • Move from bank lending to bond markets underpins growth in DCM and PEF
	Challenged	• Regulation impacting industry ROEs, especially for certain products within Rates and Credit • Macroeconomic uncertainty affecting volumes in ECM, M&A and Equities • Subdued client demand resulting in margin compression in C&L

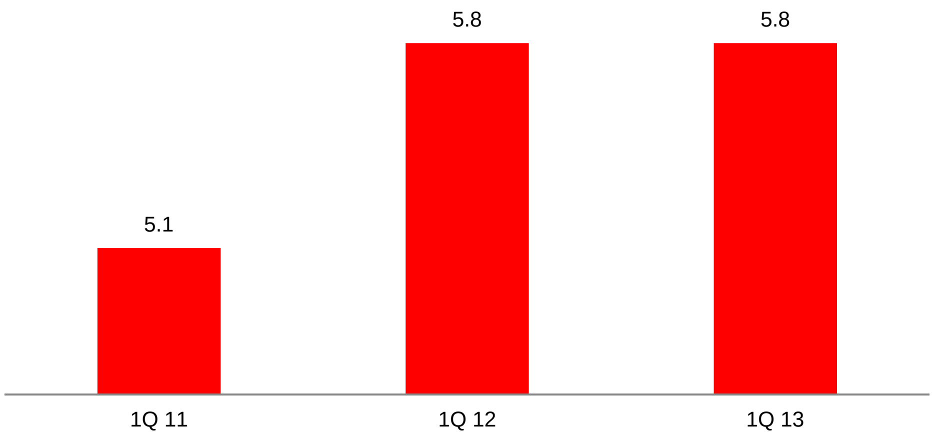
Notes:
1 Summary of views expressed in HSBC Holdings plc Interim Management Statement – 1Q 2013 and in HSBC Global Research, “The central banking revolution”, Q2 2013

Delivering the strategy

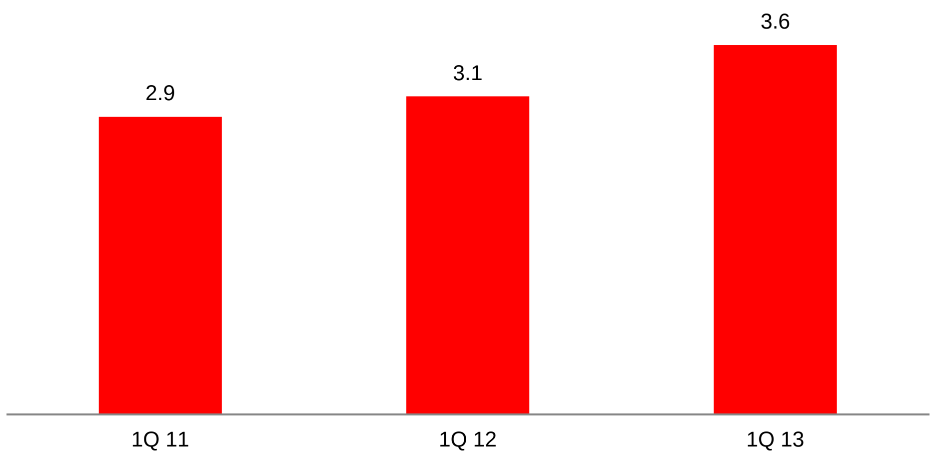
Delivering the strategy

GBM 1Q13 results were USD3.6bn PBT with RoRWA of 3.6%[1]

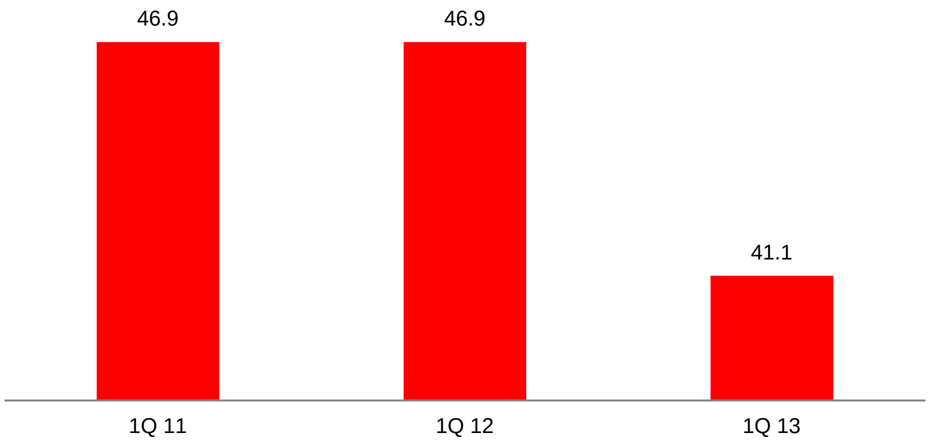
GBM Revenues[2] (USDbn)



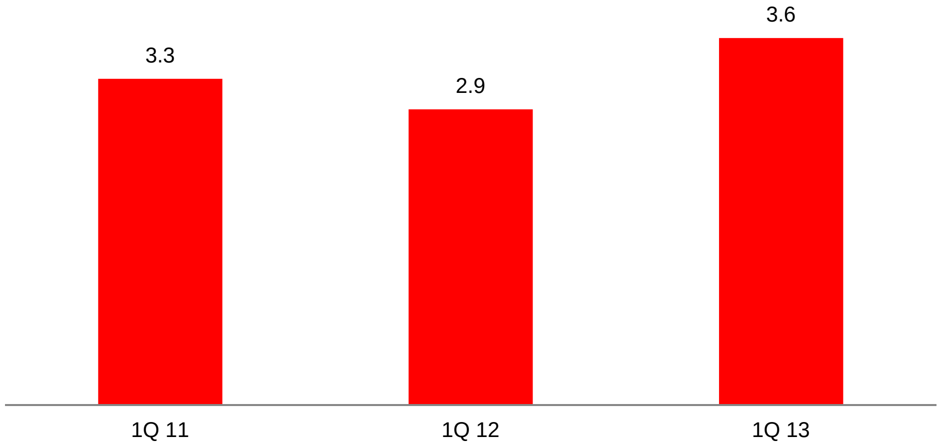
GBM PBT (USDbn)



GBM CER%



GBM RoRWA%



Notes:
1 All data on a reported basis
2 Revenues are before loan impairment charges and other credit risk provisions

Delivering the strategy
Solid start to 2013 – 1Q13 Results[1]

