

**HSBC Holdings plc**  
**The Hongkong and Shanghai Banking Corporation Ltd**  
**Presentation to Fixed Income Investors**

June 2014





## 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 Annual Report and Accounts and 1Q14 Interim Management Statement. Financial statements are available on [www.hsbc.com](http://www.hsbc.com). Past performance cannot be relied on as a guide to future performance.

This presentation contains non-GAAP financial information. Reconciliation of non-GAAP financial measures to the most directly comparable measures under GAAP are provided in the 'reconciliations of non-GAAP financial measures' supplement available at [www.hsbc.com](http://www.hsbc.com).



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# The HSBC Group

# Four Global businesses

Supported by global functions



# 21 Home and Priority Growth markets

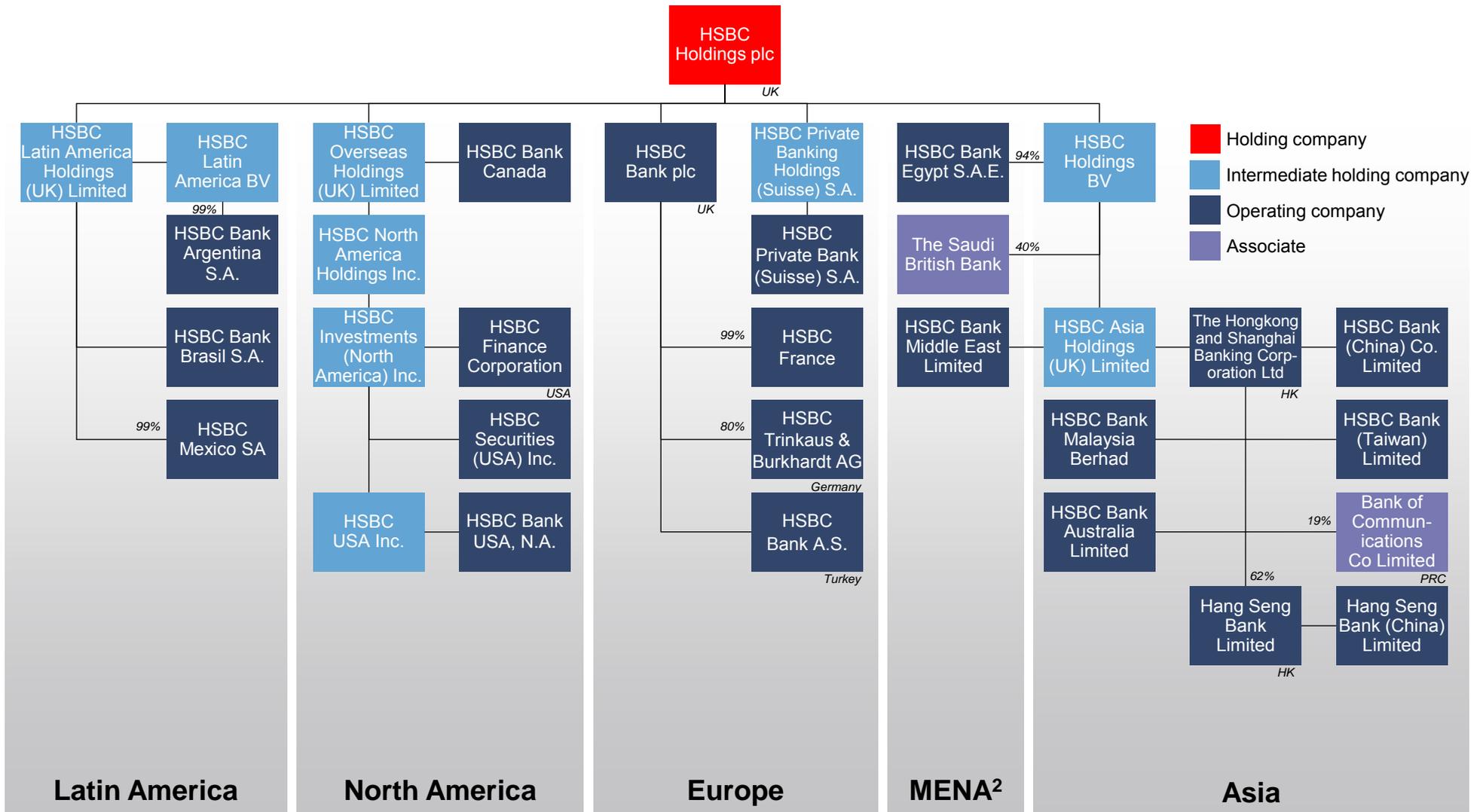
With further Network and Small markets

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

<sup>1</sup> Includes Hang Seng Bank

# Simplified structure chart

## Principal entities in Home and Priority Growth markets<sup>1</sup>



<sup>1</sup> At 30 May 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

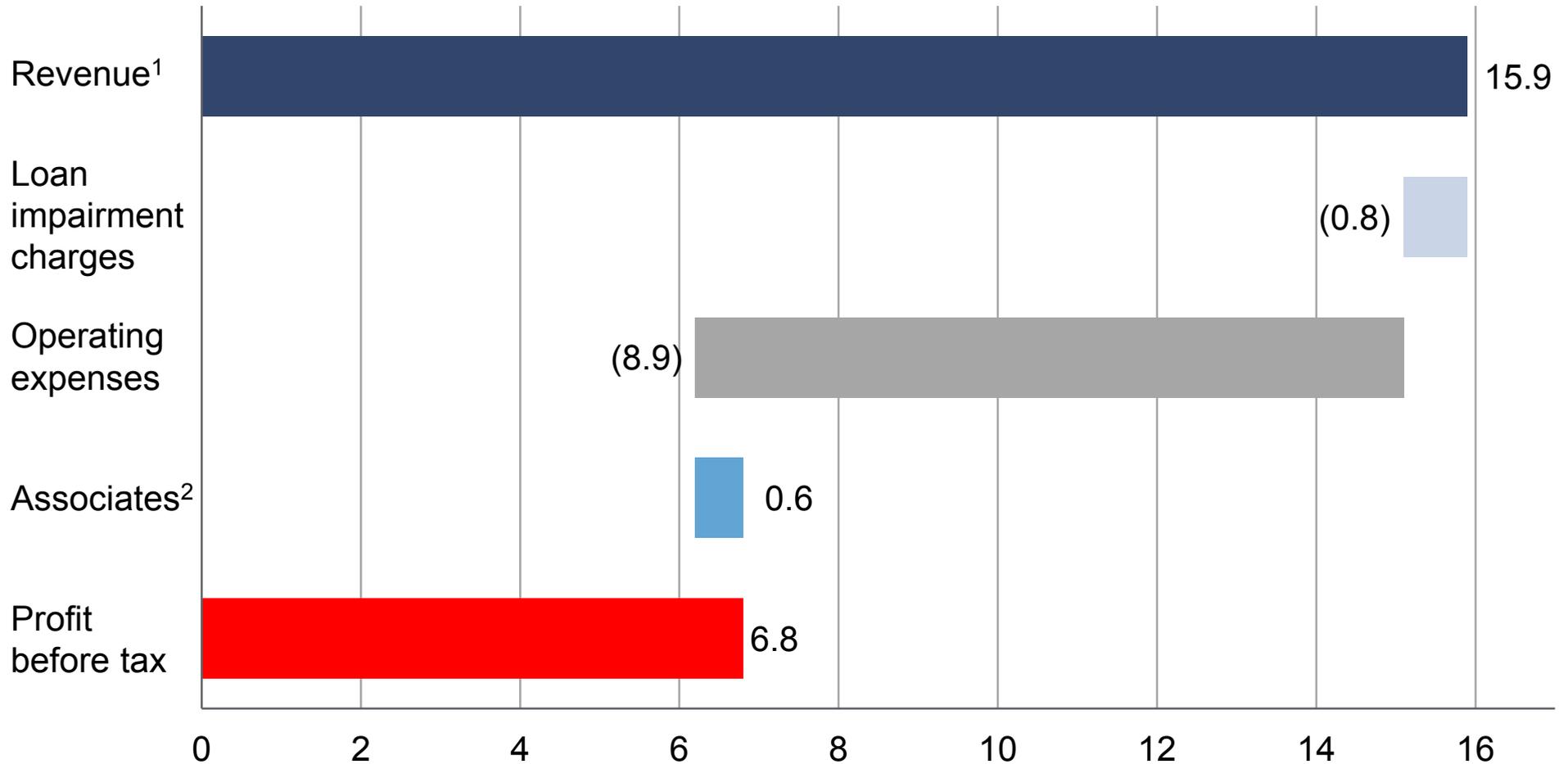
<sup>2</sup> Middle East and North Africa

# Financial Performance

# Reported profit before tax 1Q14

## Consolidated statement of income

USDbn



<sup>1</sup> Net Operating Income before loan impairment charges and other credit risk provisions

