



November 2015 – Q3 Update

Commercial Banking

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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.

1 HSBC Group Overview

2 CMB: Solid foundation, good performance

3 Capturing value from global presence

4 Investing for growth

5 Summary: Advantages driving improved returns

2015 Financial Highlights

Financial highlights

	3Q14	2Q15	3Q15	3Q15 vs 3Q14	3Q15 vs 2Q15	9M14	9M15	9M15 vs 9M14
Reported PBT, USDbn	4.6	6.6	6.1	1.5	(0.5)	16.9	19.7	2.8
Adjusted PBT, USDbn	6.4	6.0	5.5	(0.9)	(0.5)	19.1	18.5	(0.6)
						9M14	9M15	Target (if applicable)
Return on average ordinary shareholders' equity ¹						9.5%	10.7%	>10%
Return on average tangible equity ¹						11.1%	12.1%	n/a
Jaws (adjusted)						-	(4.1)%	Positive
						DEC14	JUN15	SEP15
Advances to deposits ratio						72.2%	71.4%	70.8%
Common equity tier 1 ratio (end point basis) ²						11.1%	11.6%	11.8%

1. Return on average ordinary shareholders' equity (ROE) and Return on average tangible equity (ROTE) are calculated on an annualised basis

2. From 1JAN15 the GRD IV transitional CET1 and end-point CET1 capital ratios became aligned for HSBC Holdings plc due to recognition of unrealised gains on investment property and available-for-sale securities

