



RBWM Investor Presentation
Investor Update 2015



Important notice and forward-looking statements

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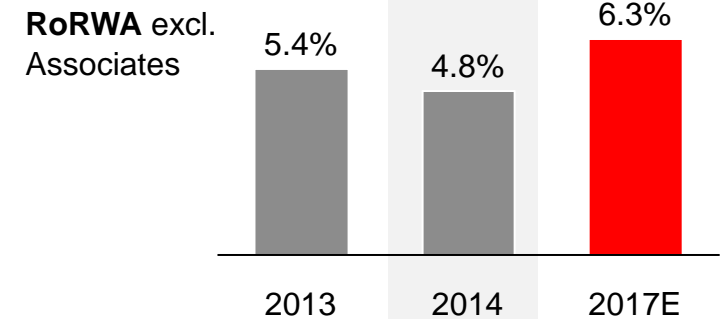
This presentation contains non-GAAP financial information. The primary non-GAAP financial measure we use is ‘adjusted performance’ which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period 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.

Key strategic priorities

Key messages

Capital accretive	<ul style="list-style-type: none"> Consistently strong returns, accretive to Group RoE
Sustainable high quality revenue	<ul style="list-style-type: none"> Client base positioned towards affluent customers High quality asset book with low LICs Repositioned the business for conduct risk
Diversified revenue base	<ul style="list-style-type: none"> Revenue sources broadly spread across products and segments
Interest rate sensitivity	<ul style="list-style-type: none"> Business will benefit as interest rates rise
Strong deposit franchise	<ul style="list-style-type: none"> Supports a stable and diversified core funding base for the Group
Group value	<ul style="list-style-type: none"> Shared infrastructure generates economies of scale Global footprint enhances brand visibility Branch services support other Global Businesses

Principal RBWM financial outlook¹



2014, USDbn²

Revenue	24.0
Operating expenses	15.7
LICs	1.8
PBT	6.9
CER	65.4%
RWA	150.0

Total RBWM, USDbn	2013	2014
Adjusted PBT:	7.9	7.6
Of which: US run-off portfolio	0.3	0.7
Principal RBWM	7.6	6.9

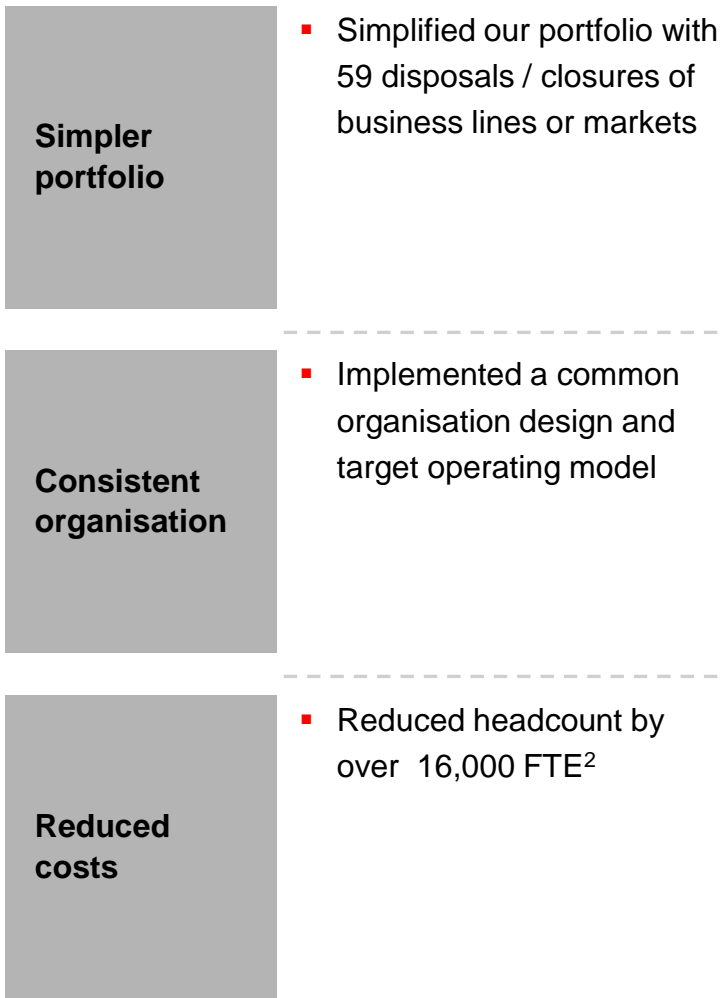
1. Financial data presented on an “adjusted” basis with comparatives translated at average 2014 exchange rates except 2017 which is on 1Q 2015 average rates

2. Includes associates

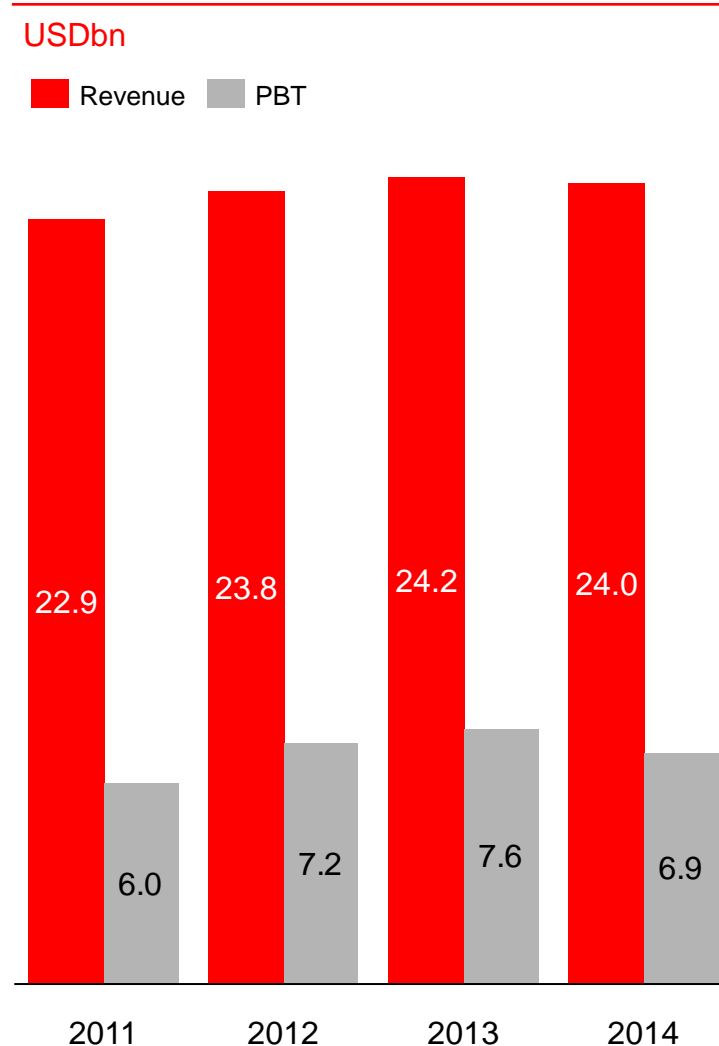
RBWM Investment Case

RBWM is now a simpler business, delivering sustainable, diversified revenues.

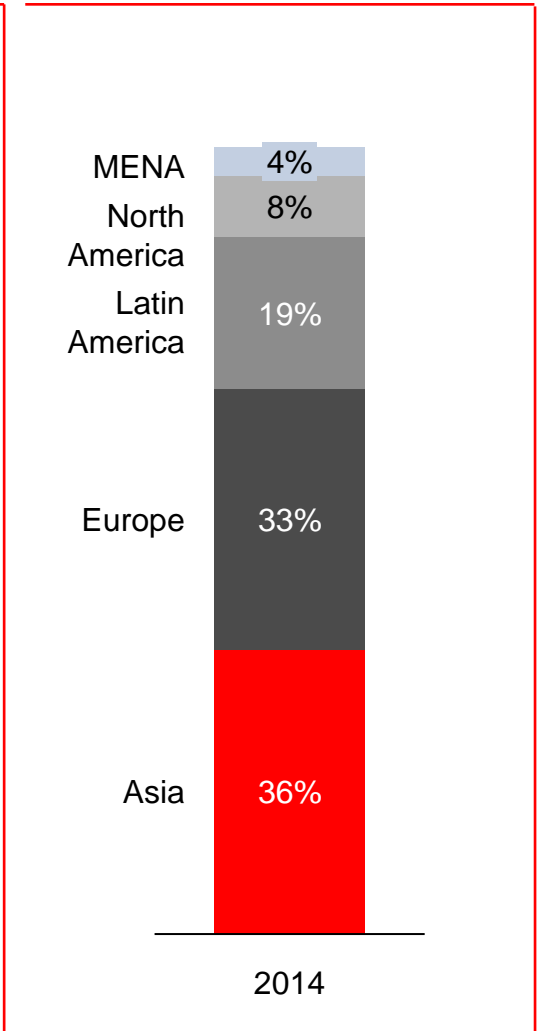
Business transformation



Principal RBWM Revenue and PBT¹



Principal RBWM Revenue by region¹



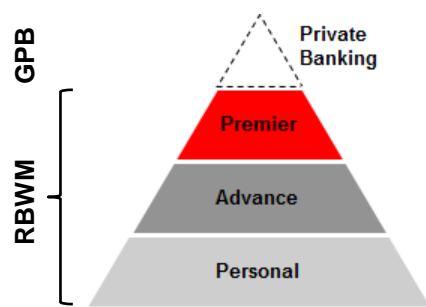
1. Principal RBWM financial data presented on an "adjusted" basis with comparatives translated at average 2014 exchange rates

2. Number excludes impact of disposals (c.10k FTE reduction)

RBWM Investment Case

Through Premier and Advance, we are able to attract an affluent client base, with higher revenue per customer.

