

**HSBC Holdings plc and
HSBC Bank Canada**

Presentation to Fixed Income Investors

September 2013



Forward-looking statements

This presentation, including the accompanying slides and subsequent discussion, contains certain forward-looking information with respect to the financial condition, results of operations and business of HSBC Holdings plc, together with its direct and indirect subsidiaries including HSBC Bank Canada (“HBCA”) and HSBC Securities (Canada) Inc. (collectively, the “HSBC Group”). In particular, forward-looking information in this presentation includes statements with respect to the HBCA financial targets for common equity Tier 1 ratio, return on equity, and cost efficiency ratio projected for years 2014 – 2016 comparable to years 2011 – 2013. HSBC Group management believes that the expectations reflected in the forward-looking information are reasonable; however there can be no assurance that such expectations will prove to be correct. These expectations are based on the assumption that HBCA will continue to perform and achieve results consistent with the strategy and expectations delivered by HSBC Holdings plc for all businesses within the HBCA Group and the continued steady improvement in the pace of growth of the Canadian economy. Past performance cannot be relied on as a guide to future performance. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward looking information. Forward-looking information represents expectations or beliefs concerning future events and involves 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 material risk factors that could cause actual results to differ materially is available in the Annual Report and Accounts of HSBC Holdings plc and the Annual Report and Accounts of HSBC Bank Canada for the year ended December 31, 2012, as well as the HSBC Holdings plc Interim Report 2013 and the HSBC Bank Canada Second Quarter 2013 Interim Report. Refer to www.hsbc.com under Investor Relations – Financial Results and www.hsbc.ca under About HSBC – More About HSBC Canada – Financial Reports for these reports. The material is intended for your sole use and is not for general distribution in Canada or the United States and does not constitute an offer to sell or a solicitation of an offer to sell any securities in Canada or the United States.

This presentation contains non-GAAP financial information. For an explanation and reconciliation of non-GAAP financial information to the most directly comparable measures under GAAP for the HSBC Group, refer to the “Reconciliation of Non-GAAP financial measures” supplement available at www.hsbc.com under Investor Relations – Financial Results. Refer also to “Use of non-IFRS Financial Measures” in the HSBC Bank Canada Annual Report and Accounts 2012.



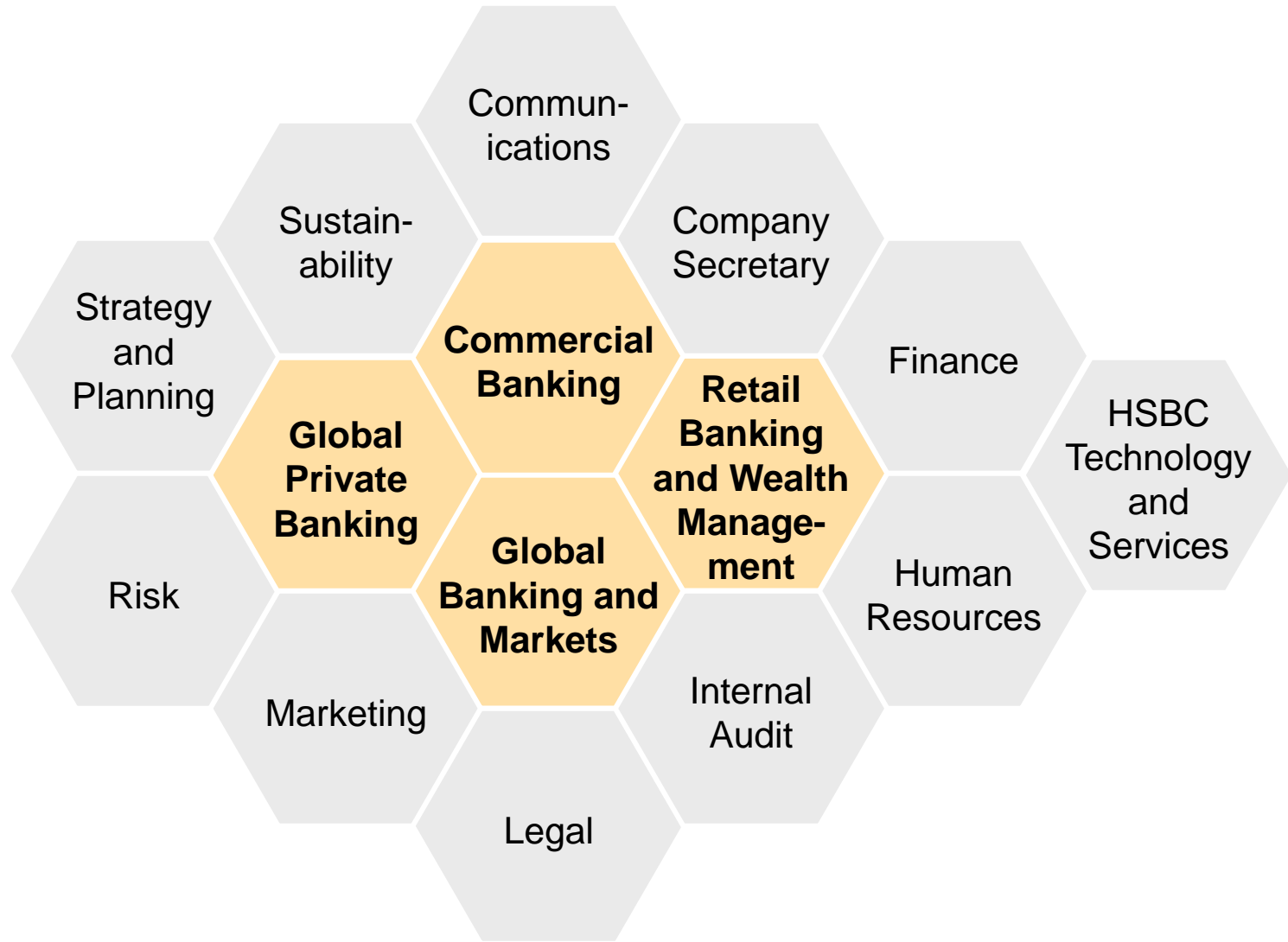
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The HSBC Group