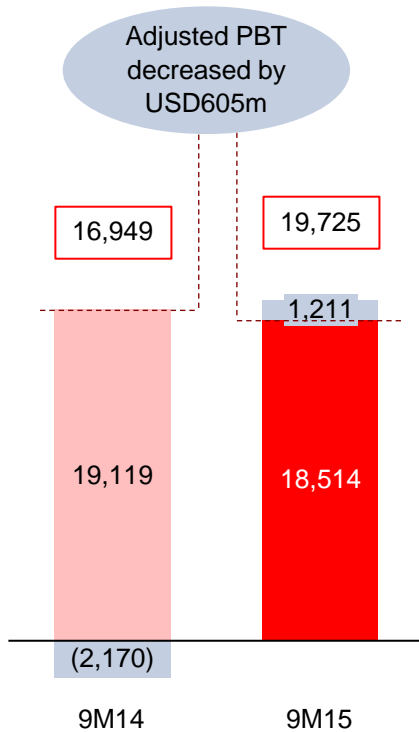
HSBC Group Overview

9M15 Profit before tax

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

Reported and adjusted PBT

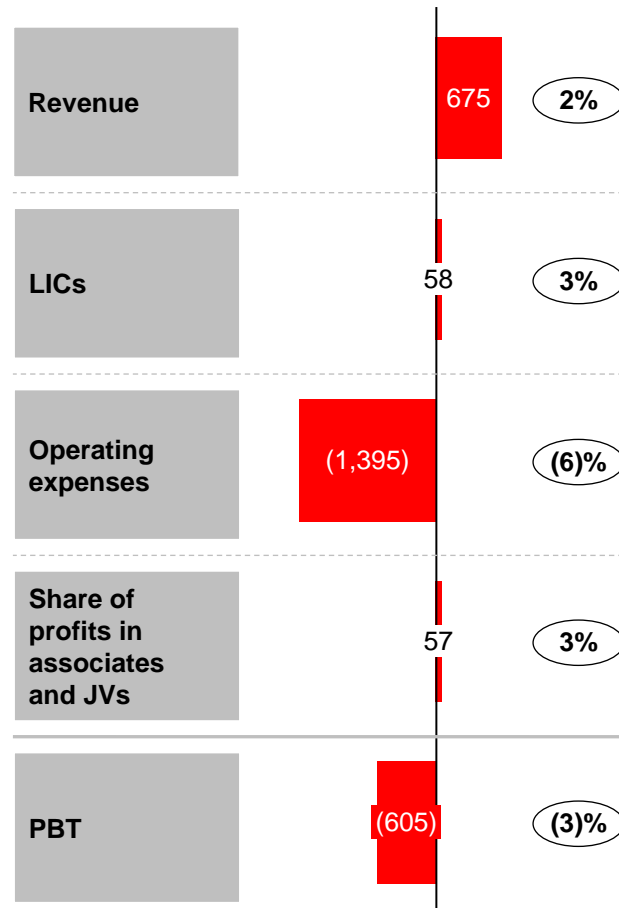
USDm



- Currency translation and significant items
- Adjusted
- Reported

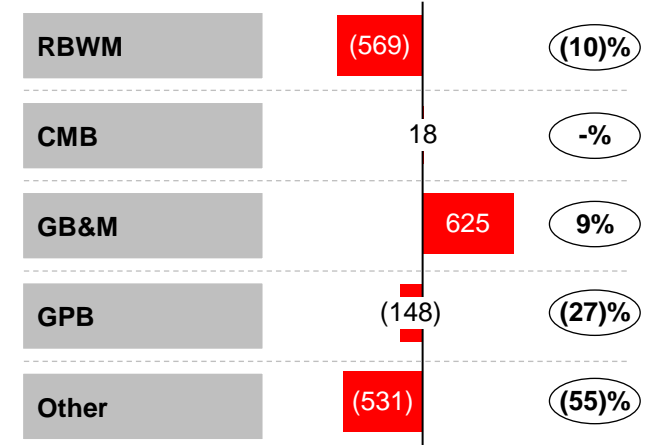
Adjusted PBT growth by account line

USDm



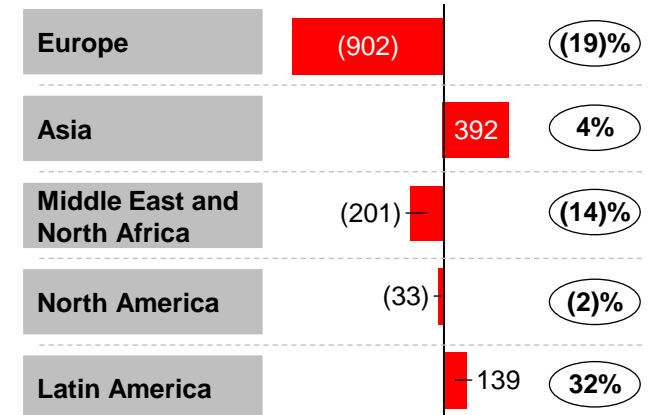
Adjusted PBT growth by global business

USDm



Adjusted PBT growth by region

USDm



Progress on our actions to capture value

	Actions	Key achievements	Highlights
Re-size and simplify	1 Reduce Group RWAs by c.USD290bn	<ul style="list-style-type: none"> USD32bn reduction during the third quarter, notably in GB&M 	<p>1 RWAs reduced by USD32bn in the quarter; USD82bn YTD</p> <p>290 (15) 275</p> <p>Investor Update target FX translation Re-baselined target</p> <p>3Q15 reduction 1H15 reduction</p> <p>30% of 2017 target achieved</p>
	2 Optimise global network	<ul style="list-style-type: none"> Disposal of our operations in Brazil¹ on track 	
	3 Rebuild NAFTA profitability	<ul style="list-style-type: none"> Increased PBT in 9M15 in both the US Principal (85%) and Mexico (95%) compared with 9M14 	
	4 Set up UK ring-fenced bank	<ul style="list-style-type: none"> Implementation in progress 	
5 Deliver USD4.5-5.0bn cost savings	<ul style="list-style-type: none"> Lower adjusted costs vs. 2Q15, down USD0.4bn; traction on cost programmes 		
Re-deploy capital and invest	6 Deliver growth above GDP from international network	<ul style="list-style-type: none"> Transaction banking revenue up 5% to USD11.5bn compared with 9M14 Growth driven by our FX and PCM businesses 	<p>5 Achievements to date</p> <ul style="list-style-type: none"> Reduced the number of software applications by c.100 USD130m annualised procurement saves realised Automation of manual payments 1/3 complete Delivery of digital data capabilities, e.g. Apple Pay, Click to Chat, and Branch tablets in the UK, and HSBC.net mobile in more than 30 countries
	7 Investments in Asia – prioritise and accelerate investments	<ul style="list-style-type: none"> 6% revenue growth in ASEAN compared with 9M14 5% growth in insurance manufacturing new business premium revenue (annualised) 	
	8 RMB internationalisation	<ul style="list-style-type: none"> 8% revenue growth compared with 9M14 Maintained #1 ranking in offshore RMB bond underwriter league table 	
	9 Global standards	<ul style="list-style-type: none"> Implementation in progress 	
	10 Headquarters review	<ul style="list-style-type: none"> Review in progress 	

1. We plan to maintain a corporate presence in Brazil to serve our international clients

Progress on our actions to capture value – YTD progress

Actions		Key metrics	30 Sept 2015 performance		Investor Update Target
			9M15, USDbn	vs. Dec-14	
Re-size and simplify	1 Reduce Group RWAs by c.USD290bn	RWA initiatives Business growth RWAs Total RWAs as at 30 Sep-15 GB&M Client-facing & Legacy RWAs % of Group as at 30 Sep-15	(82) 27 1,144 37%	(82) 27 (6)% (2)ppt	<ul style="list-style-type: none"> Group RWA reduction USD290bn GB&M <1/3 of Group RWA
	2 Optimise global network	Network to support global connectivity	Disposal of our operations in Brazil on track		Reduced footprint
	3 Rebuild NAFTA profitability	US Principal PBT (Year-to-date) Mexico PBT (Year-to-date)	9M15, USDbn 0.5 0.2	vs. 9M14, % 85% 95%	<ul style="list-style-type: none"> Mexico PBT c. USD0.6bn US PBT c.USD2bn
	4 Set up UK ring-fenced bank	Completed by 2018	Implementation in progress		Completed by 2018
	5 Deliver USD4.5-5.0bn cost savings	Total 3Q15 QTD adjusted costs (excluding Brazil and Turkey)	3Q15, USDbn 7.9	Rebaselined Investor Update quarterly run-rate 7.6	<ul style="list-style-type: none"> 2017 exit rate = 2014 operating expenses USD4.5-5.0bn cost savings
Re-deploy capital and invest		RTB back office : RTB front office : Change the bank ratio ¹ Costs to achieve Total FTE	9M15 45 : 44 : 11 USD165m 259.8	2017 Investor day target 39 : 48 : 8 - n/a	
	6 Deliver growth above GDP from international network	Transaction banking revenue Revenue Synergies	9M15, USDbn 11.5 8.9	vs. 9M14, % 5% 6%	Revenue growth of international network above GDP
	7 Investments in Asia	ASEAN revenue growth Insurance manufacturing new business premiums (annualised)	9M15, USDbn 2.5 1.6	vs. 9M14, % 6% 5%	<ul style="list-style-type: none"> Market share gains c.10% growth p.a. AuM in Asia
	8 RMB internationalisation	RMBI revenue	9M15, USDbn 1.4	vs. 9M14, % 8%	USD2-2.5bn revenue
	9 Global standards	Completed	Implementation in progress		Completed
10 Headquarters review	Completed by year-end	Review in progress		Completed by year-end	

1. 2017 target excludes the bank levy which was assumed to be 5% of 2017 exit adjusted costs

Agenda

1 HSBC Group Overview

2 CMB: Solid foundation, good performance

3 Capturing value from global presence

4 Investing for growth

5 Summary: Advantages driving improved returns

CMB: Solid foundation, good performance

CMB will deliver faster-than-market growth and improved returns

Key messages

Solid foundation, good performance

- Good track record of growth – with positive revenue and return expectations
- Pivotal role in growth of cross-business collaboration, contributing c. 53% of Group revenue synergies in 9M15
- Better meeting client needs through new global client segmentation

