



November 2015

Global Banking and Markets

Investor Update

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Appendix

Important notice and forward-looking statements

Important notice

The information set out in this presentation and subsequent discussion does not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any recommendation in respect of such securities or instruments.

Forward-looking statements

This presentation and subsequent discussion may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position and business of the Group (together, “forward-looking statements”). Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant assumptions and subjective judgements which may or may not prove to be correct and there can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. Forward-looking statements are statements about the future and are inherently uncertain and generally based on stated or implied assumptions. The assumptions may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors (including without limitation those which are referable to general market conditions or regulatory changes). Any such forward-looking statements are based on the beliefs, expectations and opinions of the Group at the date the statements are made, and the Group does not assume, and hereby disclaims, any obligation or duty to update them if circumstances or management’s beliefs, expectations or opinions should change. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. Additional detailed information concerning important factors that could cause actual results to differ materially is available in our 3Q15 Earnings Release.

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.

Global Banking & Markets – Returning to Group target profitability (1/2)

Overview and track record

- Diversified by clients, geographies and businesses
- Top 5 market positions driving c.70% of client facing revenue
- International network of 62 countries capturing growth in trade and capital flows
- Integral part of HSBC Group, enabling c.USD8bn revenue synergies
- Balance sheet with client facing assets^{1,2} of USD729bn, smaller than most major wholesale peers
- RWA mitigation of c.USD100bn between 2011 and 2014
- Resilient and diversified Client Facing^{1,3} revenue: USD14.2bn average and c.6% CAGR 2011-14
- Tight management of direct costs

1. Client Facing GB&M defined as GB&M excluding Associates, excluding Legacy Credit and excluding Balance Sheet Management

2. After adjustments for netting derivative positions – please see Slide 9 for further details

3. Reflects new management structure in place in August 2013, prior year comparatives were restated back to 2011. (2010 not restated)

Global Banking & Markets – Returning to Group target profitability (2/2)

Returning to Group target profitability

- 2.5% RoRWA by 2017 for Client Facing¹ GB&M
- Reduce RWAs by gross USD140bn² and net USD130bn³, 31% reduction
- Keep costs flat, aggressive management to offset USD1bn+ of growth from inflation and investment
- Mid single digit revenue⁴ CAGR required to achieve RoRWA target

Actions summary

- Exit Legacy Credit; manage down long-dated Rates and low returning loan portfolios; disciplined application of hurdle rates to client relationships and new business
- Simplify GB&M business: Business and client exits, Productivity, Technology and Operations
- Growth from GB&M Clients, Event, Transaction banking products, Renminbi, cross-Global Business revenue synergies and digital

1. Client Facing GB&M defined as GB&M ex Associates, ex Legacy Credit and ex Balance Sheet Management
2. Gross reduction of USD140bn from GB&M ex Associates ex BSM ex effects of Brazil and Turkey
3. Net reduction of USD130bn from GB&M ex Associates ex BSM
4. Client Facing GB&M

Agenda

1

GB&M overview and track record

2

Strategy update: Returning to Group target profitability

3

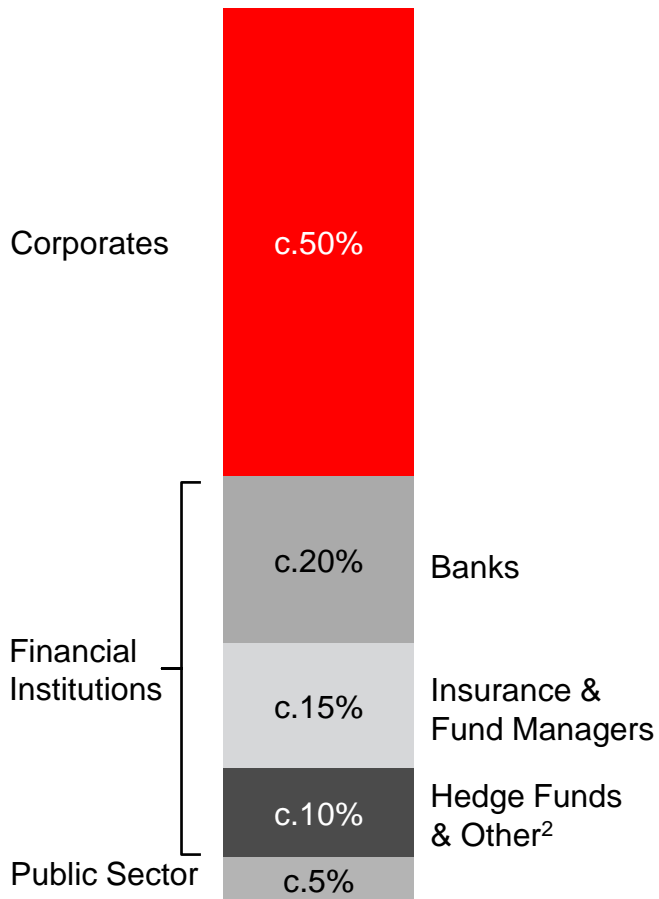
Progress to date

Diversified by clients, geographies and businesses

Clients

GB&M relationship revenue¹

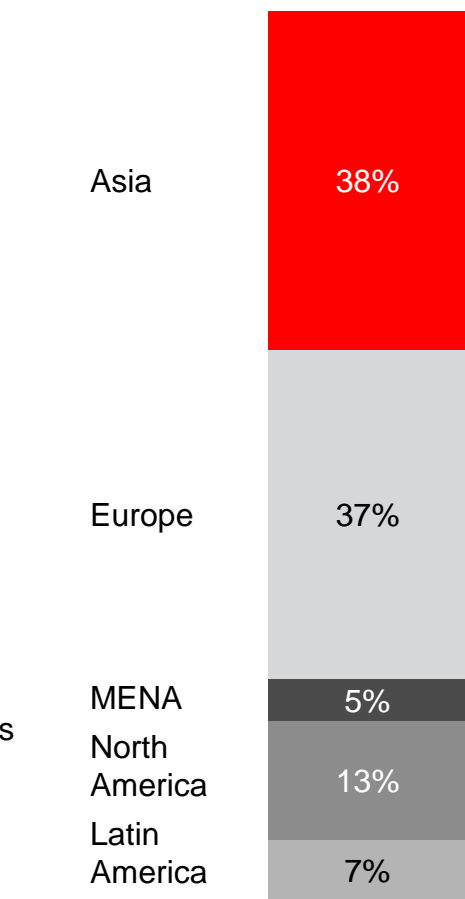
%



Geographies

GB&M adjusted revenue³

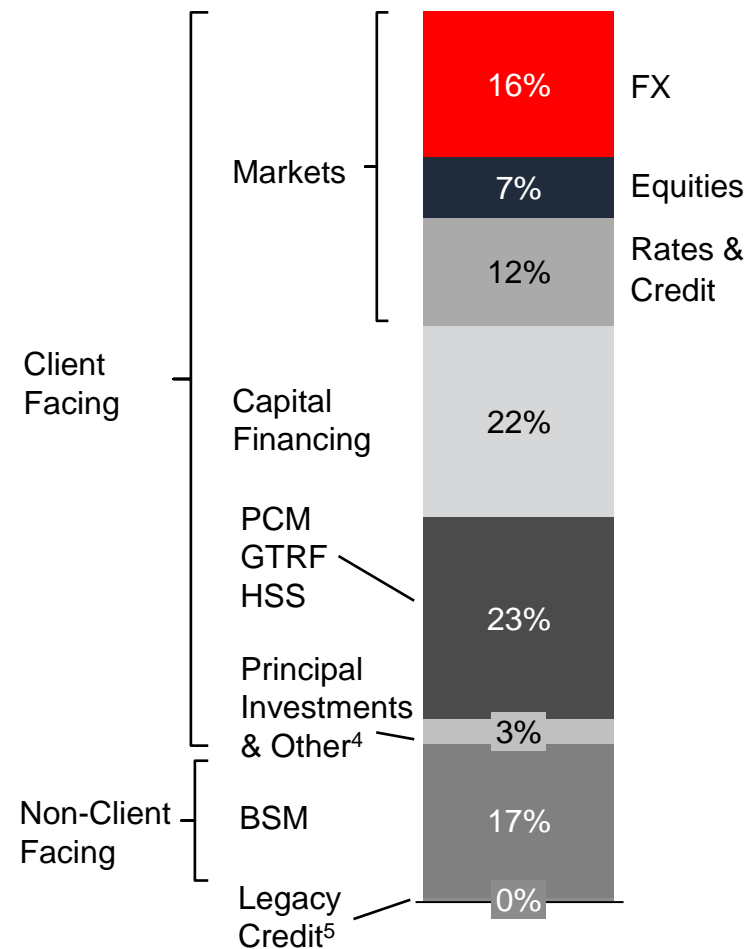
%



Businesses

GB&M adjusted revenue³

%



1. HSBC internal client data, 2013-14 average

2. Other includes Portfolio Client Group, Securities, Global Financial Companies and Sovereign Wealth / Public Funds

3. 2013-14 average net operating income before loan impairment charges and other credit risk provisions. Excludes currency translation and significant items.

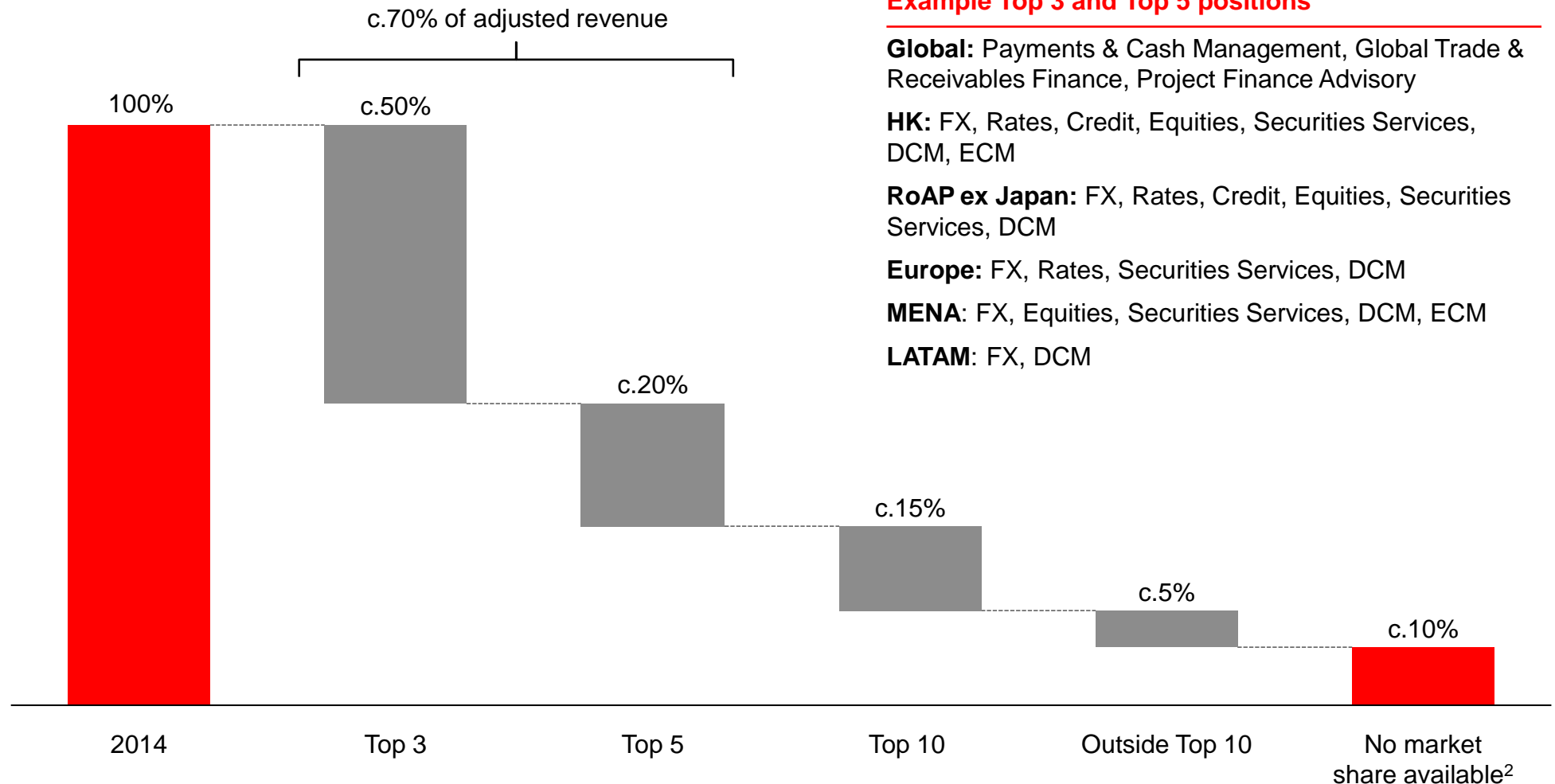
4. Other accounts for c.-0.1% of 2013-14 average revenue; includes earnings on capital