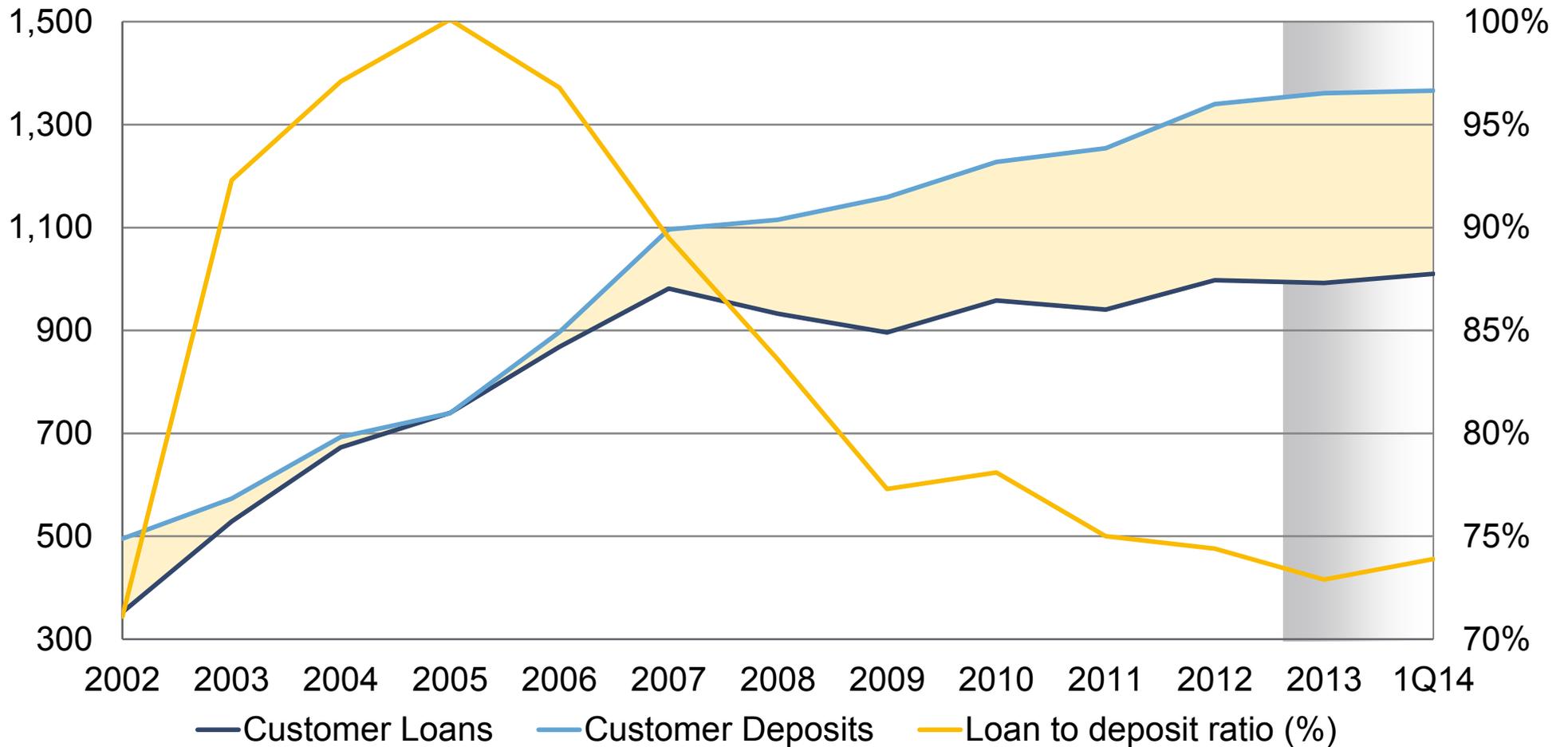
<sup>2</sup> Share of profit in associates and joint ventures

