



August 2014

Establishing HSBC as the Leading International Bank

Investor Presentation



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 2013 Annual Report and Accounts and our 2014 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 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.

Key messages

HSBC – Unrivalled global position and platform for growth

HSBC today

- **A leading international bank** with USD64.6bn revenues¹ and USD22.6bn PBT¹ in 2013 and presence in 74 countries and territories
- **Balanced global business model** with universal banks in key global geographies
- **Strong capital position and resilient results** in 1H14

Unrivalled global position

- World **economy shifting** to Asia, Latin America, and MENA²
- HSBC with **unique international franchise** to support economic development and facilitate global trade and capital flows
 - **Distinctive network** covering over 85% of international trade and capital flows³
 - Strong presence and capabilities in most **attractive growth markets** – in Greater China, ASEAN, Latin America, and Middle East, capturing economic development and wealth creation
- Difficult to replicate HSBC's global position

2011-13: Created leaner bank with platform for growth

- Transformed the organisation to a leaner bank with platform for growth
 - **Clear strategic direction** leading to 74 disposals or closures⁴ and identification of 21 home and priority growth markets
 - **Leaner organisation** managed by 4 Global Businesses and 11 Global Functions; USD4.9bn of annualised sustainable saves
 - Recovered significant part of revenues sold in disposals through **organic growth**
- **Added USD34bn of capital⁵ and declared USD25bn of dividends⁶**

2014-16: Strategic priorities

- **Grow business and dividends:** Investing to capitalise on our global platform to deliver growth
- Implement **global standards** as competitive advantage and increase quality of earnings
- Further **streamline** the organisation to fund growth and investments in global standards

1. On a reported basis

2. Based on HSBC analysis on Global Insights data and HSBC Global Research – The world in 2050 (JAN12)

3. Based on HSBC analysis on Global Insights and UNCTAD data

4. 74 disposals/exits were announced 2011-1H14. Out of these 62 disposals/exits were announced 2011-2013

5. Calculated from Shareholders' equity for the period 31DEC10 to 31DEC13

6. Ordinary dividends declared in respect of 2011, 2012 and 2013

Agenda

1

HSBC today

2

Unrivalled global position

3

Transformation 2011-13

4

Strategic priorities to strengthen the Group 2014-16

1. HSBC today

HSBC today

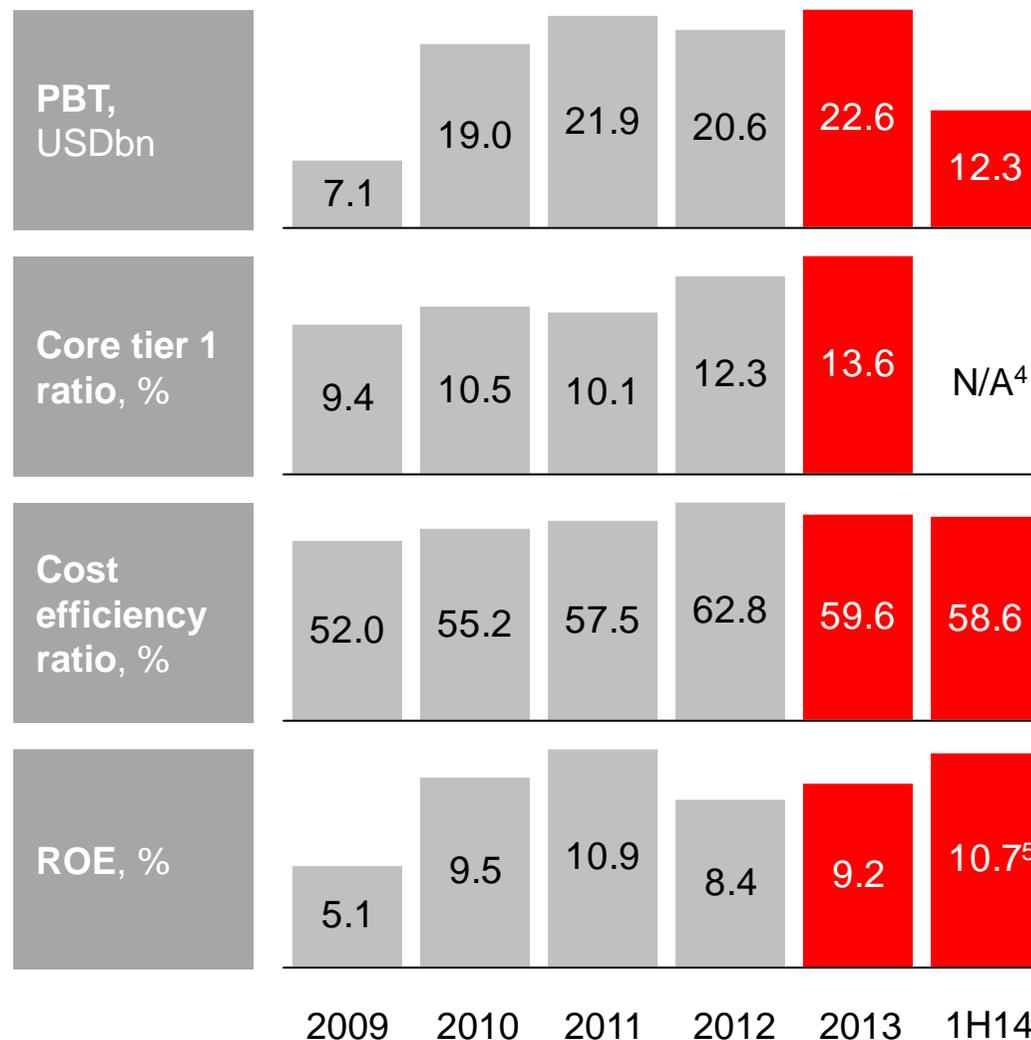
Who we are¹

Countries and territories	74
Customers	52m
Employees	256,000
Shareholders	216,000 in 129 countries and territories

Market performance

Market capitalisation ¹	USD193bn
Dividend payout ratio ²	57.1%
Ordinary dividends ³	USD9.2bn

Performance (Reported basis)