Achieving growth	• PBT growth of 17% (incl. DVA of USD0.5bn) vs. 1Q12 • RoRWA[2] of 3.6% vs. 2.9% in 1Q12 • Global Banking revenues increased on higher lending spreads and underwriting fees & an increase in advisory fees • Momentum achieved within debt capital markets in 2012 continued into 1Q13 with strong primary issuance revenues in our Credit business
Simplifying and restructuring the business	• Delivered sustainable cost savings in 2012, with further savings captured in 1Q13: – Implementing consistent business models – Re-engineering global functions – Re-engineering operational processes – Streamlining IT • Continued resource optimisation through re-engineering • Cost efficiency ratio improved to 41.1% (incl. DVA of USD0.5bn) in 1Q13 from 46.9% in 1Q12
Financial results	• Reported profit before tax of USD3.6bn (incl. DVA of USD0.5bn) vs. USD3.1bn in 1Q12 • GBM delivered a strong revenue performance in the quarter which included the DVA of USD 0.5bn, however remaining revenue was lower than 1Q12 for two reasons: – 1Q12 benefited from significant tightening of spreads following the ECB's LTRO; and – there were fewer re-investment opportunities in BSM given prevailing rates, along with lower gains on sale of debt securities • RWAs[3] reduced by USD9bn to USD412bn vs. 1Q12

Note:
1 Reported basis unless otherwise stated
2 Return on risk weighted assets
3 Risk Weighted Assets

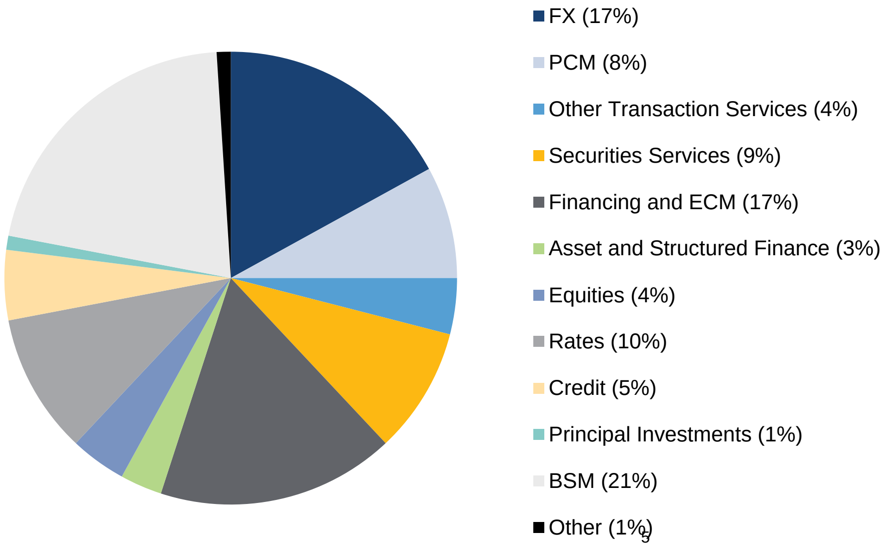
Delivering the strategy

Stable and predictable performance, diversified by business line and geography

Management view of operating income[1, 4, 6]

% average 2010-2012

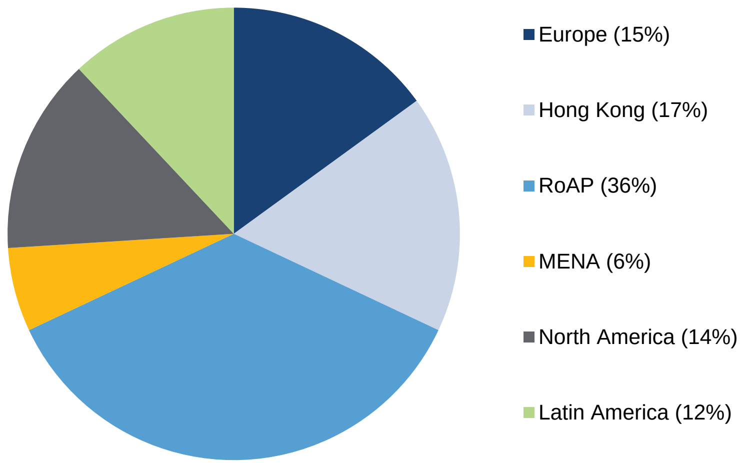
Total: USD18.1bn



Profit before tax[2]

% average 2010-2012

Total: USD8.3bn



FY 2012 Cost Efficiency Ratio: 54%

FY 2011 Cost Efficiency Ratio: 57%

FY 2010 Cost Efficiency Ratio: 49%

FY 2012 Return on RWAs[3]: 2.1%

FY 2011 Return on RWAs[3]: 1.8%

FY 2010 Return on RWAs[3]: 2.5%

FY 2012 RWAs[3]: USD403bn

FY 2011 RWAs[3]: USD423bn

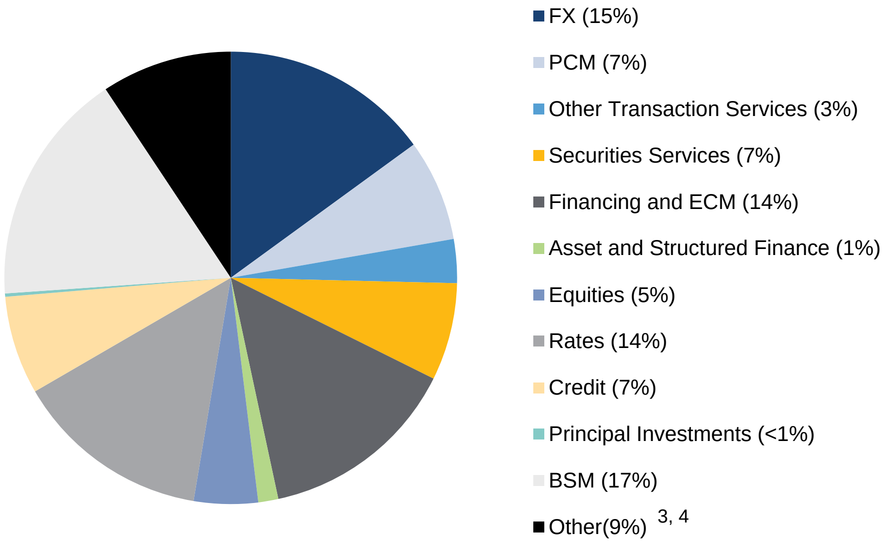
FY 2010 RWAs[3]: USD353bn

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. Return on RWAs 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