5. Legacy accounts for c.0.4% of 2013-14 average revenue

Top 5 market positions driving c.70% of client facing revenue

Client Facing GB&M: adjusted revenue by business by market rank¹

USDbn



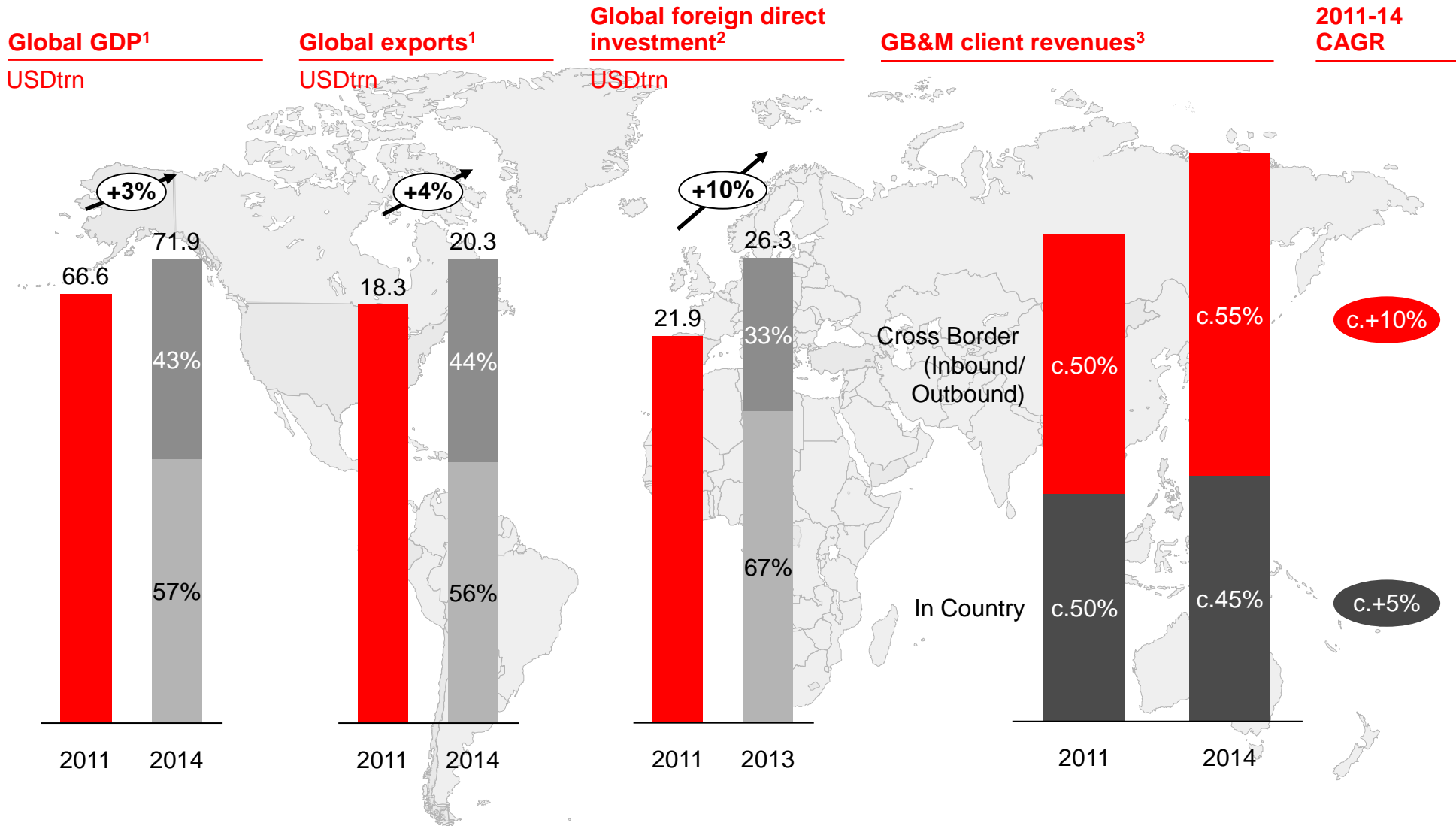
1. GB&M Client Facing Revenue classified based on country of booking. Business revenue classified either globally, by region or by country based on market ranking sources (refer to Definitions)

2. Includes Principal Investments and Other

GB&M overview and track record

International network capturing growth in trade and capital flows

HSBC Priority Markets
 Non-Priority Markets



1. Oxford Economics ; priority markets inclusive of Australia, Canada, China, Egypt, France, Germany, HK, Indonesia, Malaysia, Mexico, Saudi Arabia, Taiwan, UAE, UK, USA; data not available for Argentina, Brazil, India, Switzerland, Turkey
 2. UNCTAD FDI Stock Outflows
 3. HSBC internal client data. Cross border revenues refer to inbound/outbound revenues booked outside the location where the client relationship is managed. . In country revenue refers to revenues booked in the country from where the client relationship is managed

GB&M overview and track record

Integral part of HSBC Group, enabling c.USD8bn revenue synergies

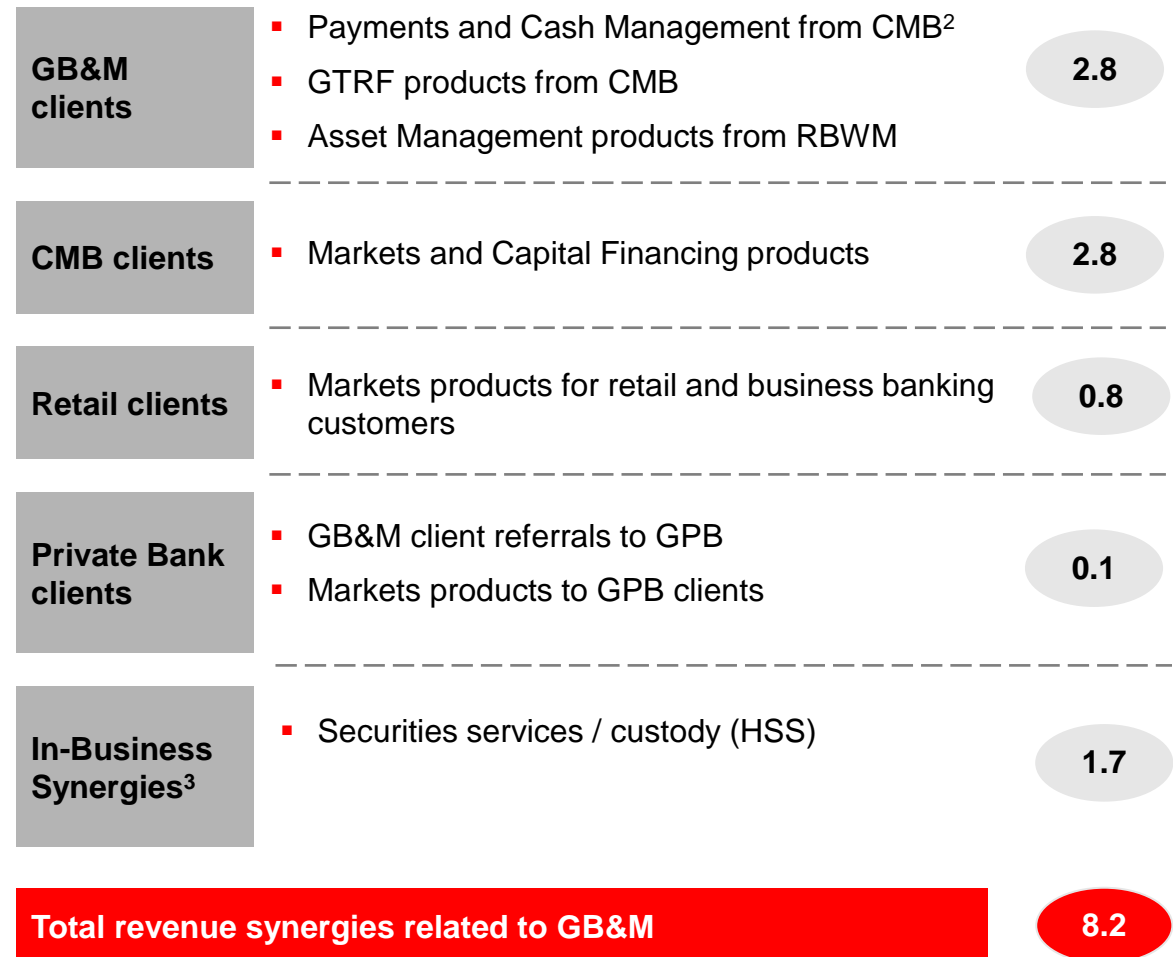
Total revenue synergies related to GB&M¹

2014, USDbn



Total revenue synergies related to GB&M¹

Revenue 2014, USDbn



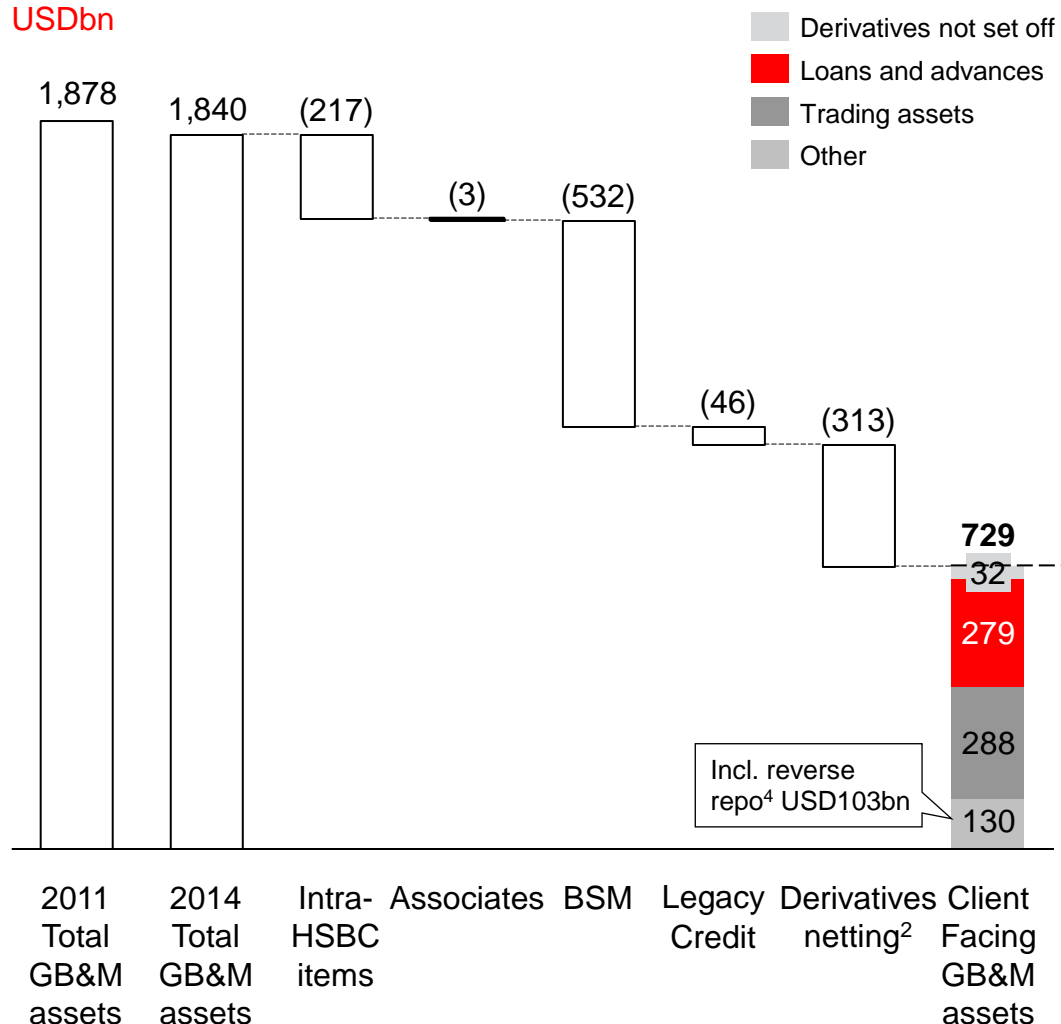
1. Cross business synergies are presented as gross revenue and do not reflect any revenue sharing arrangement between Global Businesses
 2. PCM is currently managed under CMB and GB&M; the GB&M portion is included as a revenue synergy to provide a consistent treatment with GTRF
 3. In-business synergies include separately managed operations reported within a Global Business line.