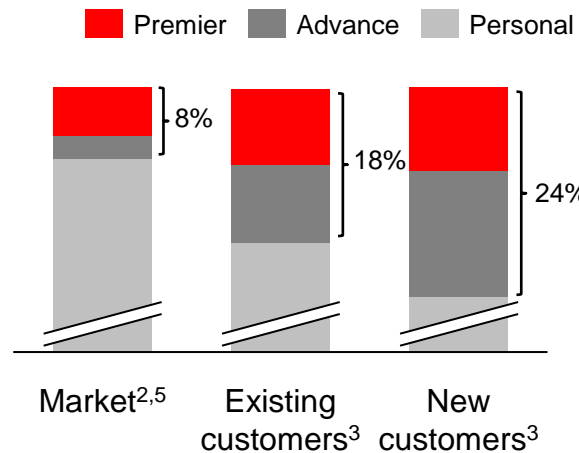
Customers and markets



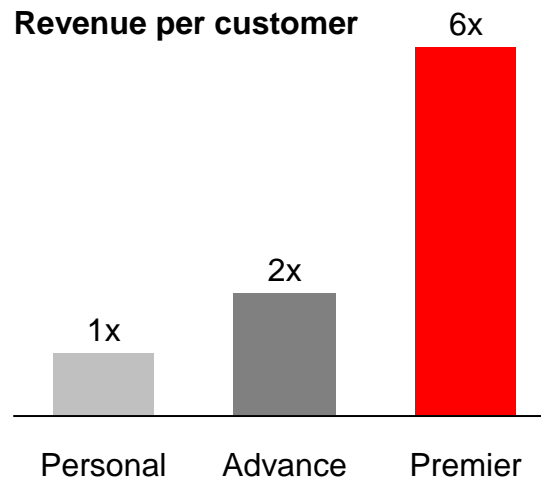
- Close to 50 million customers worldwide, served through a consistent global proposition model
- Significant domestic scale in two home markets, Hong Kong and UK
- A strong local market share¹ in five further priority markets
- Focused on developing affluent segments in other priority markets

Positioned towards affluent customers

Customer base compared to market



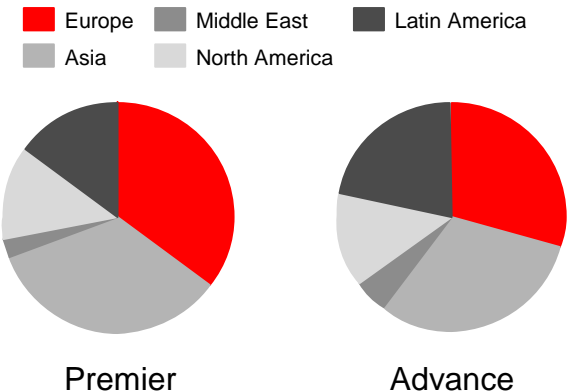
Customer revenues by segment



Selected markets⁴

	% Premier	Market ⁵	HSBC customer base
China		2%	c. 80%
France		7%	c. 50%
Canada		17%	c. 30%
UAE		3%	c. 20%

Geographical distribution of customers by segment (Sep 2014)



1. Deposit market share > 4% as at Dec 2014.

2. Australia, Canada, China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Turkey, UAE, UK US: Source: Datamonitor

3. Existing customers as at Sep 2014; New customers acquired within 1Q15

4. Selected examples only. In some countries neither HSBC nor the market have a high proportion of Premier clients. E.g. Turkey (1% Market, c.4% Premier customer base)

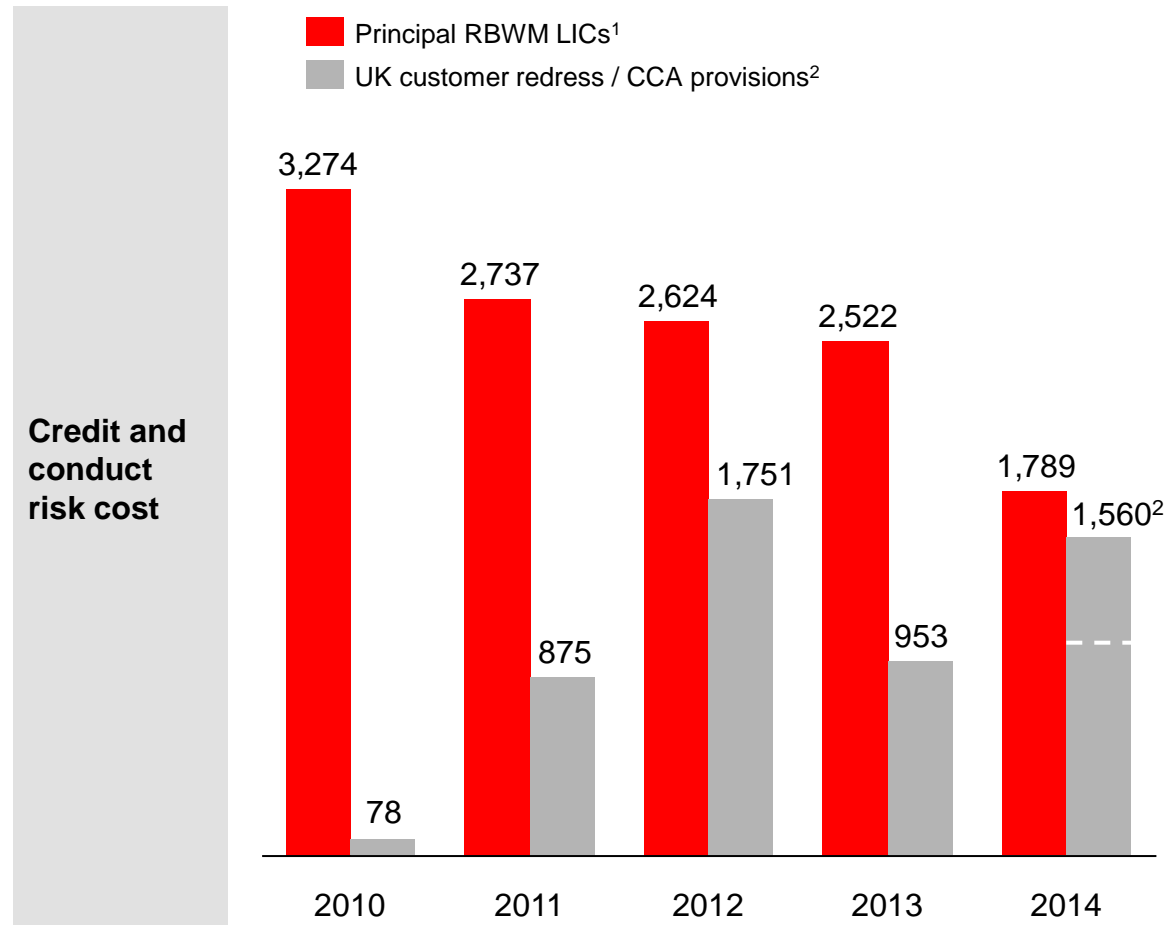
5. Premier / Advance estimated as % of banked individuals holding USD 100,000 / USD 50,000 or more in liquid assets; Source: Datamonitor

RBWM Investment Case

Conduct risk is redefining how retail banks engage with and serve their customers. We have proactively repositioned the business for this...

UK customer redress and CCA provisions have grown to a similar size as credit losses on our lending book in 2014

USDm



Numerous actions to significantly reduce conduct risk starting in 2012

- Removed the formulaic link between product sales and remuneration: staff are paid on a discretionary basis
- Simplified our product shelf (c.30% reduction in retail products as of 2014 vs. 2012)
- Addressed pro-actively the Fair Value Exchange (FVE) between customers and shareholders
- Implemented new sales quality monitoring, including mystery shopping and strengthened assurance programme
- Deployed new investment product risk framework to better match products with clients' risk profile

We believe that the repositioning work is largely behind us

All figures are sourced from 2010, 2011, 2012, 2013 and 2014 Annual Report and Accounts & Data Pack

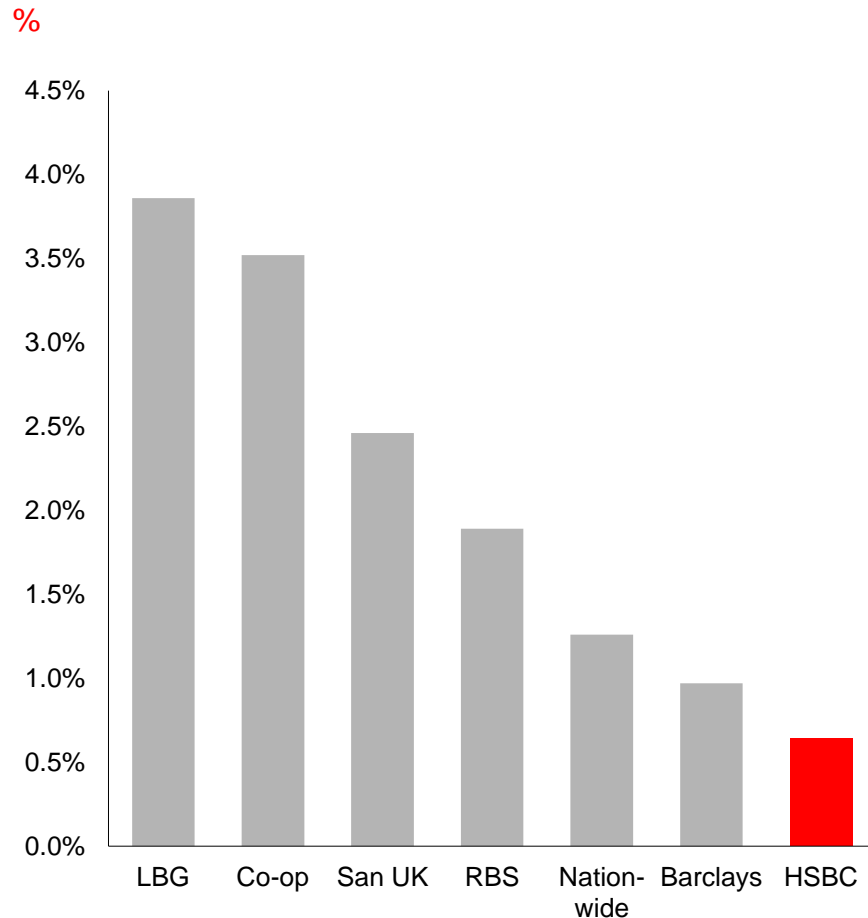
1. Reported basis. 2010 figure corresponds to RBWM (total) reported LIC less USD7.9bn related to US CRS and US run-off

2. 2014 includes a provision arising from the ongoing review of compliance with the Consumer Credit Act in the UK of USD568m