Delivering the strategy
Performance diversified by business line and geography

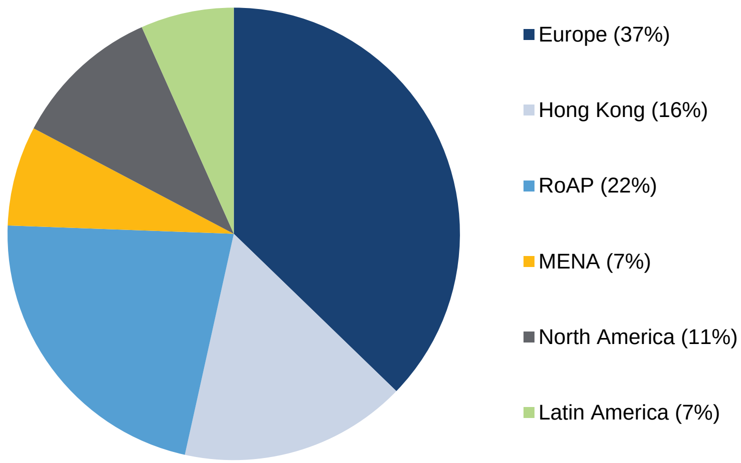
Management view of operating income[1]
% 1Q 2013

Total: USD5.8bn



Profit before tax[1]
% 1Q 2013

Total: USD3.6bn



Cost Efficiency Ratio: 41.1%

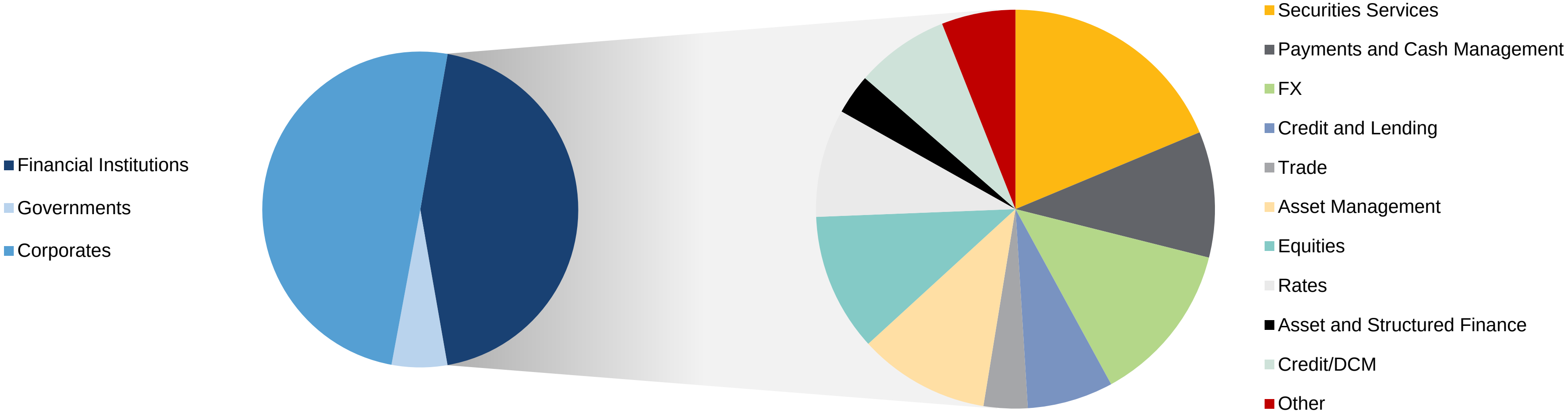
Return on RWAs[2]: 3.6%

1Q 13 RWAs[2]: USD412bn

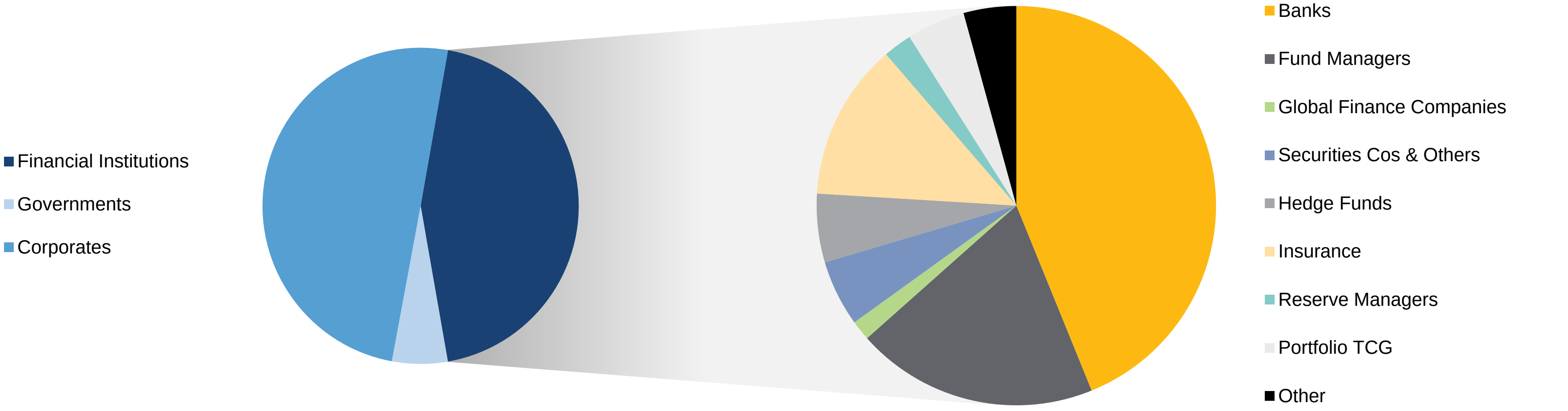
Notes:
1 On a reported basis, total operating income is before loan impairment charges and other credit risk provisions
2 FSA, Basel 2 basis. Return on RWAs is calculated using reported pre-tax profits and reported average RWAs.
3 In 1Q 13 funding costs that had previously been reported within 'Other' were allocated to their respective business lines.
4 'Other' includes a debit valuation adjustment (DVA)

Delivering the strategy
Financial institutions' revenues are well diversified

Financial institutions relationship revenue – diversified by product[1]



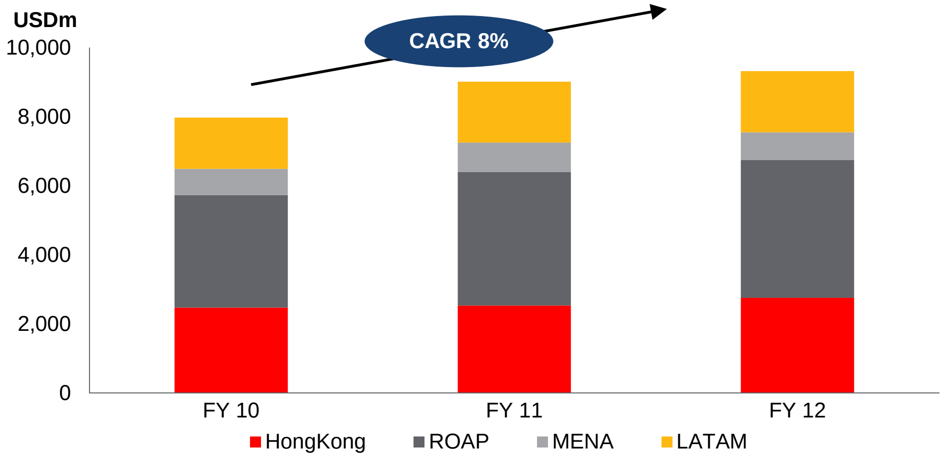
Financial institutions relationship revenue – diversified by client[1]