Four Global businesses

Supported by global functions



22 Home and Priority Growth markets

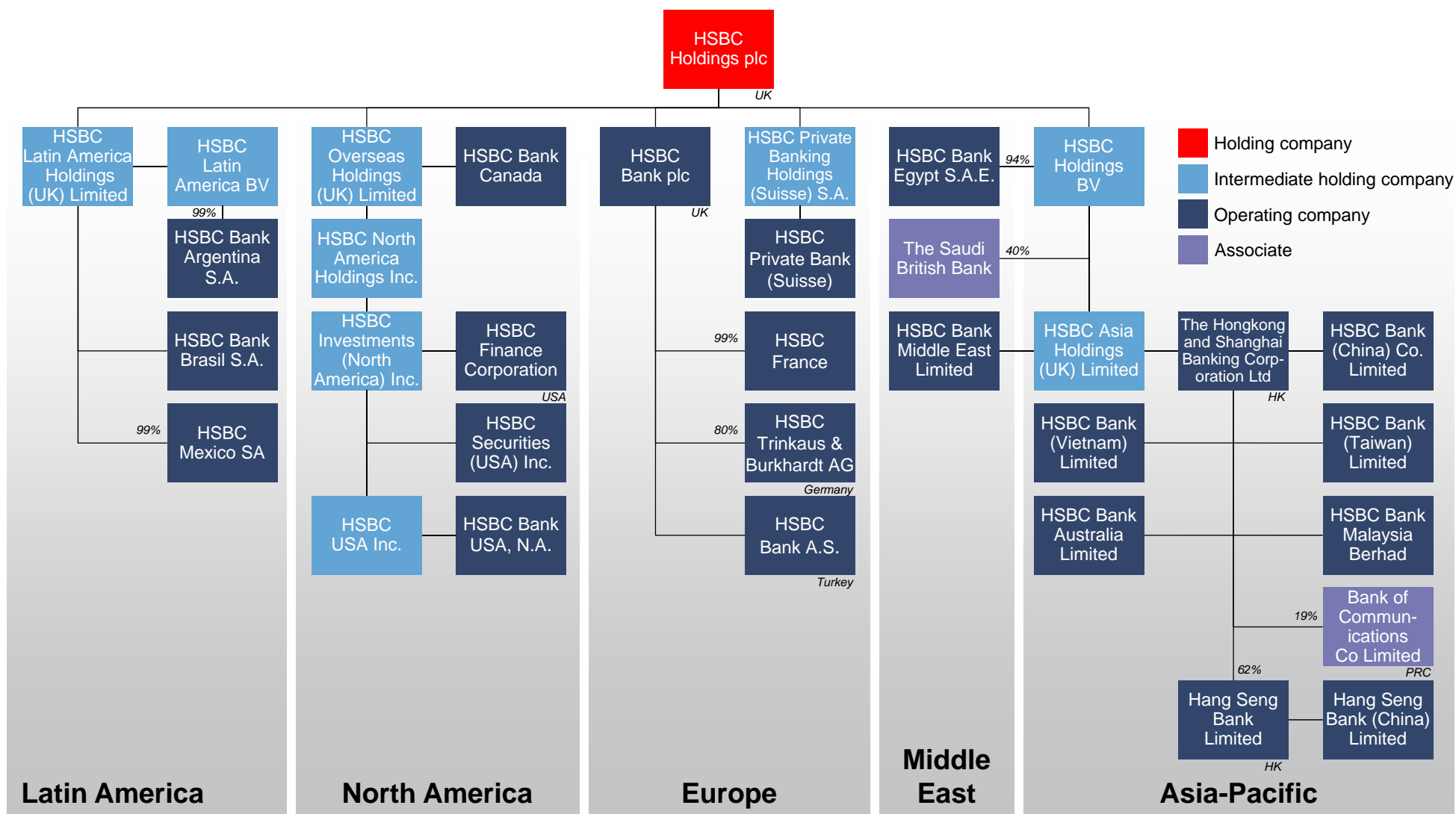
With further Network and Small markets

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

¹ Includes Hang Seng Bank

Simplified structure chart

Principal entities in Home and Priority Growth markets¹



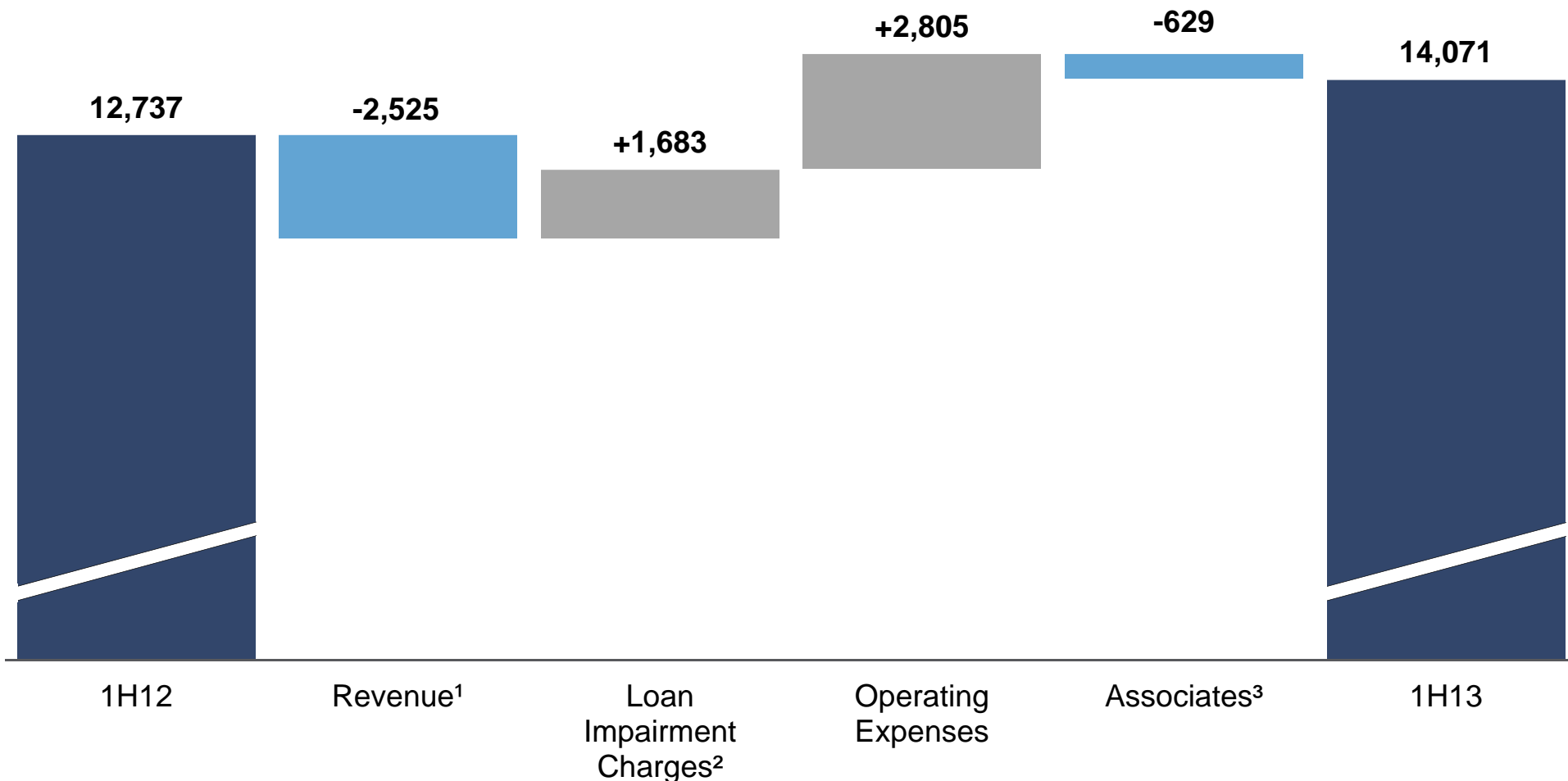