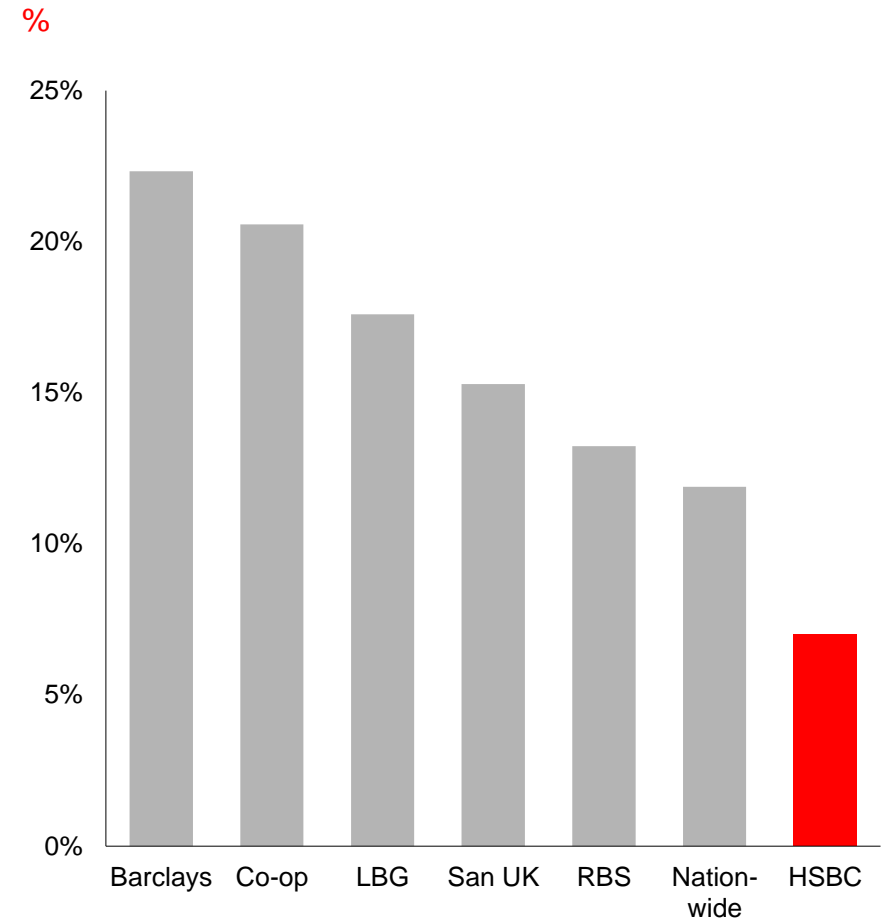
RBWM Investment Case

... and we are maintaining our credit discipline – Example RBWM UK.

PRA 2014 stress tests: Projected cumulative three-year impairment charge rates on UK household mortgage lending in the stress^{1,2,3}



PRA 2014 stress tests: Projected cumulative three-year impairment charge rates on UK household non-mortgage lending in the stress^{1,2}



Source: "Stress testing the UK banking system: 2014 results", Bank of England, Dec 2014, page 17

1. Data sources: Participating banks' FDSF data submissions, Bank of England analysis and calculations

2. Cumulative impairment charge rates = (three-year total impairment charge) / (average gross on balance sheet exposure), where the denominator is a simple average of 2013, 2014 and 2015 year-end positions. The HSBC impairment charge is calculated by first converting each component to sterling using exchange rates consistent with the stress scenario

3. Includes retail buy-to-let portfolios

RBWM Investment Case

The repositioning impacted the rate of revenue growth in 2013 and 2014, but we are confident the quality of revenues is improving...

Principal RBWM revenue progress 1Q11 to 1Q15¹

USD

Design and policy (2012)

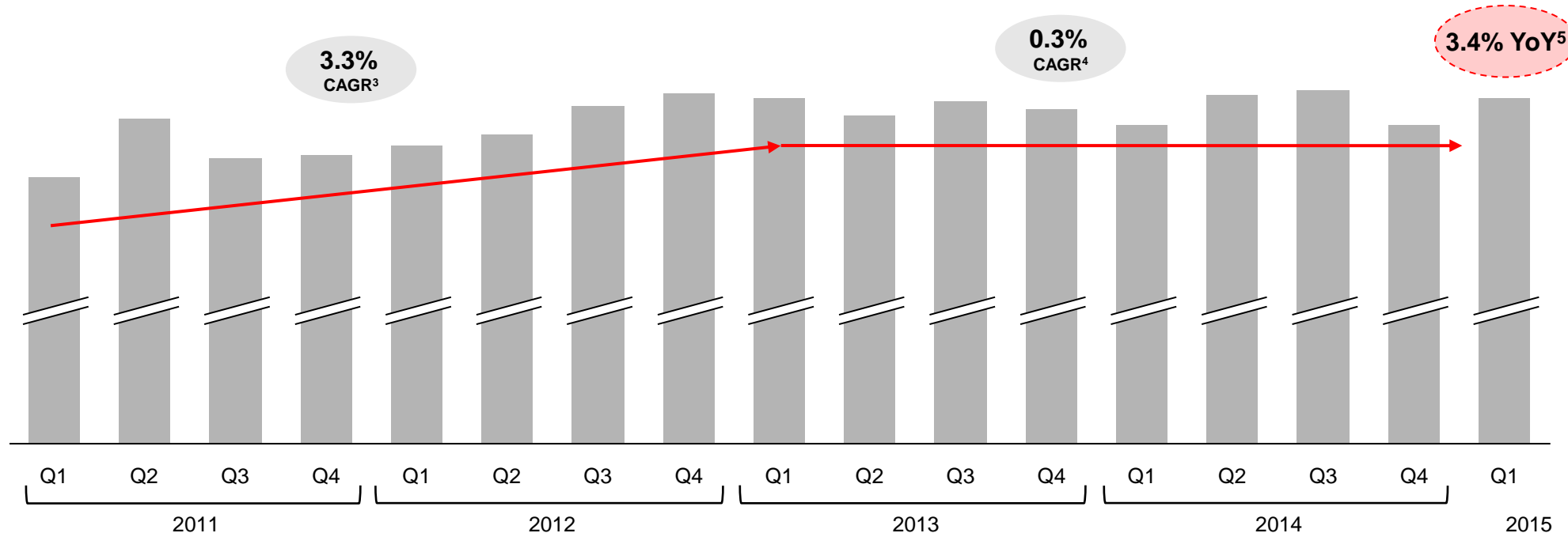
- Business Risk Review
- New Risk Profiling tool
- New global policy to protect Potentially Vulnerable Clients

Implementation (2013)

- Global Product Range Review
- First phase of new sales Incentive Frameworks²
- Global Sales Quality Standards
- Global Mystery Shopping

Implementation (2014)

- Fair Value Exchange
- Second phase of new sales Incentive Frameworks²
- Updated Financial Planning Standards



1. Principal RBWM financial data presented on an "adjusted" basis with comparatives translated at Mar 2015 exchange rates
2. 1Q13: Global Wealth Incentive Framework (GWIF) globally, and Retail Bank Incentive Framework (RBIF) in Canada, USA and UK; 1Q14: GWIF and RBIF in all other markets
3. FY10-FY12 CAGR based on 2014 average exchange rates
4. FY12-FY14 CAGR based on 2014 average exchange rates
5. 1Q15 vs 1Q14 y/y growth

RBWM Investment Case

... and there are signs that the repositioning is leading to improved customer experience – Example RBWM Mexico.

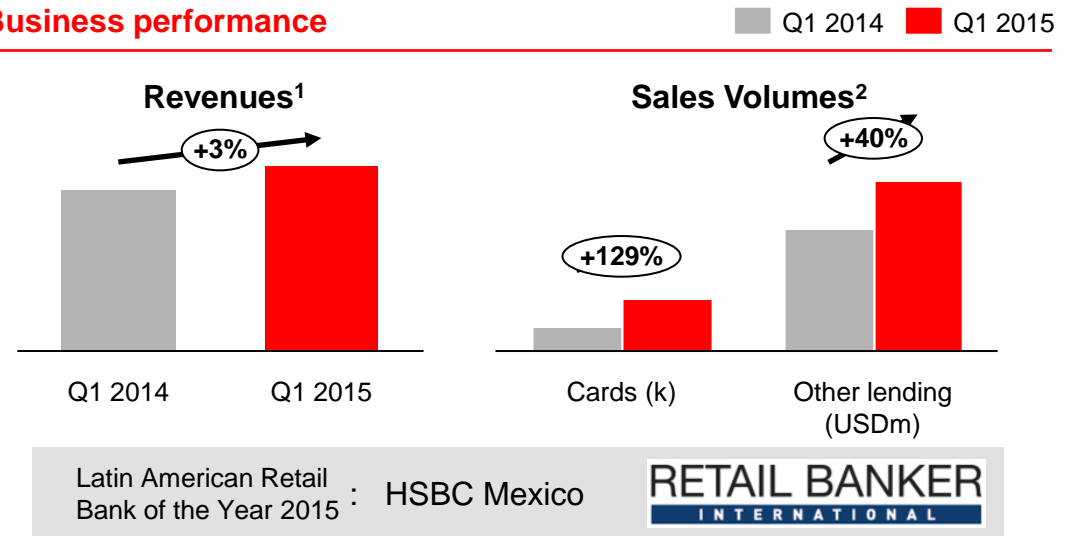
Conduct Agenda

- In 2013-2014, a new incentive framework was implemented across the Group, remunerating staff for meeting customer needs
- Following an initial decline as we adjusted to the new framework, product sales and revenue have been steadily increasing over the past year
- Implementation of the Conduct Agenda has resulted in an improved customer experience and a better reputation for the bank

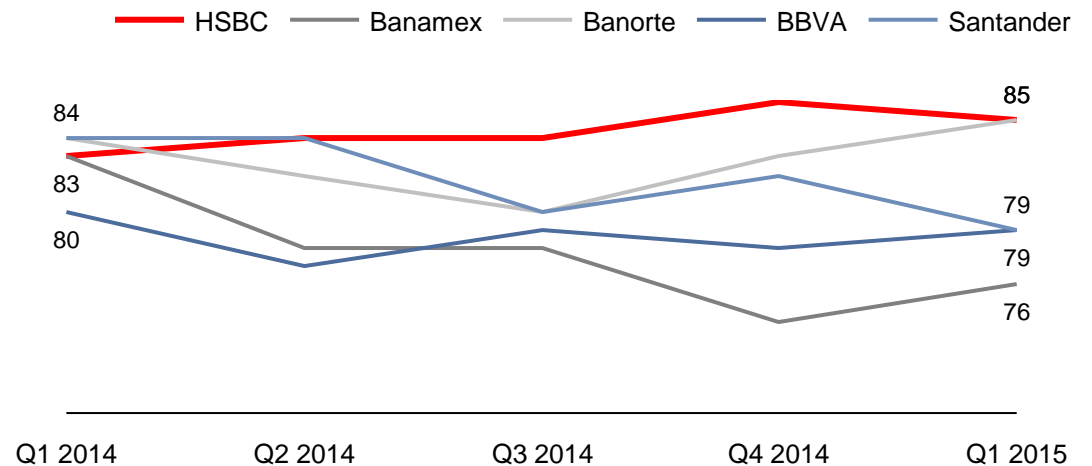
Reported drivers of customer recommendation¹

HSBC	<ul style="list-style-type: none"> ▪ Customers feel valued ▪ Advice is relevant to customer needs ▪ Customers are treated fairly
Competitor 1	<ul style="list-style-type: none"> ▪ Poor customer service / understanding ▪ Reputation declining ▪ High complaint volumes
Competitor 2	<ul style="list-style-type: none"> ▪ Poor relationship manager service levels ▪ Increasing complaints

Business performance



Customer recommendation³



1. Financial data presented on an "adjusted" basis with comparatives translated at Mar 2015 exchange rates
 2. Other lending includes value of total drawdowns for Personal loans, Payroll loans and Mortgages
 3. Source: HSBC Customer Recommendation Index Q1'14-Q1'15

Growth Priorities

Our growth priorities have not changed and we continue to optimise our portfolio of markets and businesses.