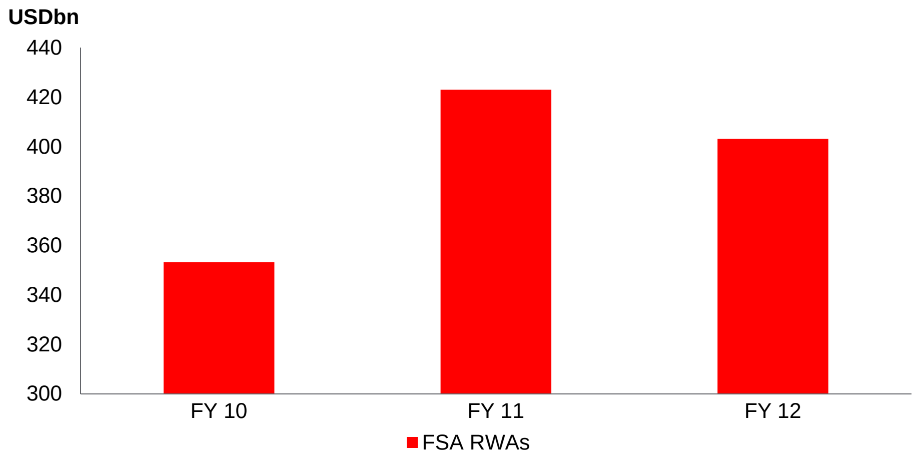
Note:
1 HSBC internal management information of customer revenues for FY2012

Delivering the strategy
Focused on hitting targets

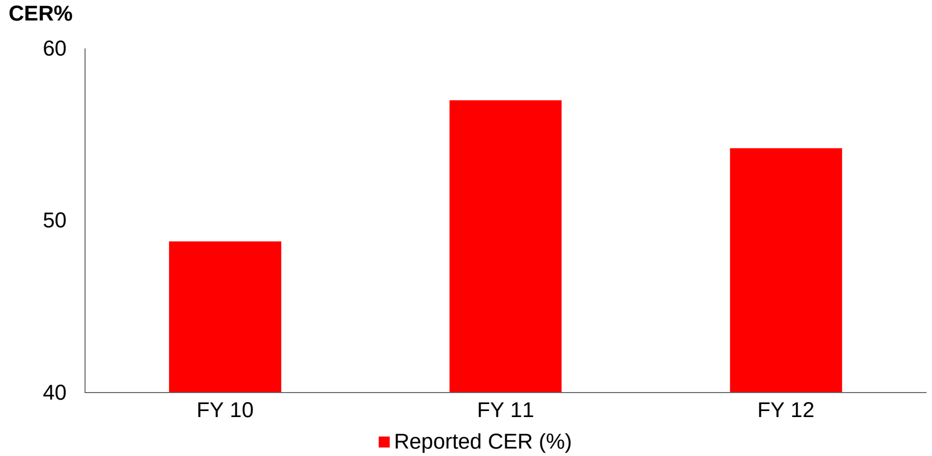
Strong revenue performance in faster growing regions[1]



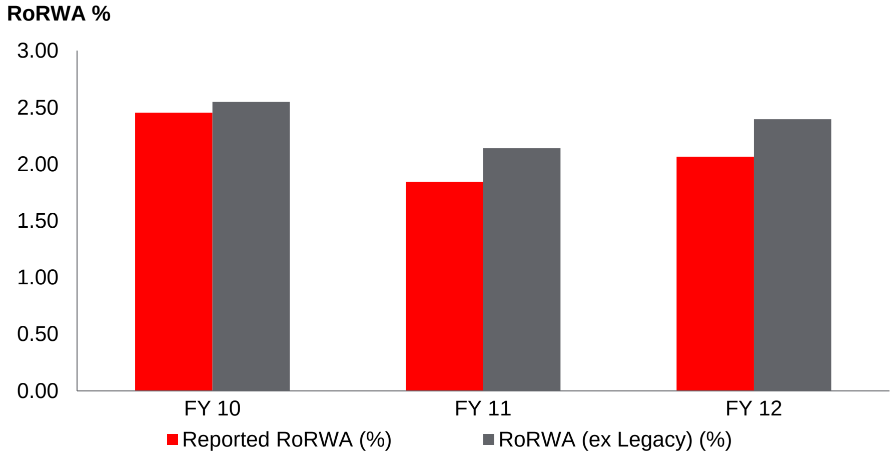
RWAs being closely managed[1]



CER trend[1]



RoRWA trend[1]

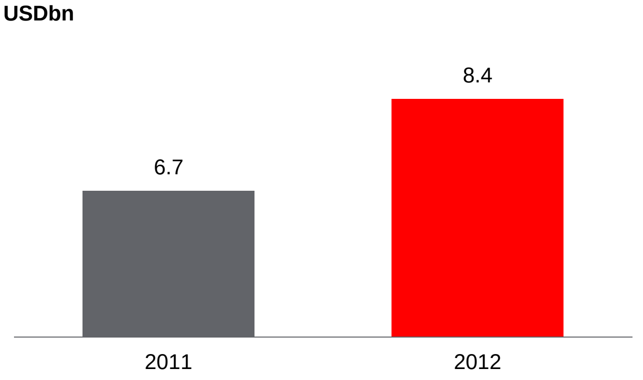


Note:
1 All figures are as reported

Delivering the strategy

Profits up, revenue up, cost-efficiency improved[1]