Capturing value from global presence

- Focusing on leveraging our geographic and client networks – an advantage competitors cannot replicate
- Strengthening position in key market hubs: China, USA, Germany
- Driving outbound² revenue growth of >12% through International Subsidiary Banking

Investing for growth

- Investing in PCM and GTRF over 3 years to fuel organic growth
- Investing in Pearl River Delta to leverage Hong Kong and global client base and capture trade corridor and sector flow opportunities

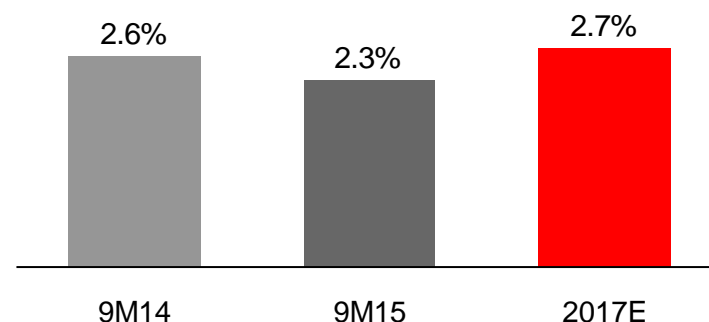
Strong performance¹

9M15, USDbn

Revenue	11.2
Operating expenses	4.9
LICs	0.8
PBT	6.8
CER	44%
RWA	430

RoRWA

Excl. Associates



1. Numbers presented on an adjusted basis. 2017 numbers are shown post sale of operations in Turkey and Brazil and other actions
 2. Outbound refers to any client revenue booked outside the client's "home" country, i.e. booked in the country of the client's subsidiary

CMB: Solid foundation, good performance

CMB: 25% of Group revenue, 37% of Group PBT and 38% of Group RWAs in 9M15

CMB has delivered revenue and balance sheet growth¹

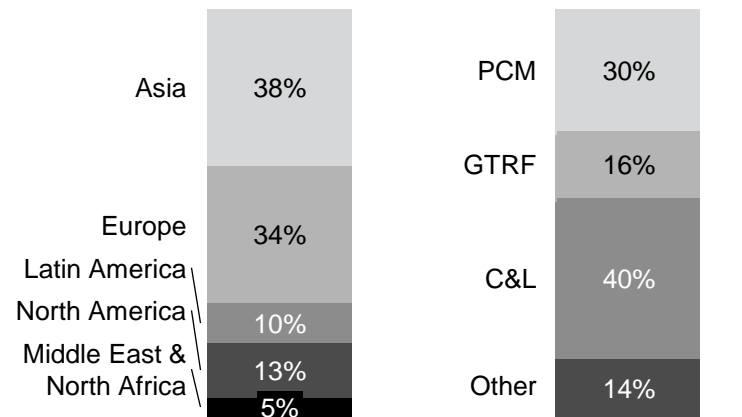
USD bn	9M14	9M15	9M15 vs 9M14
Revenue ²	10.9	11.2	+3%
	CER 42%	CER 44%	
Loans and Advances to customers ^{3,4}	298	310	+4%
	A/D ratio 86%	A/D ratio 87%	
Customer Accounts ^{3,4}	347	358	+3%
	PBT incl. associates 6.8	PBT incl. associates 6.8	0%
PBT incl. associates	RoRWA incl. assoc. 2.3%	RoRWA incl. assoc. 2.1%	
	PBT excl. associates ⁵ 5.6	PBT excl. associates ⁵ 5.6	-0%
PBT excl. associates ⁵	RoRWA excl. assoc. 2.6%	RoRWA excl. assoc. 2.3%	

1. All figures are on an adjusted basis, unless stated otherwise. Balance sheet figures are on a constant currency basis
2. Net operating income before loan impairment charges and other credit risk provisions
3. Excl. red-inked balances which refer to a number of corporate overdraft and corresponding deposit positions where clients benefit from net interest arrangements, but where net settlement is not intended to occur

4. Prior year balance sheet numbers reflect Dec-14 balances and include balances in Brazil now transferred to held-for-sale
5. Operating Profit
6. Figures for 9M15, on a constant currency basis. International clients defined as clients that 1) operate in more than 1 market and/or 2) have generated US\$10k of revenues from FX or GTRF
7. Includes Corporate Real Estate
8. 'Other' relates to non-customer related revenues, primarily Insurance Manufacturing

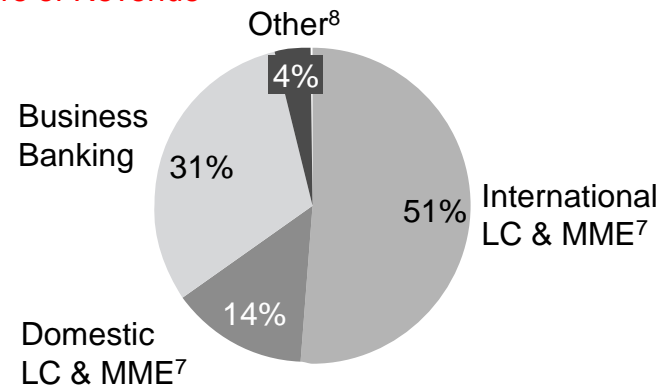
Revenue diversified by region and product