Source: HSBC 2013 annual report

1. As at 30JUN14

2. FY2013

3. Ordinary dividends declared in respect of the year 2013

4. Core Tier 1 ratio replaced by Common Equity Tier 1 ratio

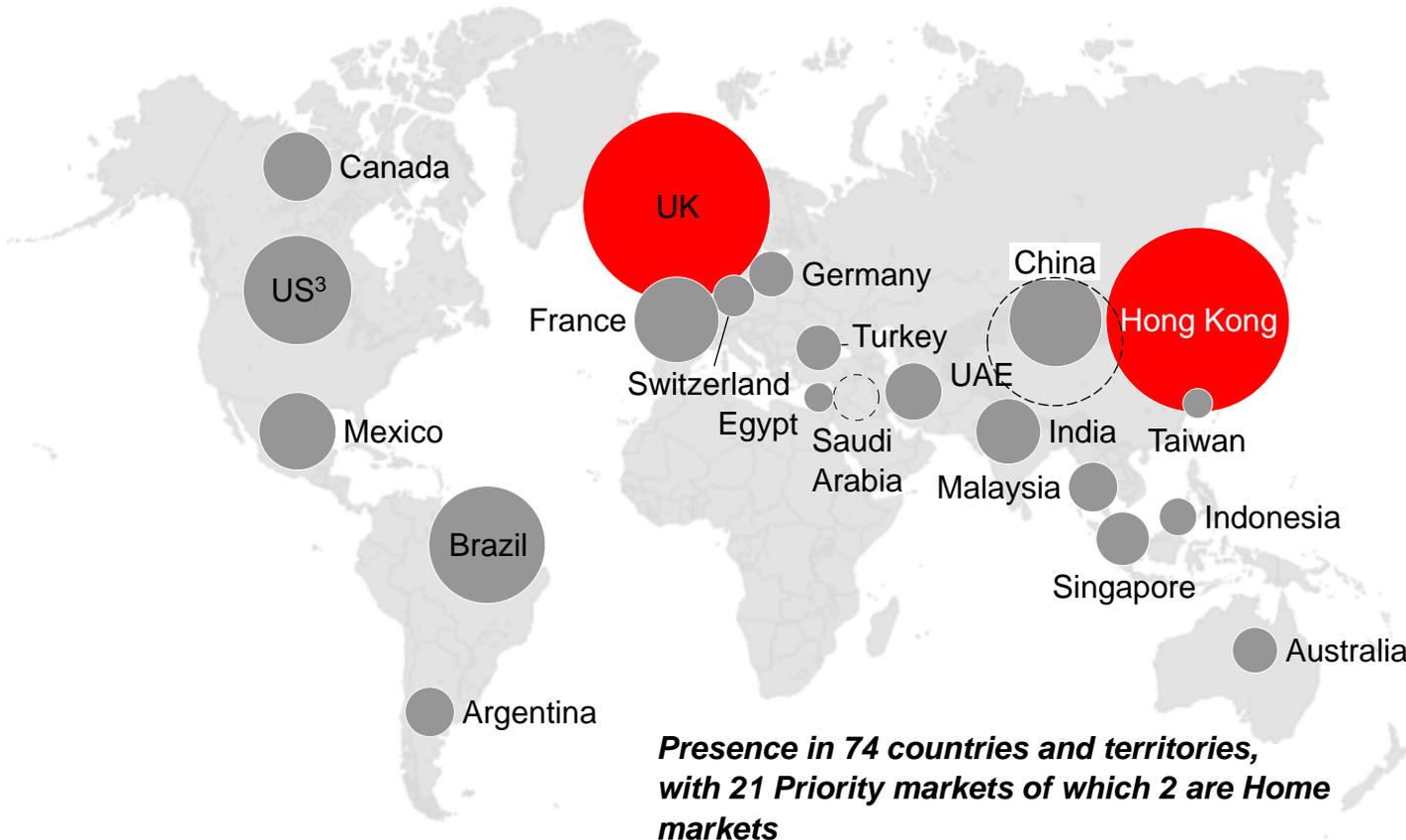
5. On an annualised basis

1. HSBC today

Balanced global universal banking model with presence in 74 countries and territories

Balanced presence across the world

- 2013 Revenue¹
- Share of revenue from Associates



Top 15 countries by Nominal GDP²

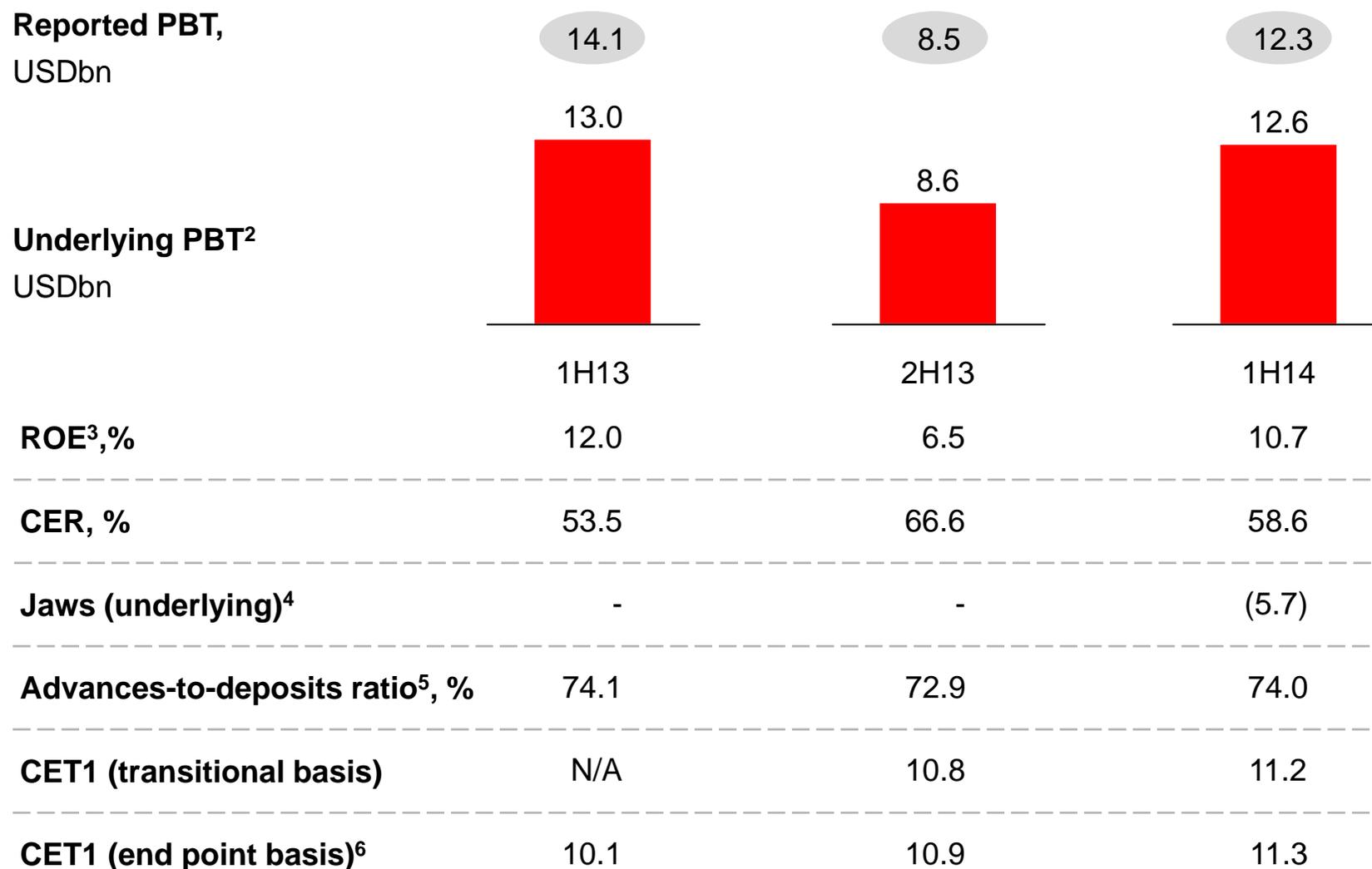
	2025, USDtrn	CAGR 2013-25, %	HSBC Presence
✓ China	30.4	10.4	Universal
✓ US	28.5	4.5	Universal
✓ India	8.6	13.2	Universal
✓ Japan	6.5	2.4	Wholesale
✓ Germany	5.6	3.6	Wholesale
✓ UK	4.9	5.6	Universal
✓ Brazil	4.6	6.1	Universal
✓ France	4.5	3.9	Universal
✓ Russia	4.2	6.0	Wholesale
✓ Italy	3.0	3.2	Wholesale
✓ Canada	2.8	3.8	Universal
✓ Mexico	2.7	6.4	Universal
✓ Indonesia	2.5	9.3	Universal
✓ Australia	2.5	4.2	Universal
✓ S. Korea	2.4	5.3	Wholesale

1. Reported basis. Red circles denote Home markets
 2. Source: Global Insights
 3. US ex US run-off portfolio (USD1,672m)