GBM Profit Before Tax



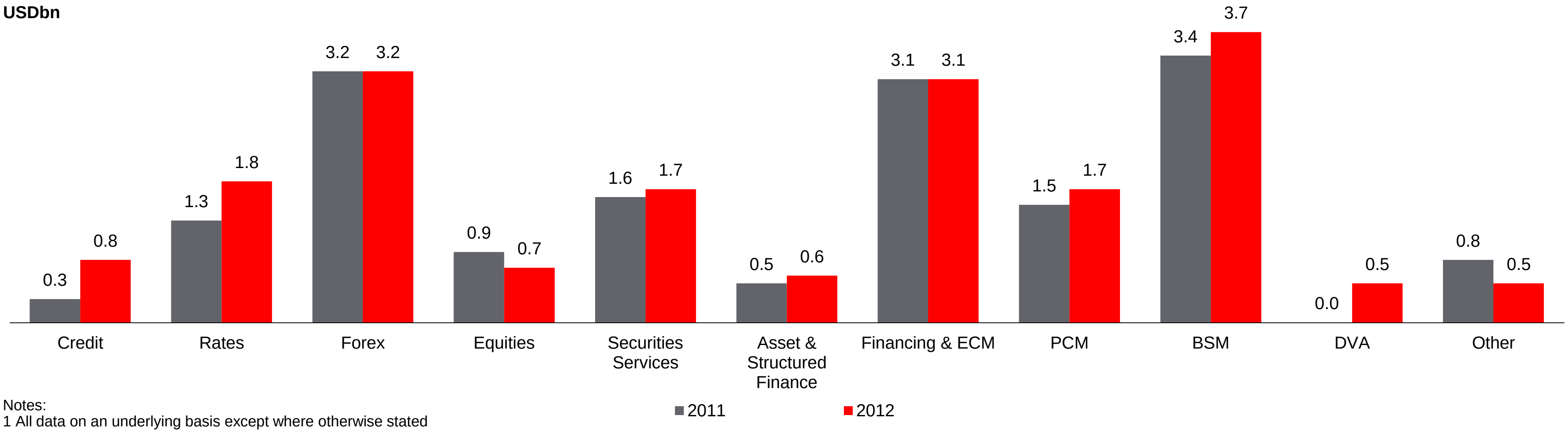
Metrics

	2011	2012
CER (%)	57.3	54.4
Period-end RWAs[3] (USDbn)		
GBM, ex. legacy credit portfolio	373	364
Legacy credit portfolio[4]	50	39
GBM total	423	403
RoRWA[5] (%)		
GBM, ex. legacy credit portfolio	2.1	2.4
Legacy credit portfolio[4]	(1.3)	(0.6)
GBM total	**1.8**	**2.0**

CVA estimation impact

USDm	2012
Credit	(52)
Rates	(837)
Foreign Exchange	(7)
Equities	(7)
Total	**(903)**

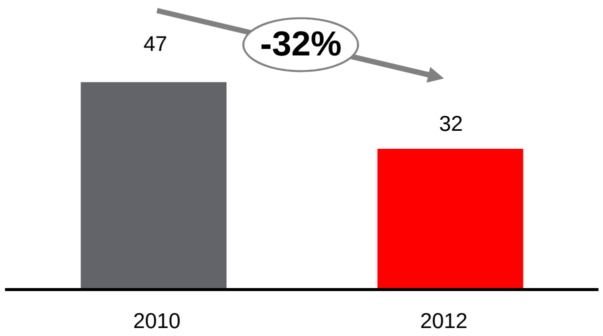
GBM Revenue[2]



Notes:
1 All data on an underlying basis except where otherwise stated
2 Management view of operating income on a constant currency basis. Credit Valuation Adjustment (USD(0.9)bn) included in individual business revenues
3 On a reported basis
4 The legacy credit portfolio is a separately identifiable, discretely managed business comprising Solitaire Funding Limited, the securities investment conduits, the asset-backed securities trading portfolios and credit correlation portfolios, derivative transactions entered into directly with monoline insurers, and certain other structured credit transactions
5 RoRWAs are calculated using underlying PBT and reported average RWAs at constant currency, adjusted for disposals

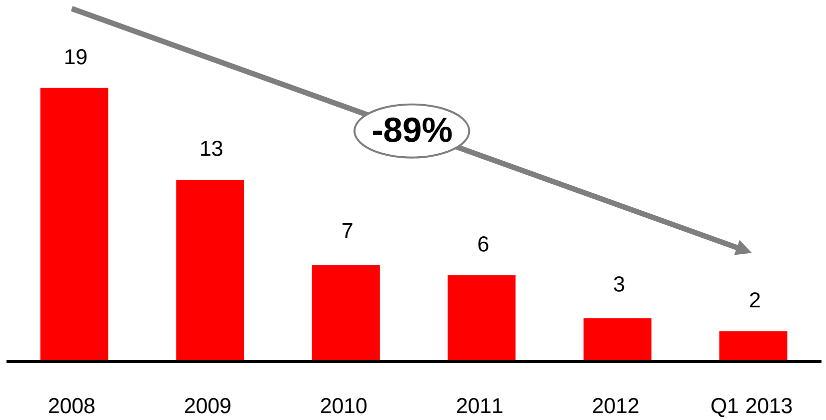
Delivering the strategy
GBM legacy portfolio managed to protect shareholder value

ABS portfolio carrying value[1] (USDbn)



- Portfolio reduced by USD15bn 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
- Price improvements may provide further opportunities to reduce portfolio

AFS ABS Reserve[2] (USDbn)



AFS portfolio composition[3] (USDbn)

• Residential Property	
– Sub-prime MBSs and MBS CDOs	2.5
– US Alt-A MBSs	3.7
– Other MBSs	2.1
• Commercial Property MBSs and MBS CDOs	7.0
• Other Asset-backed	
– Leveraged finance related ABSs and ABS CDOs	5.3
– Student loan-related ABSs and ABS CDOs	4.2
– Other ABSs and ABS CDOs	1.6
Total	**26.3**

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

Delivering the strategy
Market leaders by both product and region

<table>
<tr><th></th><th colspan="5">Global Markets</th><th colspan="3">Transaction Banking</th><th colspan="3">Global Banking</th></tr>
<tr><th></th><th>FX[1]</th><th>DCM[2]</th><th>Rates[3]</th><th>Credit[4]</th><th>Equities[5]</th><th>PCM[6]</th><th>Securities Services[7]</th><th>Trade and Receivable Finance[8]</th><th>Project and Export Finance[9]</th><th>ECM[10]</th><th>M&A[11]</th></tr>
<tr><td>Hong Kong</td><td>#1</td><td>#1</td><td rowspan="2">#1</td><td rowspan="2">#1</td><td rowspan="2">#2</td><td rowspan="7">#1</td><td>#1</td><td rowspan="7">#1</td><td rowspan="7">#1</td><td>#8</td><td>#4</td></tr>
<tr><td>RoAP ex Japan</td><td>#3</td><td>#1</td><td>#1</td><td>#9</td><td>#7</td></tr>
<tr><td>MENA</td><td>#5</td><td>#1</td><td>#1</td><td>n/a</td><td>#1</td><td>#1</td><td>#8</td><td>#5</td></tr>
<tr><td>Latam</td><td>#3</td><td>#4</td><td>#2</td><td>n/a</td><td>n/a</td><td>n/a</td><td>#13</td><td>#14</td></tr>
<tr><td>UK</td><td>#4</td><td>#1</td><td rowspan="2">#4</td><td rowspan="2">#11</td><td rowspan="2">#6</td><td>#1</td><td>n/m</td><td>#11</td></tr>
<tr><td>Cont. Europe</td><td>#5</td><td>#1</td><td>#5</td><td>#11</td><td>#12</td></tr>
<tr><td>North America</td><td>#9</td><td>#8</td><td>#11</td><td>#15</td><td>n/a</td><td>#11</td><td>n/a</td><td>n/a</td></tr>
</table>