GB&M overview and track record

Balance sheet with Client Facing assets of USD729bn, smaller than most major peers

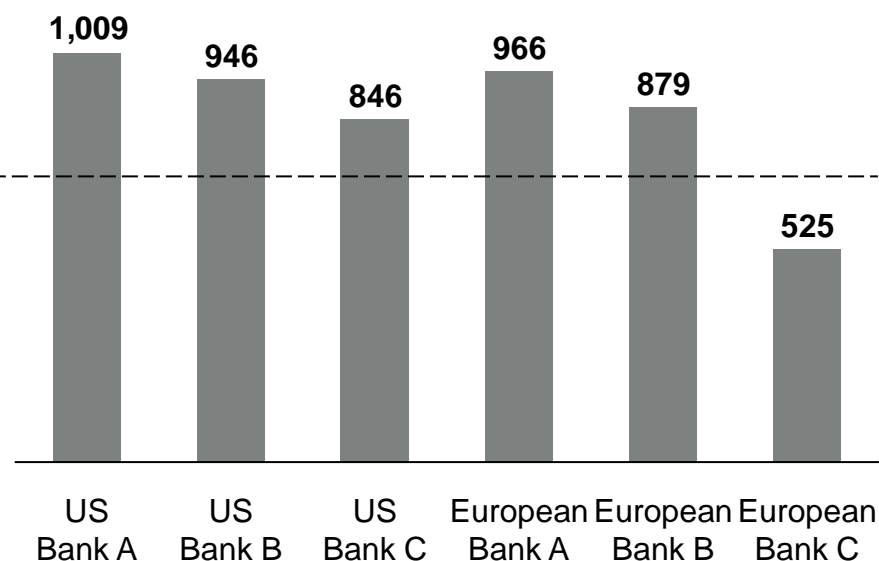
GB&M assets¹

USDbn



Peer estimated CIB assets³

USDbn



1. Total GB&M Assets as Reported

2. Please refer to Glossary for definition

3. Peer estimated CIB assets calculated as segmental period end assets offset by derivative netting, methodology as follows i) financial data sourced from peer published financial disclosures, ii) assumptions made as to the equivalent peer segments, iii) assumptions made as to the allocation of the peer derivative balances and respective netting to the GB&M equivalent segment and iv) European peers converted at the Dec 2014 spot fx rates.

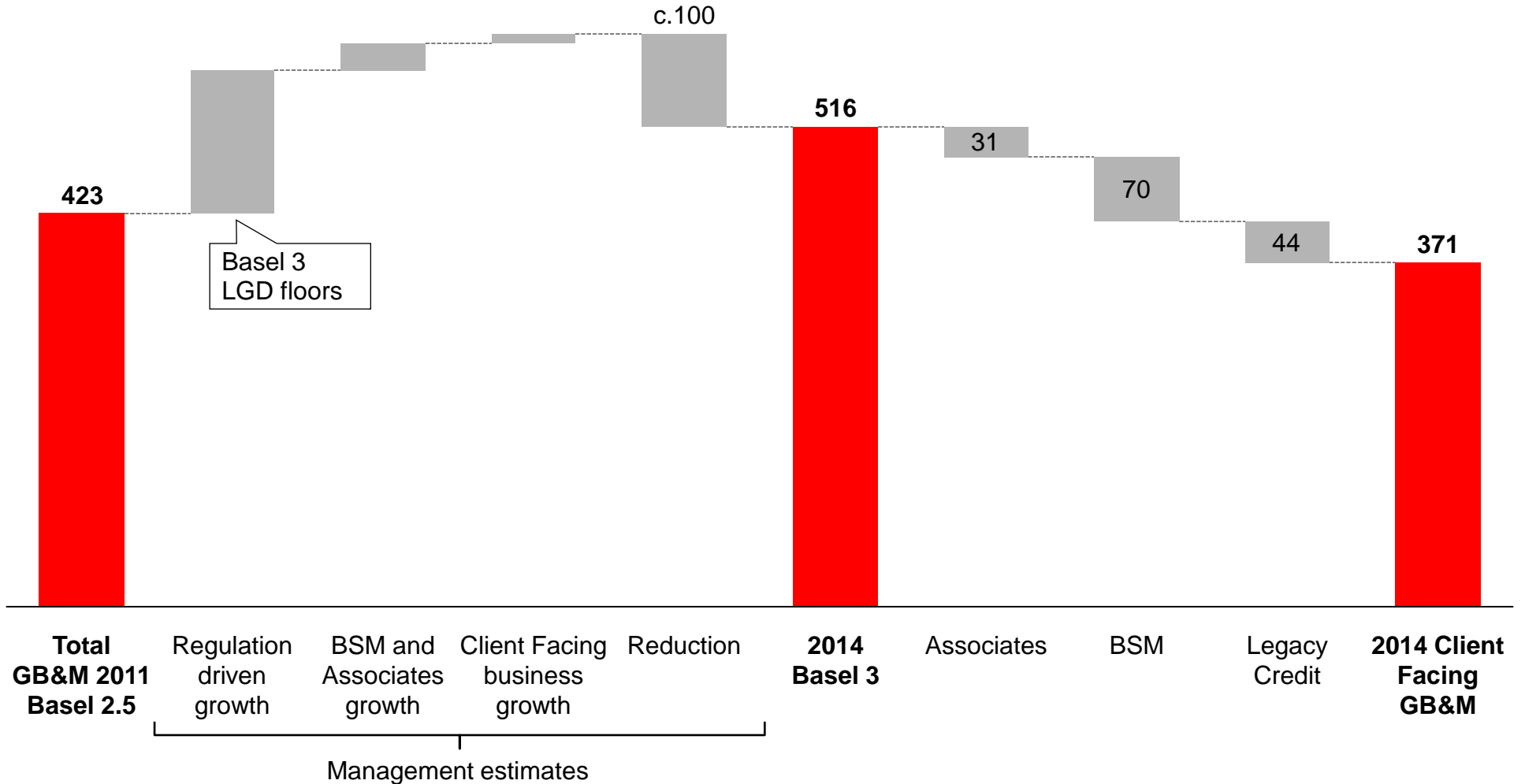
4. Reverse repurchase agreements - non trading.