# Primary source of funding is customer deposits

Which funds all customer loans

## Customer deposits and customer loans<sup>1</sup>

USDbn

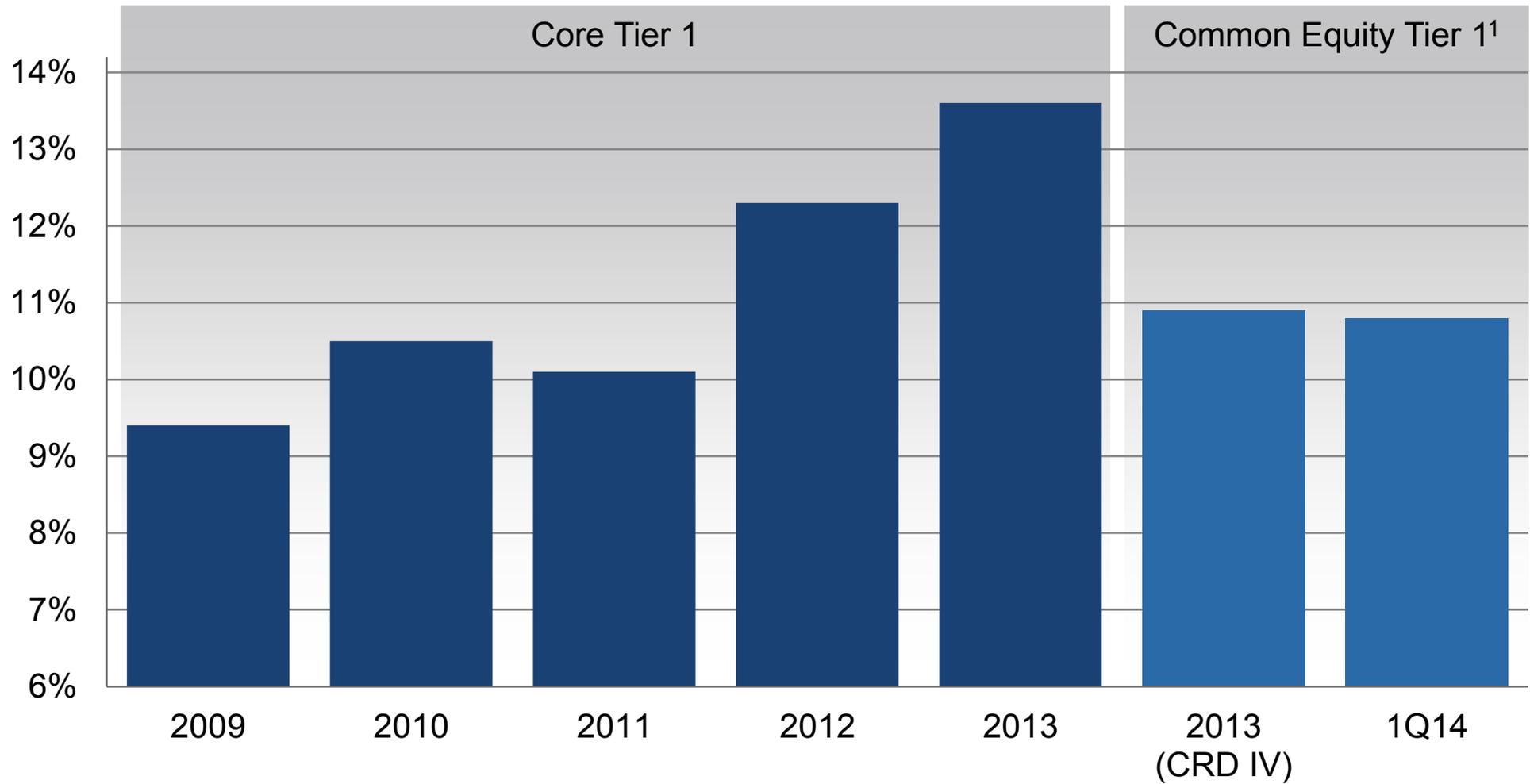


<sup>1</sup> 2013 and subsequent entries exclude non-trading Repurchase and Reverse repurchase agreements

# Capital strength

Based on continued profitability

## Capital ratios



<sup>1</sup> End point basis

# The Hongkong and Shanghai Banking Corporation

(Figures disclosed in this section are as reported under HKFRS)