Top 5 **Top 10** **Outside Top 10** **Not available/not meaningful**

Sources:
1 FX – Euromoney 2013
2 DCM – Bloomberg Q1 2013; Cont Europe – Euromarket Bonds; NA – US Bonds (Foreign Issuer); UK – Sterling Bonds
3 Rates – Greenwich 2012, MENA Bloomberg Q1 2013
4 Credit – Greenwich 2012
5 Equities – Asiamoney Brokers Poll 2012, Extel 2012
6 PCM – Euromoney Cash Management Survey 2012
7 HSS – Global Custodian Global Custody, Mutual Fund and Hedge Fund Administration Survey, Hedge fund next administrator survey, Clearstream, CMU HK
8 Global Trade and Receivable Finance – Oliver Wyman Global Transaction Banking Survey 2012
9 Project and Export Finance – Dealogic 2012 – based on International Bank on advisories closed
10 ECM –Dealogic
11 M&A – Dealogic (Announced/Completed)

GBM has a distinctive business model

HSBC

A distinctive business model
Connecting clients to global growth opportunities

GBM competitive advantages

International network	• Active in more than 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% FIs and Governments[1]
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

Example areas of focus

Global FX and Rates	**Top 5[2]**
Global EM DCM	**#1[3]**
Global PCM	**#1[4]**
Global GTRF	**#1[5]**
Offshore RMB services	**#1[6]**
Global Project Finance	**#1[7]**
Cross-border M&A (EM to EM)	**#3[8]**

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
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?
GlaxoSmithKline (gsk)	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
eDF	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

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

Robust regulatory change programme in operation

Notes:
1 Estimated Basel III end point CET1 ratio based on our interpretation of the July 2011 draft CRD IV regulation, supplemented by FSA guidance
2 See slide 14 of the HSBC Holdings Plc Annual Results 2012 Presentation to Investors and Analysts

Positioned for growth

HSBC

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**

2016 targets

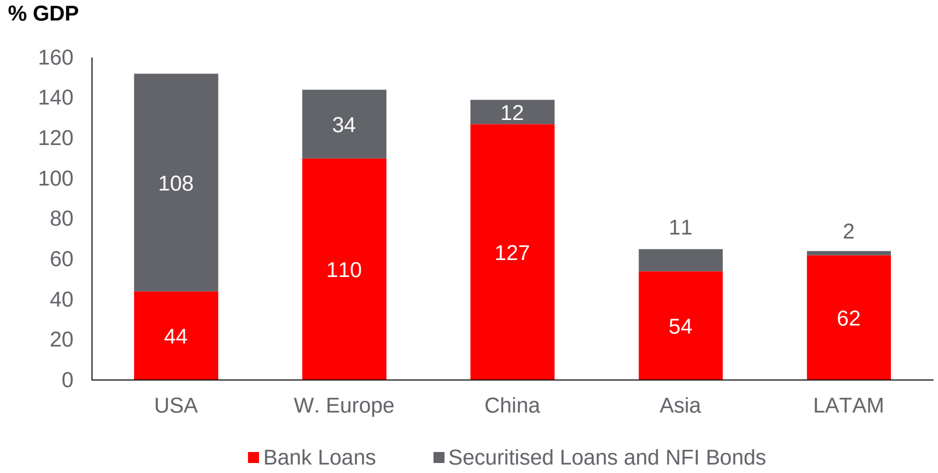
Financial	RoRWA[1], %	2.0-2.2
Non-financial	‘Top 5’ bank to our priority clients; Maintain leadership in key product areas; Usage of e-channels	

Note:
1 CRD IV end point basis

Positioned for growth

Leading position to capture capital market growth in Europe and Asia

Global variation in composition of debt financing[1]



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 gains[2]: 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

Best Global Emerging Markets Debt House

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

Notes:
1 McKinsey
2 Bloomberg as at 19 February 2013

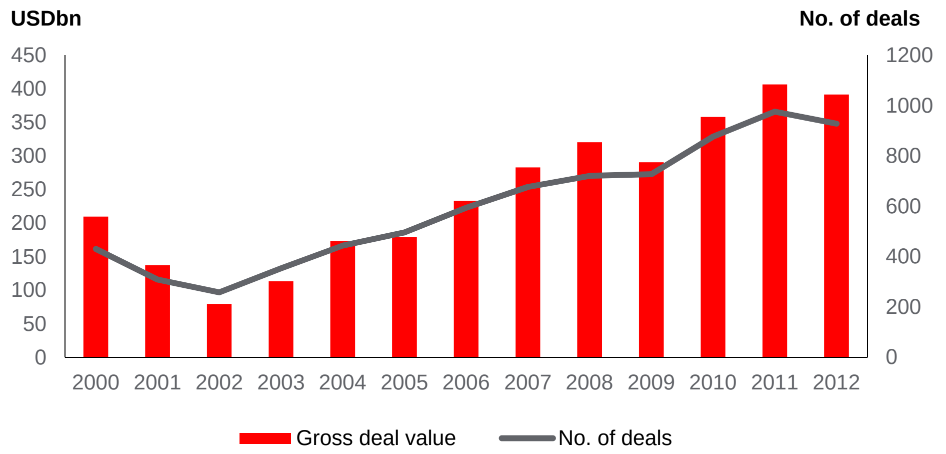
Positioned for growth

Market leader in fast-growing project finance sector

Global Infrastructure Market

- Global annual spending on infrastructure continues at high levels (est. USD2.4 trillion[1])
- Project financing (est. USD0.4 trillion[2]) increasing as government and corporate balance sheets become constrained
- Banks lead in arranging and structuring roles
- Pension, insurance and other institutional funds interested in increasing participation in infrastructure investments

Global project finance volumes[2]



Project and Export Finance at HSBC

- A leading international bank in PF advisory and arranging
- HSBC PF closed 47 deals – 18 advisory and 29 arranging across 25 countries in 2012
- PEF revenue growing over 20% annually (2010-2012)
- Significant ancillary revenue (project bonds, interest rate swaps, etc)
- c. 20% of PF deals closed globally in 2012 involved CMB clients