¹ At 30 June 2013. All entities wholly owned unless shown otherwise (part ownership rounded down to nearest per cent). Excludes other Associates, Insurance companies and Special Purpose Entities

Reported Profit before tax

Increased by 10%

1H13 vs 1H12

USDm



1 Revenue is net operating income before loan impairment charges and other credit risk positions

2 Loan impairment charges and other credit risk provisions

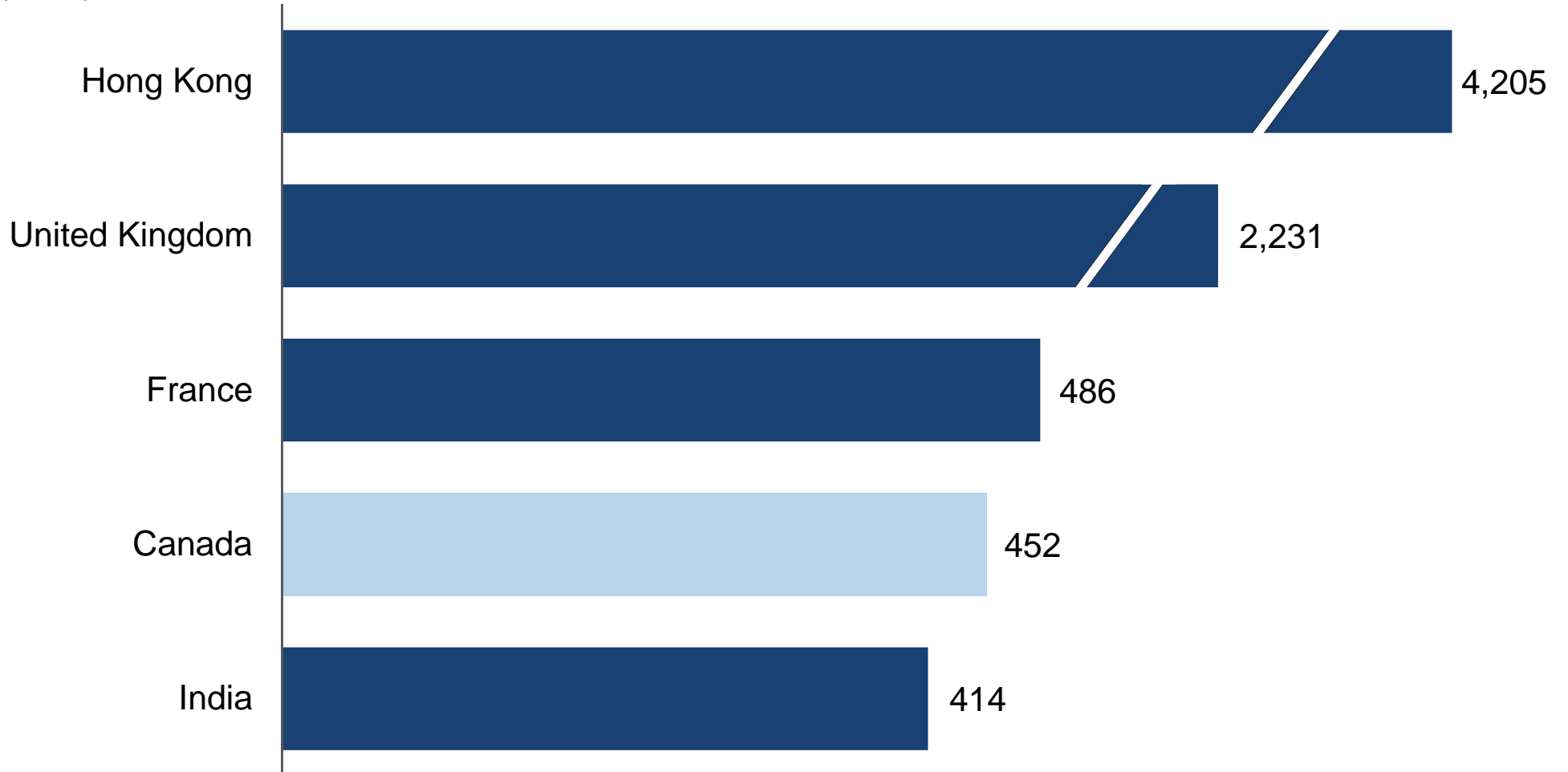
3 Share of profit in associates and joint ventures