GB&M overview and track record

RWA mitigation of c.USD100bn achieved 2011 to 2014

Total GB&M RWAs¹

USDbn



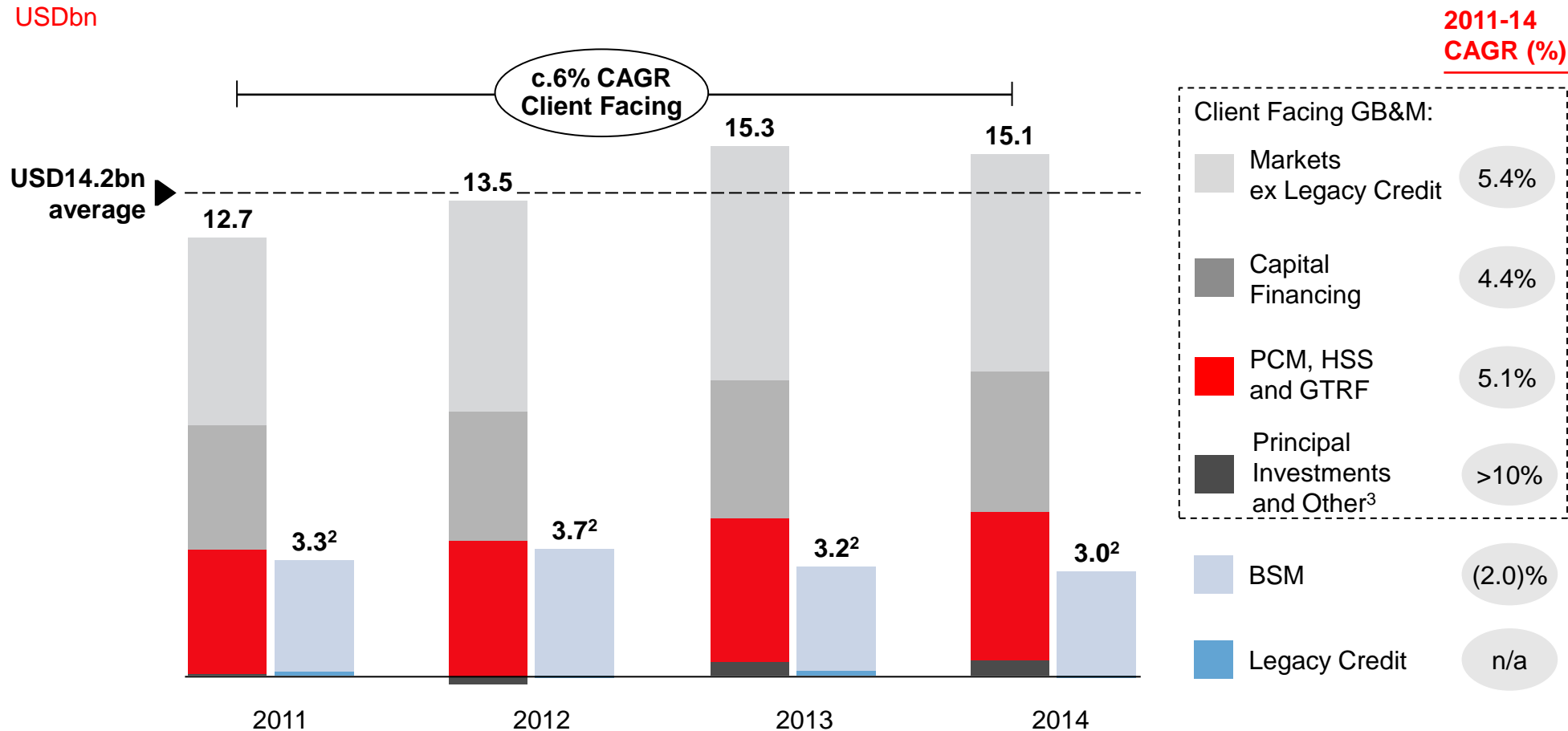
1. Reported FX rate

GB&M overview and track record

Sustained Client Facing revenue growth of c.6% CAGR 2011 to 2014

Total GB&M adjusted revenue by business¹

USDbn



1. Excludes currency translation and other significant items

2. Legacy Credit adjusted revenue: 2011; USD169m, 2012; USD(15)m, 2013; USD146m, 2014; USD(2)m

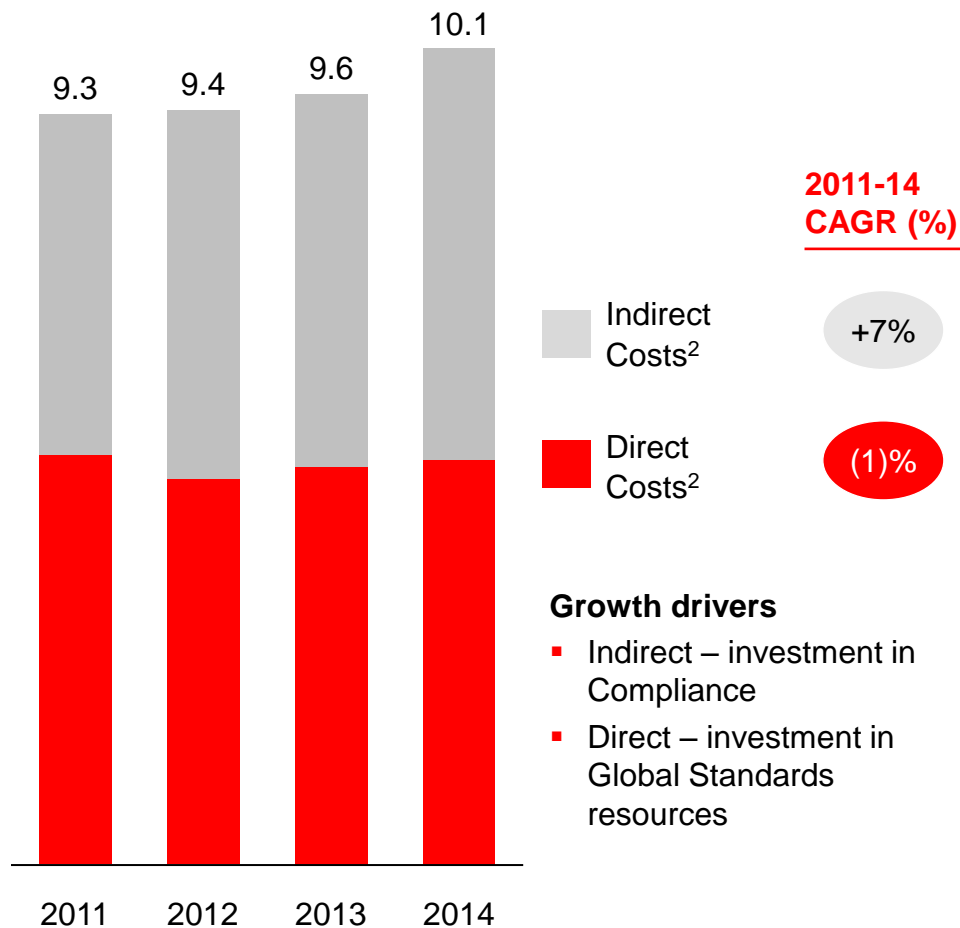
3. Please refer to Definitions

GB&M overview and track record

Tight management of direct costs

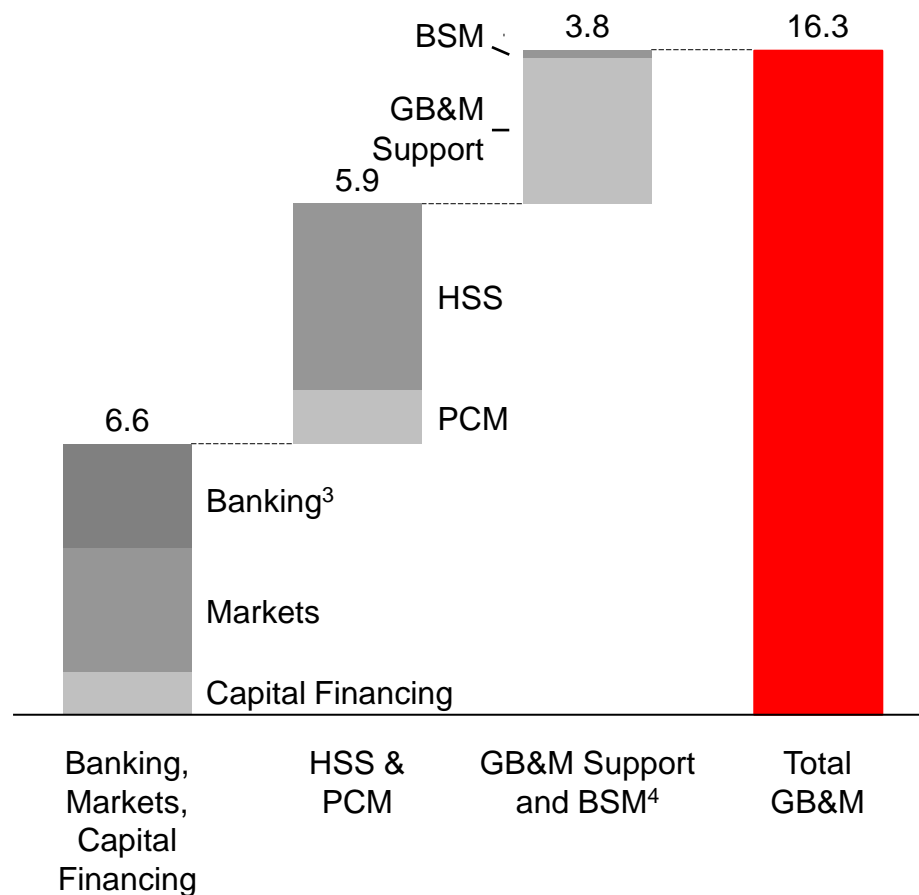
Total GB&M adjusted operating expenses¹

USDbn



GB&M headcount

End 2014 FTE, '000



1. Adjusted basis excludes currency translation and other significant items
 2. Please refer to Definitions
 3. Banking includes client relationship management teams
 4. GB&M support includes Market Operations, Middle Office, Research and Management

Actions taken to improve profitability and simplify the business

Actions taken

Client Actions

- Focused GB&M client base c.20% reduction
 - c.275 client mastergroup exits (c.5% of total) completed
 - c.700 client mastergroup exits (c.15% of total) currently in execution
- Reduction in the Securities Services client base of >20% since 2012

Business Actions

- Legacy Credit net 43% (USD31bn) RWA reduction from 2012 to 1Q15¹
- Closed Structured Credit business
- Downsized Structured Rates business
- Focused new Corporate Trust & Loan Admin business only on internal HSBC clients
- Closed the Fund Administration business in the US

Cost Actions

- Streamlining saves of more than USD500m from 2011-14
 - Reviewed management layers and spans of control
 - Offshoring of certain support functions
 - Technology and operations rationalisation and efficiencies

1. Comparison on a like for like CRD IV basis

Agenda

1

GB&M overview and track record

2

Strategy update: Returning to Group target profitability

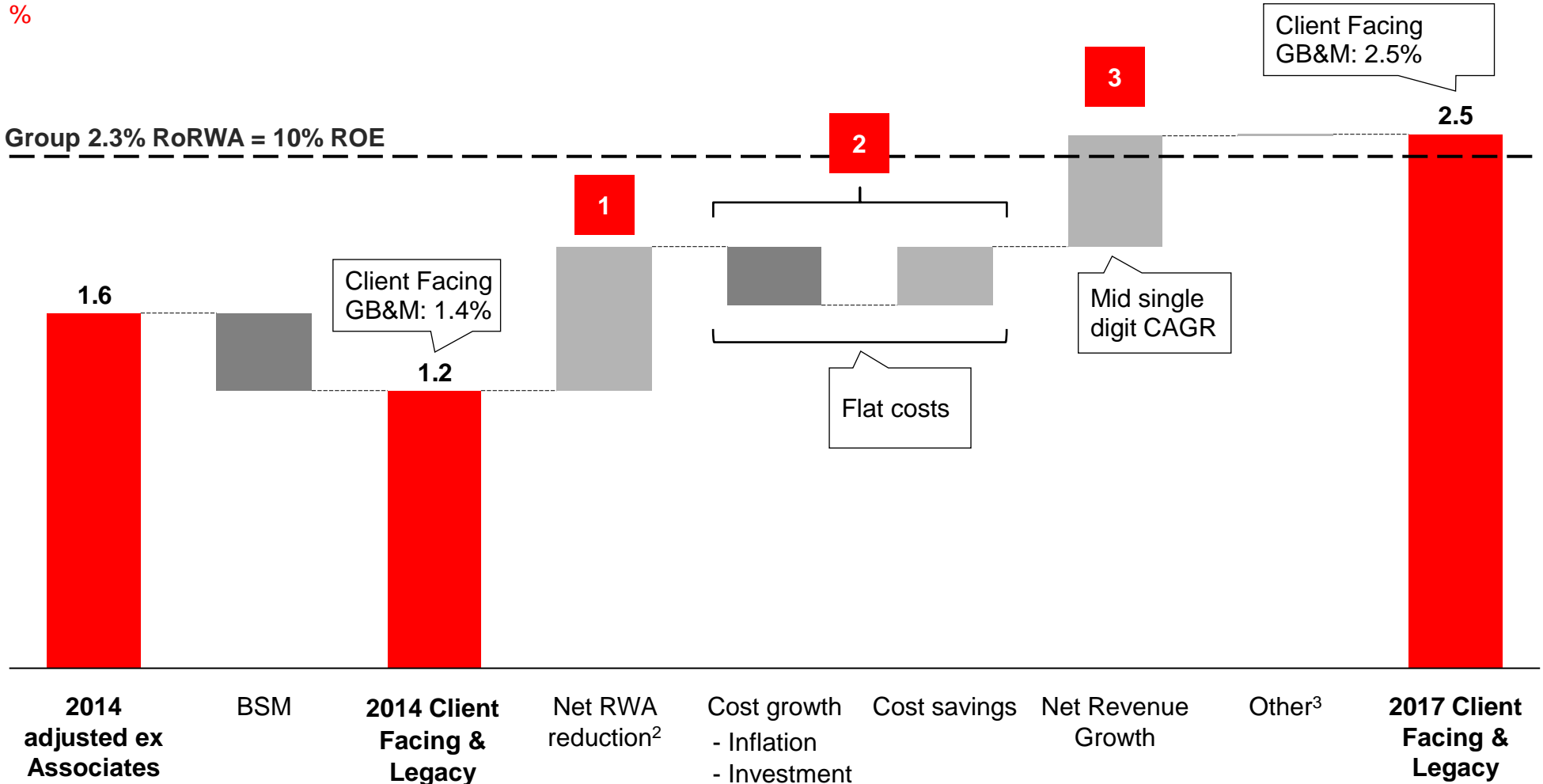
3

Progress to date

Strategy update: Returning to Group target profitability

Achieve 2.5% RoRWA for Client Facing GB&M by 2017

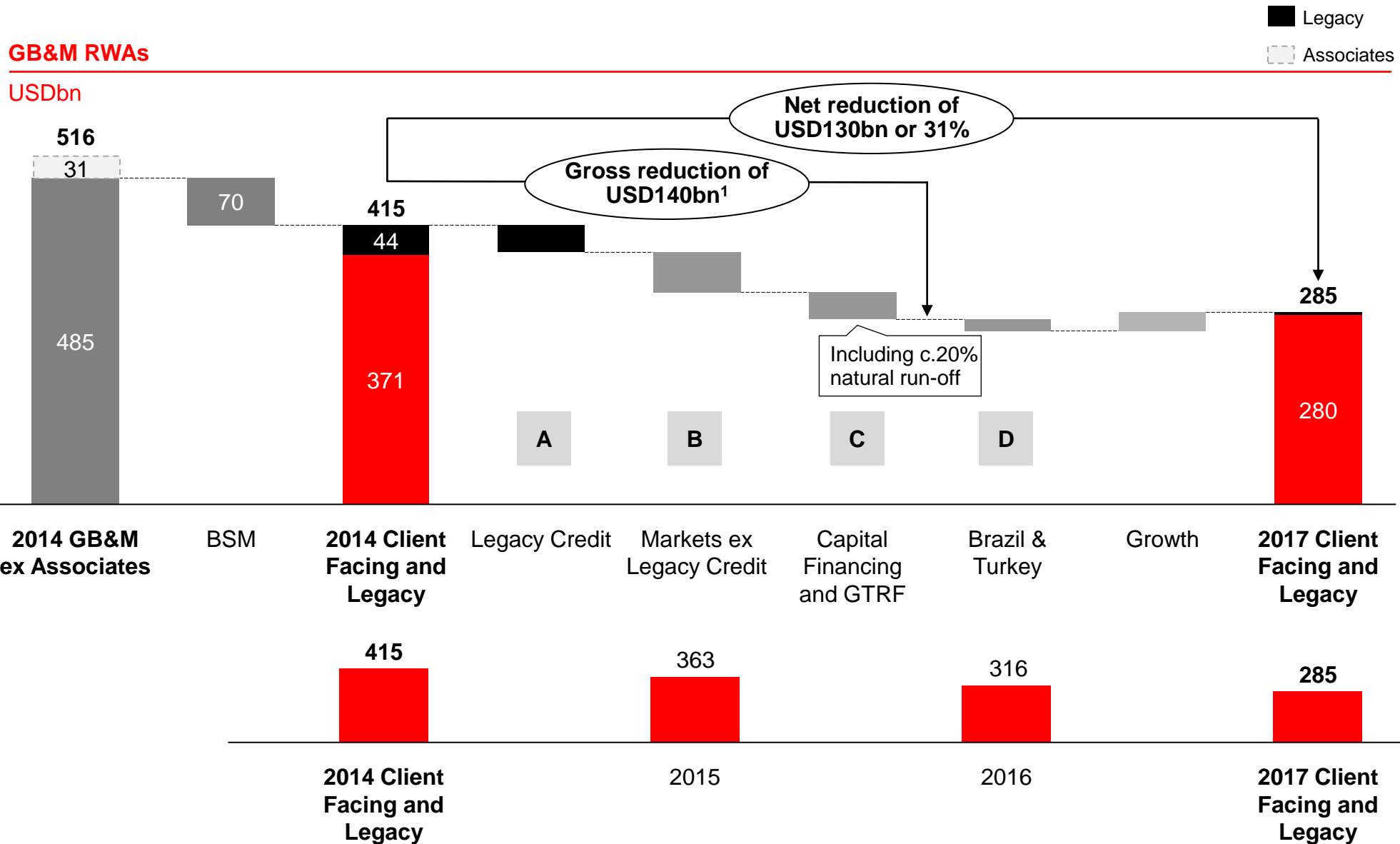
GB&M RoRWA¹



1. Forward looking movements are estimated based on progressive revenue growth and net RWA reduction to be achieved over the period to 2017
 2. Includes impact of revenues foregone as result of RWA reductions
 3. Other includes loan impairment charges