Share of 9M15 Revenue by Region and Product



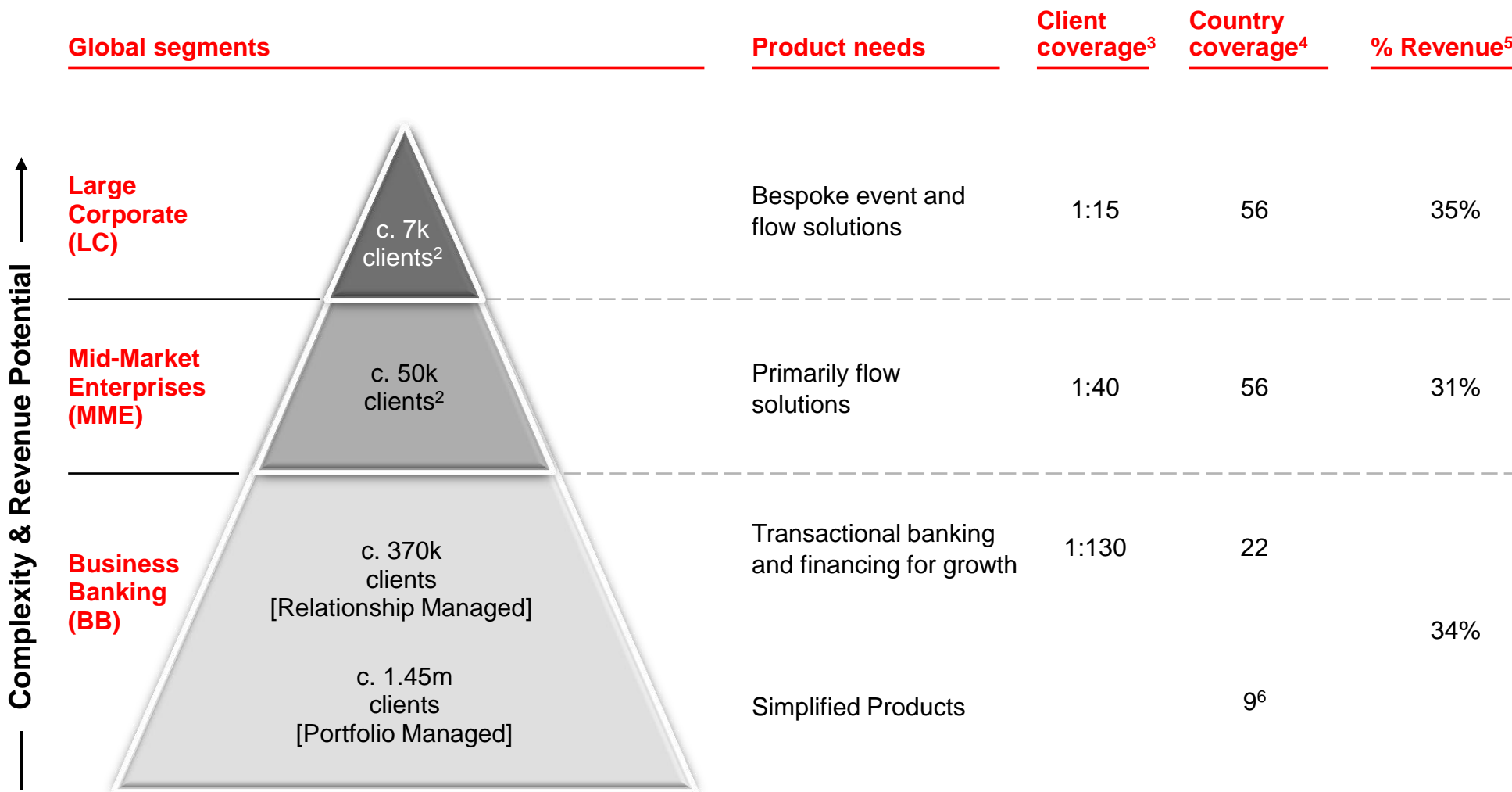
Half of global revenue driven by international relationships

Share of Revenue⁶



CMB: Solid foundation, good performance

Performance enabled by global client segments aligned to needs and revenue potential



1. All client numbers include Brazil
 2. Client numbers for LC and MME refer to Mastergroups
 3. Ratio of Relationship Managers to clients
 4. Number of markets where CMB provides local products and services to this client segment
 5. Based on 1H15 revenue, excluding CRE (USD0.4bn) and Other (USD0.3bn)