Strategic actions

Targeted outcome 2014 - 2017

	Strategic actions	Targeted outcome 2014 - 2017
Growth Priorities	1 Relationship-led Personal Lending <ul style="list-style-type: none"> Invest in marketing, customer relationship management, analytics and digital Strengthen credit capabilities (people, tools) Acquire new customers through unsecured lending 	<ul style="list-style-type: none"> Principal RBWM lending balance¹ growth 3-4% CAGR
	2 Wealth Management <ul style="list-style-type: none"> Deliver competitive Premier USD1-5m, International, FX and Digital propositions Disciplined execution of the needs-based sales model Continue strong collaboration with the rest of Group Accelerate the pivot of Insurance and Asset Management towards Asia 	<ul style="list-style-type: none"> Premier Total Relationship Balance² 5-7% CAGR Wealth revenue³ growth 5-7% CAGR c.10% growth p.a. AUM in Asia
	3 Digital <ul style="list-style-type: none"> Expand digital ways of working within RBWM including digitalisation of processes Deliver data-driven, relevant and timely customer touchpoints Leverage digital investment to transform customer experience and cost base 	<ul style="list-style-type: none"> 40-50% of customers digitally active⁴ 2017 exit cost rate at 2014 level
Portfolio optimisation	4 Continue portfolio optimisation <ul style="list-style-type: none"> Review market portfolio in line with Group priorities and requirements Address low performing / sub-scale businesses Focus investment on key priority growth markets 	<ul style="list-style-type: none"> Portfolio review conclusions implemented

1. Money lent to individuals rather than institutions. This includes both secured and unsecured loans such as mortgages and credit card balances.

2. Aggregate of Deposits (both local and foreign currency), investments (e.g. Mutual Funds, Equities, etc.) and Insurance (Life, Pension and Investment insurance products). It is exclusive of Credit Enhancement Services Insurance and General Insurance products, pure Protection Insurance products as well as Mortgage or other Loan / Asset balances

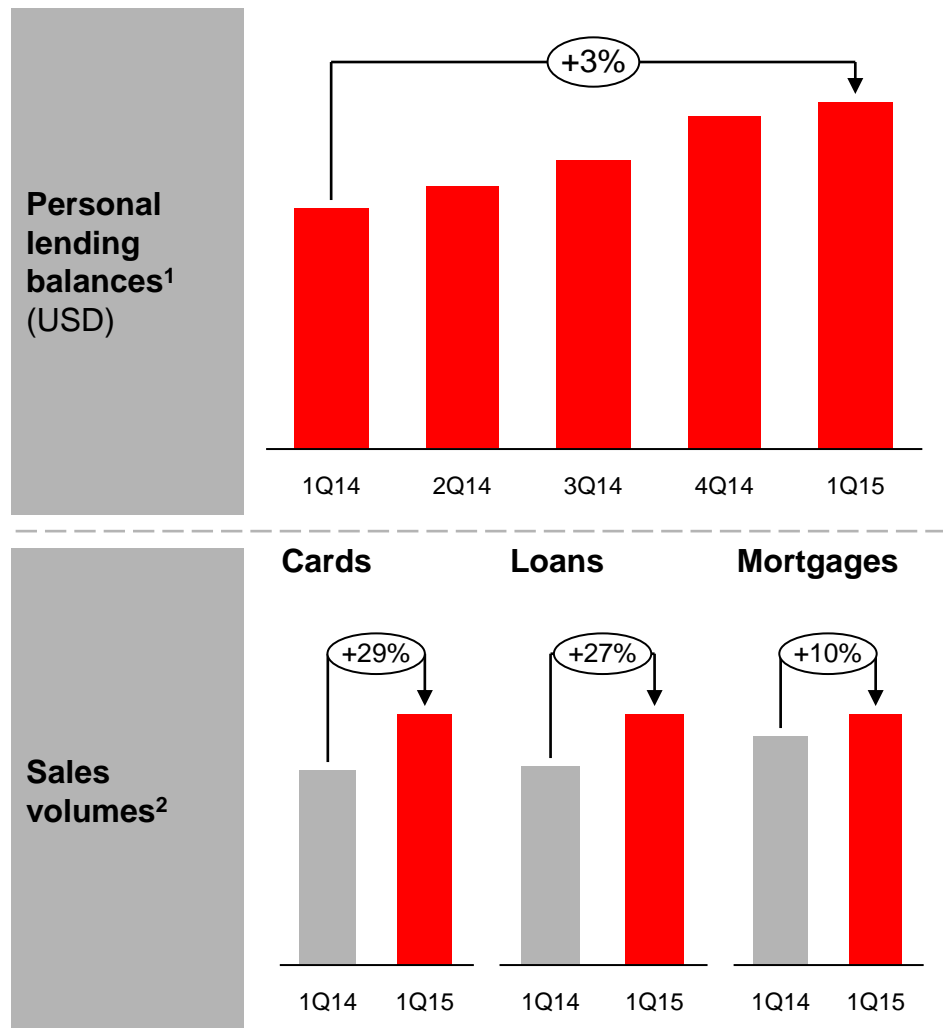
3. Wealth Distribution revenue only

4. Total customers who have logged in to one of our Digital platforms (Internet / Mobile) in the last three months as a % of all RBWM active customers (priority markets)

Relationship-led Personal Lending

We have the capacity to take more credit risk in RBWM and the business is showing signs of volume growth.

Principal RBWM lending balances and sales volume growth



Actions to date

- Global analytics capability improving the identification of customer needs
- New triggers enabling targeted offers to individual customers
- Expansion of sales channels supported by increased investment in marketing, improving new-to-bank customer acquisition
- Consistently implemented global segmentation capability, strengthening pricing and profitability discipline
- Integrated risk approach enhancing risk adjusted returns

Next steps

- Investing further in analytics, including digital targeting and real-time offer capability
- Deploying digital utilities (e-signature, document upload) to simplify the customer experience and enable straight through processing
- Focusing on innovation, including new mobile sales and service capabilities, and strategic partnerships with new payment providers
- Leveraging the Group's connectivity to deliver international mortgages and global consumer offers

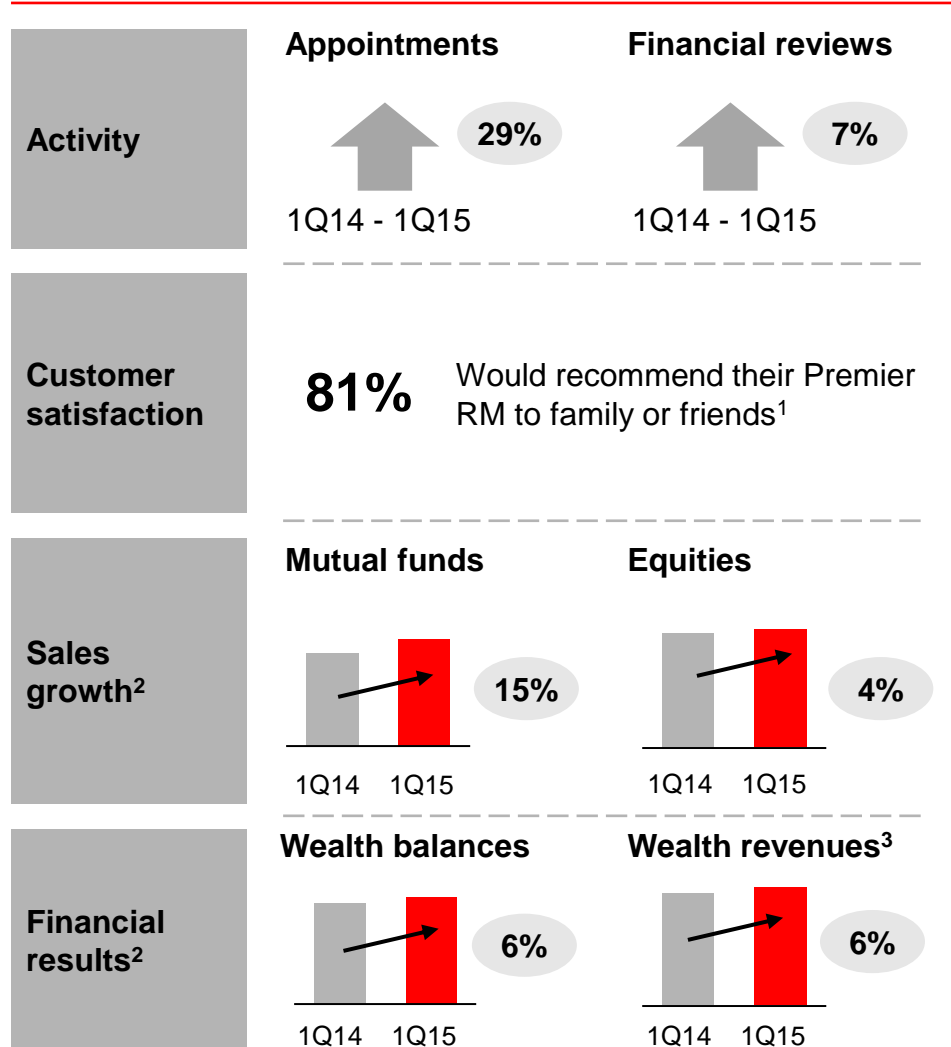
1. Principal RBWM financial data presented on an "adjusted" basis with comparatives translated at Mar 2015 exchange rate. Excludes temporary impact of IPO Loans at 1Q15 in Hong Kong (4% growth including this)

2. Cards: Number of new cards issued; Loans & Mortgages: Value of total drawdowns in USD

Wealth Management

Our investment in a differentiated Wealth offering is driving improved performance, with further opportunities for growth.