Strategy update: Returning to Group target profitability

1 RWAs – Reduce RWAs by gross USD140bn¹ and net USD130bn, 31% reduction

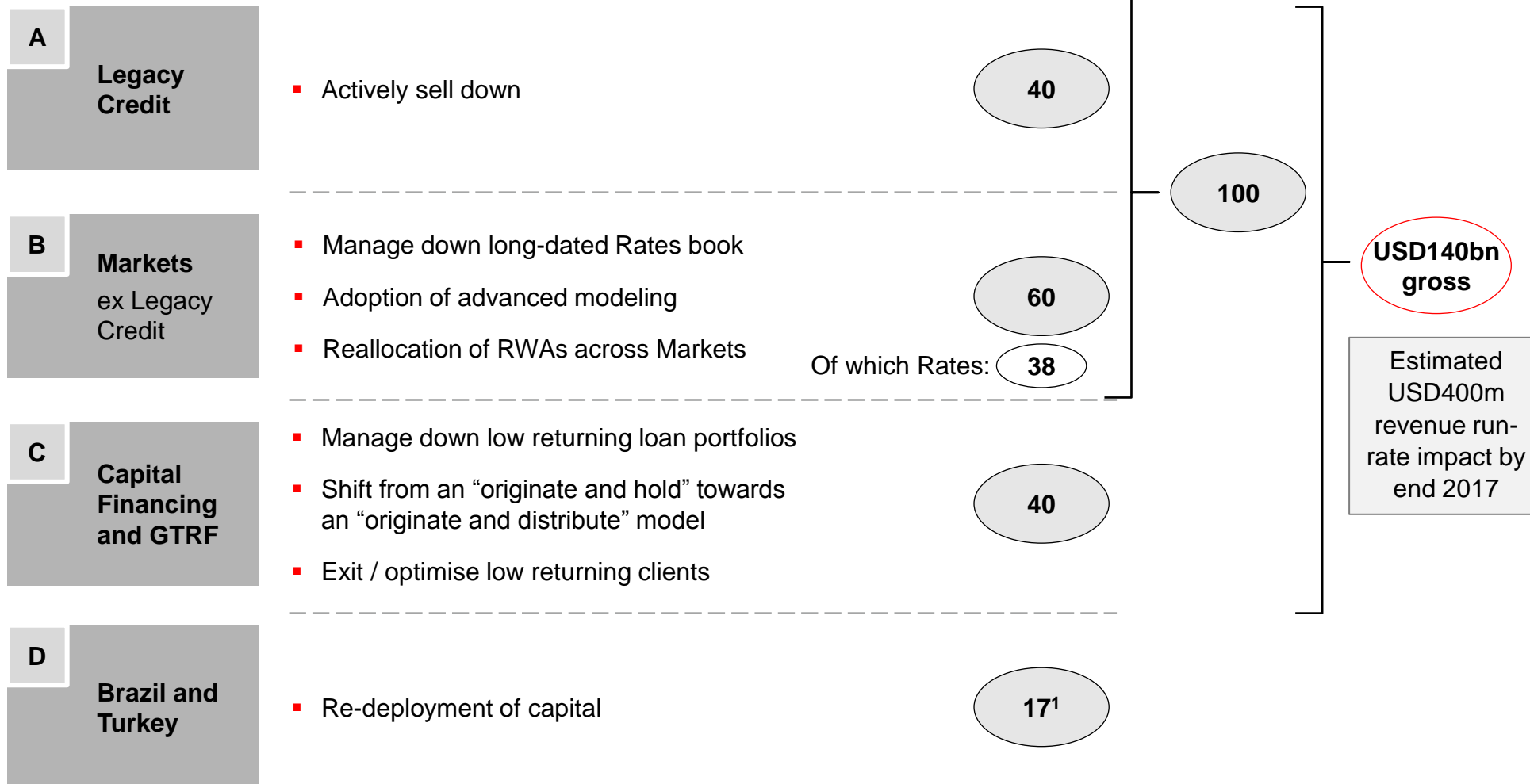


1. Gross reduction of USD160bn including Brazil and Turkey

1 RWAs – Concrete actions defined to deliver plan

Key actions to manage down RWAs

2015-17 gross RWA reduction plan



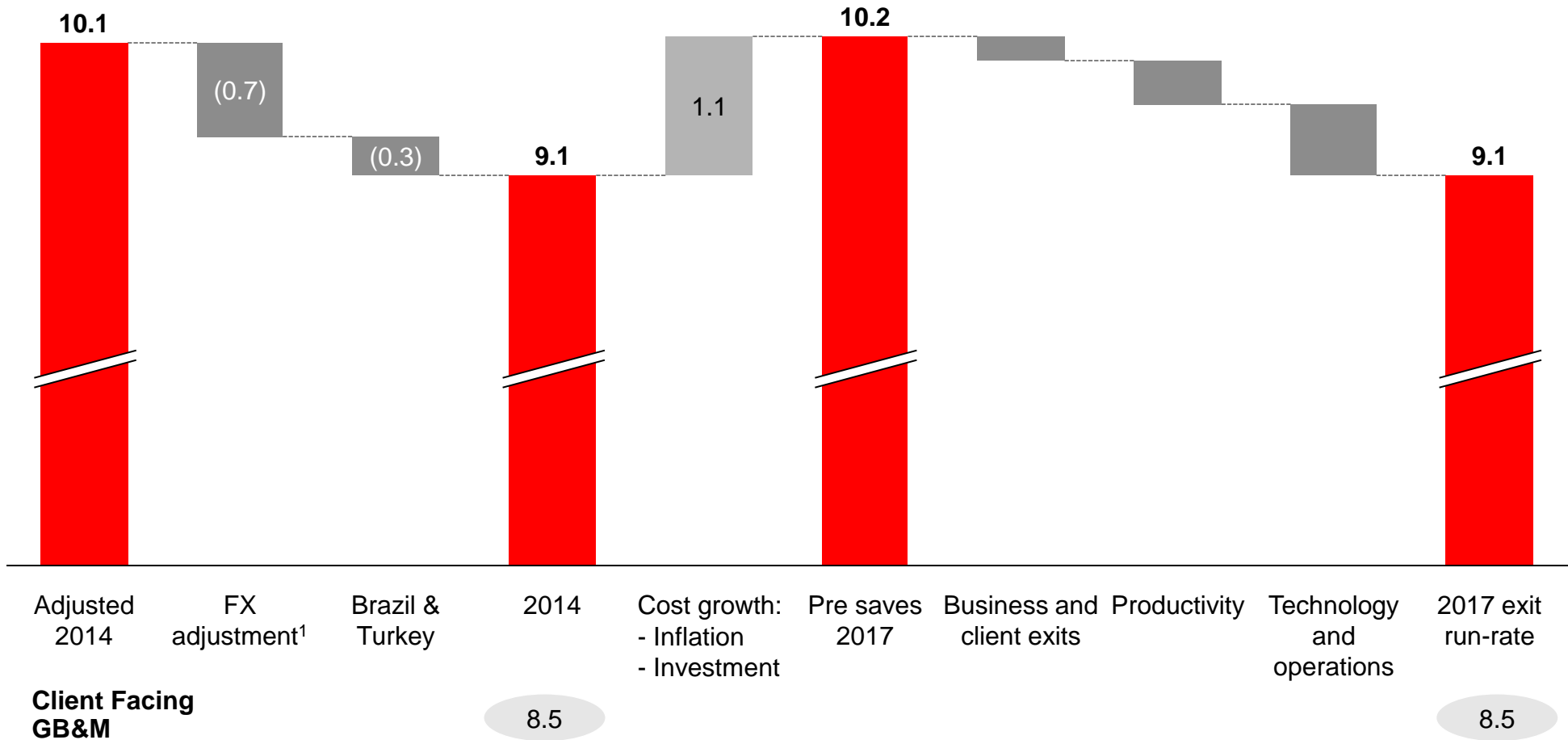
1. Client Facing only - Brazil and Turkey impact including BSM totals USD20bn

Strategy update: Returning to Group target profitability

2 Costs – Keep costs flat by aggressive management to fully offset USD1bn+ inflation and investment growth

Total GB&M adjusted operating expenses

USDbn



1. Impact of change from 2014 reported FX rate to 1Q15 FX rate.

2 Costs – Actions defined front-to-back to achieve cost target

Cost initiatives

Business and Client Exits

- Savings from client mastergroup exits
- Savings from exiting dormant and low revenue clients
- Savings related to exits from Legacy Credit and managing down long dated Rates and Loan portfolios
- Review non-strategic markets and align operating models with CMB
- Reduce number of booking centres

Productivity

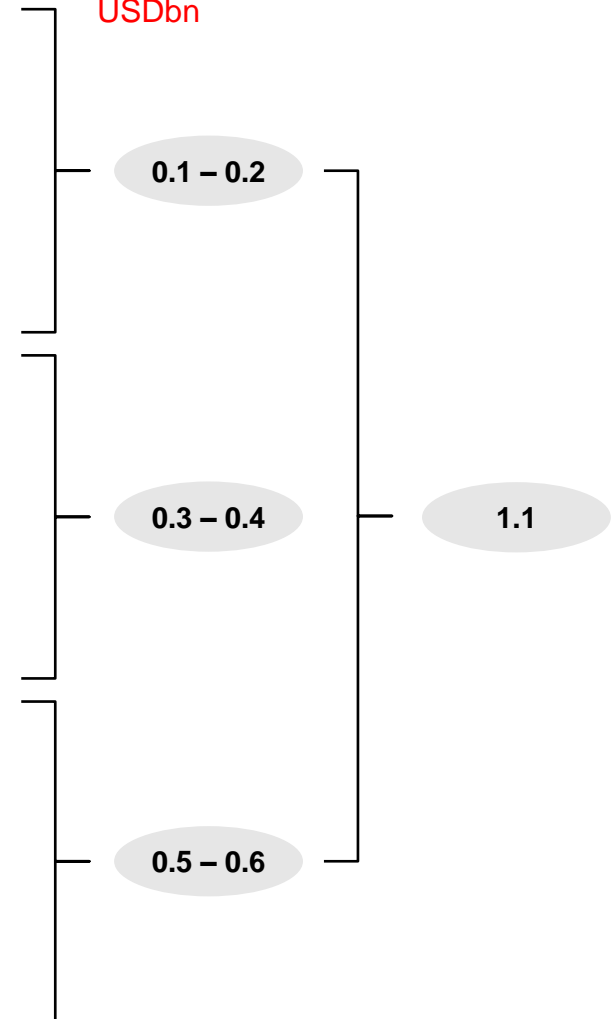
- Realise front office efficiencies across GB&M businesses and geographies
- Realise function efficiencies across GB&M - Finance and Risk
- Other direct cost reductions

Technology and Operations

- Redesign IT architecture
- KYC process re-engineering
- Change infrastructure sourcing model and develop 3rd party partnerships
- Operational process re-engineering
- Data teams rationalisation

Estimated savings 2017 exit run-rate

USDbn



3 Growth – Revenue growth opportunities in areas of competitive advantage

Strategic priorities

GB&M Clients & Event

- Realise the value of the universal banking model and the network i.e. more products across more countries to existing GB&M clients
- Capture growth in DCM, ECM and continue momentum in our Event business

Transaction banking products

- FX: Enhance e-trading platform and capabilities
- PCM: Expand client coverage and extend product offering
- HSS: Increase ancillary revenue from global custody mandates
- GTRF: Grow supply chain and receivables finance

Renminbi

- Reinforce leadership in offshore RMB FX and capital markets
- Enhance RMB international servicing capabilities
- Expand China custody capabilities
- Capture RMB onshore opportunity

Synergies

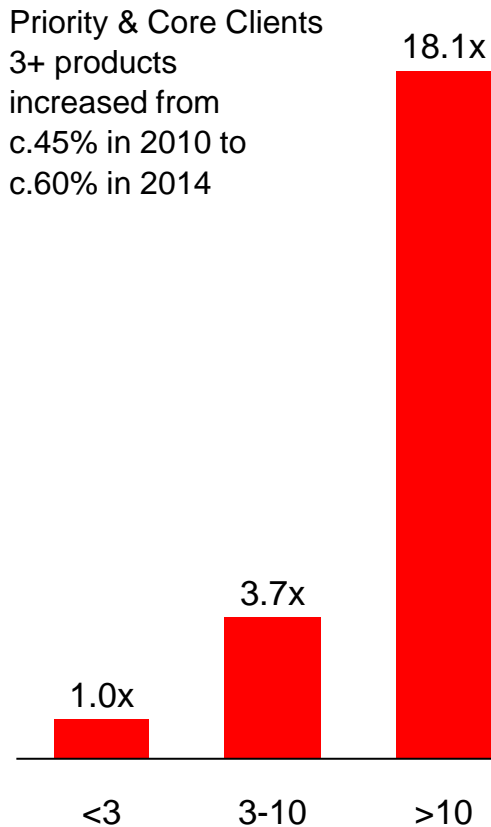
- Grow Markets and Capital Financing sales to CMB clients
 - Leverage enhanced Markets e-distribution platform and capabilities
 - Expand Capital Financing provision to CMB Large Corporate clients