6. 95% of portfolio-managed accounts concentrated in 9 markets

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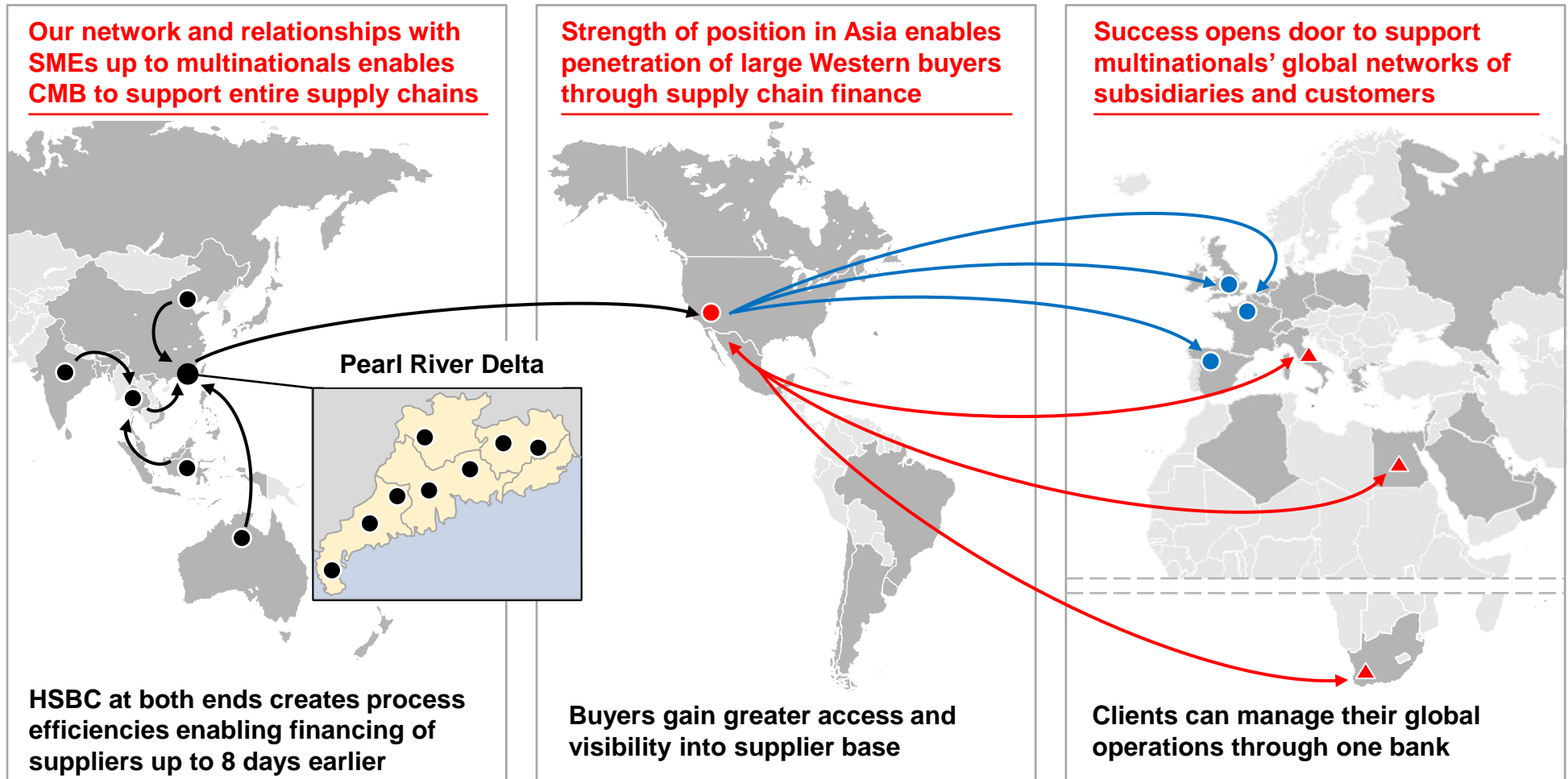
3 Capturing value from global presence

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5 Summary: Advantages driving improved returns

Harnessing the global network advantage is the key to growth

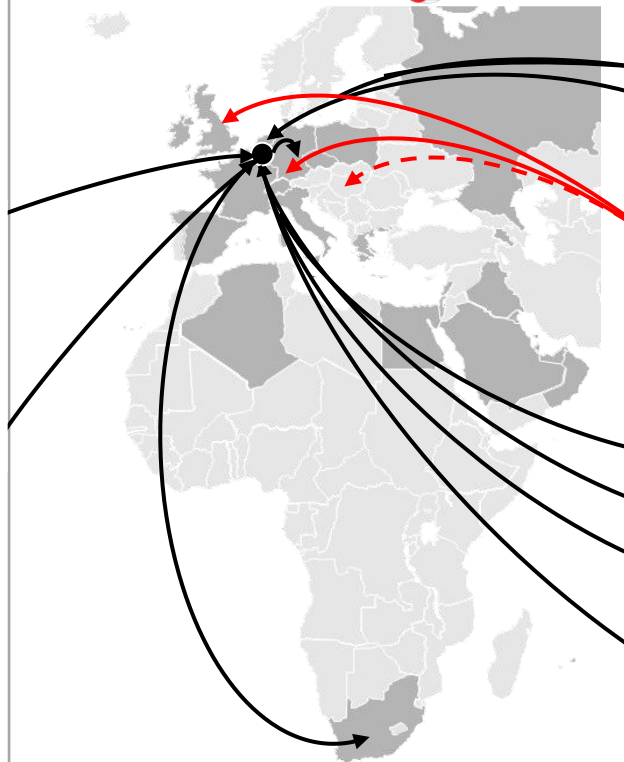
- Supplier
- Multinational client
- End customer
- ▲ Client subsidiary



Our Network supports subsidiaries, buyers and suppliers

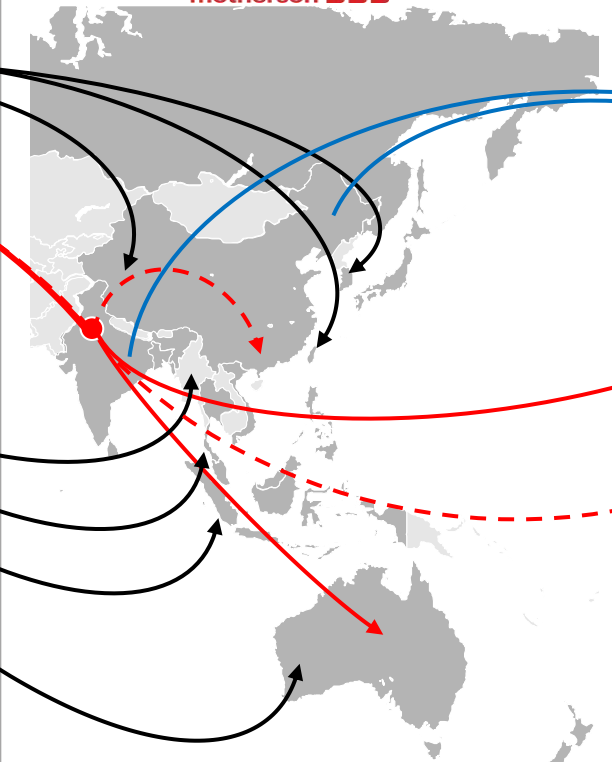
■ HSBC CMB footprint

We provide payments, FX and cash management solutions to TomTom's subsidiaries in over 10 countries