✓ Home and priority growth markets
 ✓ Network markets

1. HSBC today

1H14 Results – Strong capital position and resilient results



1. All figures are reported unless otherwise stated

2. Adjusted for foreign currency translation differences, acquisitions, disposals and changes in ownership levels of subsidiaries, associates, joint ventures and businesses, and fair value movements in credit spread on own long-term debt issued by Group and designated at fair value

3. On an annualised basis

4. Calculated as percentage growth in net operating income before loan impairment charges and other credit risk provisions ('revenue') less percentage growth in total operating expenses, 1H14 versus 1H13

5. Excludes reverse repos and repos

6. On 1JAN14, CRD IV came into force and capital and RWAs at 30JUN14 are calculated and presented on this basis. At 31DEC13, capital and RWAs were also estimated based on the Group's interpretation of final CRD IV legislation and final rules issued by the PRA, details of which can be found in the basis of preparation on page 324 of the *Annual Report and Accounts 2013*

Agenda

1

HSBC today

2

Unrivalled global position

3

Transformation 2011-13

4

Strategic priorities to strengthen the Group 2014-16

2. Unrivalled global position

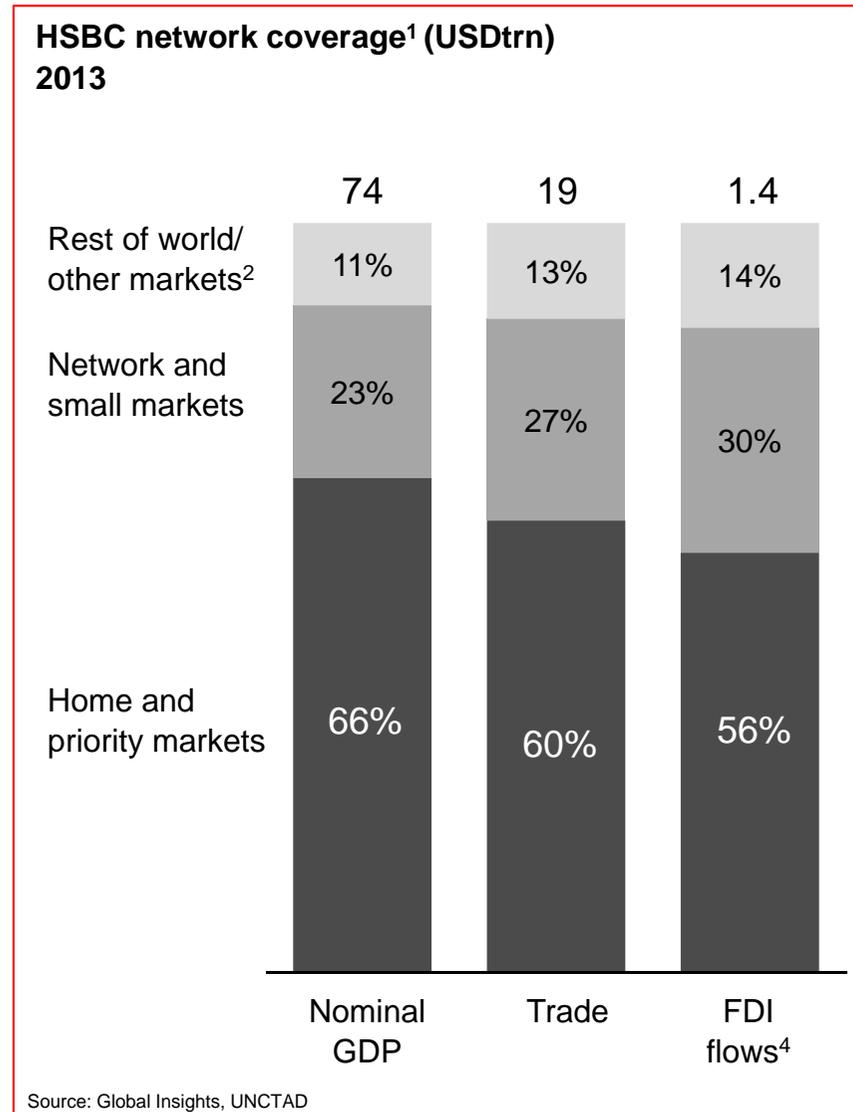
Vision: Establishing HSBC as the world's leading international bank

Purpose	Throughout our history we have been where the growth is, connecting customers to opportunities. We enable businesses to thrive and economies to prosper, helping people fulfil their hopes and dreams and realise their ambitions. This is our role and purpose	Reason why we exist
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	How we behave and conduct business
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	Where and how we compete
Outcome	Being the world's Leading International Bank <ul style="list-style-type: none">▪ 45% of earnings retained¹▪ 40% as shareholders dividends¹▪ 15% variable pay¹	Delivering consistent returns

1. Group target allocation of pro-forma post-tax profit

2. Unrivalled global position

Created unrivalled network to support global trade and capital flows



HSBC is present in all the major trade corridors

2020 trade growth forecasts ³ (USDbn)	CAGR 2013-2020 %	Strong presence
Mainland China - Hong Kong	12	✓
Japan - USA	7	✓
Mainland China - USA	10	✓
Canada - USA	5	✓
Mexico - USA	8	✓
Mainland China - Korea	13	✓
Hong Kong - Japan	11	✓
Mainland China - Japan	10	✓
France - Germany	1	✓
Australia - China	10	✓
Mainland China - Germany	8	✓
Canada - Japan	4	✓
Mainland China - Singapore	11	✓
Mainland China - Vietnam	17	✓
India - UAE	13	✓

2013
 2013-2020 growth
 ✓ Priority markets on both sides
✓ Priority market on one side

Notes: Trade is measured as total merchandise exports; FDI is measured as FDI outflows

- Home, priority, network and small markets
- Includes representative offices and non-strategic markets
- Exports and imports (Source: HSBC and Oxford Economics analysis)
- Foreign Direct Investment ("FDI")