Strong customer satisfaction with improving sales momentum



We have built a clearly differentiated Wealth offering

- Financial planning**
 - We operate a consistent global financial planning model based on our customers' goals and aspirations
- Aligned to needs**
 - Our relationship managers are rewarded for meeting customer needs, not for product sales
- Integrated advice**
 - A single relationship manager can provide professional advice across a customer's Wealth and Retail needs

With opportunities for sustainable growth

- Further customising our Premier proposition to better meet the needs of wealthier and more international customers
- Deploying enhanced analytics to improve our understanding of customer needs
- Investing in marketing, tools, and digital capabilities
- Simplifying our processes for our customers
- Bringing Asset Management and Insurance capabilities to retail clients including research, insights and advice

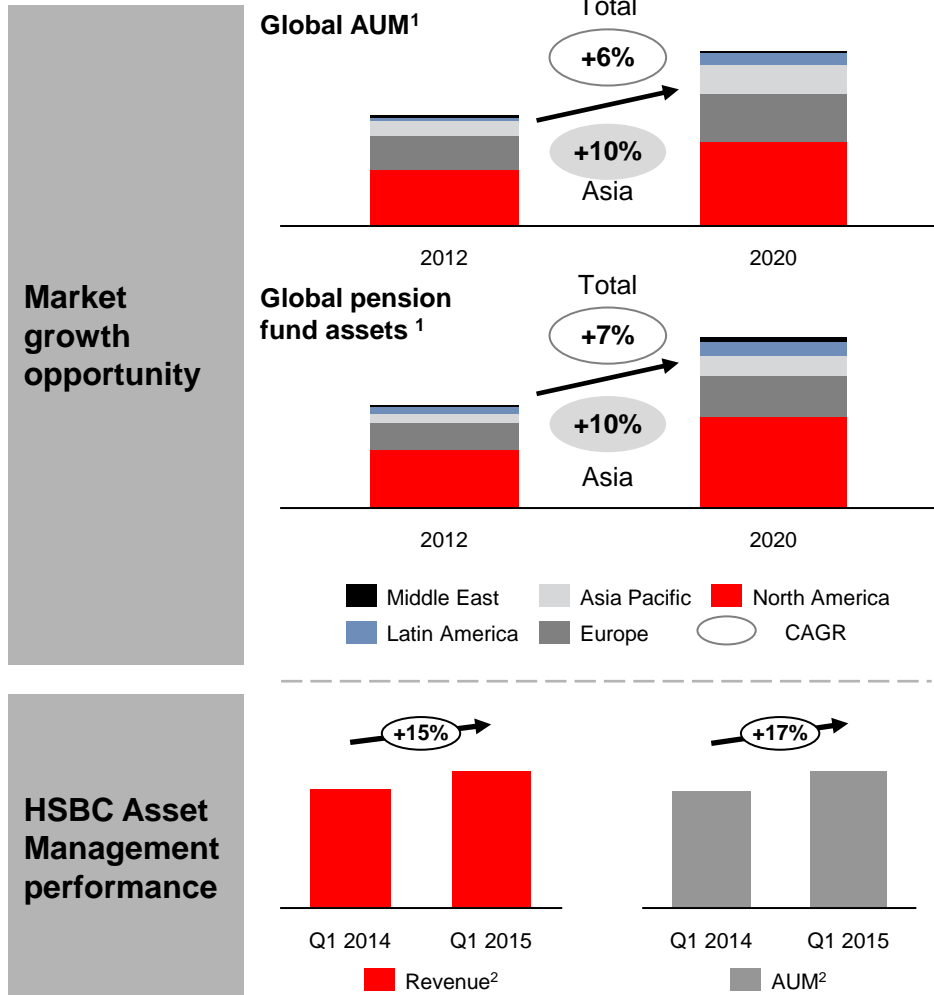
1. HSBC Premier Relationship Manager Customer Experience Survey 4Q14; Median recommendation score across 18 priority markets
 2. YTD constant currency FX rate. Mutual funds gross sales (USDm); Equities turnover (USDm); Wealth balances (USDbn); Wealth revenues (USDm)
 3. Wealth Distribution revenues only

Asset Management

Our Asset Management business delivers attractive returns, and is positioned to benefit from managed asset growth in Asia.

Managed asset pools are forecast to grow strongly

USD



This growth provides opportunities for us

Asia focus

- Distribution footprint aligned to forecast growth of managed assets in key emerging markets

Retirement

- Defined contribution pensions growth, driving reliance on investments for retirement income

Group clients

- Group customer base including relationships with pension funds and insurance companies

We have already moved on these

- Deepened relationships with pension, insurance and corporate clients
- Developed core asset allocation solutions for RBWM
- Deployed a single global investment process and platform; ongoing alignment with GPB for management of discretionary portfolios
- Differentiated products and services through highest standards of fiduciary conduct and governance

And we are positioned for future growth

- Participating in growing managed asset pools driven by individual investors' wealth, savings and retirement plans, particularly in Asia
- Driving continued growth from Group retail distribution channels
- Leveraging Group connectivity to meet needs of institutional clients, both long-term and liquidity management
- Potential for selective acquisitions to strengthen franchise

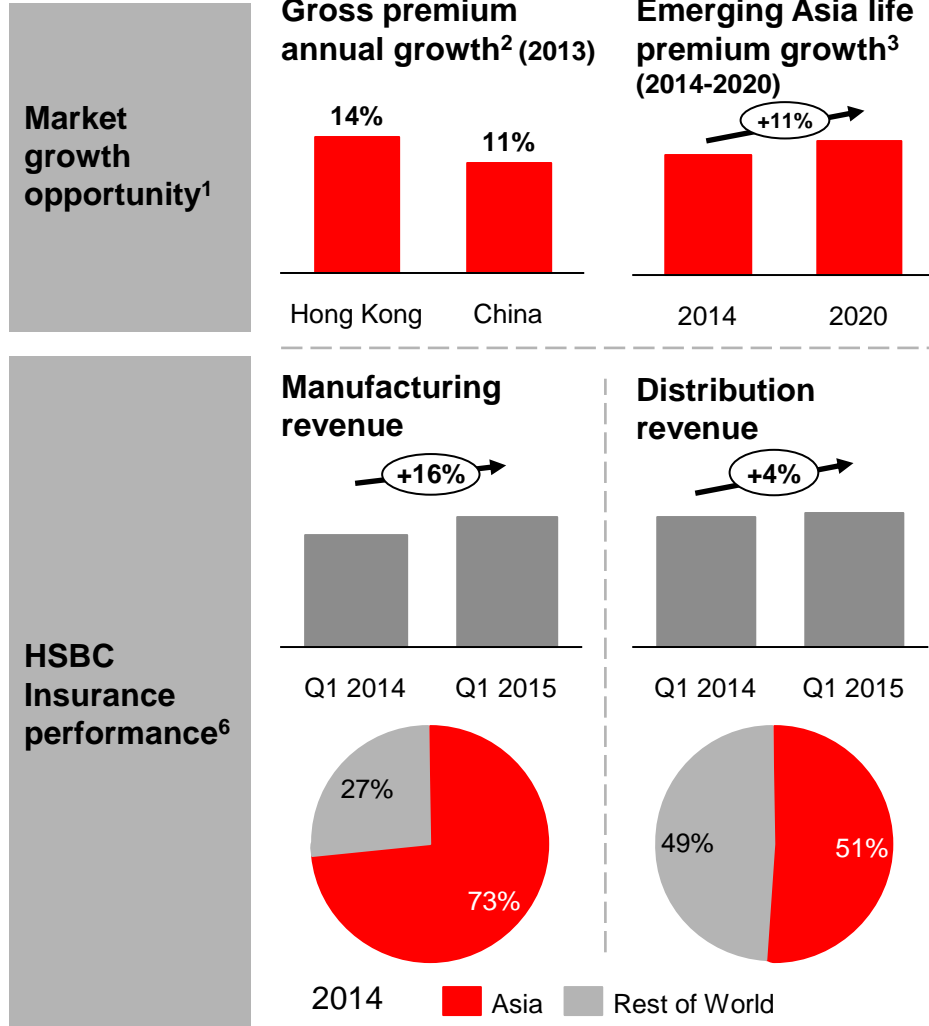
1. Source: PwC Report "Asset Management 2020 – A Brave New World"
 2. Principal RBWM financial data presented on an "adjusted" basis with comparatives translated at Mar 2015 exchange rates

Insurance

Insurance is accretive to the Group, with very strong exposure to high growth markets across Asia.

Profitable and accretive returns for Group

USD



Significant growth opportunity, particularly in Asia

- Asia's share of the global middle class will almost double by 2020⁴, driving growth and demand for wealth products including insurance, particularly to meet saving and protection needs
- Asia's aging population, particularly in China⁵, is increasing the need for retirement and protection products as public systems become strained
- Increasing international availability and usage of RMB drives demand for RMB-denominated insurance products
- Continued focus on the high quality and underpenetrated customer base in Hong Kong where market growth has exceeded 13% for the last 2 years

The insurance business is positioned for quality earnings

- Insurance contributes positively to Group CET1 capital through the dividends it pays to the Group, with a high RoRWA
- Significant distribution footprint in markets where bancassurance is the predominant channel
- Proactively addressed the conduct agenda improving customer outcomes and minimising the risk of mis-selling

Next steps

- Committed to invest in Asia to capitalise on growth opportunities
- Fill in product gaps, enhance offerings, and simplify processes while increasing distribution capabilities and capacity
- Support development with improved data and analytics

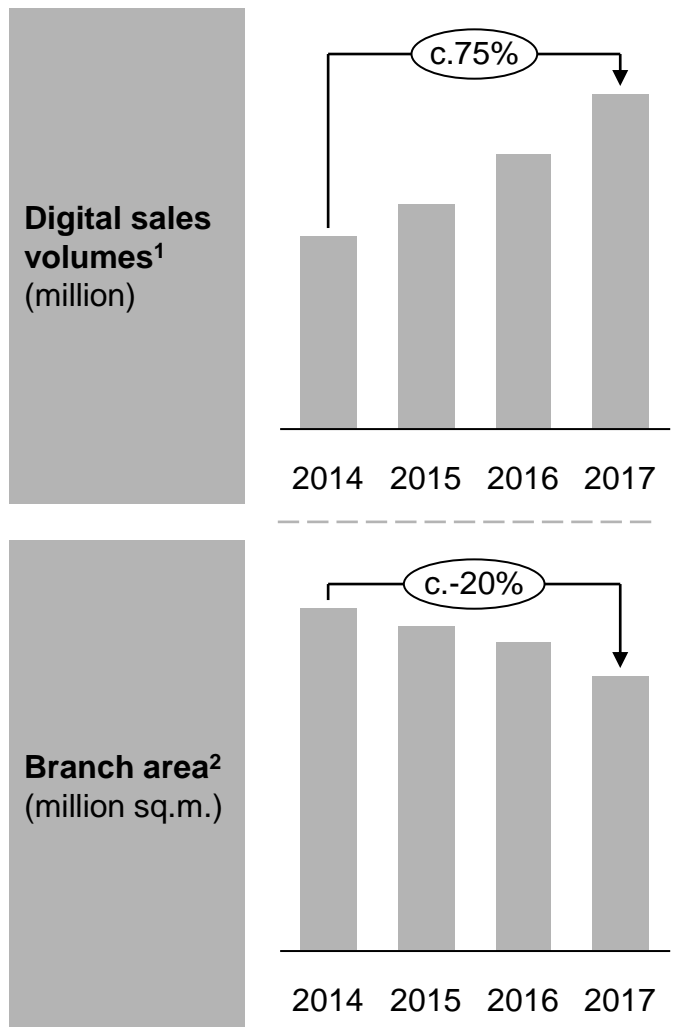
1. Life Insurance
 2. HK TDC (Trade Development Council) research
 3. CAGR, Munich Re Insurance Market Outlook (May 2014)
 4. 2014 EY Asia-Pacific insurance outlook