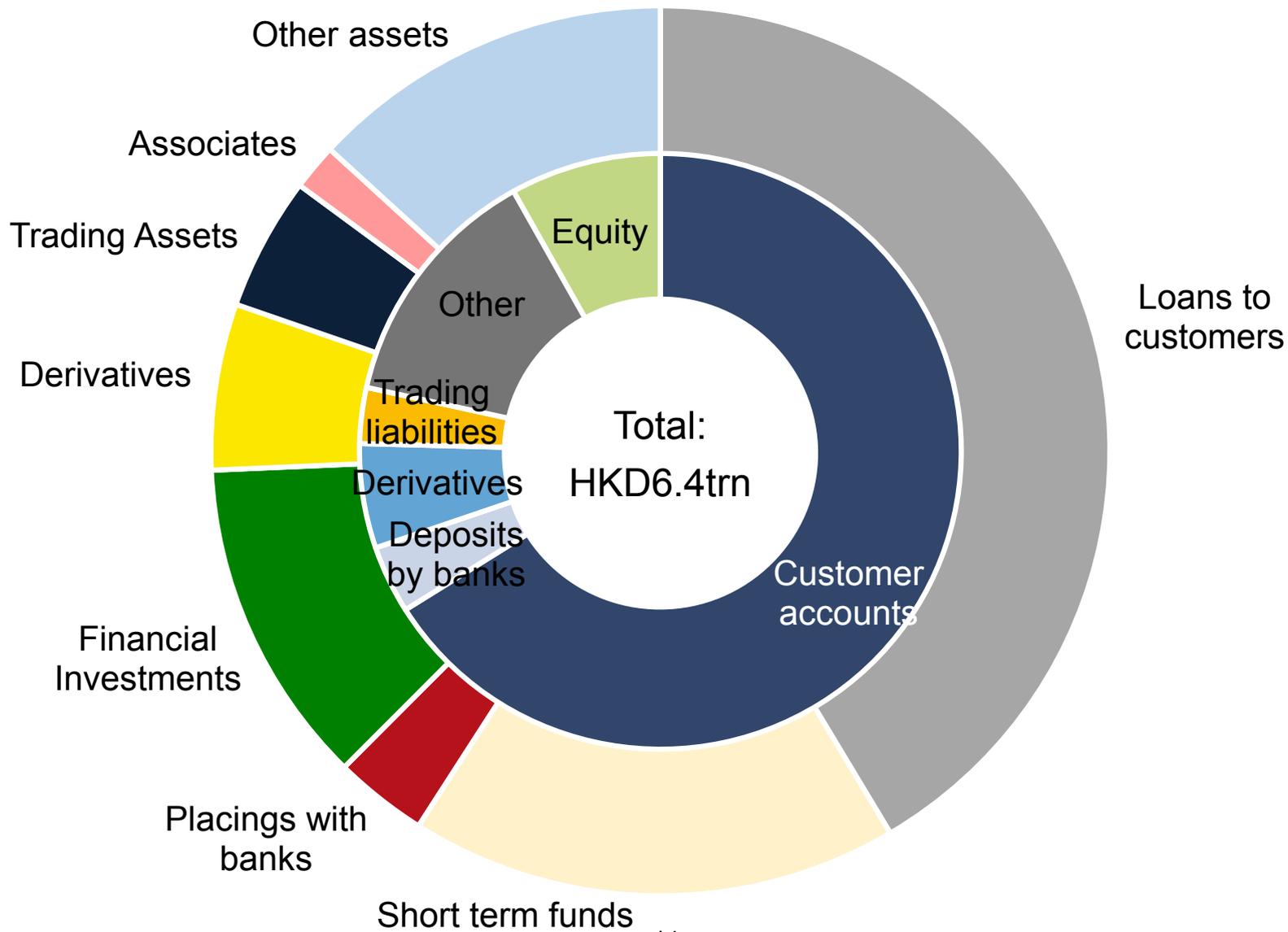
# Strategy

## Connecting Asia and the world

<b>Overview</b>	<ul style="list-style-type: none"><li>• Greater China</li><li>• Other Priority Growth markets</li><li>• Other markets</li></ul> <p>Expand leadership Invest and build scale Maintain leadership in connectivity</p>
<b>Commercial Banking</b>	<ul style="list-style-type: none"><li>• Focus on faster growing markets, connecting flows with developed markets</li><li>• Applying a consistent model to grow exposure to international businesses</li><li>• Enhance collaboration with other businesses for the benefit of customers</li></ul>
<b>Retail Banking and Wealth Management</b>	<ul style="list-style-type: none"><li>• Build a high quality wealth management service driven by customer needs</li><li>• To provide a high standard, efficient, productive banking service</li><li>• Focus on key markets</li></ul>
<b>Global Banking and Markets</b>	<ul style="list-style-type: none"><li>• Reinforce delivery of coverage and solutions to targeted customers</li><li>• Invest in the delivery of an integrated suite of products and services</li><li>• Enhance collaboration with CMB for the benefit of customers</li></ul>