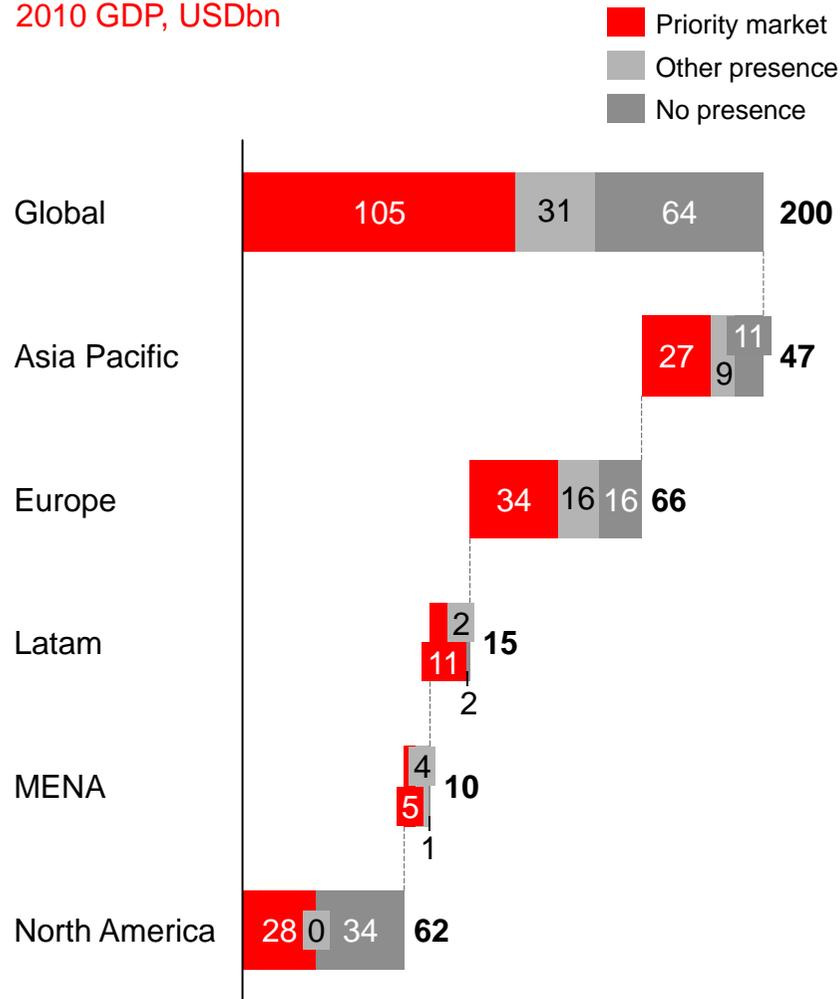
2. Unrivalled global position

Network present in 70% of the 200 largest cities of the world;
well-positioned to capture opportunities in the fastest growing cities

- ✓ Priority market
- ✓ Other presence

Top 200 cities of the world

2010 GDP, USDbn



Top 15 cities, 2010

GDP, USDtrn

Tokyo	1.9	✓
New York	1.2	✓
Paris	0.8	✓
London	0.8	✓
Los Angeles	0.7	✓
Chicago	0.5	✓
Rhine-Ruhr	0.5	✓
São Paulo	0.4	✓
Washington	0.4	✓
Houston	0.3	✓
Moscow	0.3	✓
Dallas	0.3	✓
Philadelphia	0.3	✓
San Francisco	0.3	✓
Toronto	0.3	✓

Top 15 fastest growing cities, 2010-25

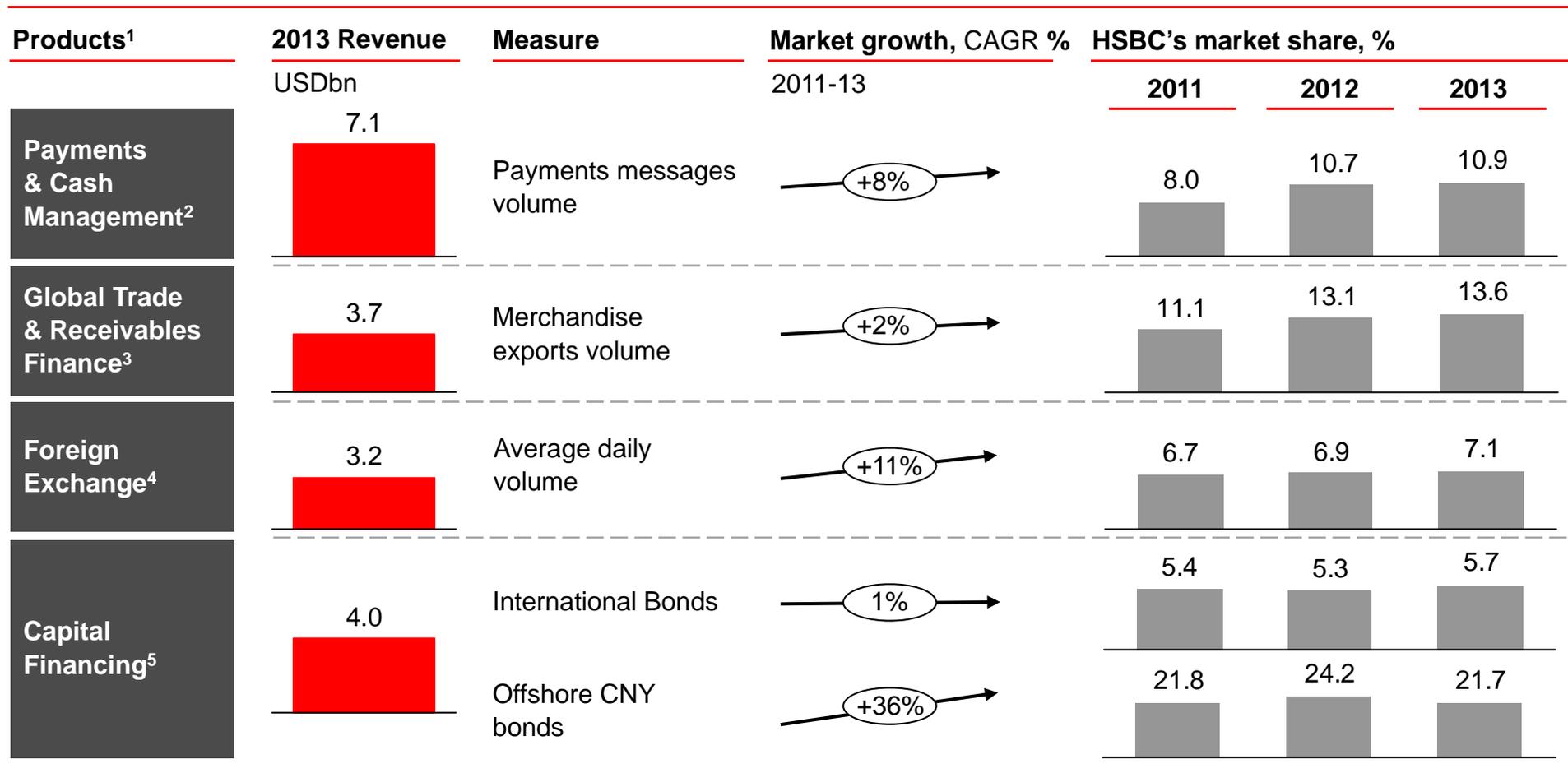
GDP growth, USDtrn

Shanghai	0.9	✓
Beijing	0.8	✓
Tianjin	0.5	✓
São Paulo	0.5	✓
Guangzhou	0.4	✓
Shenzhen	0.4	✓
New York	0.4	✓
Chongqing	0.4	✓
Moscow	0.4	✓
Tokyo	0.3	✓
Wuhan	0.3	✓
Los Angeles	0.3	✓
Foshan	0.3	✓
Istanbul	0.3	✓
Nanjing	0.3	✓

2. Unrivalled global position

Leveraging the international network and HSBC client franchise to improve our market position in strategic products

Key products of international and business connectivity (selected examples)



1. Key products that directly benefit from the international spread of our global network. Product revenues are as disclosed in the Annual Report 2013 and include both domestic and international elements of the business

2. Revenue includes Commercial Bank current accounts, savings deposits and PCM embedded foreign exchange revenues; Market volume and share: Swift

3. Revenue includes Commercial Bank GTRF embedded foreign exchange revenues. Market volume: UNCTAD; Market share of Traditional Trade Finance (includes shadow income from foreign exchange and revenue from associates): Oliver Wyman analysis / estimates

4. Revenue contributed from GB&M; Market volume: Bank for International Settlements (BIS). CAGR is from 2010-13 as BIS publishes data every 3 years. Market share: Euromoney Global FX Survey; 2013 market share is based on survey results in May 2014 done for 2013 and similar for previous years