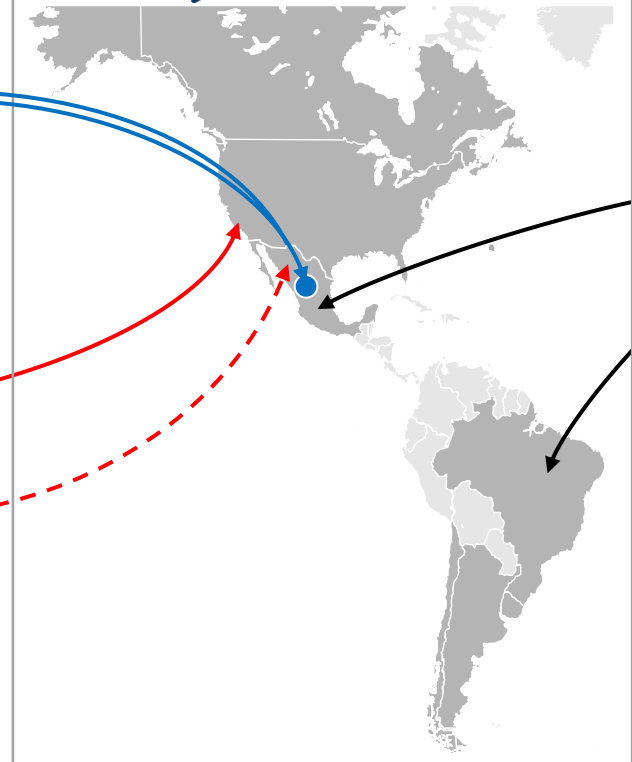
TomTom needed a banking partner with the depth and breadth to provide regional and in-country PCM services

We enable SMRP BV to optimise its cashflows by providing non-recourse receivables financing in 5 markets



By realising timely cash from its global sales, SMRP BV ensures the financial self-sufficiency of its subsidiaries.

We issue LCs in both USD and RMB to Grupo Cuprum's international suppliers due to our presence in each market



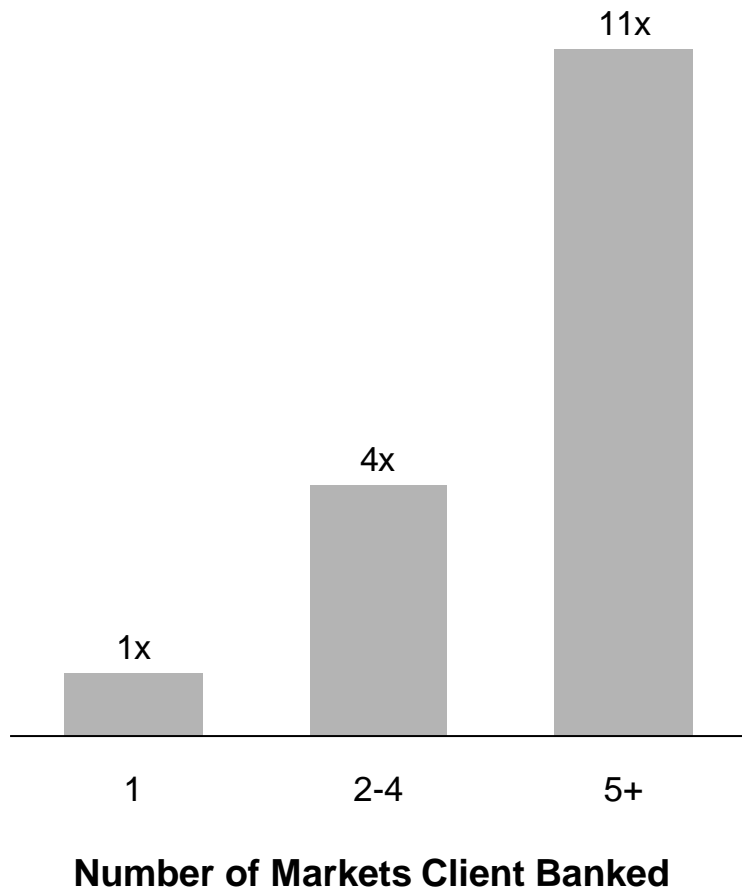
Grupo Cuprum benefits from extended payment terms while its suppliers are still paid upon shipment of goods

Capturing value from global presence

Disciplined, global approach addresses the International Subsidiary Banking opportunity

Subsidiary banking accelerates growth

Average revenue multiplier¹



Deployed a solution which is delivering results

- Created global International Subsidiary Banking structure
- c.350² ISB RMs in 40+ markets
- Managed and incentivised on cross-border performance
- Highly analytical approach to prioritise opportunities across the portfolio
- Double-digit year-on-year outbound revenue growth^{3,4}