Canada is a top 5 market for HSBC

Profit contributions by largest five markets

Underlying¹ PBT 1H13

(USDm)



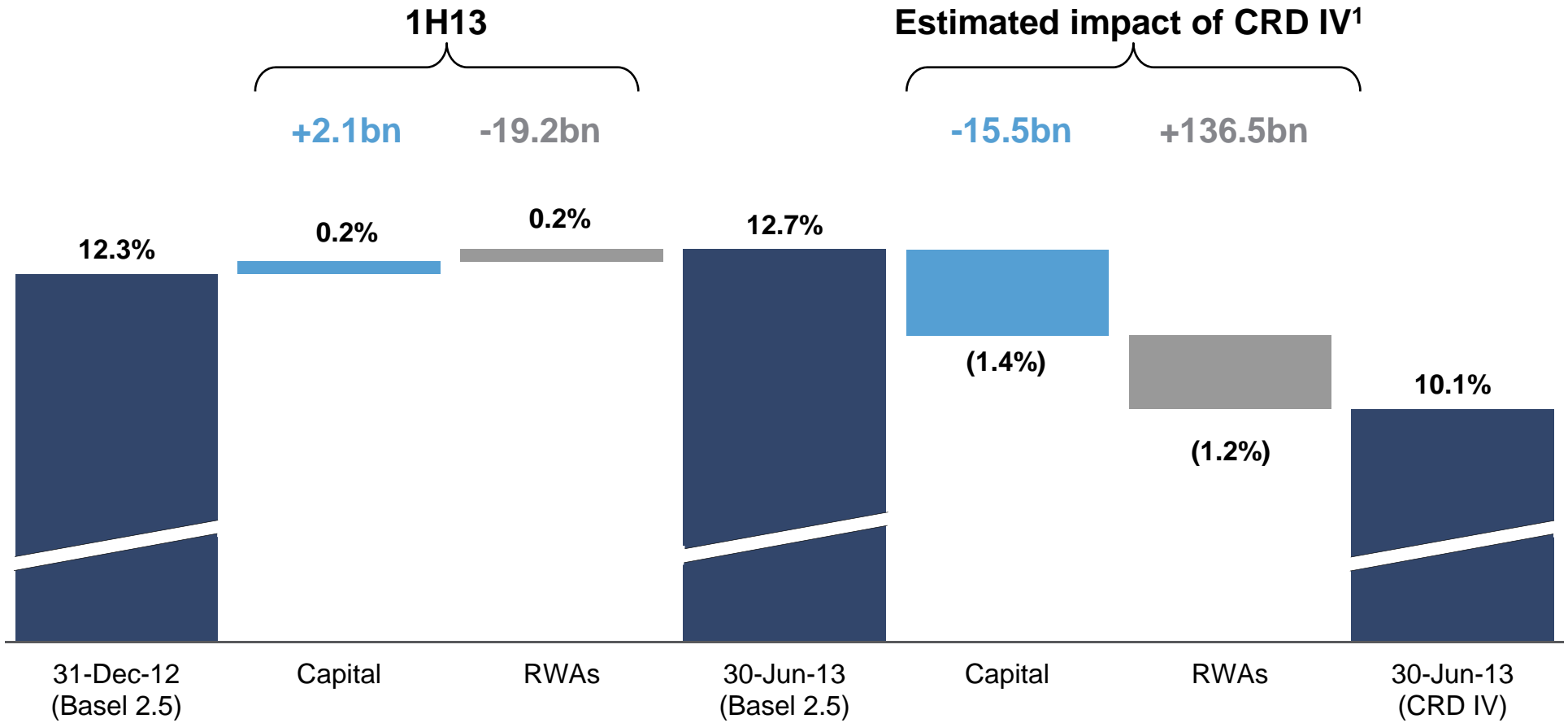
1. Underlying basis eliminates effects of foreign currency translation differences, acquisitions, disposals and changes in ownership levels of subsidiaries, associates joint ventures and businesses, and changes on fair value ("FV") due to movements in credit spread on long term debt issued by the Group and designated at fair value