5. Market volume and share: Bloomberg League table

Agenda

1

HSBC today

2

Unrivalled global position

3

Transformation 2011-13

4

Strategic priorities to strengthen the Group 2014-16

3. Transformation 2011-13

2011-13: Created a stronger bank with platform for growth

Achievements 2011-13

Re-focused the business

- Re-defined the strategic core of HSBC
- 74¹ disposals/exits announced since 2011, reduction of c.USD97bn RWAs² and c.20k FTE
- Progress on running down Legacy portfolios, reduction of USD28bn and USD19bn in total assets across the CML and ABS portfolios respectively
- Introduction of Global Standards and subsequent progress in de-risking the business

Simplified and globalised the organisation

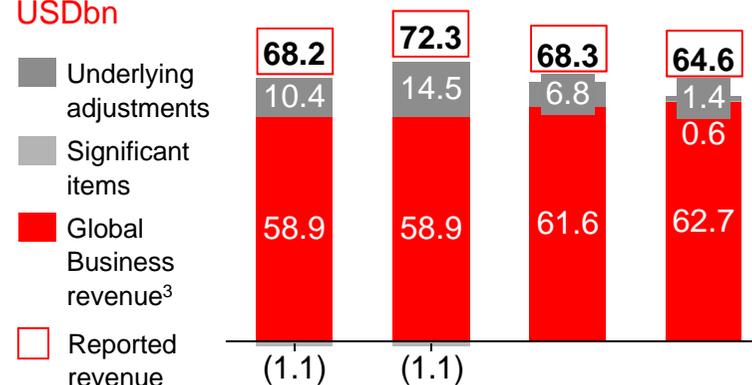
- Transformed the way we manage the business as a global bank in 4 Global Businesses and 11 Global Functions
- USD4.9bn annualised sustainable savings from 2011 to 2013
- Net reduction of 41k FTE, including disposals/exits

Grown Global Business revenue

- Grown Global Business revenue³ at a CAGR⁴ of 2%, driven by CMB (7%), GB&M excluding legacy credit (2%) and Principal RBWM (3%)
- Achieved double digit gross loan growth in 13 out of 21 home and priority markets
- Leveraging the international network to improve our market position in strategic products

Key financials⁵ 2010-13

Revenue, USDbn

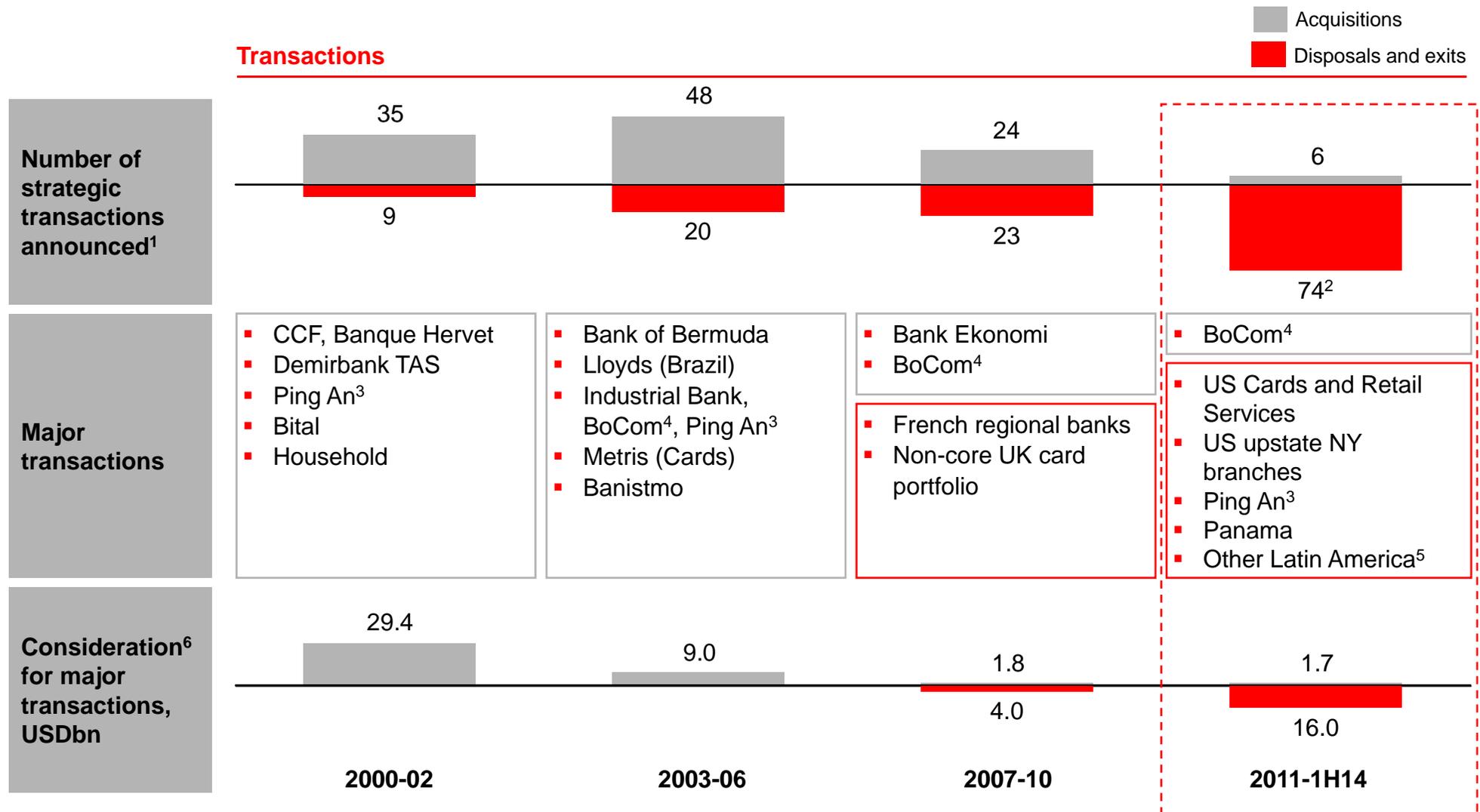


	2010	2011	2012	2013
PBT, USDbn	19.0	21.9	20.6	22.6
CER, %	55.2	57.5	62.8	59.6
Core tier 1 Ratio, %	10.5	10.1	12.3	13.6
ROE, %	9.5	10.9	8.4	9.2
Shareholders' equity, USDbn	148	159	175	182
Dividend in respect of year, USDbn	6.3	7.3	8.3	9.2

1. 74 disposals/exits were announced 2011-1H14. Out of these, 62 disposals/exits were announced 2011-13
 2. Expected reduction in RWAs after completion of all 74 transactions
 3. Global Business reported revenue excluding underlying adjustments and significant items
 4. Compound Annual Growth Rate ("CAGR") calculated from FY2010 to FY2013
 5. Reported basis unless otherwise stated

3. Transformation 2011-13

Six filter review led to an unprecedented number of disposals and exits



1. Excludes JVs and Alliances

2. 74 disposals/exits were announced 2011-1H14. Out of these 62 disposals/exits were announced 2011-2013

3. In 2002, acquired a 9.99% stake; in 2004, subscribed for new H-shares at its IPO; in 2005, acquired an additional 9.91% stake; in 2012-13, exited entire shareholding

4. In 2004, acquired a 19.9% stake; in 2005, subscribed for new H-shares at its IPO; in 2007, acquired an additional 0.4% stake; in 2010, subscribed to its rights issue; in 2012, participated in its private placement

5. Includes sale of RBWM operations in Chile and all operations in Costa Rica, El Salvador, Honduras, Colombia, Peru and Paraguay