Dealogic League Table	2011	2012
Latin American and Caribbean Project Finance Loans – MLA	2	1
Middle East and African Project Finance Loans – MLA	1	1
Financial Advisor of Global PFI/PPP Project Finance Deals	3	2
Export Credit Agency Financing – MLA	2	2
COFACE – MLA	2	1

PFI AWARDS 2012

Global Advisor of the Year 2011

Asia-Pacific Bank of the Year 2012

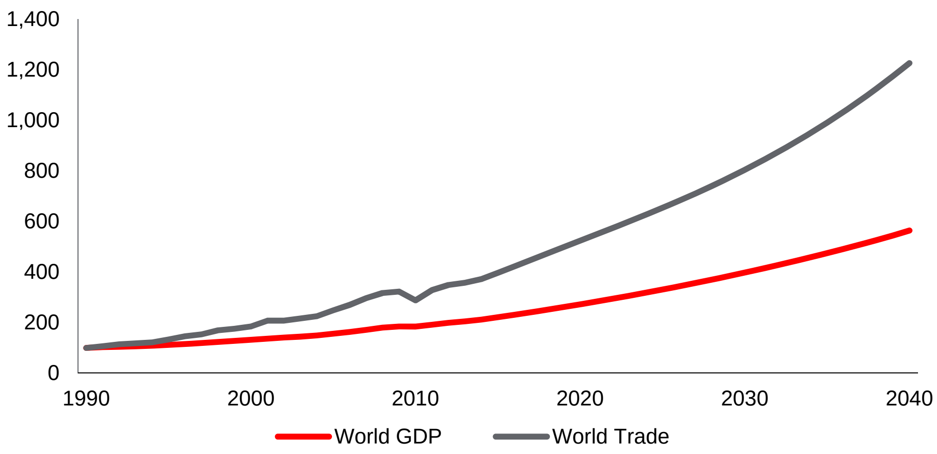
EUROMONEY

Best Project Finance House Award – Asia, Middle East, Latin Americas 2012

Notes:
1 OECD estimate
2 Dealogic

Positioned for growth
World's largest global trade finance bank[1], increasing market share

Trade grows faster than GDP[2]



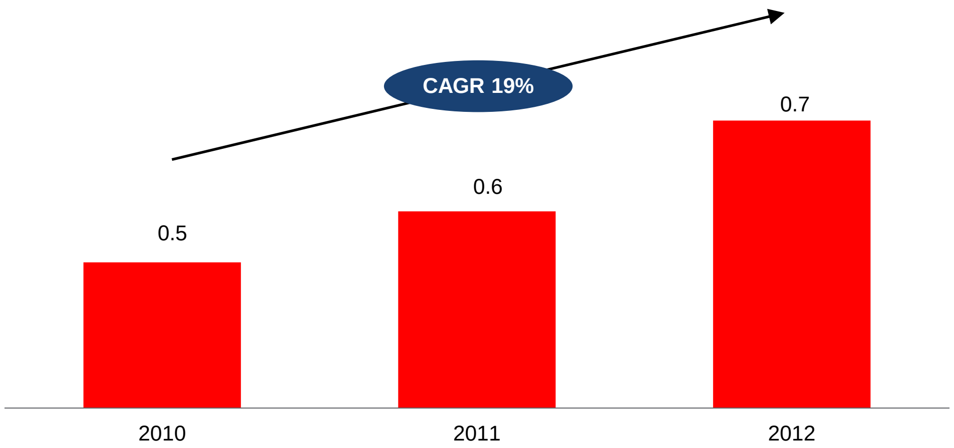
Globalisation drives trade

- Between 1990 and 2010, the average annual growth rate in world trade was 1.9 times that of GDP[2]
- Trade is predicted to continue to grow c. 30% faster than GDP until 2040[2]
- 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 year[2]

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 share[1]
- Our network provides access to 77% of world trade flows[3]
- 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 GBM[3] (USDbn)



Notes:
1 Oliver Wyman Global Transaction Banking survey 2012
2 HSBC Global Connections, February 2013 and Oxford Economics
3 Global Insight 2011
4 GBM revenues on a reported basis

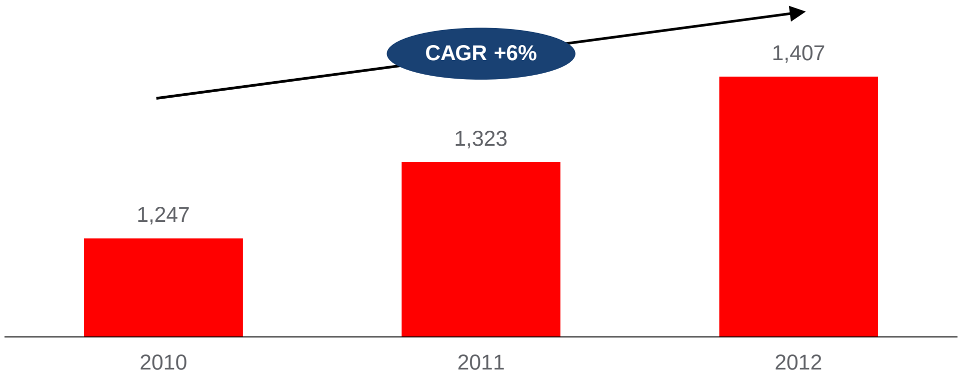
Positioned for growth

Number one cash management bank[1], 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 rapidly[2]

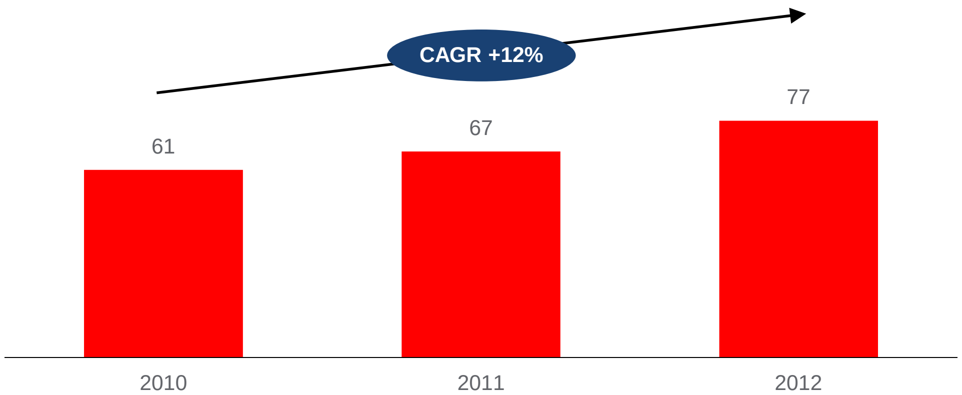


Payments and Cash Management at HSBC

- #1 Global cash management bank[1]
- 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