## Balance sheet at 31 December 2013

Principal assets are customer loans, funded by customer deposits

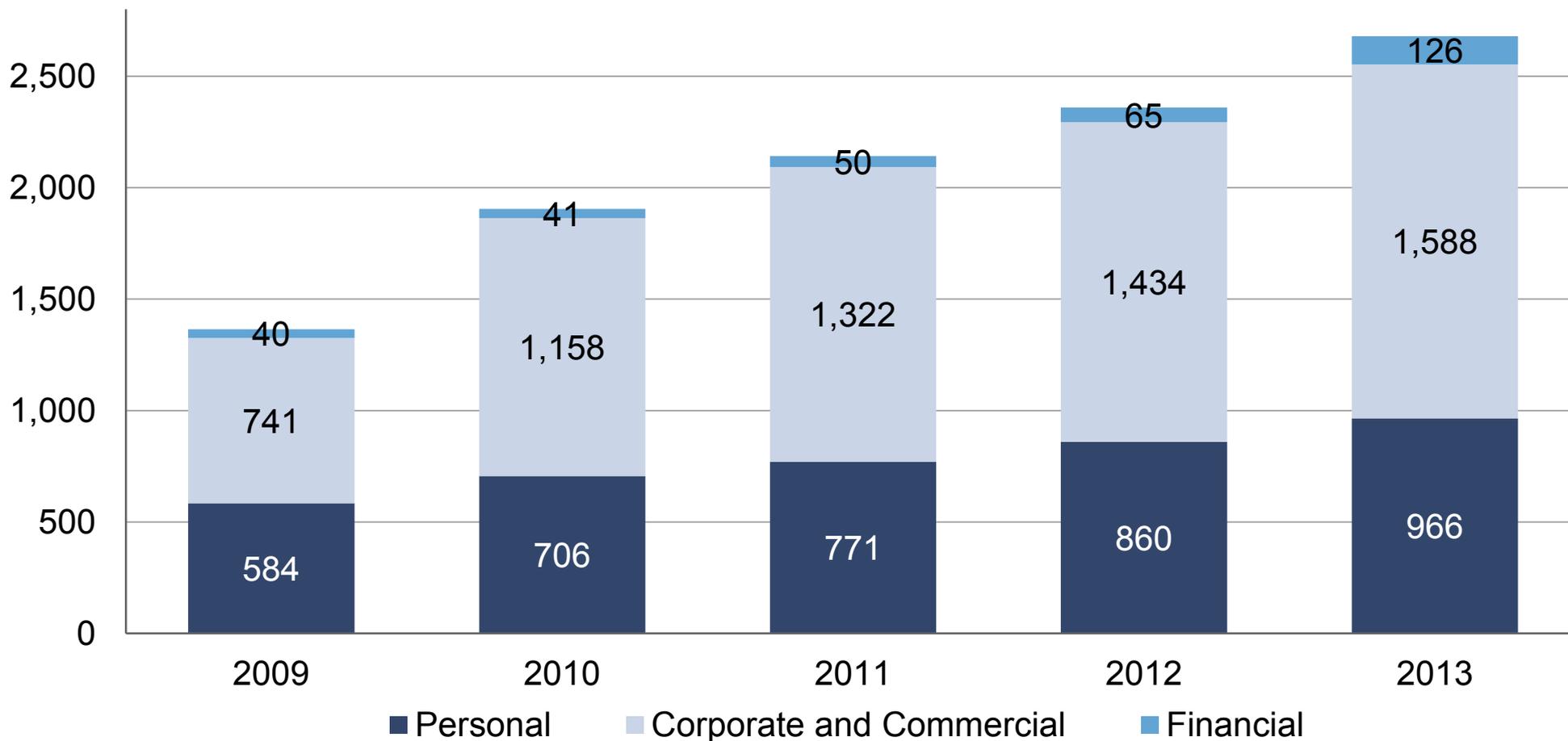


# Customer loans<sup>1</sup>

2009-13

## Gross loans and advances to customers

HKDbn

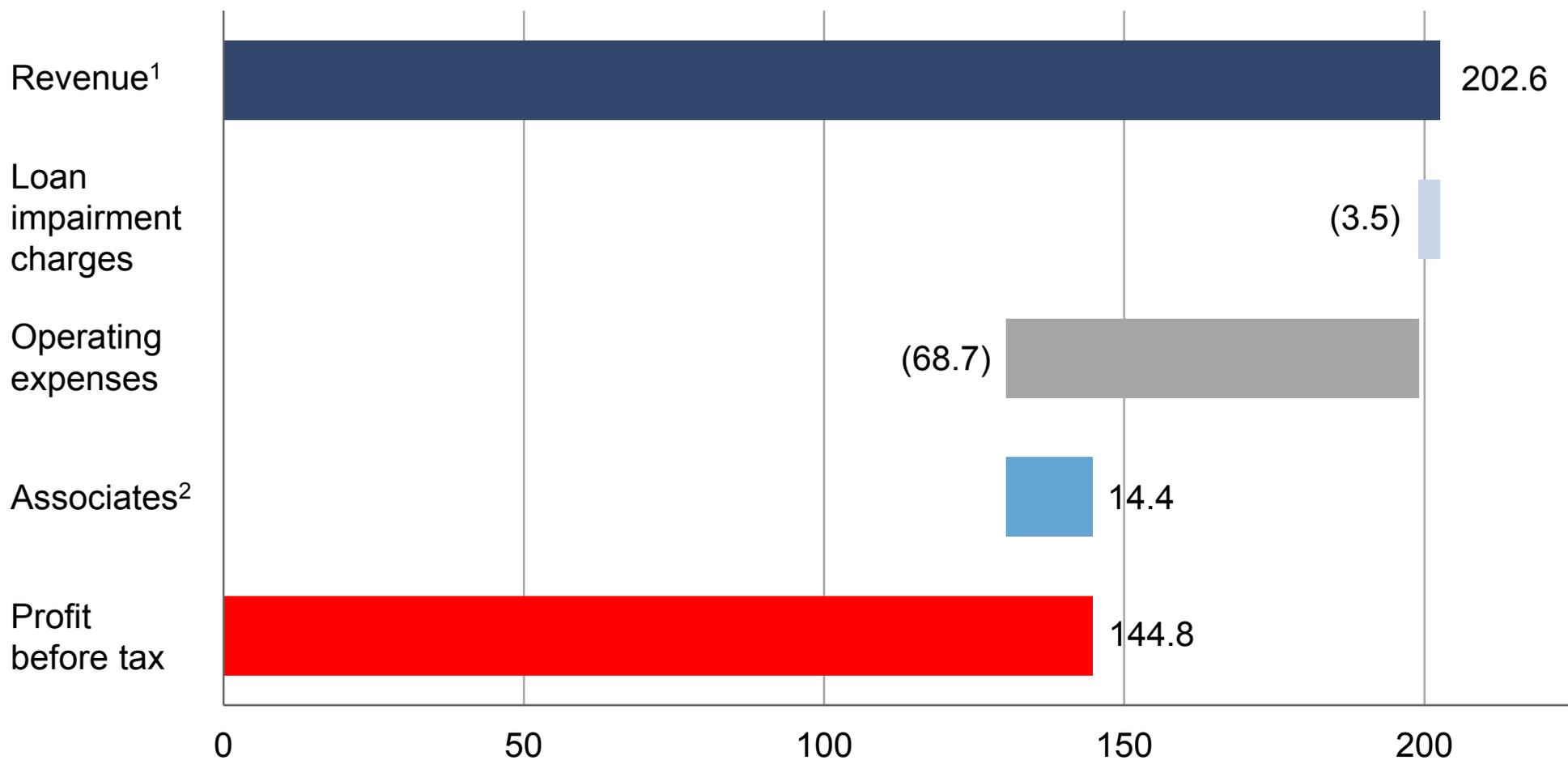