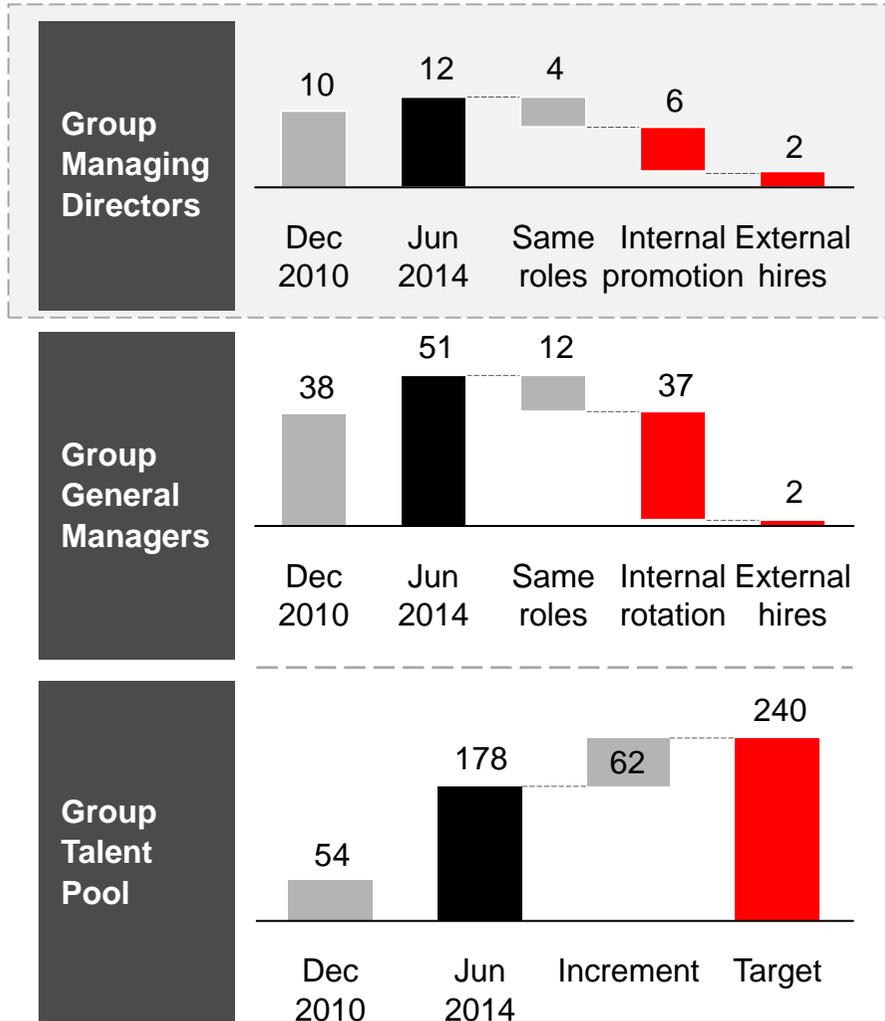
6. Based on consideration at the time of the deal announcement. Consideration for announced transactions, for the purposes of this analysis, is defined as the value received for the sale of a business for legal entity sales and the premium/discount to assets /liabilities received for the sale of a business for asset & liability transfers. The premium for the

(i) US Cards and Retail Services sale and (ii) the US upstate NY branches sale is as at closing.

3. Transformation 2011-13

Restructured the Group leadership team and pipeline of future leaders

Shifts in leadership team, FTEs



Select profiles of Group Management Board members

Stuart Gulliver,
CEO

- 34 years with HSBC
- Board member since 2008
- Appointed to current role: 2011

Iain Mackay,
Group Finance
Director

- 7 years with HSBC
- Board member since 2010
- Appointed to current role: 2010

Marc Moses,
CRO

- 9 years with HSBC
- Board member since 2014
- Appointed to current role: 2010

Sean O'Sullivan,
COO

- 34 years with HSBC
- Group Managing Director since 2011
- Appointed to current role: 2011

John M Flint,
RBWM

- 25 years with HSBC
- Group Managing Director since 2013
- Appointed to current role: 2013

Simon Cooper,
CMB

- 25 years with HSBC
- Group Managing Director since 2013
- Appointed to current role: 2013

Samir Assaf,
GB&M

- 20 years with HSBC
- Group Managing Director since 2011
- Appointed to current role: 2011