Capital Strength

Now and under CRD IV

Core / Common Equity Tier 1 ratio

USDbn



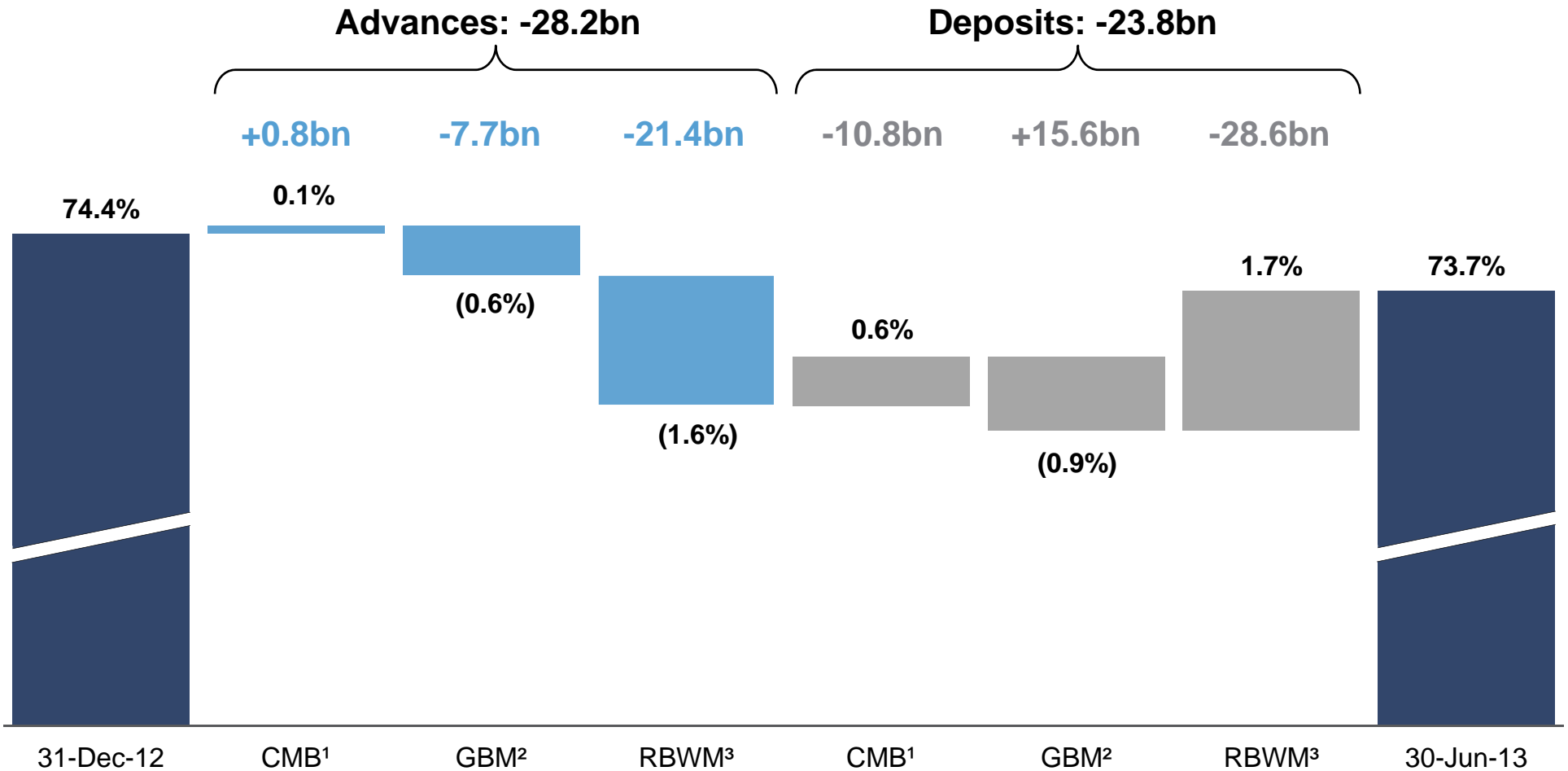
¹ Estimated CRDIV end point CET1 after planned mitigation of immaterial holdings based on our interpretation of final CRR rules

Customer deposits are the principal source of funding

With over \$300bn excess deposits compared to customer loans

Advances to deposits ratio

USDbn



1 Commercial Banking

2 Global Banking and Markets

3 Retail Banking and Wealth Management, Global Private Banking and others

HSBC Bank Canada

HSBC 



Executing the Canadian Strategy

<p>HSBC Canada Position</p>	<ul style="list-style-type: none"> ▪ HBCA is a top 5 PBT contributor ▪ Canada is a priority market for HSBC and remains amongst top 10 economies in the world through to 2050¹ ▪ HSBC is a leading international bank in Canada
<p>Strategic objectives</p>	<ul style="list-style-type: none"> ▪ Execute HSBC Group strategy into Canada, delivering sustainable, organic business growth ▪ Implement global standards ▪ Streamline processes and procedures
<p>Strategic Actions</p>	<p>CMB</p> <ul style="list-style-type: none"> ▪ Focus on markets that matter, particularly international trade corridors of Western and Eastern Canada ▪ Maximize relationships through differentiated product suite, including Markets, Cash Management & Trade ▪ Manage risk
	<p>GBM</p> <ul style="list-style-type: none"> ▪ Become a top tier lender to key clients to drive incremental ancillary revenues ▪ Increase penetration of Multinational clients operating in Canada ▪ Increase coverage of Canadian pension plans as they grow domestically and internationally ▪ Capitalize on the infrastructure and resources pipeline in Canada ▪ Increase penetration of Global Markets products with CMB clients
	<p>RBWM</p> <ul style="list-style-type: none"> ▪ Grow quality customer base in target customer segments (affluent, internationally minded Canadians and Asian migrants) ▪ Accelerate Investment in Wealth Management capabilities ▪ Invest in distribution channels to meet customers' changing preference and improve experience
<p>Outcome</p>	<ul style="list-style-type: none"> ▪ Further consolidate HBCA's position as a leading international bank in Canada
<p>Financial Plan</p>	<ul style="list-style-type: none"> ▪ Positive JAWs, improvement in CER and ROE ▪ Maintain strong capital position

¹ Source: HSBC Global Research

Financial overview

Summary of reported results 1H13

CADm	1H12	1H13	% better/(worse)
Revenue ¹	1,295	1,115	(14)
Loan impairment charges ²	(107)	(140)	(31)
Operating expenses	(623)	(529)	15
Shares of profit in associates	2	5	150
Profit before tax	567	451	(20)
Profit after tax	420	319	(24)