Strategy update: Returning to Group target profitability

3 Growth – Realise the value of the network and the universal banking model with the GB&M client base

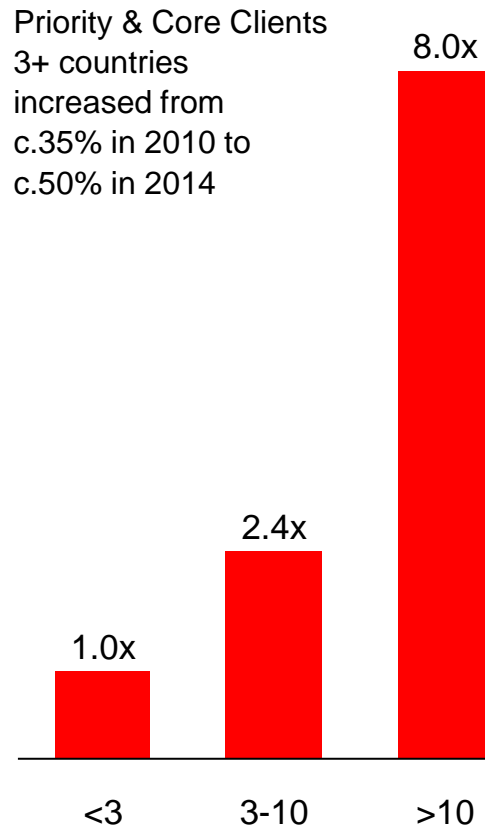
Client revenue multiplier by number of products sold¹

of products sold²




Client revenue multiplier by number of countries served in¹

of countries served in³




- Client since 1909
- GB&M relationship
 - 28 countries
 - 18 product types



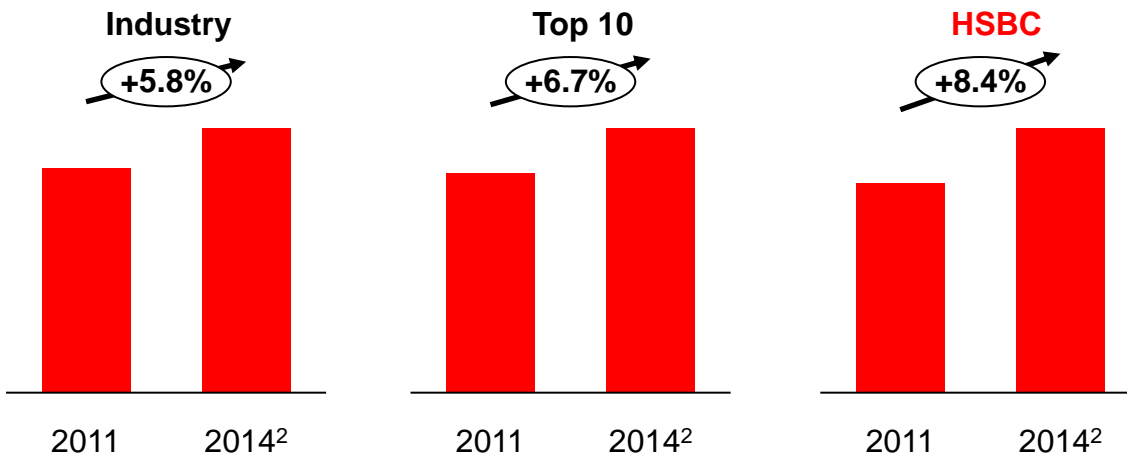
- Client since 1983
- GB&M relationship
 - 27 countries
 - 15 product types

1. HSBC internal client data, priority clients only
 2. Where annual revenue per product is >USD200k
 3. Where annual revenue per booking country is >USD200k

Strategy update: Returning to Group target profitability

3 Growth – Capture and accelerate growth in Capital Financing fee income

Global IB Fees – Industry vs. HSBC growth¹



Global IB Volumes – HSBC market share¹

	2013		2014		2017 Target
M&A	3.8%	↗	4.7%	↗	Grow
ECM	2.1%	↗	3.6%	↗	Grow
DCM	6.0%	↗	6.4%	↗	Grow
Loans	2.4%	↗	2.5%	↗	Grow

Example event deals

Hutchison Whampoa Limited GBP10.3bn acquisition of O₂ UK from Telefonica SA (JAN15)



Holcim and Lafarge USD40bn merger and subsequent EUR6.5bn asset disposal to CRH (FEB15)



Valeant Pharmaceuticals International, Inc. USD16bn acquisition of Salix (APR15)



1. Source: Dealogic. HSBC addressable fees (CAGR) and volume. Investment Banking (IB) is the sum of M&A, ECM, DCM and Loans. For fees: M&A excludes Japan and Australia. ECM excludes Japan, Australia, and Chinese A Shares. DCM excludes Japan and Chinese Onshore. Loans excludes Japan. For volumes: M&A excludes domestic US, Japan and Australia. ECM excludes US, Japan, Australia, Canada and Chinese A Shares. DCM excludes Japan, Chinese Onshore and US borrowers in US dollar. Loans excludes US and Japan
 2. 2014 fees rebased at 100

Strategy update: Returning to Group target profitability

3 Growth – Transaction banking products: Investing in FX, PCM, HSS and Trade Finance

	<u>Ranking</u>	<u>Strategic priorities</u>	<u>Adjusted GB&M revenue</u> 2014, USDbn
Foreign Exchange	#1 Global Market Share – Corporates ¹	<ul style="list-style-type: none"> Enhance electronic trading platform and capabilities Expand pre and post-trade services Increase Global Business collaboration Capture offshore Renminbi FX opportunity 	2.9
Payments and Cash Management	#1 ²	<ul style="list-style-type: none"> Expand client coverage Extend product offering <ul style="list-style-type: none"> Liquidity and investment solutions Mobile products and digital channels Corporate card expansion in new markets 	1.8
Securities Services	Top 5 Asia & EMEA ³	<ul style="list-style-type: none"> Ancillary revenue from global custody mandates Asia / MENA growth China custody Broker dealer outsourcing 	1.7
Global Trade and Receivables Finance	Leading Global Trade Finance house ⁴	<ul style="list-style-type: none"> Supply chain and receivables finance Commodities finance Under penetrated Financial Institution markets and NBF⁵ clients 	0.8

- Cross-sell opportunities: PCM and GTRF; PCM and FX; HSS and FX; GTRF and FX
- Platform synergies: Corporate digital across PCM, FX and GTRF

1. FX – Euromoney 2015 : #1 Global Market Share – Non-Financial Corporates

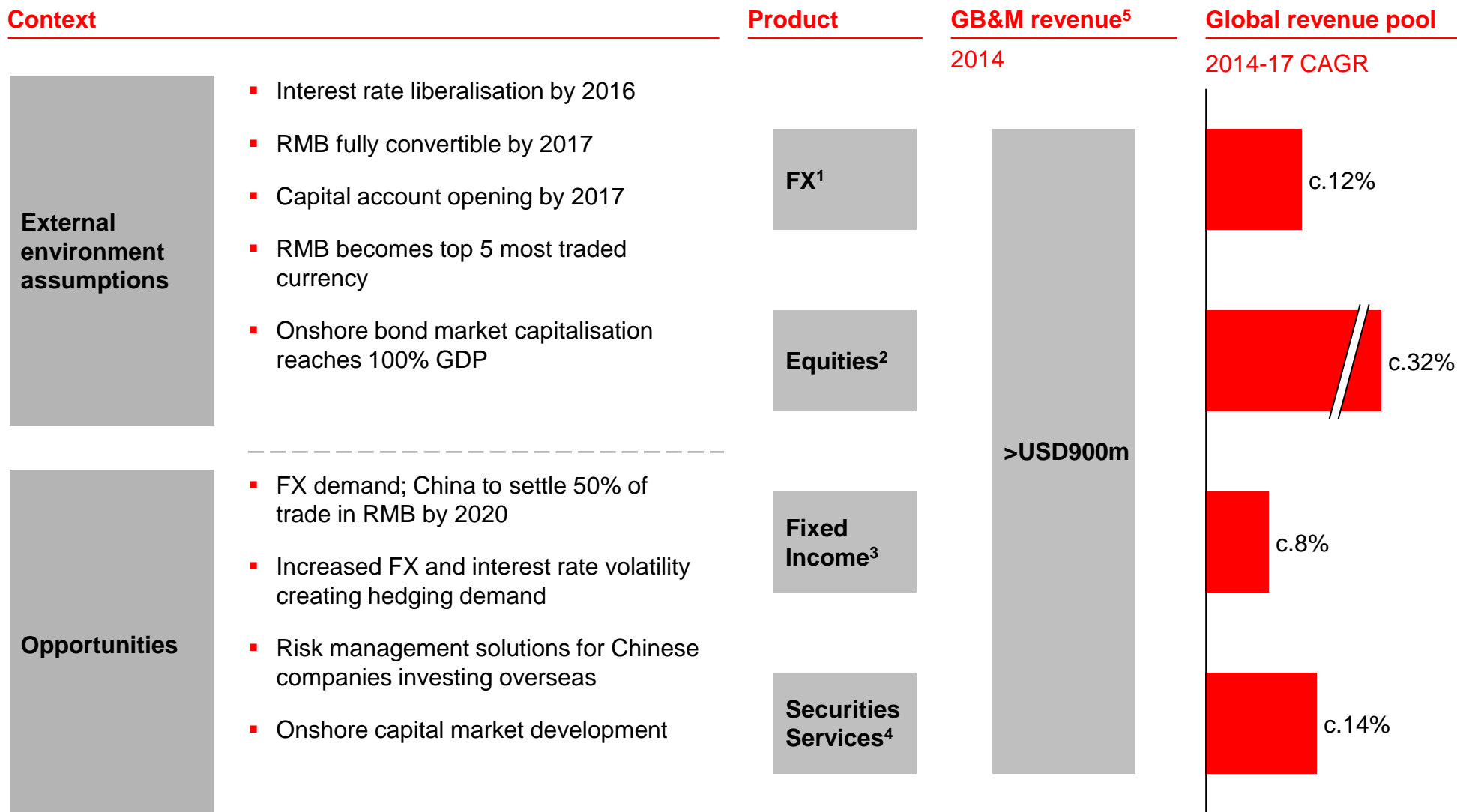
2. PCM – Euromoney Cash Management Survey 2014: HSBC voted top international cash manager for third successive year

3. HSS – Global Custodian, Custody Risk European Awards 2014, The Asset Triple A Asset Servicing Awards 2014, Asian Investor Service Provider Awards 2014, HFM European Hedge Fund Services Awards 2014, Mutual Fund and Hedge Fund Administration Survey, Hedge fund.net administrator survey

4. GTRF – Oliver Wyman Global Transaction Banking Survey

5. Non-Bank Financial Institutions

3 Growth – Renminbi: Capturing growth opportunity



Assumptions:

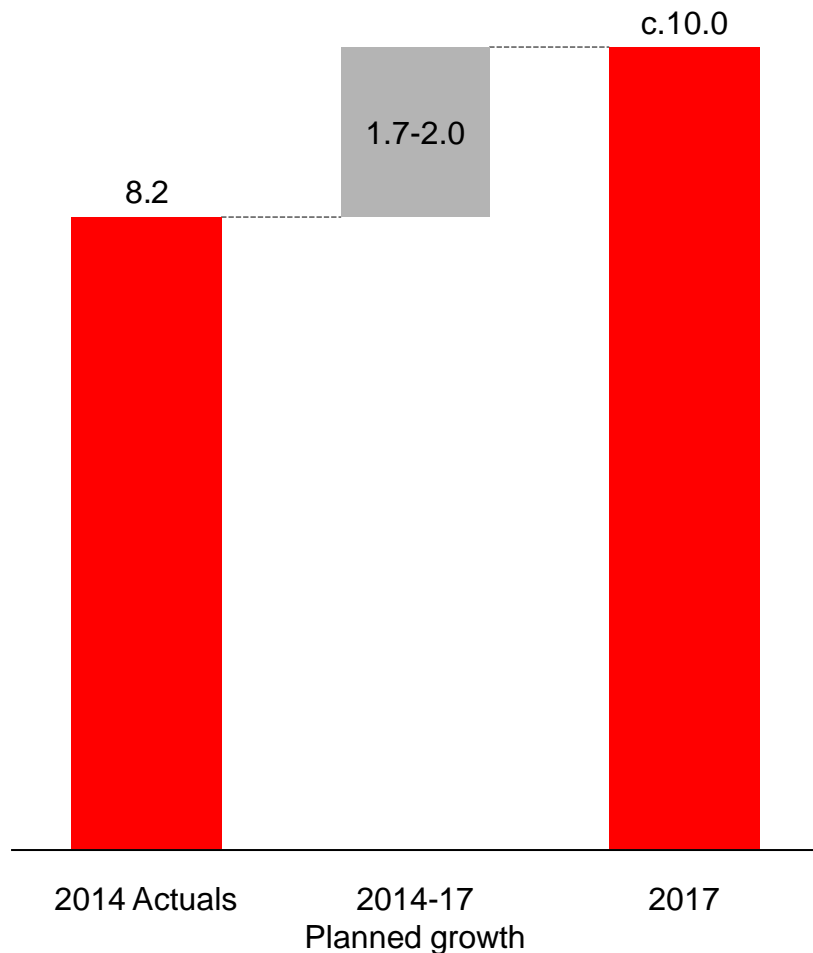
1. Market turnover to reach USD310bn/day in 2017 and USD870bn/day in 2020; currently at USD120bn/day (vs. EUR and YEN at USD1.8trn/day and USD1.2trn/day respectively)
2. A-share market size to reach USD7trn in 2017 and USD10trn in 2020
3. Onshore bond market size to reach USD7trn in 2017 and USD10trn in 2020; offshore bond market size peaks in 2017 to reach c.USD0.2trn
4. RMB-denominated AUC and cash to reach c.USD0.5trn in 2017 and c.USD1.5trn in 2020
5. Presented as gross revenue and does not reflect revenue sharing arrangements between GB&M and other global businesses

Strategy update: Returning to Group target profitability

3 Growth – CMB, RBWM, GPB clients: Realising the value of the universal banking model

Total revenue synergies related to GB&M

USDbn



GB&M revenue synergy examples

John laing

making infrastructure happen

- CMB UK client
- HSBC acted as Joint Sponsor, Joint Global Coordinator and Joint Bookrunner on a GBP249m IPO of John Laing Group plc on the London Stock Exchange
- HSBC was additionally Mandated Lead Arranger on related GBP350m RCF
- Largest UK IPO priced in 2015 year to date