Best Cash Management Bank globally for Corporates and Financial Institutions (2012)

HSBC's payment volume (m) is growing 2x faster than market[3]



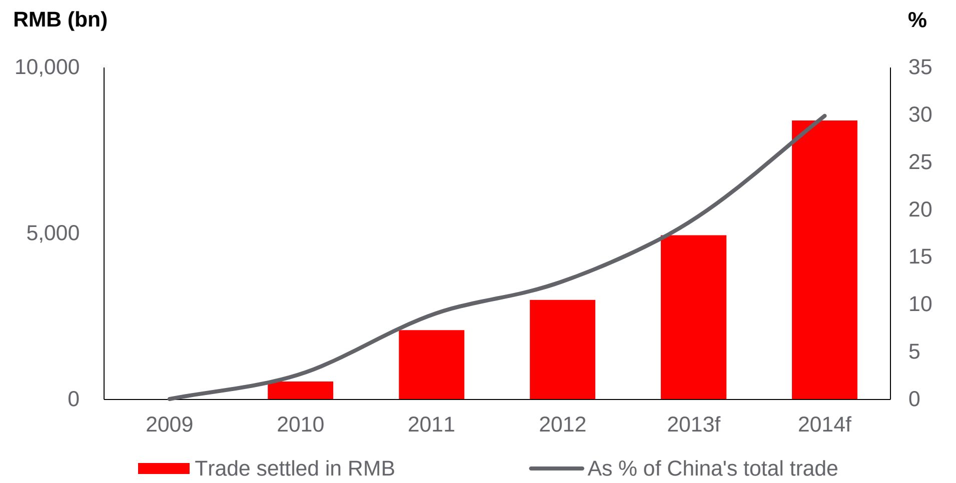
Notes:
1 Euromoney Cash Management Survey 2012
2 Number of SWIFT payment messages sent and received between different banks
3 Number of SWIFT payment messages sent and received between HSBC and a 3rd party bank

Positioned for growth
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% annually[1]
- By 2015, China will settle 30% of its trade, or USD2 trillion, in RMB[1]
- Its adoption will affect a diverse array of products including FX, Trade, PCM and DCM

Global RMB trade settlement[1]



HSBC is at the forefront

- First foreign bank to underwrite RMB government bonds
- Ranked #1 in Dim Sum bond market with 24% market share[2]
- Dominant market share (c.50%) among RMB (QFII) custody banks
- Gained market share in cross-border RMB SWIFT payments by value and volume[3]
- 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

AsiaRisk

Asia Risk Awards 2012: RMB House of the Year

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 OFFSHORE RMB SERVICES SURVEY 2012

Best for overall products/services

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

Notes:
1 PBoC and HSBC Economics
2 Bloomberg
3 Since 1Q2012. SWIFT

Positioned for growth
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 franchise[1]

Asiamoney Best Bank Awards 2012

Best Domestic Equity House in Hong Kong
Source: Asiamoney, July 2012

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** team transacted some of the largest IPOs and rights issues in EMEA, Asia and Latin America in 2012
- **Leveraged and Acquisition Finance** continues to capitalise on our balance sheet strength to win business from competitors
- **M&A** continues its momentum in cross-border, emerging markets transactions

Rankings	FY2012
Equity Capital Markets[2]	9
M&A (cross border EM to EM)[3]	3
Project Finance[4]	1
Export Finance[5]	1

October 2012	August 2012	July 2012
Telefónica	ThaiBev	Sinopec
EUR1,449m	**SGD2,800m**	**USD1.5bn**
IPO Germany Joint Bookrunner	Financial Advisor, MLA, Bookrunner and Underwriter on Thaibev's proposed acquisition of a 22% stake in Fraser and Neave	HSBC acted as the Sole Financial Adviser to Sinopec on the acquisition of a 49% equity interest in Talisman's UK subsidiary Sole Financial Adviser

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)

Positioned for growth
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 2010[1] – Of which USD0.1bn was in 2012[1] • Global initiative for FX • Referrals for Event products • Joint Client-led Planning	A significant proportion of the potential USD2bn group collaboration revenues upside will be driven by CMB and GBM collaboration[2]
Retail Banking and Wealth Management	• Foreign Exchange offering to RBWM customers	
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:
1 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
  - Made good progress in 2012
  - 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
2. **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 financials[1]

(USDm)	FY 2011[5]	FY 2012[4,5]	1Q 12[5]	1Q 13[5]
Credit	335	779	305	409
Rates	1,341	1,771	1,194	814
Foreign Exchange	3,272	3,215	957	871
Equities	961	679	185	266
Securities Services	1,673	1,663	385	405
Asset and Structured Finance	516	626	107	83
Global Markets	**8,098**	**8,733**	**3,133**	**2,848**
Financing and Equity Capital Markets	3,233	3,071	633	831
Payments and Cash Management	1,534	1,744	417	423
Other transaction services[2]	634	753	196	182
Global Banking	**5,401**	**5,568**	**1,246**	**1,436**
Balance Sheet Management	**3,488**	**3,738**	**1,280**	**976**
Principal Investments	**209**	**125**	76	**14**
DVA	-	518	-	472
Other[3]	(139)	(409)	64	70
Total operating income before loan impairment charges and other credit risk provisions	**17,057**	**18,273**	**5,799**	**5,816**
Loan impairment Charges and other credit risk provisions	**(984)**	**(670)**	(178)	**45**
Net operating income	**16,073**	**17,603**	**5,621**	**5,861**
Total operating expenses	**(9,722)**	**(9,907)**	**(2,717)**	**(2,388)**
Operating profit	**6,351**	**7,696**	**2,904**	**3,473**
Share of profit in associates and joint ventures	**698**	**824**	**175**	**115**
Profit before tax	**7,049**	**8,520**	**3,079**	**3,588**
Cost efficiency ratio	**57.0%**	**54.2%**	**46.9%**	**41.1%**
Pre-tax return on average risk-weighted assets (annualised)	**1.8%**	**2.1%**	**2.9%**	**3.6%**

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, allocated funding costs, gains resulting from business disposals and the offset to notional tax credits
4 In the fourth quarter a net charge of USD(385)m was reported as a result of a change in estimation methodology in respect of a credit valuation and debit valuation adjustments
5 In 1Q13 funding costs that had previously been reported within 'Other' were allocated to their respective business lines. For comparative purposes, 2012 quarterly data has been restated to reflect this change. 2011 and 2012 full year comparatives do not reflect this change and are as per disclosures in the 2012 AR&A