1. Revenue is net operating income before Loan Impairment Charges and other credit risk provisions

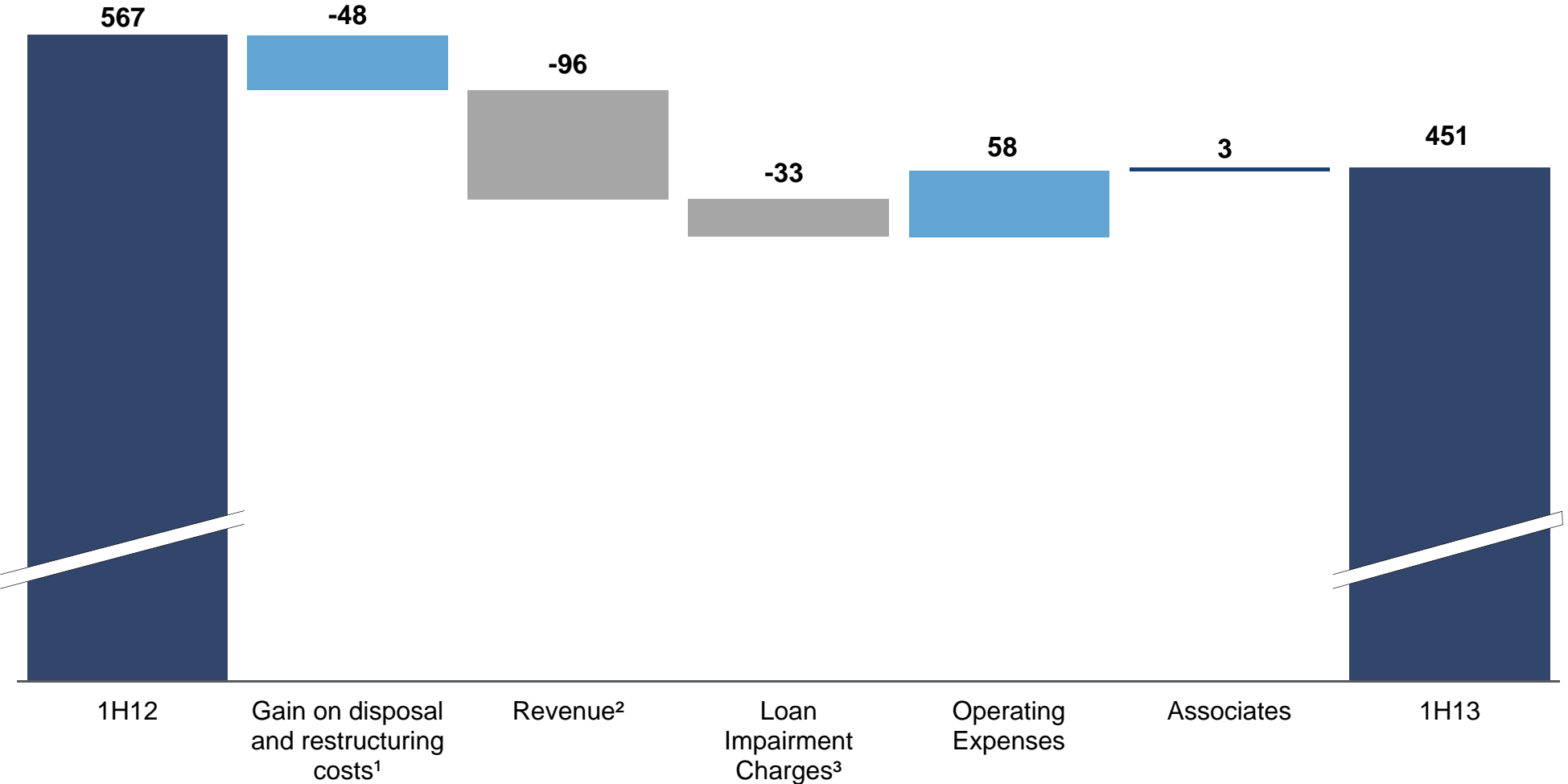
2. Loan Impairment Charges and other credit risk provisions

Profit before tax

Continuing cost control in challenging interest rate and risk environments

1H13 vs 1H12

CADm



1 Includes 2012 gain on sale of the full service brokerage business and restructuring charges on the wind-down of the consumer finance business