1. Based on 2014 HSBC internal client data

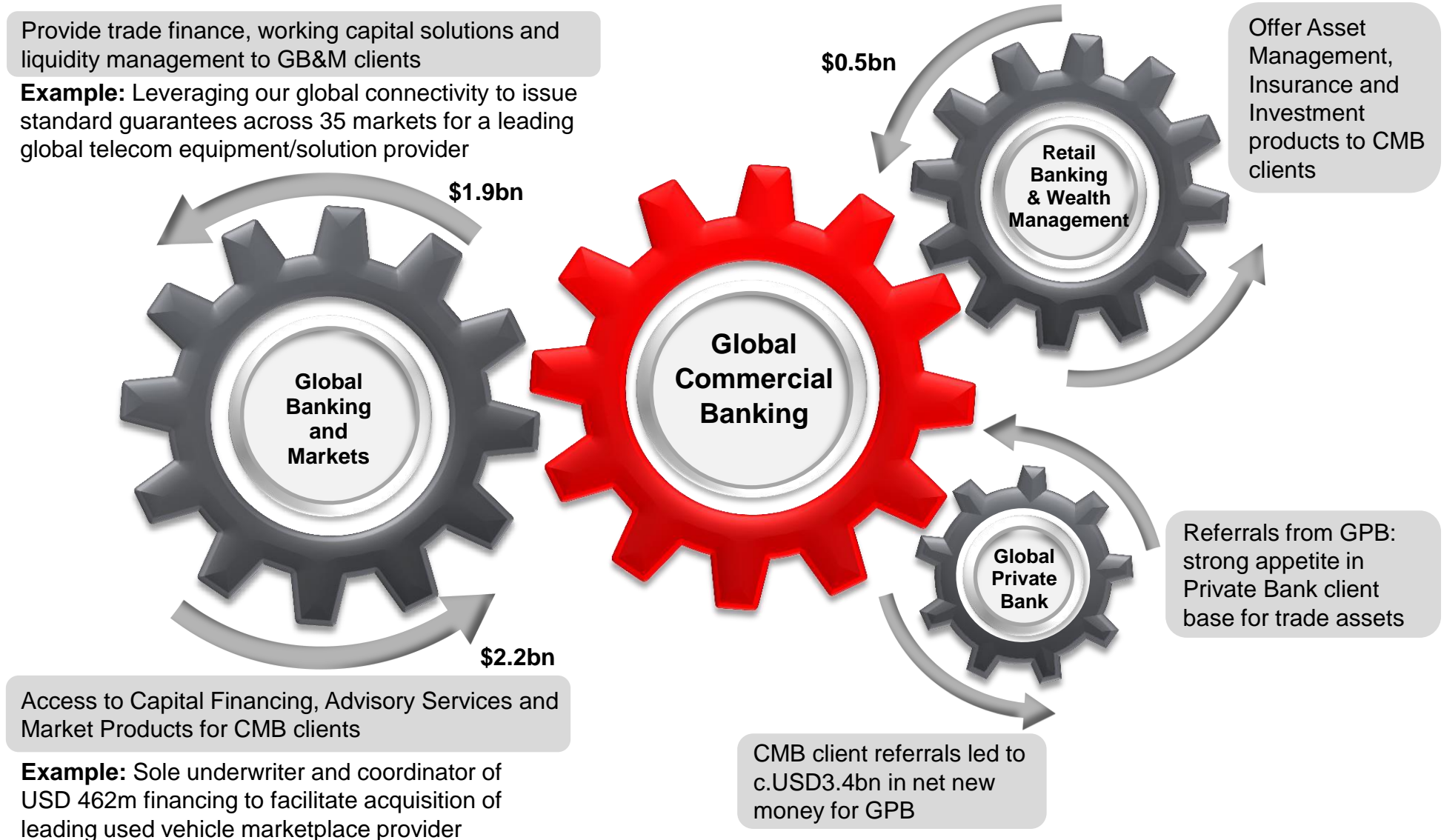
2. As at 1H15

3. 1H15 based on HSBC internal client data, excluding the cost of funding.

4. Outbound refers to any client revenue booked outside the client's "home" country, i.e. booked in the country of the client's subsidiary

Capturing value from global presence

CMB central to Global Business revenue synergies¹: c.USD4.7bn



Note: All figures are 9M15, unless otherwise stated

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

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Cities focus in global hubs drives international revenue growth

	Investment	Focus	MME & LC Client Revenue ^{3,4}
Mainland China	<ul style="list-style-type: none"> c. 175¹ additional RMs and dedicated product support since 2011 Focused presence in 3 hubs: Pearl River Delta, Yangtze River Delta and Bohai Rim² China desks in 18 markets 	<ul style="list-style-type: none"> Connect global buyers to Chinese suppliers and help MME clients expand overseas Leverage Hong Kong client base to build franchise and drive leadership in RMB internationalisation 	<p>Domestic P&L</p> <p>19% Inbound, 39% Domestic, 42% Outbound⁵</p>
USA	<ul style="list-style-type: none"> c.175¹ additional RMs and dedicated product support since 2011 Expanded presence in 20 internationally-connected cities USA desks in 6 key markets 	<ul style="list-style-type: none"> Capitalise on significant opportunity for internationally-focused MME and LC clients Take a leading role in NAFTA through full-service banking presence in USA, Canada, and Mexico 	<p>Domestic P&L</p> <p>10% Inbound, 63% Domestic, 27% Outbound⁵</p>
Germany	<ul style="list-style-type: none"> c. 60¹ additional RMs and dedicated product support since 2013 New CMB offices in 5 internationally-connected cities Germany desks in 4 key markets 	<ul style="list-style-type: none"> Enable German Mittelstand expansion both domestically and in key corridors Sector focus: Commodities, CRE and Middle Market Financial Sponsors 	<p>Domestic P&L</p> <p>6% Inbound, 54% Domestic, 40% Outbound⁵</p>

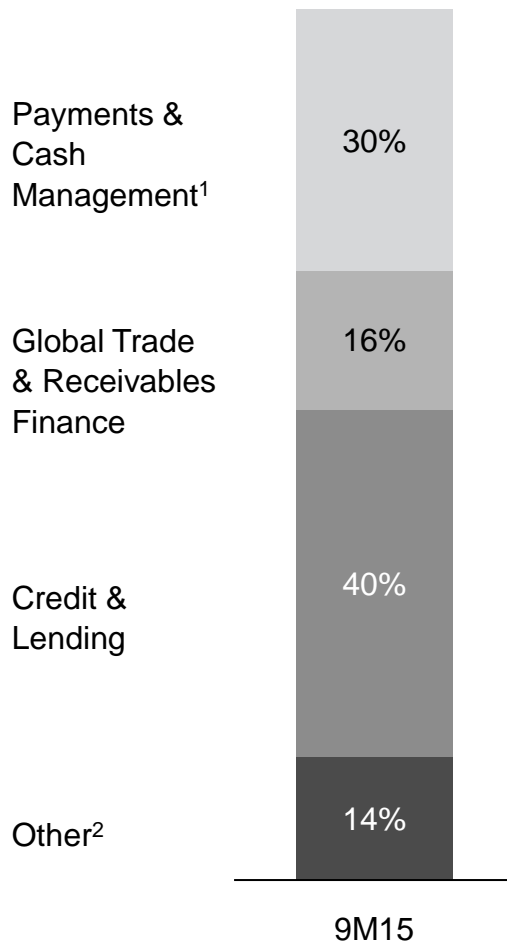
For every USD100 of domestic client revenues generated in China, USA and Germany, another c.USD40⁴ are booked in other markets