5. 2014 EY Waves of change
 6. Principal RBWM financial data presented on an "adjusted" basis with comparatives translated at Mar 2015 exchange rates

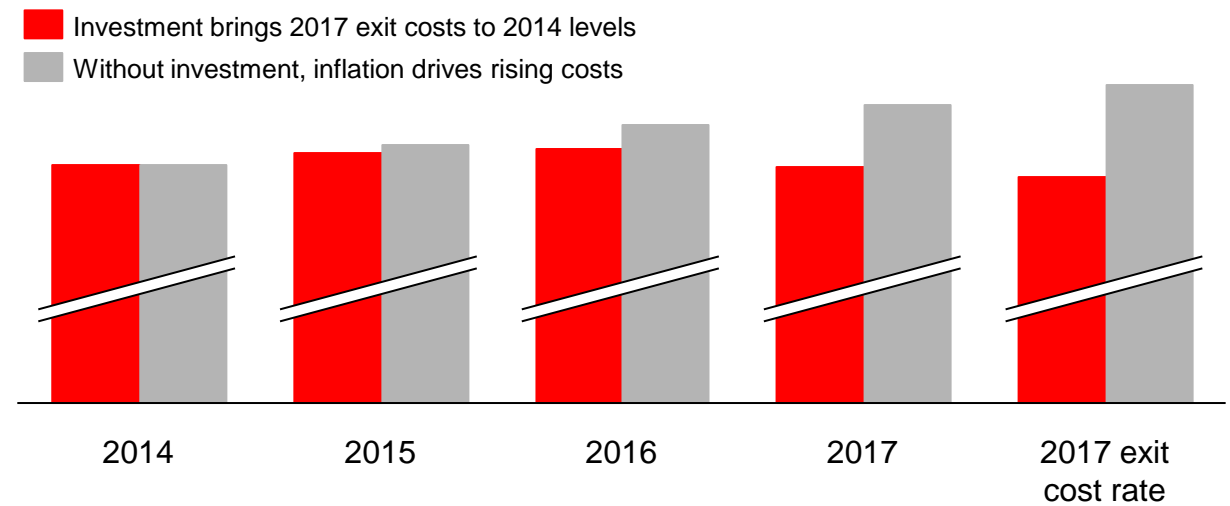
Digital

Digital transformation will enable process simplification and accelerate channel migration, improving productivity and customer experience.

Changing customer behaviour



The Group's streamlining programme will sustainably reduce RBWM's costs




- | | | |
|---------------------------------------|--|---|
| Digital transformation | <ul style="list-style-type: none"> ▪ Enhance digital platform and service capabilities ▪ Accelerate deployment across geographies ▪ Improve supporting digital operations | Simplifies customer interactions |
| | | |
| Product and service automation | <ul style="list-style-type: none"> ▪ Optimise end-to-end customer journeys ▪ Automate sales and service transactions to deliver straight through processing | Improves productivity |
| | | |
| Channel simplification | <ul style="list-style-type: none"> ▪ Deliver effortless multi-channel capability ▪ Empower customers via self-assisted sales ▪ Optimise branch and contact centre footprint | Enhances customer experience |

1. Retail sales for mortgage, loans, cards, savings, current accounts, through digital channels in top 7 markets (includes ATM / third party sales)
 2. Top 7 markets

Portfolio

Within our portfolio of businesses, returns are driven by a combination of domestic scale and focus on affluent customers...

Scale and returns for RBWM priority markets¹

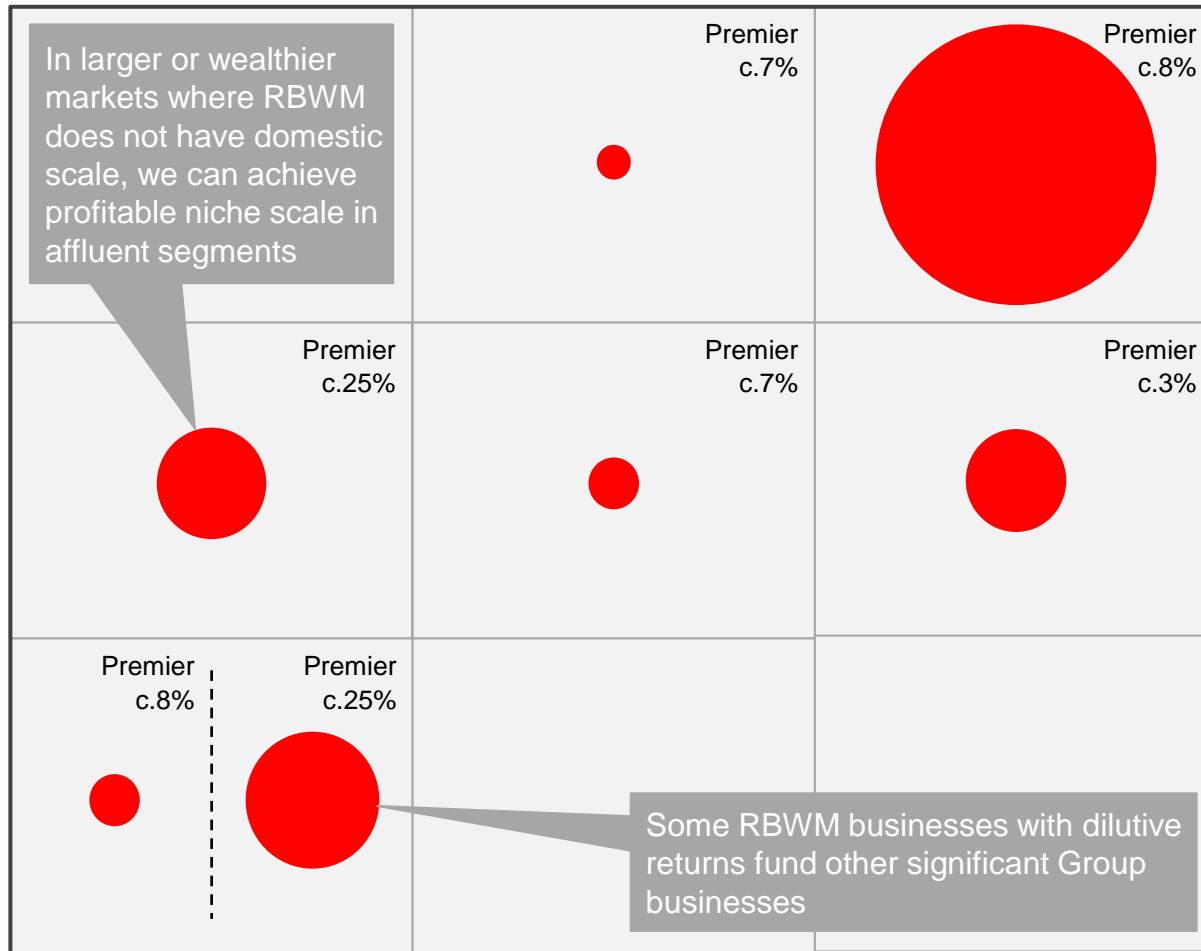
RBWM revenue²  x% of customers are Premier

RoRWA³

> 4.5%

2.3% - 4.5%

< 2.3%



Strategic actions

Protect and grow

- Maintain and increase existing scale
- Invest to drive incremental growth

Transition

- Invest in increased scale to improve profitability
- Where there is a large enough affluent population, focus on Premier / Advance
- Grow Retail Business Banking in selected markets

Review

- Review RBWM position in overall Group context (e.g. Group profitability, funding, cost absorption)

< 3.0%

3.0% - 6.0%

> 6.0% RBWM deposit share⁴

1. Analysis based on all HSBC priority markets excluding Saudi Arabia.

2. Principal RBWM financial data presented on an "adjusted" basis with comparatives translated at average 2014 exchange rates, 2011-2014 average. Size of the bubble corresponds to total revenue of priority markets meeting RoRWA and deposit share criteria.

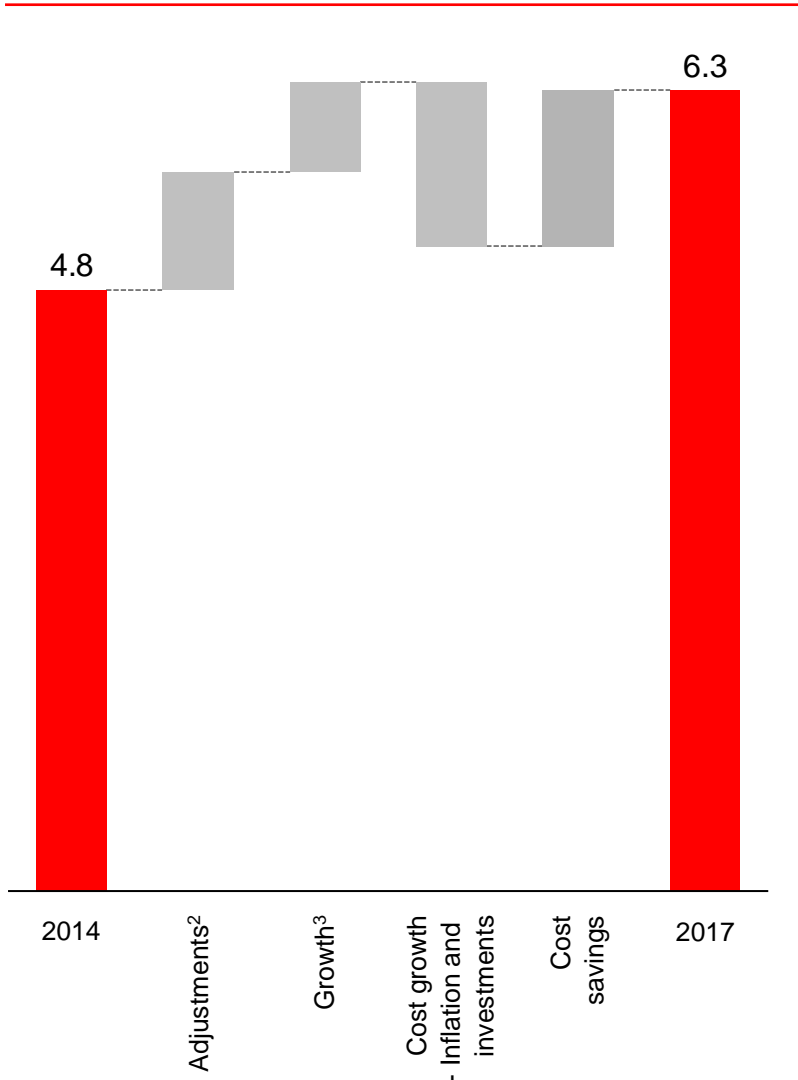
3. Principal RBWM financial data presented on an "adjusted" basis with comparatives translated at average 2014 exchange rates, 2011-2014 average RoRWA; Group 2.3% RoRWA equivalent to 10% RoE

4. Deposit share as at Dec 2014; Source: Datamonitor

Conclusion

RBWM is focused on growth, and will invest to offset rising costs while optimising our portfolio of businesses.