Actavis

- CMB US client
- HSBC acted as co-manager on Actavis' USD4.2bn ordinary share offering
- HSBC also acted as documentation agent on the debt financing backing of Actavis' USD70.5bn acquisition of Allergan
- The deal represented the largest healthcare equity sale in history

1. Cross-business synergies are presented as gross revenue and do not reflect any revenue sharing arrangement between Global Businesses

Digital – Leveraging digital to create competitive advantage for ourselves and our clients

HSBC Solutions



Aspirations

- Access & Convenience
- Deeper client relationships
- Superior analytics
- Cost efficiency & streamlining

- Seamless, end-to-end system integration: HSBCnet; HSBCconnect; SWIFT for Corporates
- Developing next generation electronic single dealer platforms: evolveFX
- Equipping RMs with digital tools to better understand clients: RM Portal
- Enabling real time, interactive analysis and solutions for clients: Working Capital Analytics
- Utilising Big Data to create unique client insight: Supply Chain Solution

Investment¹

c. USD0.3bn

1. Cumulative 2014-17

Agenda

1

GB&M overview and track record

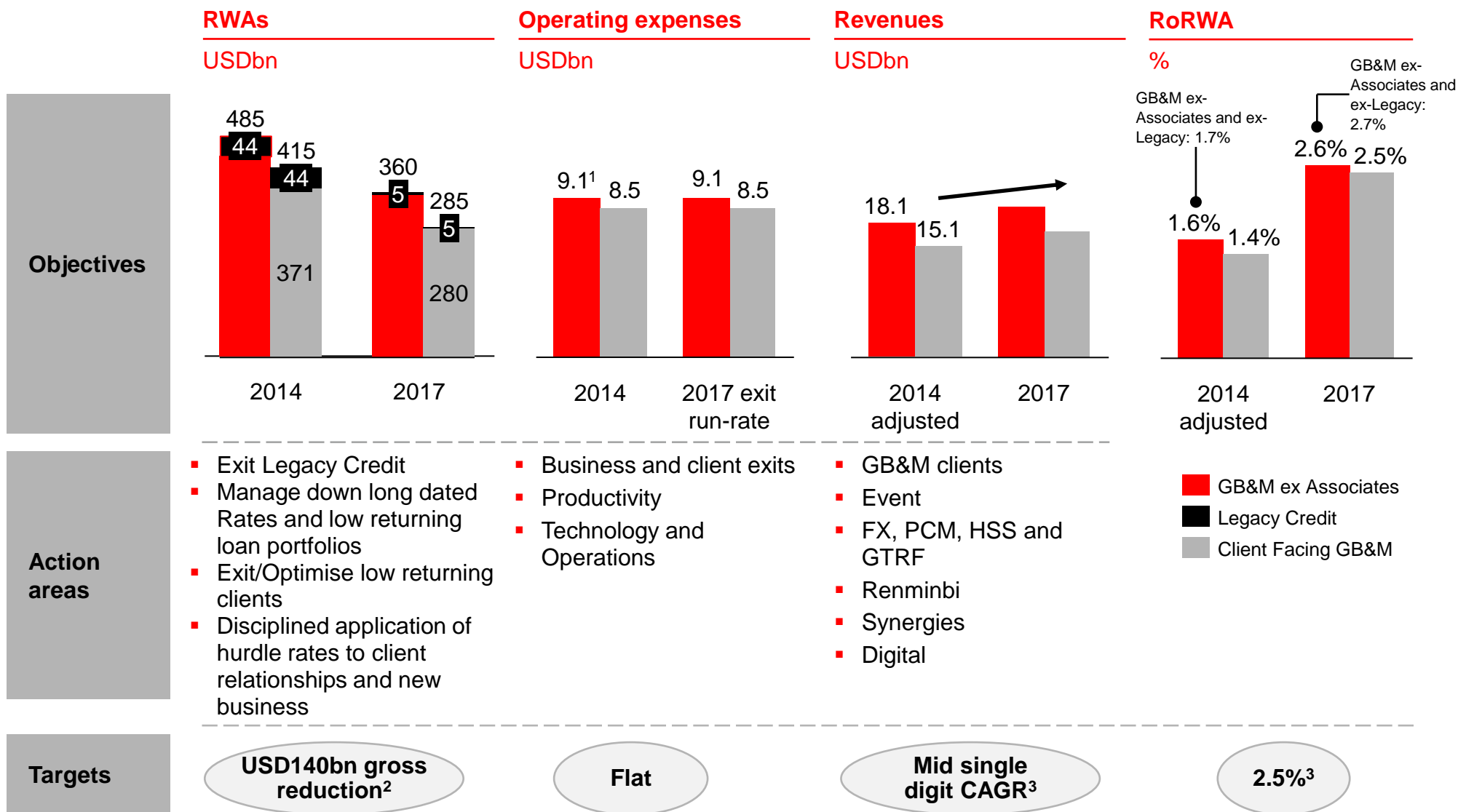
2

Strategy update: Returning to Group target profitability

3

Progress to date

GB&M Investor day targets



1. Adjusted operating expenses of USD10.1bn less \$0.7bn to change 2014 reported FX rates to 1Q15 FX rates and \$0.3bn relating to the impact of Brazil and Turkey
 2. USD140bn gross reduction from GB&M Client Facing and Legacy excluding impact of Brazil and Turkey
 3. GB&M Client Facing

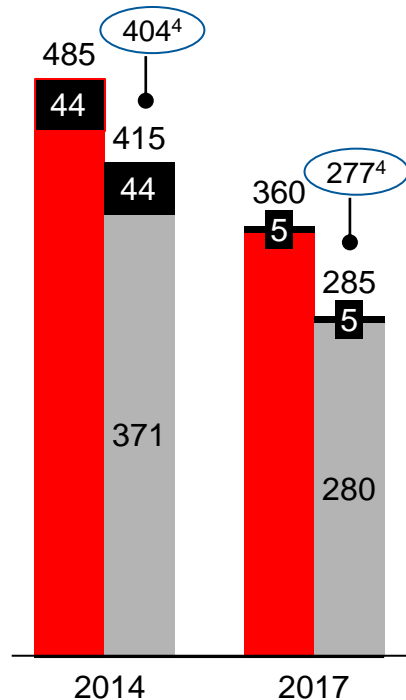
Strategy update: Progress to date

Progress to date: RWAs

Investor day target

USDbn

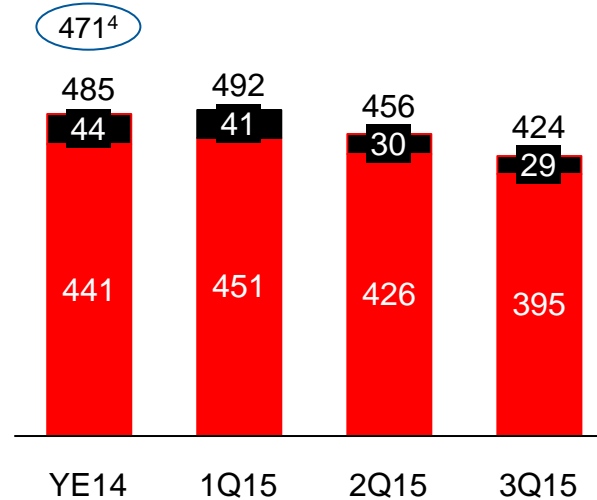
- GB&M ex Associates
- Legacy Credit
- Client Facing GB&M



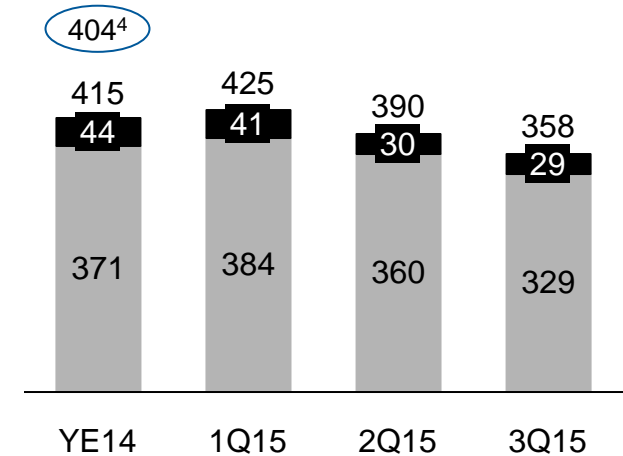
USD140bn gross reduction¹

Update on progress^{2,3}

RWAs: GB&M ex Associates, USDbn



RWAs: Client Facing & Legacy, USDbn



- Legacy Credit: USD15bn of disposals 9M15
- Markets: decrease in positions subject to the Incremental Risk Charge, client facility reductions and trade compressions
- Capital Financing: process improvements and use of more granular data; portfolio sales of long dated assets
- Low returning clients: 869 clients identified for exit, 169 completed
- Disciplined application of hurdle rates to client relationships and new business

1. USD140bn gross reduction from GB&M Client Facing and Legacy excluding impact of Brazil and Turkey
 2. RWAs as published in annual report and accounts, interim management statement
 3. Legacy RWAs shown as average RWA as per disclosure.
 4. Restated to 3Q15 average FX rates

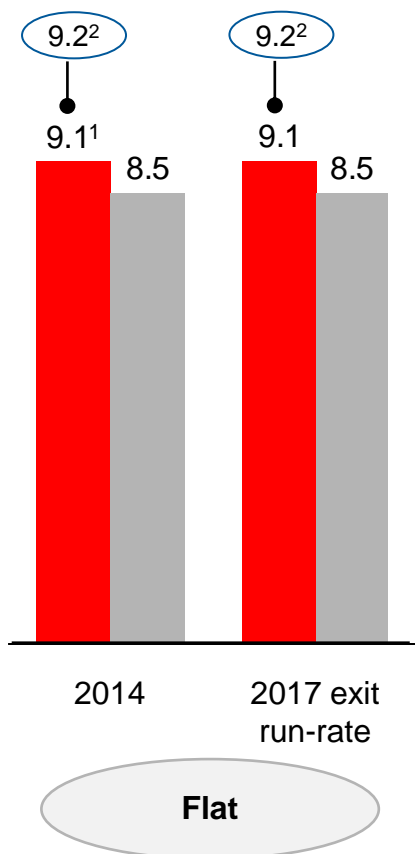
Strategy update: Progress to date

Progress to date: Operating expenses

Investor day target

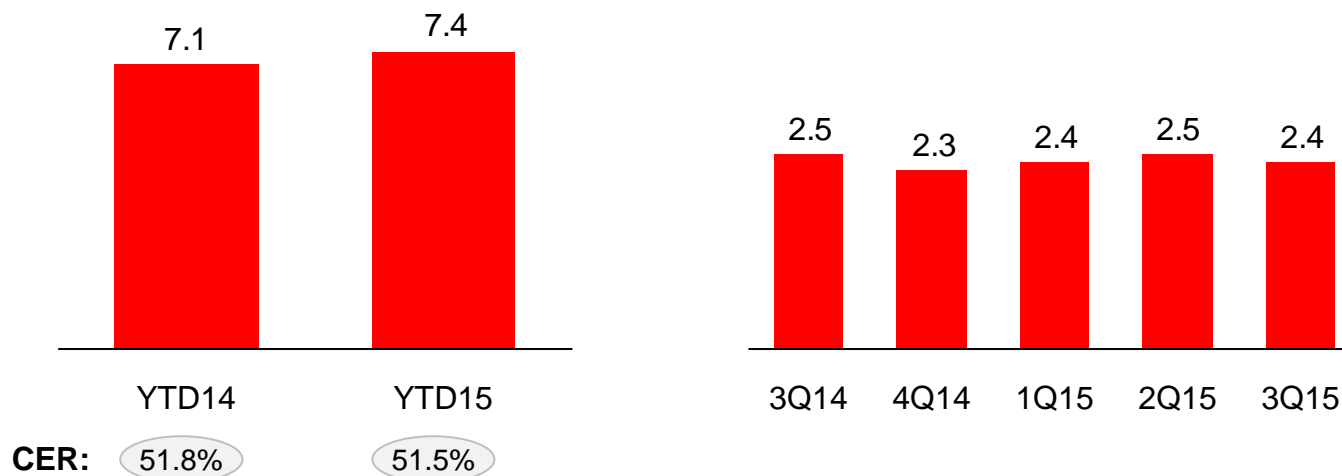
USDbn

- GB&M ex Associates
- Client Facing GB&M



Update on progress^{1,2,3,4}

Operating Expenses, USDbn



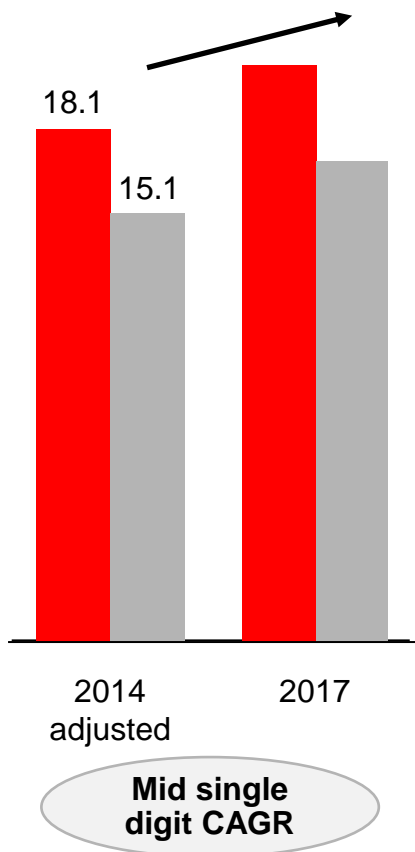
- Positive JAWS YTD15 vs YTD14
- Adjusted costs down USD0.1bn 2Q15 to 3Q15, whilst continuing to invest in the business
- Headcount down on quarter through tighter management
- Good progress on detailed cost reduction plans against target of USD1.1bn target

1. Adjusted for currency translation and significant items and the effects of Brazil and Turkey. See Slide 18
 2. Restated to 3Q15 average FX rates
 3. Investor day Target numbers not restated for currency translation to current period
 4. For a reconciliation of reported results to adjusted results, please refer to 3Q15 Earnings Release for HSBC Holdings plc.