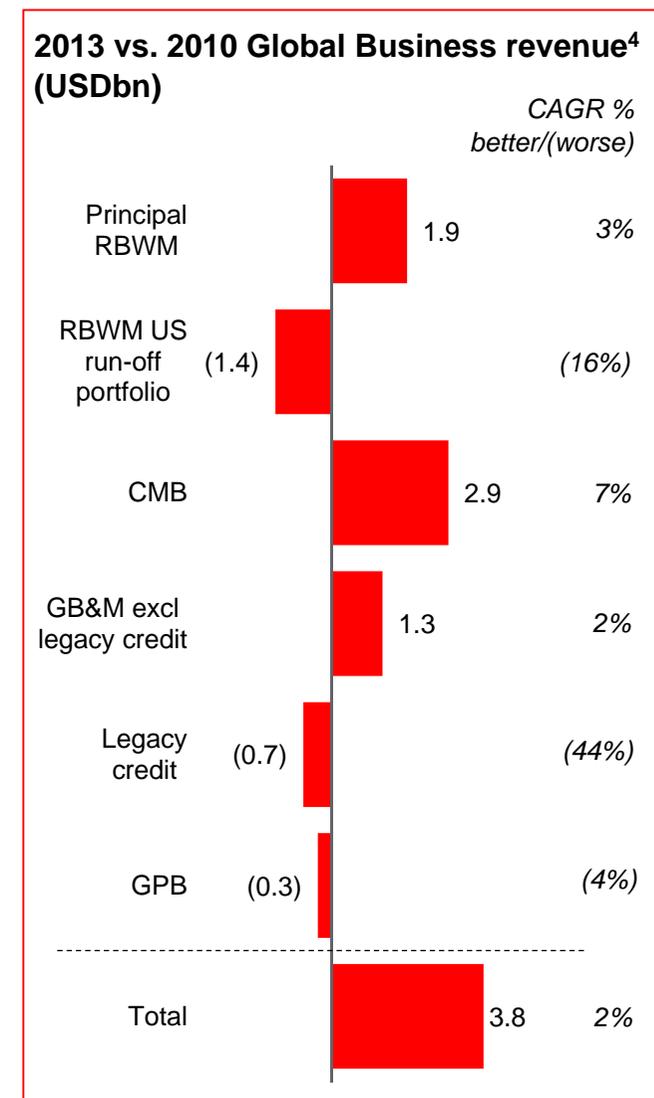
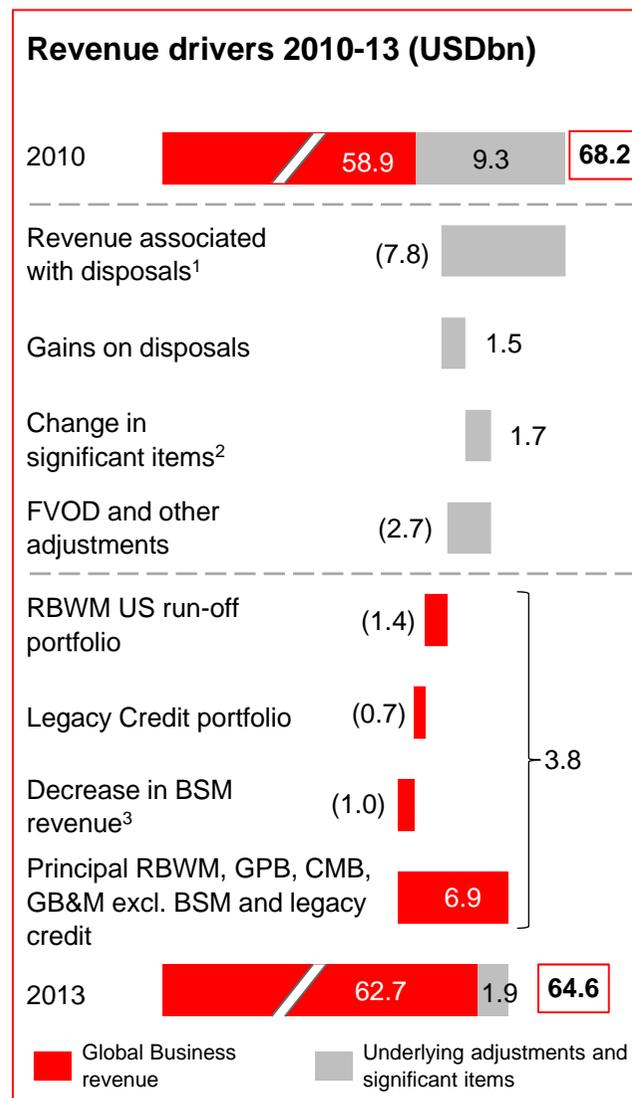
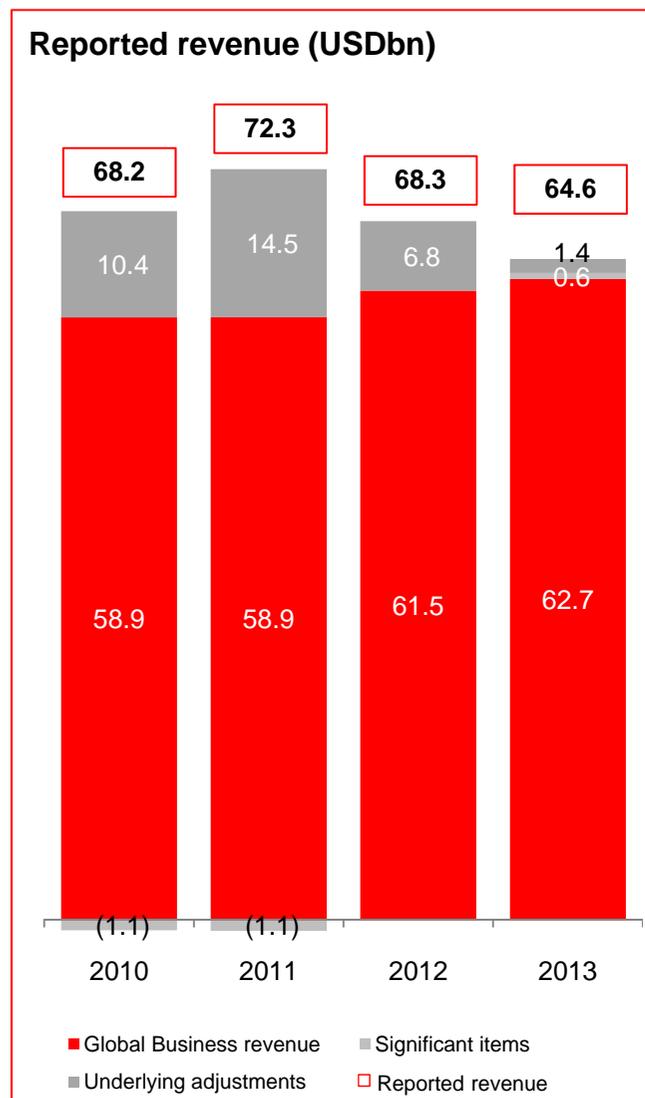
Peter Boyles,
GPB

- 39 years with HSBC
- Group Managing Director since 2013
- Appointed to current role: 2012

3. Transformation 2011-13

Revenue development 2011-13

Growth in Global Business revenues



1. Includes revenue in respect of CRS, US branches and disposals in Latin America (Panama, Costa Rica, Honduras and El Salvador only) only in 2010

2. Includes non-qualifying hedges USD1.6bn, net gain on completion of sale of Ping An USD0.6bn, structural FX USD0.4bn, gain on sale and leaseback of the Paris headquarters USD0.2bn, debit valuation adjustment USD0.1bn, loss on sale of several tranches of real estate secured accounts USD(0.1)bn, loss on sale of HFC USD(0.1)bn, loss on termination of cash flow hedges in CML USD(0.2)bn, loss on sale of vehicle finance portfolio in the USD(0.2)bn, loss on sale of the CML non real estate personal loan portfolio USD(0.3)bn, write-off of goodwill related to the Monaco GPB business USD(0.3)bn

3. On a reported basis

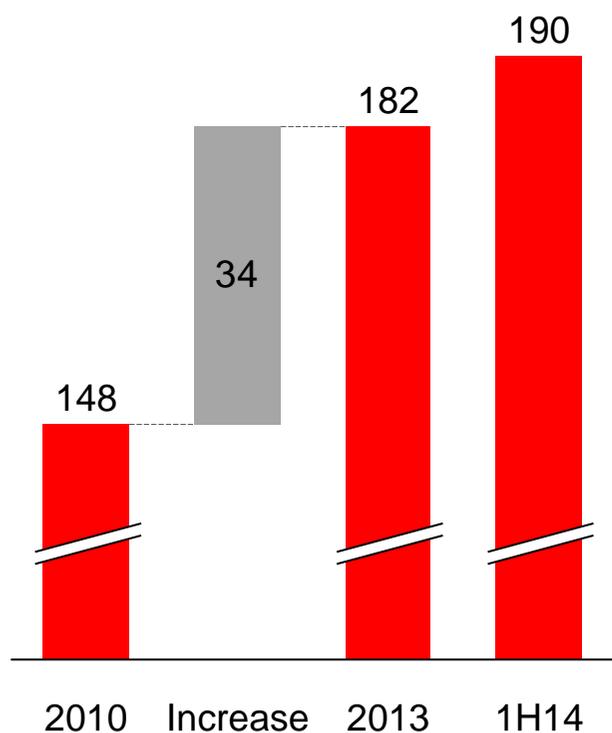
4. Global Business reported revenue excluding underlying adjustments and significant items

3. Transformation 2011-13

Added Shareholders' equity of c.USD34bn and declared dividends of c.USD25bn over last three years