2 Revenue is net operating income before loan impairment charges

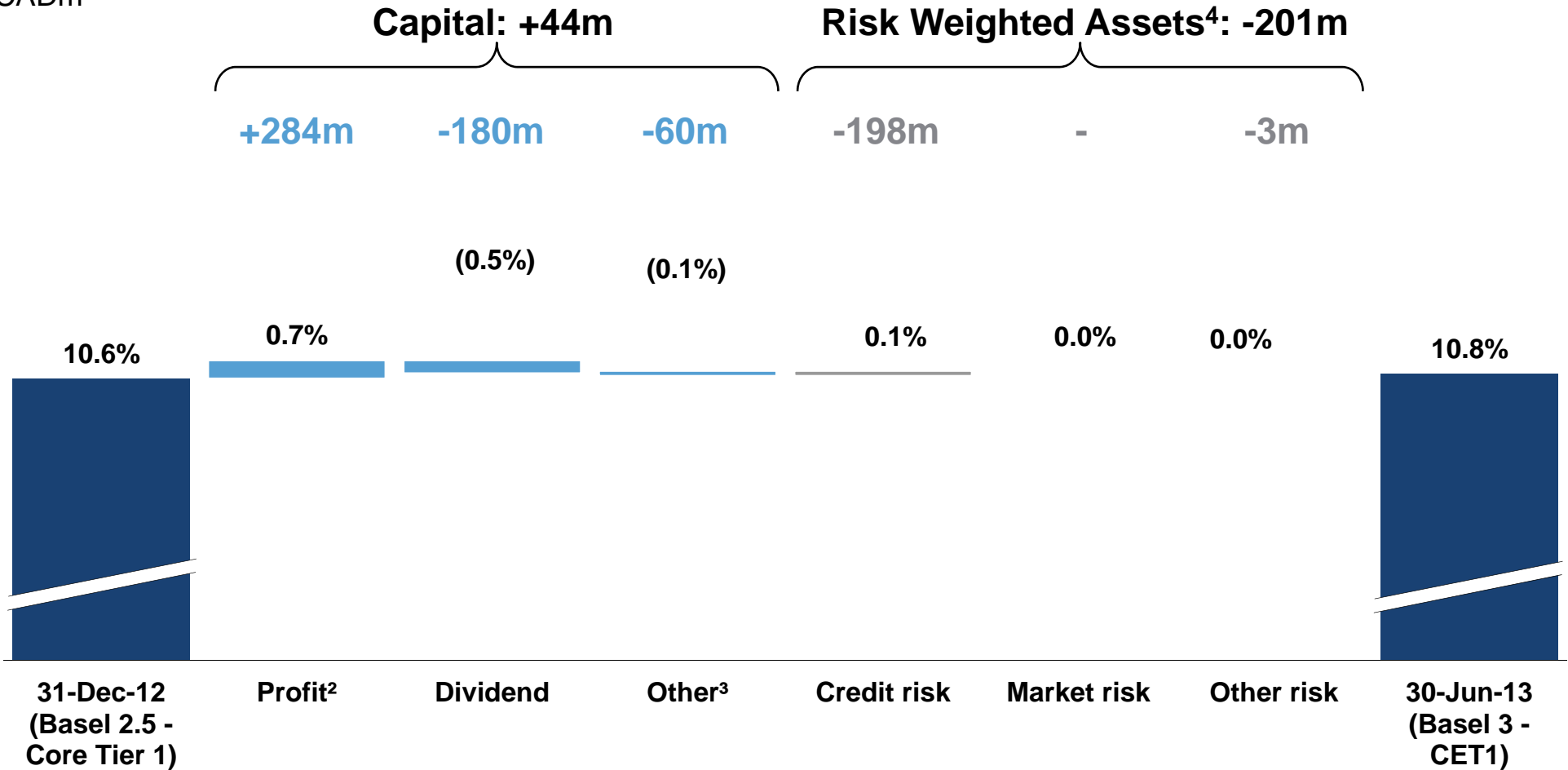
3 Loan impairment charges and other credit risk provisions

Strong capital base

Capital generated supports business and dividend growth

Core¹ / Common Equity Tier 1 ratio

CADm



1 Tier 1 capital (Basel 2.5) less non-controlling interests and preferred shares

2 Profit after tax attributable to common shareholder

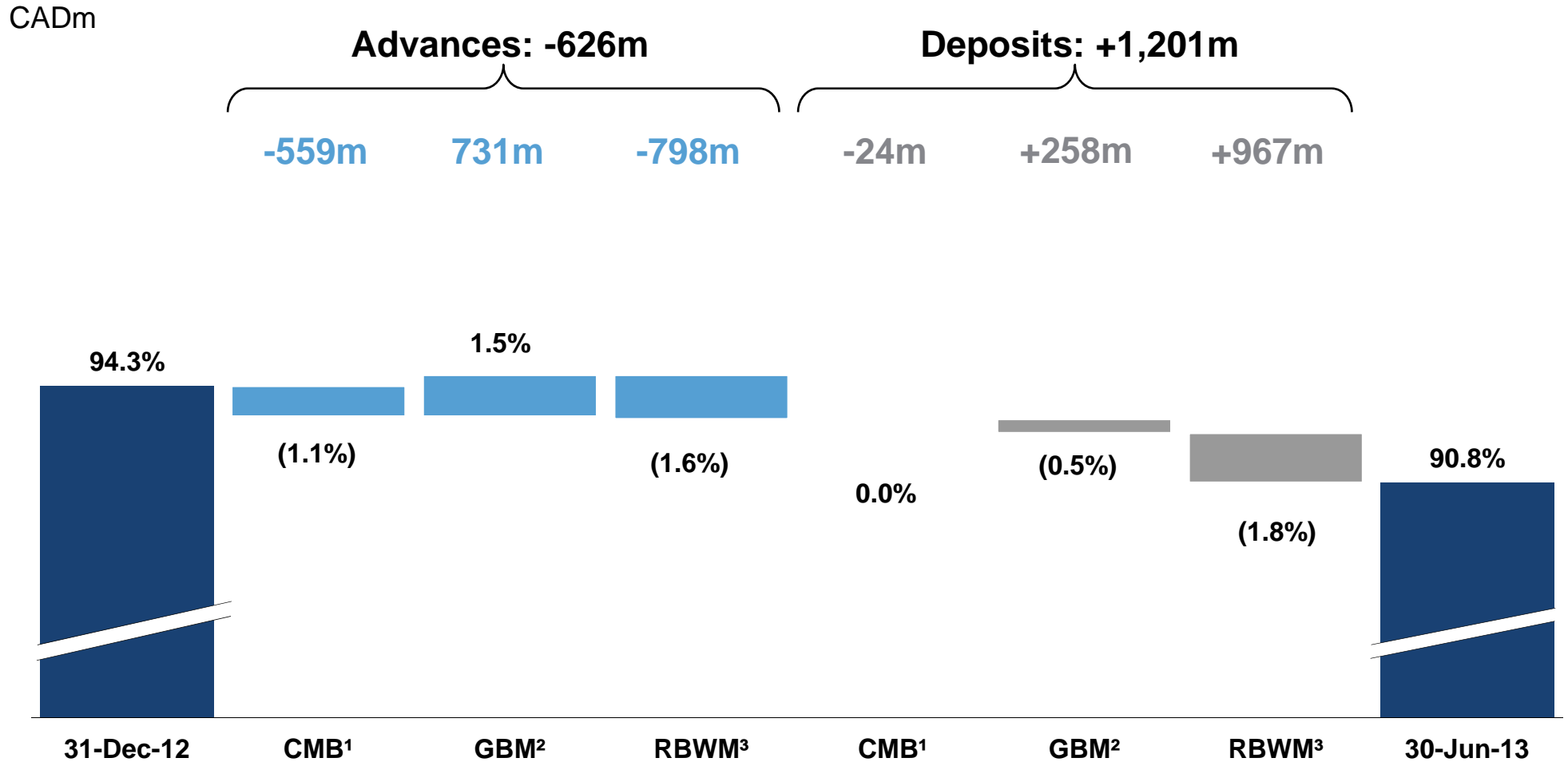
3. Includes Basel 3 "all in" adjustments