Progress to date: Revenues

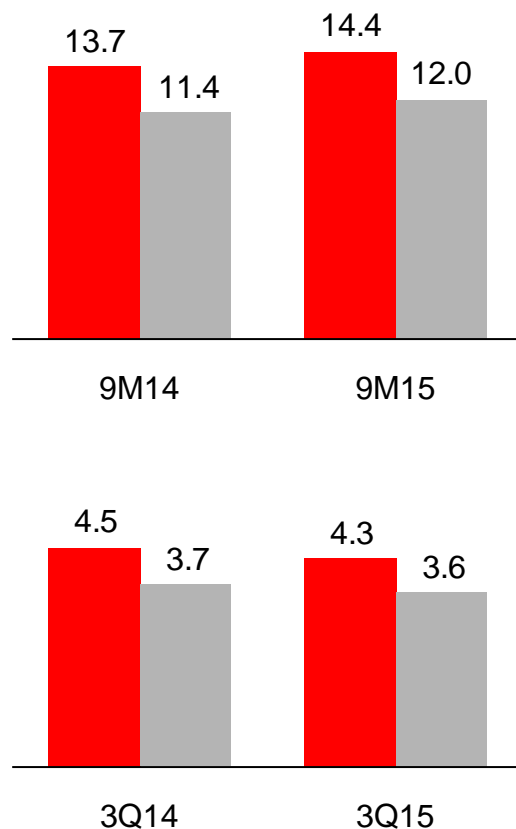
Investor day target

USDbn ■ GB&M ex Associates
■ Client Facing GB&M



Update on progress¹

Revenues, USDbn



- **GB&M Clients³:** clients in 3+ products up c.5% 9M15 vs 9M14; Clients in 3+ countries up c.2% 9M15 vs 9M14
- **Event:** significant deals including:
 - Sole financial advisor to Cheung Kong Infrastructure Holdings Ltd on its USD11bn stock for stock merger with Power Assets Holdings Ltd
 - Joint Lead Manager for NWB Bank EUR1bn Green Bond issuance
 - Joint Bookrunner for Steinhoff International Holdings Ltd EUR1.1bn Convertible Bond issuance
- **FX, PCM, HSS and GTRF:** revenues up 8% 9M15 vs. 9M14⁴
- **Renminbi:** revenues up 8% to USD1.4bn 9M15 vs. 9M14. One of first foreign banks to issue onshore RMB bond (“Panda bond”); One of the first banks to connect to Cross-Border Inter-Bank Payment System (“CIPS”)
- **Synergies:** Group revenue synergies up 6% 9M15 vs 9M14 to USD8.9bn, GB&M growth in line with Group
- **Digital:** HSBC evolve launched to 475 clients with average internal daily volume of USD5bn; RM portal launched to 1,300 relationship bankers

1. Adjusted revenue excludes the effect of currency translation and significant items. For a reconciliation of reported results to adjusted results, please refer to the 3Q15 Earnings Release for HSBC Holdings plc.
 2. Excluding Legacy Credit
 3. GB&M Priority and Core clients
 4. Group transaction banking revenues up 5% over the same period

A

Appendix

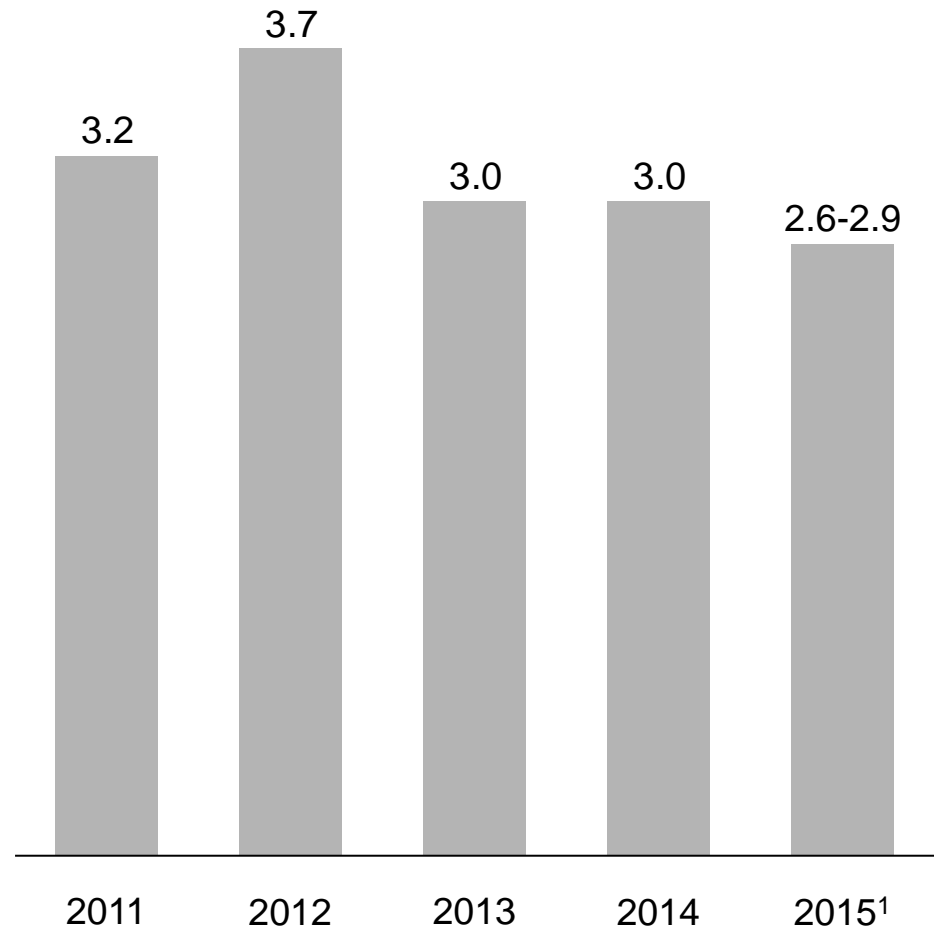
Balance Sheet Management – Managing non-operating deposits

Manage size of deposits

- Target to reduce non-operating deposits by USD100bn by offering clients alternate cash management solutions
- PCM developing automated platform to sweep funds to alternative assets as selected by clients
- Negative pricing will be used in certain cases to allow access to the balance sheet
- Reduction in absolute balance sheet as a consequence of reduction in BSM asset portfolios

BSM adjusted revenue

USDbn



1. Estimated figure

Appendix

GB&M financials¹

USDm	Reported			Adjusted					
	Sep YTD 15			Sep YTD 14			Sep YTD 15		
	Total GB&M	Legacy	Assoc.	Total GB&M	Legacy	Assoc.	Total GB&M	Legacy	Assoc.
Credit	658	90		723	172		658	90	
Rates	1,374			1,496			1,374		
Foreign Exchange	2,349			2,130			2,349		
Equities	1,472			928			1,472		
Markets	5,853	90		5,277	172		5,853	90	
Capital Financing	2,874			2,833			2,874		
Payments and Cash Management	1,338			1,279			1,338		
Securities services	1,289			1,189			1,289		
Global Trade & Receivables Finance	553			538			553		
Balance Sheet Management	2,291			2,116			2,305		
Principal Investments	177			433			177		
DVA	416			0			0		
Other	(5)			3			(1)		
Total operating income before loan impairment charges and other credit risk provisions	14,786	90		13,668	172		14,388	90	
Loan impairment Charges and other credit risk provisions	90	22		(104)	278		90	22	
Net operating income	14,876	112		13,564	450		14,478	112	
Total operating expenses	(8,385)	(74)		(7,087)	(136)		(7,408)	(74)	
Operating profit	6,491	38		6,477	314		7,070		
Income from associates	404		404	372		372	404		404
Profit before tax	6,895	38	404	6,849	314	372	7,474	38	404
Cost efficiency ratio	56.7	82.2	n/a	51.8	78.9	n/a	51.5	82.2	n/a
Pre-tax return on average risk-weighted assets (annualised)	1.9	0.1	1.6	1.9	0.9	1.6	2.0	0.1	1.6

1. Source of information: 3Q15 Interim Management statement and reconciliation of non-GAAP financial measures

Appendix

Reported to Adjusted reconciliation¹

USDm	9M14	9M15	3Q14	3Q15
Revenue				
Reported	14,470	14,786	4,679	4,525
Currency Translation	(1,076)	-	(379)	-
Significant Items	274	(398)	183	(255)
- debit valuation adjustment ('DVA') on derivative contracts	278	(416)	123	(251)
- fair value movements on non-qualifying hedges	11	18	61	(4)
- Acquisition, disposals and dilutions	(15)	-	(1)	-
Adjusted	13,668	14,388	4,483	4,270
Operating expenses				
Reported	(8,687)	(8,385)	3,729	2,595
Currency Translation	598	-	237	-
Significant Items	1,002	977	969	161
- Charge in relation to settlement agreement with Federal Housing Finance Authority	533	-	533	-
- Settlements and provisions in connection with legal matters	378	929	378	135
- UK customer redress programmes	66	-	46	-
- Restructuring and other related costs	20	22	11	-
- Costs to achieve	-	20	-	20
- Brazil disposal costs	-	6	-	6
- Acquisition, disposals and dilutions	5	-	1	-
Adjusted	(7,087)	(7,408)	2,523	2,434
Profit before tax				
Reported	5,974	6,895	941	2,141
Currency Translation	(401)	-	73	-
Significant items	1,276	579	(1,152)	(94)
- Revenue	274	(398)	183	(255)
- Operating expenses	1,002	977	969	161
Adjusted	6,849	7,474	2,020	2,047

1. For a full reconciliation of reported to Adjusted results, please refer 3Q 15 earnings release for HSBC Holdings PLC

The following terminology is used in the GB&M presentation: More detailed list of definitions available in the Glossary.

- **Direct costs** include staff employment and other costs directly managed by the business including market data, travel, and consultancy
- **Indirect costs** include technology, operations, corporate real estate and global functions costs allocated to the business
- **Other** (Page 11) in GB&M includes net interest earned on free capital held in the global business not assigned to products, allocated funding costs and gains resulting from business disposals. Within the management view of total operating income, notional tax credits are allocated to the businesses to reflect the economic benefit generated by certain activities which is not reflected within operating income, for example notional credits on income earned from tax-exempt investments where the economic benefit of the activity is reflected in tax expense. In order to reflect the total operating income on an IFRS basis, the offset to these tax credits are included within 'Other'.
- **Page 6** has used the following source information:
 - **FX** – Euromoney (2014 published May 2014). Middle East ranking shown only (ex North Africa). Asia ranking shown (inc HK and Japan)
 - **Rates** – Greenwich (2014 published Nov 2014); UK & Cont. Europe – Greenwich Europe (published Sep 2014)
 - **Credit** – Greenwich (2014 published Nov 2014); UK & Cont. Europe – Greenwich Europe (published Sep 2014)
 - **Equities** – Extel for EMEA (2014 published in July), Asiamoney Brokers Poll 2014
 - **PCM** – Euromoney Cash Management Survey (2014 published Sep 2014)
 - **HSS** – Global Custodian Global Custody, Custody Risk European Awards 2014, The Asset Triple A Asset Servicing Awards 2014, Asian Investor Service Provider Awards 2014, HFM European Hedge Fund Services Awards 2014, Mutual Fund and Hedge Fund Administration Survey, Hedge fund.net administrator survey, Clearstream, CMU HK 6* - Continental Europe includes Germany, Luxembourg and Ireland
 - **Global Trade and Receivable Finance** – Oliver Wyman Global Transaction Banking Survey 2012
 - **Capital Financing** – Project and Export Finance: Dealogic 2014 – Project Finance Advisory; ECM: Dealogic FY2014, RoAP ex-Japan/Australia & Chinese A-shares; Syndicated Loans: based on Dealogic FY2014, RoAP ex-Japan; M&A: Dealogic FY2014, RoAP ex-Australia and Japan domestic; DCM: Dealogic FY2014, RoAP ex-Japan & China Onshore