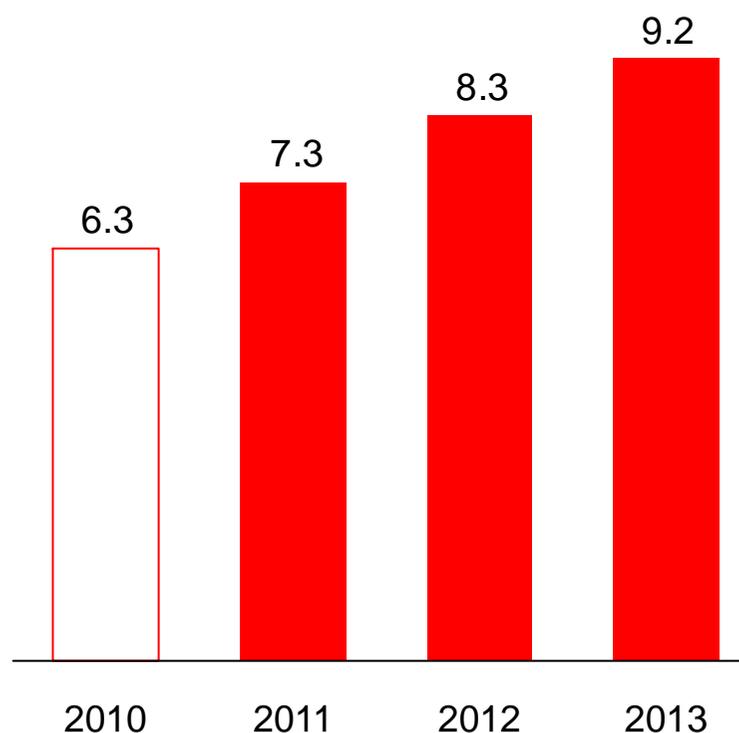
Shareholders' equity

USDbn



Total gross ordinary dividends declared in respect of the year

USDbn



In 2011-13 HSBC has been

- #2 dividend payer¹ in FTSE 100
- #5 dividend payer¹ in Hang Seng index

HSBC would be #3 dividend payer¹ in comparison to the S&P500

Payout Ratio² %

47

42

55

57

Dividend Yield³ %

3.5

5.4

4.3

4.5

Source: 2010, 2011, 2012, 2013 Annual Reports; 1H14 Interim Results

1. Based on sum of total dividends declared and paid to common shareholders in respect of the year from 2011-13; Source: FactSet

2. Reported payout ratio. Dividends per share declared in a year expressed as a percentage of basic earnings per share

3. Based on reported dividend per share in respect of the year as a percentage of closing price on annual year end date; Source: Bloomberg

Agenda

1

HSBC today

2

Unrivalled global position

3

Transformation 2011-13

4

Strategic priorities to strengthen the Group 2014-16

4. Strategic priorities to strengthen the Group 2014-16

2014-16: Three equally weighted priorities

	Actions and priorities	By 2016
Grow both business and dividends	<ul style="list-style-type: none">▪ Continue to recycle RWAs from low into high performing businesses within the Group's risk appetite▪ Capitalise on global network and strengthen position in priority growth markets	<ul style="list-style-type: none">▪ Return HSBC to revenue growth capitalising on our unique global footprint ("always where the growth is")▪ Progressively grow dividends and introduce share buy-backs¹ as appropriate▪ Legacy and non-strategic activities reduced impact on PBT and RWAs
Implement Global Standards	<ul style="list-style-type: none">▪ Continue to invest in best-in-class Compliance and Risk capabilities▪ De-risk operations and/or improve risk management in higher risk locations and businesses▪ HSBC values – act with courageous integrity	<ul style="list-style-type: none">▪ Significant progress in implementation of Global Standards²▪ Establish Global Standards as competitive advantage and increase quality of earnings
Streamline processes and procedures	<ul style="list-style-type: none">▪ Re-design key processes and procedures achieving improvements in service, quality, cost and risk▪ Release costs to provide headroom to invest in growth and Global Standards	<ul style="list-style-type: none">▪ Achieve USD2-3bn additional cost reductions from 2014 to 2016▪ Achieve Group CER target of mid 50s▪ Achieve positive jaws

1. Subject to meeting United Kingdom regulatory capital requirements and shareholder approval

2. Conditional on regulatory environment

4. Strategic priorities to strengthen the Group 2014-16

Investment priorities to capture areas of growth, building on our global footprint

Global connectivity and products

Capitalise on unrivalled global position

Global Trade & Receivables Finance

- Reinforce HSBC's leading position in trade
- Strengthen position in high growth products/corridors and expand in trading hubs

Payments & Cash Management

- Deliver improved client coverage and products via customer proposition enhancements
- Drive innovation e.g. mobile payments

Foreign Exchange

- Upgrade Global Business collaboration
- Renew capabilities of electronic distribution platform

RMB

- Accelerate global leadership position
- Capture offshore RMB, FX and capital markets opportunities

Geographic priorities

US

Transformation and targeted expansion of CMB network in city clusters

UK

Strengthen home market position

Germany

Build-out corporate franchise through improved client coverage and financing products; capture greater share of key trade corridors

Mexico

De-risking progressing; Investing to increase productivity and leverage inter-national capabilities, in particular NAFTA and LAM connectivity

Brazil

Leverage scale and optimise business mix; optimise cost base

China

Continue investments in organic growth; expand HK home market leadership into Guangdong

ASEAN

Develop ASEAN cluster to support integration and connectivity with global HSBC network

Cities focus

- Invest in city clusters with fast-growing international revenue pools
- Align global resources to priority city clusters

Summary

HSBC – Unrivalled global position and platform for growth

HSBC today	<ul style="list-style-type: none"> ▪ A leading international bank with USD64.6bn revenues¹ and USD22.6bn PBT¹ in 2013 and presence in 74 countries and territories ▪ Balanced global business model with universal banks in key global geographies ▪ Strong capital position and resilient results in 1H14
Unrivalled global position	<ul style="list-style-type: none"> ▪ World economy shifting to Asia, Latin America, and MENA² ▪ HSBC with unique international franchise to support economic development and facilitate global trade and capital flows <ul style="list-style-type: none"> – Distinctive network covering over 85% of international trade and capital flows³ – Strong presence and capabilities in most attractive growth markets – in Greater China, ASEAN, Latin America, and Middle East, capturing economic development and wealth creation ▪ Difficult to replicate HSBC's global position
2011-13: Created leaner bank with platform for growth	<ul style="list-style-type: none"> ▪ Transformed the organisation to a leaner bank with platform for growth <ul style="list-style-type: none"> – Clear strategic direction leading to 74 disposals⁴ and identification of 21 home and priority growth markets – Leaner organisation managed by 4 Global Businesses and 11 Global Functions; USD4.9bn of annualised sustainable saves – Recovered significant part of revenues sold in disposals through organic growth ▪ Added USD34bn of capital⁵ and declared USD25bn of dividends⁶
2014-16: Strategic priorities	<ul style="list-style-type: none"> ▪ Grow business and dividends: Investing to capitalise on our global platform to deliver growth ▪ Implement global standards as competitive advantage and increase quality of earnings ▪ Further streamline the organisation to fund growth and investments in global standards

	<u>Target</u> 2014-16
ROE	12-15%
Jaws	Positive
CER	Mid-50s
Common equity tier 1 ratio	>10%
Dividend pay-out ratio	40-60%
A/D ratio cap	<90%
Additional sustainable saves	USD2-3bn
HSBC headcount	240-250k

1. On a reported basis

2. Based on HSBC analysis on Global Insights data and HSBC Global Research – The world in 2050 (JAN12)

3. Based on HSBC analysis on Global Insights and UNCTAD data

4. 74 disposals/exits were announced 2011-1H14. Out of these 62 disposals/exits were announced 2011-2013

5. Capital generation calculated from Shareholders' equity for the period 31DEC10 to 31DEC13

6. Ordinary dividends declared in respect of 2011, 2012 and 2013



The view from HSBC Building, 8 Century Avenue, Pudong, Shanghai



The view from HSBC Main Building, 1 Queen's Road Central, Hong Kong SAR



The view from HSBC Group Head Office, 8 Canada Square, London

Issued by HSBC Holdings plc
Group Investor Relations
8 Canada Square
London E14 5HQ
United Kingdom
Telephone: 44 020 7991 8041
www.hsbc.com

Cover images: internationalisation of the renminbi
The images show the views from HSBC's head offices in Shanghai, Hong Kong and London – the three cities that are key to the development of China's currency, the renminbi (RMB). The growth of the RMB is set to be a defining theme of the 21st century. HSBC has RMB capabilities in over 50 countries and territories worldwide, where our customers can count on an expert service.

Photography: Matthew Mawson

Cover designed by Creative Conduct Ltd, London. 01/14