4 The Basel 1 transitional floor adjustment is grouped with Credit risk for this presentation. Market risk below threshold for separate regulatory reporting – included in Credit risk

Repositioning (de-risking) loan book while growing the deposit base

Growth in both Commercial Banking and Global Banking and Markets

Advances to deposits ratio

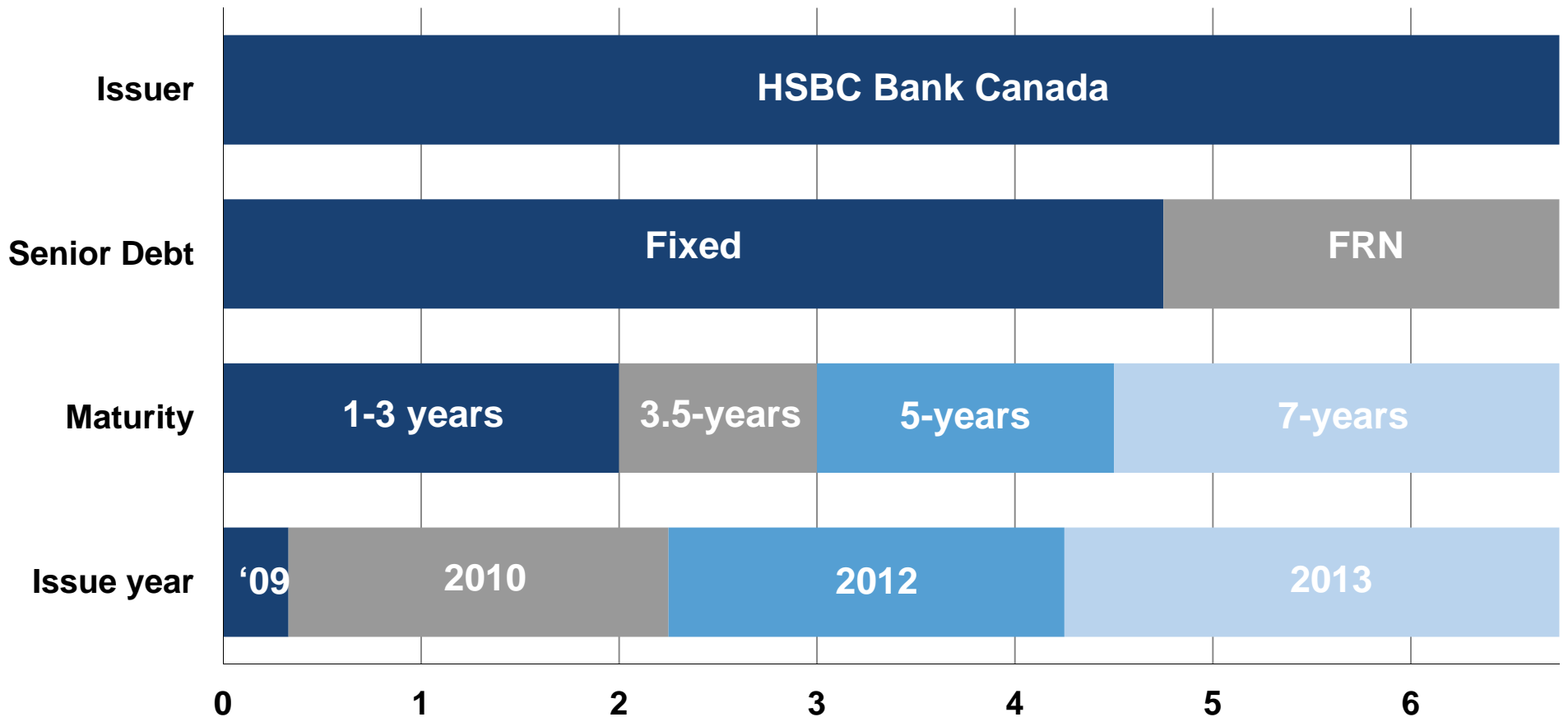


1 Commercial Banking
 2 Global Banking and Markets
 3 Retail Banking and Wealth Management and others

Consistent and growing public issuance

HSBC Bank Canada has issued CAD6.75bn since 2009

(CADbn)



Source: HSBC
Excludes minor amount of retail focused issues

Conclusions

Investment case

Distinctive position

- Privileged access to growth opportunities
- Four global businesses sharing strong commercial linkages
- Lean and values driven organisation fit for the new environment
- Strong balance sheet generating resilient stream of earnings

Strategy

- To be the world's leading international bank
- International trade & capital flows: Network of businesses connecting the world
- Economic development & wealth creation: Wealth management and retail with local scale

Execution focus

- Growth: faster growing markets; wealth opportunity; intra-group connectivity
- Capital deployment; six filters and turnaround actions, standards
- Cost efficiency; sustainable cost saves & simplification

Financial targets

Common equity Tier 1 ratio	2011-13: >10%	2014-16: >10%
Return on Equity	2011-13: 12-15%	2014-16: 12-15%
Cost Efficiency ratio	2011-13: 48-52%	2014-16: mid 50s%

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