<sup>1</sup> As reported, including reverse repos

# Reported profit before tax 2013

## Consolidated statement of income

HKDbn

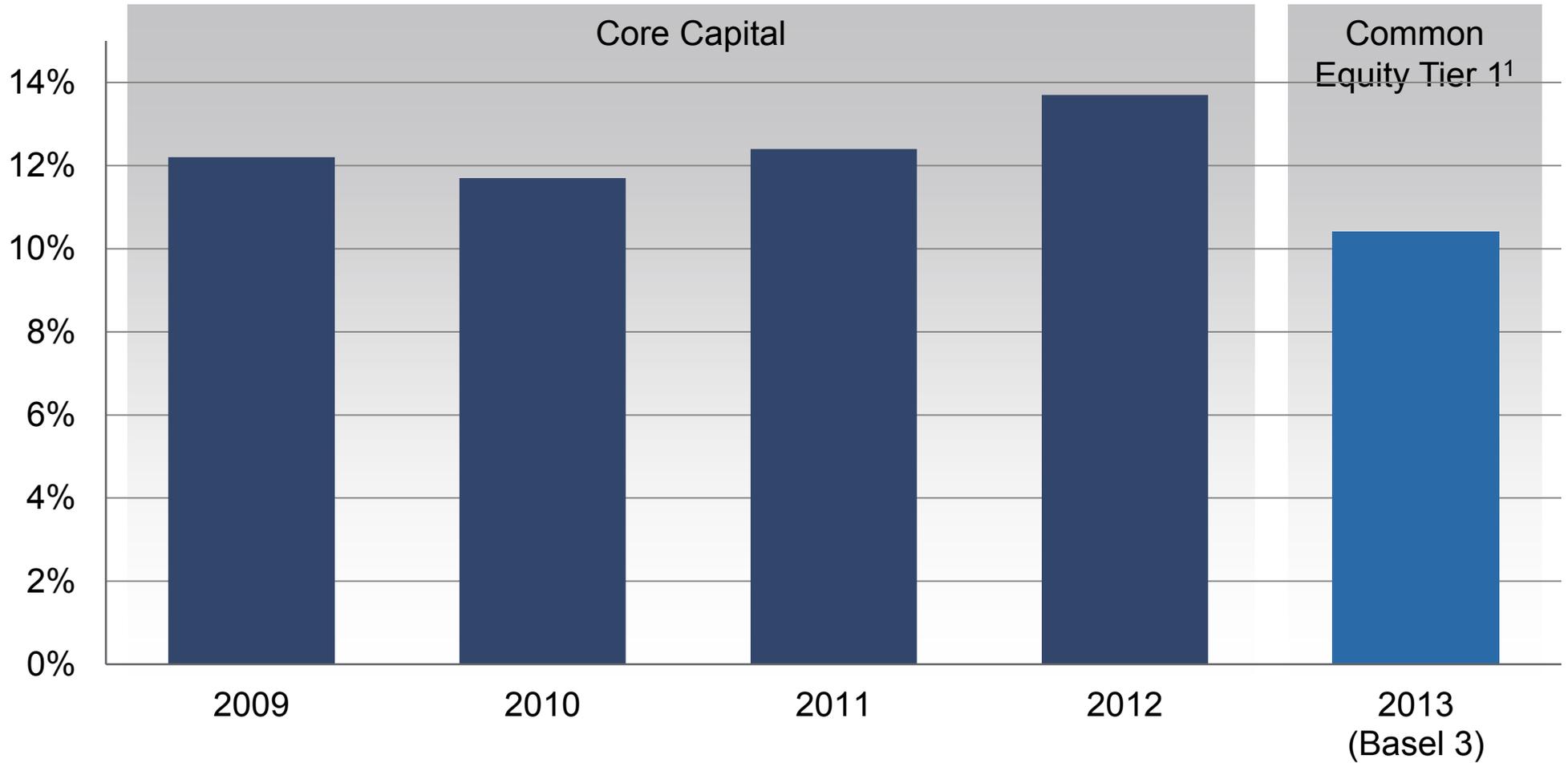


<sup>1</sup> Net Operating Income before loan impairment charges and other credit risk provisions