2014 – 2017 Principal RBWM RoRWA walk¹



Achieving the 2017 RoRWA

Growth priorities

- Our growth priorities have not changed. We will continue to focus our investment on relationship-led lending, wealth management and digital.
- We will shift the focus of our Asset Management and Insurance businesses to capture opportunities in Asia.
- Through these priorities, we will grow our PBT faster than our RWAs, increasing our RoRWA.

Digital transformation

- Digital transformation will enable process simplification and accelerate channel migration, improving productivity and customer experience.
- Through our investment in the digital transformation, we will hold our 2017 exit cost rate at 2014 levels.

Portfolio optimisation

- We will continue to review our portfolio of markets from both RBWM and Group perspectives.
- We will address poorly performing businesses, and focus our investment on priority growth markets.

Interest rate sensitivity

- Our strong deposit franchise supports a stable and diversified core funding base for the Group, and positions us to benefit when interest rates rise.

1. RoRWA excluding associates. Financial data presented on an "adjusted" basis with 2017 translated at 1Q 2015 average rates.

2. Adjustments includes impact of the sale of operations in Brazil and Turkey, FX adjustments and other actions

3. Risk adjusted revenue growth net of RWA growth, including any impact of interest rate changes

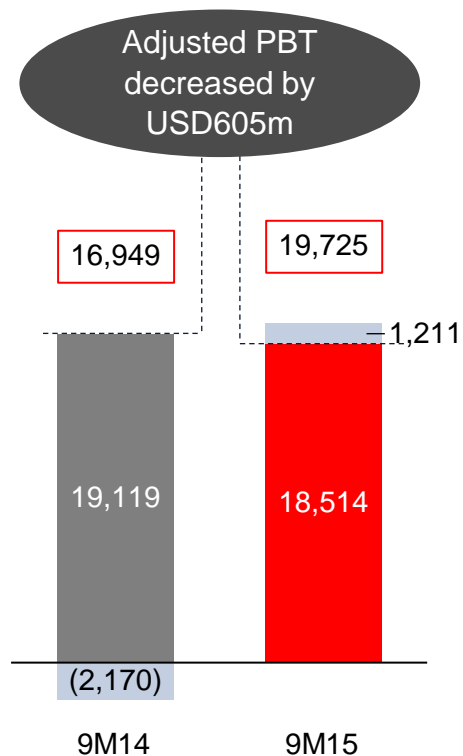
Appendix – 9M15 Performance

Appendix – 9M15 Performance

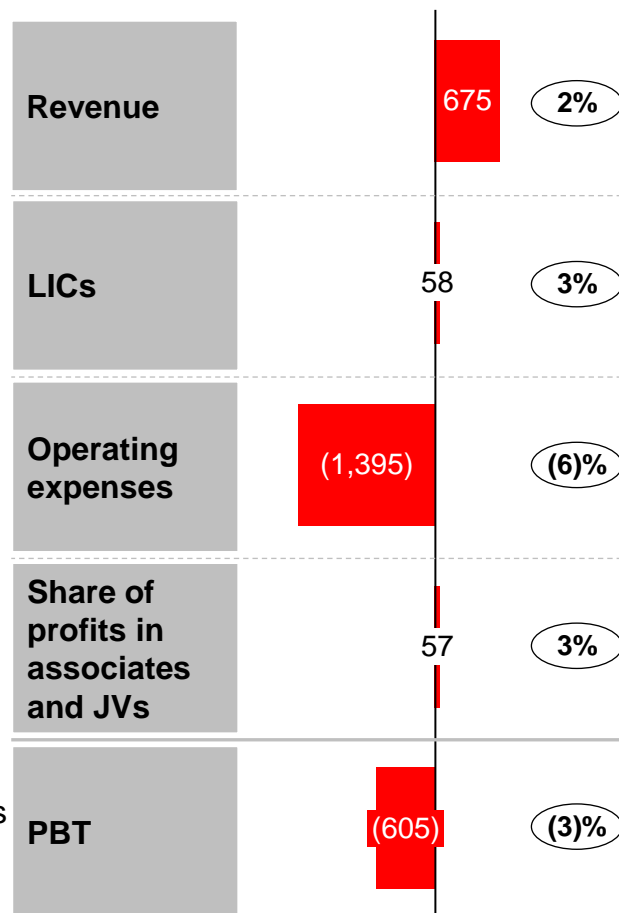
Group 9M15 Profit before tax¹

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

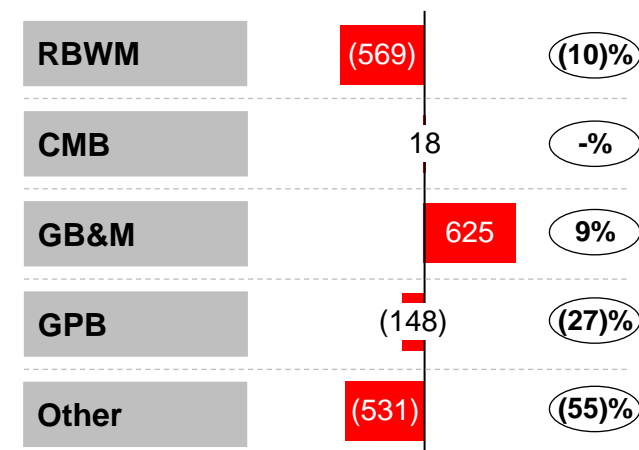
Reported and adjusted PBT (USDm)



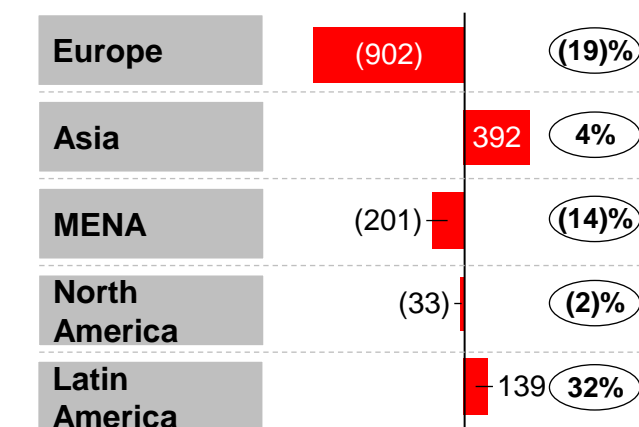
Adjusted PBT growth by account line (USDm)



Adjusted PBT growth by global business (USDm)



Adjusted PBT growth by region (USDm)



■ Currency translation & significant items
■ Adjusted
 Reported

1. Source: 3Q 2015 Presentation to Investors and Analyst (page 8)

Appendix – 9M15 Performance

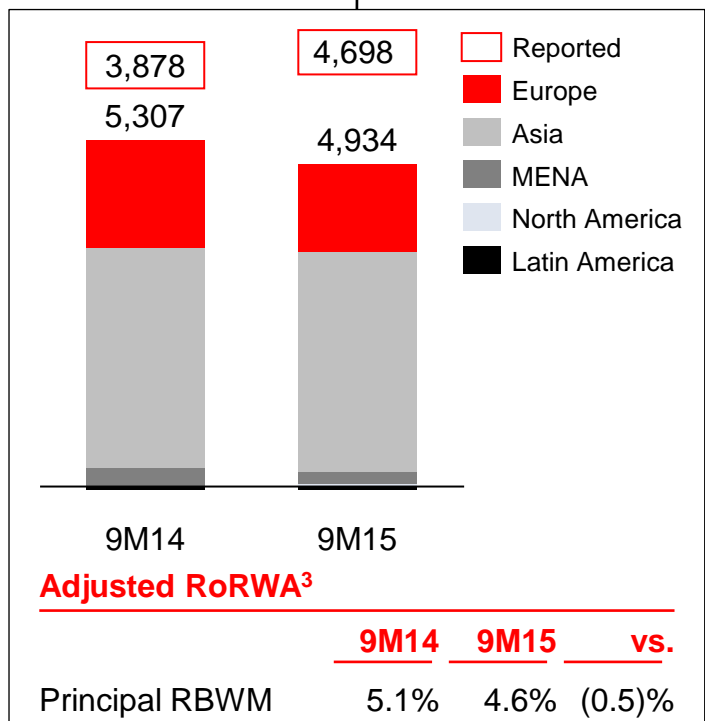
RBWM 9M15 Financial Performance

Principal RBWM adjusted PBT lower driven by higher costs and LICs, partly offset by an increase in revenue