<sup>2</sup> Share of profit in associates and joint ventures

# Continued capital strength

## Capital ratios



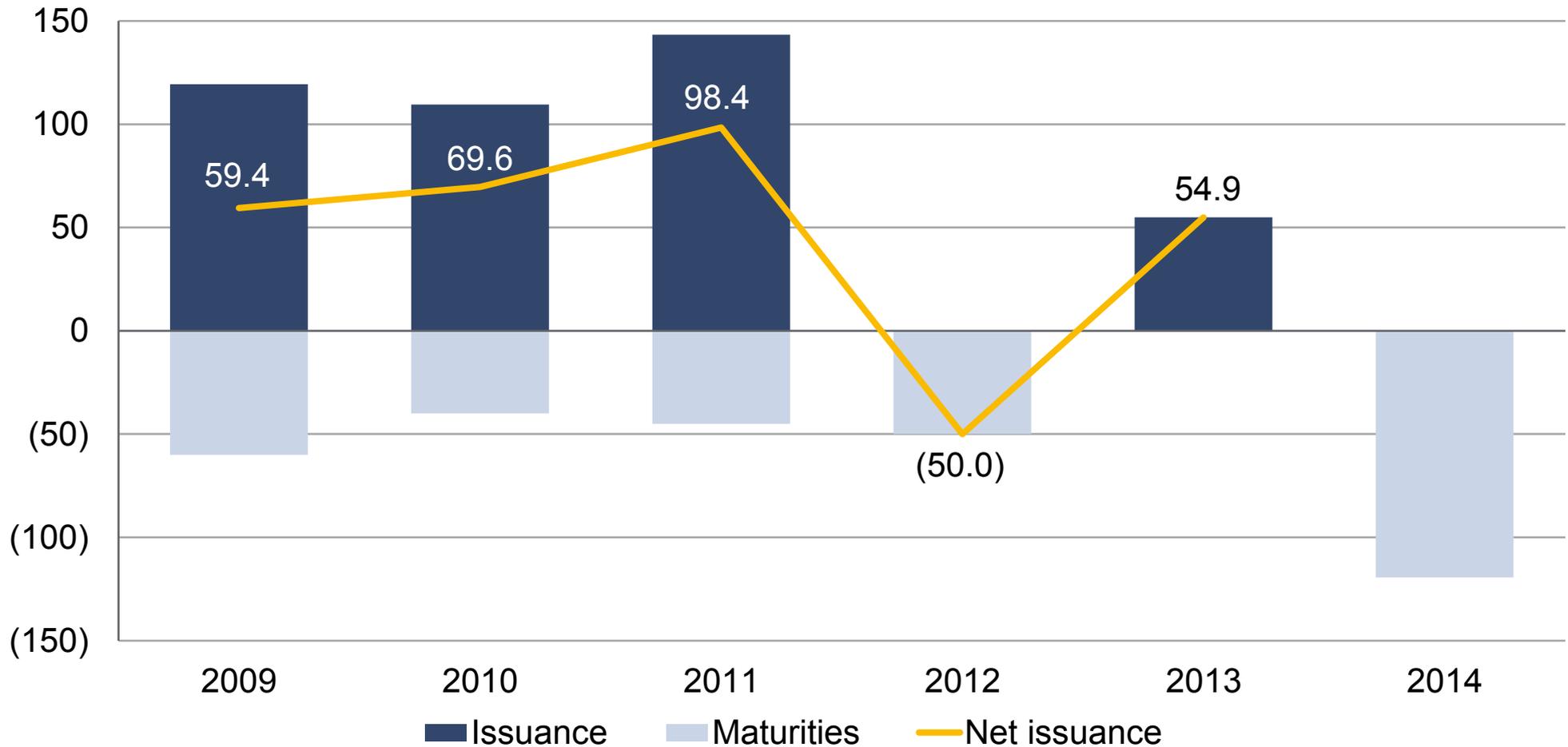
1 End point basis

## Wholesale liabilities supplement deposits

New issue volume is limited

### HSBC Group Yen market profile

JPYbn



# Conclusions

# Investment case

2014-16

Our competitive advantage	<ul style="list-style-type: none"><li>• Meaningful presence in key strategic markets</li><li>• Business network covering 85-90% of global trade and capital flows</li><li>• Stable funding base and local balance sheet strength</li><li>• Capital generation</li></ul>
2-part Strategy	<ul style="list-style-type: none"><li>• A network of businesses connecting the world</li><li>• Wealth management and retail with local scale</li></ul>
Strategic priorities	<ul style="list-style-type: none"><li>• Grow both business and dividends</li><li>• Implement Global Standards</li><li>• Streamline processes and procedures</li></ul>
Financial targets	Common equity Tier 1 ratio >10%
	Return on Equity 12-15%
	Cost Efficiency ratio mid 50s%