Adjusted PBT^{1,2}

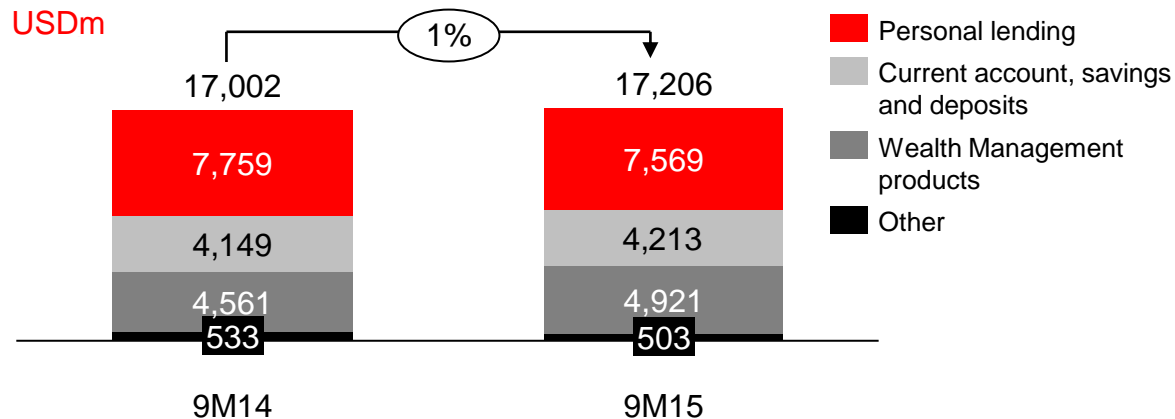
USDm

	9M14	9M15	vs.
Total RBWM	5,878	5,309	(10)%
<i>Of which:</i>			
US run-off portfolio	571	375	(34)%
Principal RBWM	5,307	4,934	(7)%



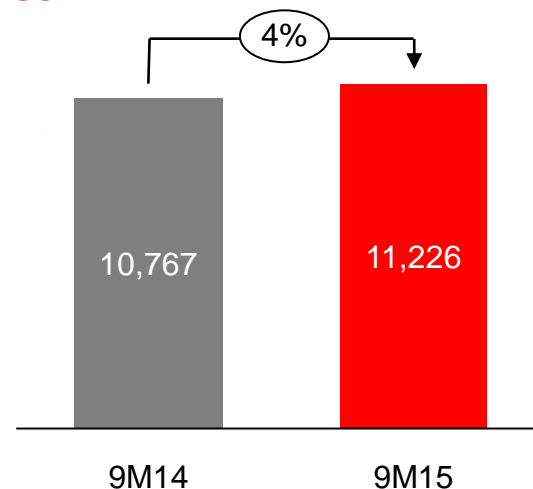
Adjusted revenue²

USDm



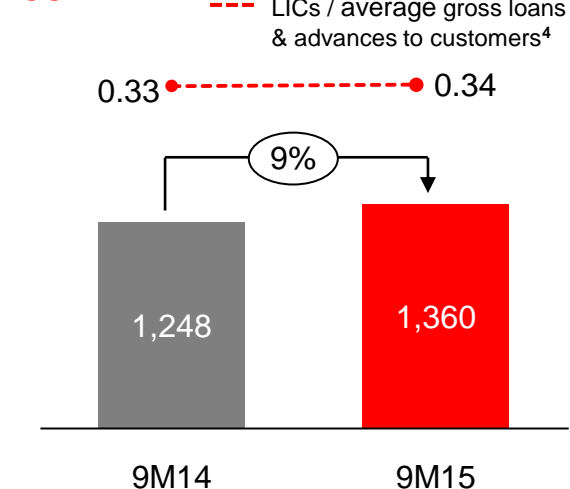
Adjusted operating expenses²

USDm



Adjusted LICs²

USDm



Refer to pages 24, 38 and 39 of the Q3 2015 Earnings Release, pages 2, 14, 15 and 17 of the Q3 2015 Data Pack and the 3Q 2015 Presentation to Investors and Analysts for further details on RBWM Financial Performance

1. Reported Total RBWM PBT: 9M14 USD4,305m, 9M15 USD4,522m. Reported US run-off PBT: 9M14 USD427m, 9M15 USD(176)m

2. Reported Principal RBWM PBT: 9M14 USD3,878m, 9M15 USD4,698m; Revenue: 9M14 USD18,086m, 9M15 USD17,201m; Operating Expenses: 9M14 USD13,019m, 9M15 USD11,457m;

Loan Impairment Charge (LICs): 9M14 USD1,511m, 9M15 USD1,360m.

3. Adjusted RoRWA for Principal RBWM excludes associates. Reported RoRWA for Principal RBWM (including associates): 9M14 3.3%, 9M15 4.1%

4. Excludes Brazil

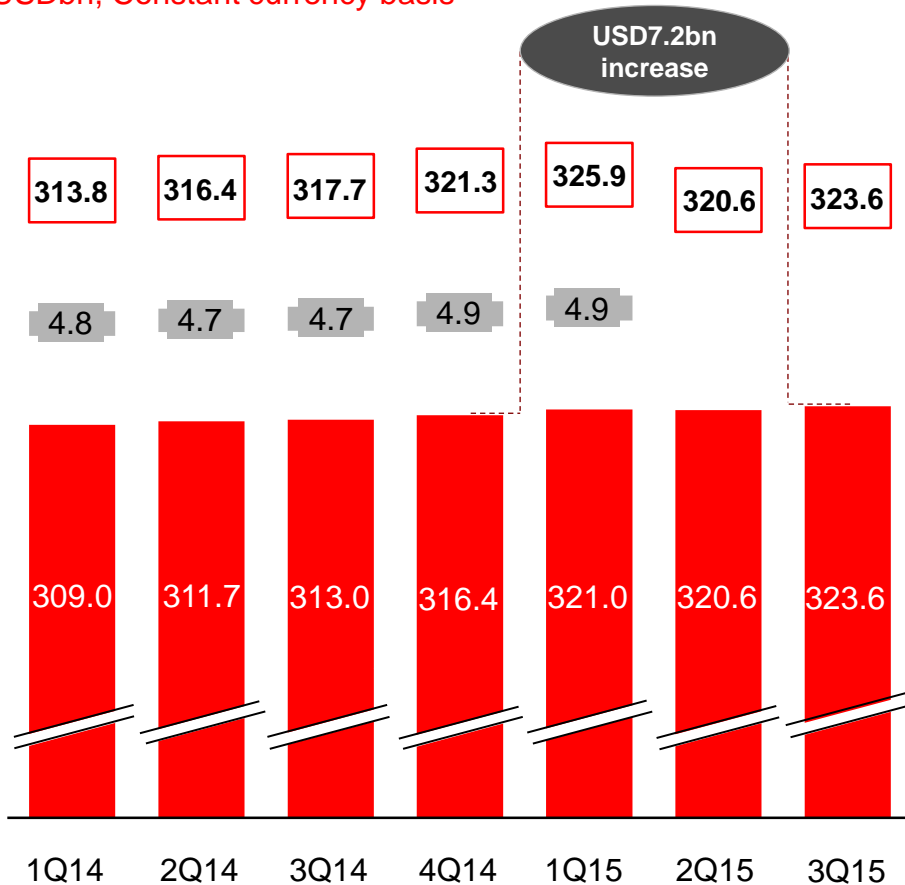
Appendix – 9M15 Performance

Principal RBWM – Balance sheet

Growth in both customer lending and customer account balances since 4Q14

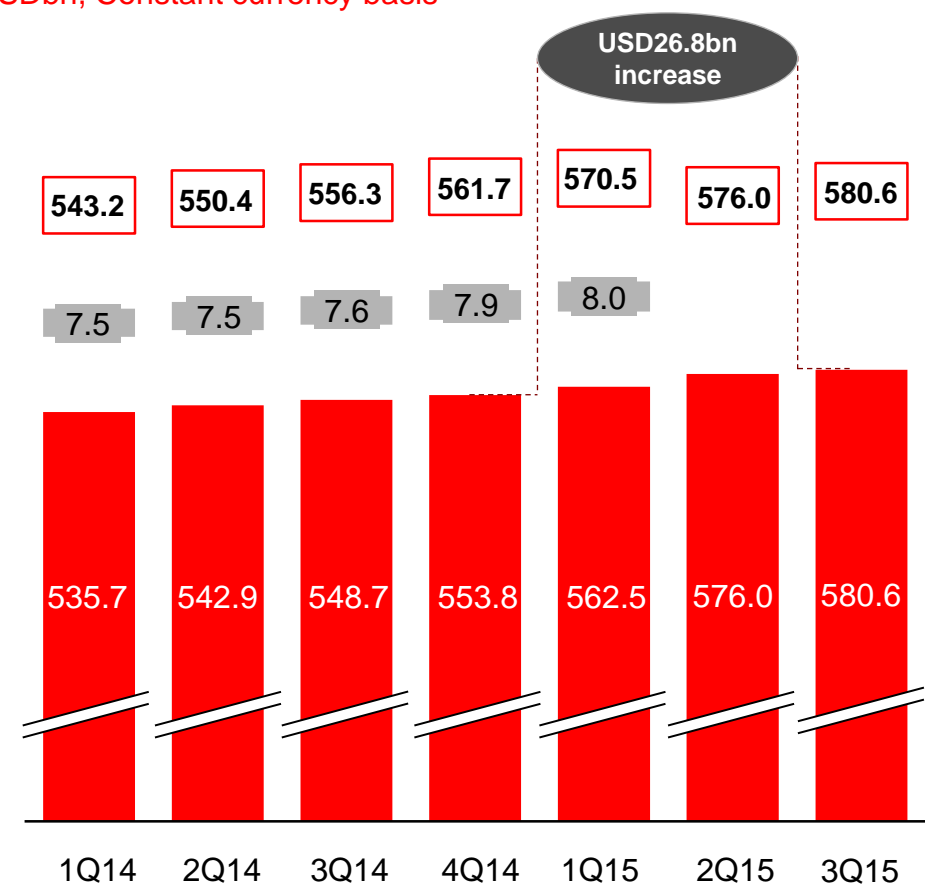
Loans and advances to customers

USDbn, Constant currency basis¹



Customer accounts

USDbn, Constant currency basis¹



■ Balances excluding Brazil

■ Brazil² – balances were reclassified as 'Held for Sale' in 2Q15

Refer to pages 2, 7, 8, 9, 10, 11, 12, 13 and 15 of the Q3 2015 Data Pack for further details on RBWM Balance Sheet

- Comparatives have been retranslated at 30 September 2015 rates. The reported quarterly balances for Loans and advances to customers are as follows: 1Q14 USD348.8bn; 2Q14 USD356.4bn; 3Q14 USD344.3bn; 4Q14 USD338.0bn; 1Q15 USD327.6bn; 2Q15 USD331bn. The reported quarterly balances for Customer accounts are as follows: 1Q14 USD586.9bn; 2Q14 USD600.6bn; 3Q14 USD590.3bn; 4Q14 USD583.8bn; 1Q15 USD574bn; 2Q15 USD589.7bn
- During 2Q15, customer lending and customer account balances relating to our Brazil operations were reclassified to 'Assets held for sale' or 'Liabilities of disposal groups held for sale' respectively