1. Approved full-time equivalent
 2. Pearl River Delta refers to cities clustered around Guangzhou and Shenzhen, Yangtze River Delta refers to cities clustered around Shanghai; Bohai Rim refers to cities clustered around Beijing
 3. Internal HSBC client data; excludes Business Banking and Other; 1H15 percentage of total client revenue
 4. 1H15 data, based on HSBC internal client data, excluding the cost of funding
 5. Outbound refers to any client revenue booked outside the client's "home" country, i.e. booked in the country of the client's subsidiary

PCM and GTRF: helping clients globalise

PCM and GTRF core to revenue

Revenue percent of total



Investing to fuel organic growth

Invest to increase client coverage

- Build a dedicated sales and distribution engine aligned to segments
- To date, c. 490 new FTE in internationally-connected cities to optimise corridor coverage

Invest to enhance and expand product proposition

PCM – enhancing product competitiveness and future-proofing the business

- Deploy innovative solutions to enable clients to diversify liquidity options and efficiently self-manage their investments
- Expand corporate cards proposition globally to provide a consistent client experience
- Deliver smart currency conversion solution to enhance the effectiveness of client cross-border payment flows
- Launch new mobile payments and collections solutions to tap into exponential rise of mobile technology

GTRF – extending proposition to more markets and clients

- Accelerate roll-out of Commodity and Structured Trade Finance across network
- Extend Open Account solutions (Supply Chain and Receivables Finance) across customer segments and markets
- Proactively approach Infrastructure Financing projects to capitalise on up- and down-stream opportunities

1. PCM includes payments and cash management, current accounts, and savings deposits

2. Other includes Insurance & Investments and non-product revenues primarily due to gains/losses on disposals, as well as Capital Financing, Global Markets and Principal Investments. Numbers include pay aways depending on product. Remainder of revenues generated booked under GB&M

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Summary: Advantages driving improved returns

Three distinct advantages

Global segment coverage

- CMB organised around clients
- Globally-managed model tailored to client needs
- Globally-managed product coverage aligned with segments

Unrivalled global network

- Truly global reach and universal client base
- Unmatched coverage of global trade and capital flows

International value proposition

- Investment in product, key markets, and coverage delivers compelling propositions
- Disciplined international subsidiary banking proposition
- Global leadership in trade and payments and cash management

Summary: Advantages driving improved returns

Disciplined execution will deliver improved returns

Key Priorities

Growth

- Maximise advantage of our unrivalled global network to deliver the international value proposition
- Leverage scale in Hong Kong and the UK to anchor growth
- Maintain trajectory in performing Priority markets, notably Canada, MENA and India
- Build out key markets with targeted investment in internationally-connected cities: China, USA and Germany as well as Pearl River Delta

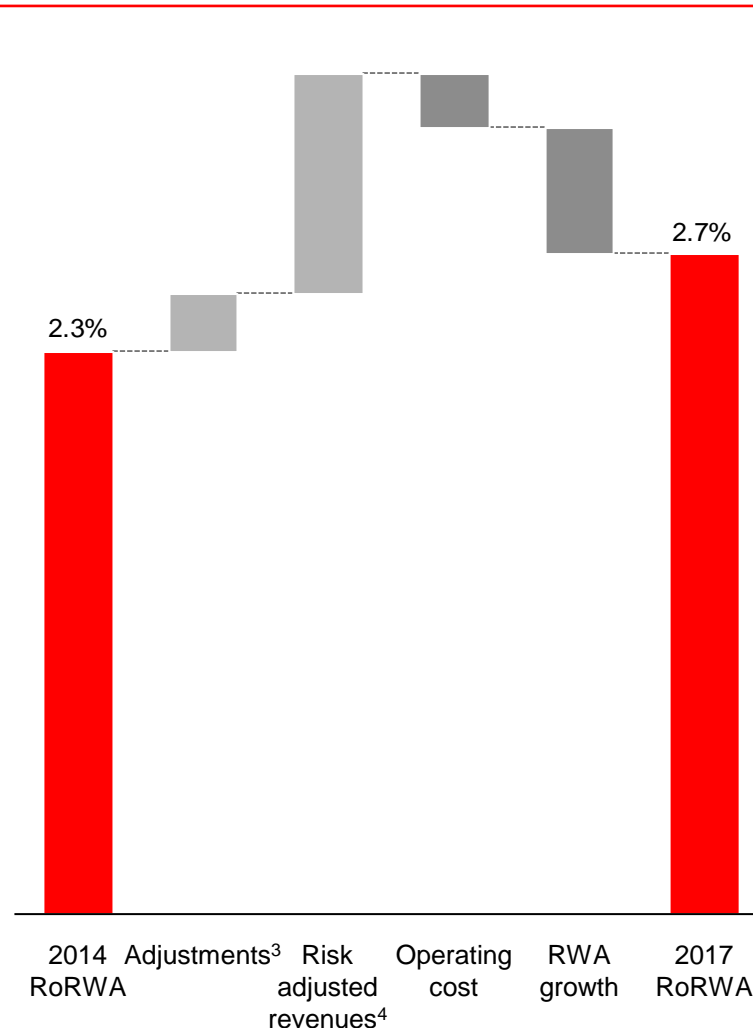
Discipline & Efficiency

- Achieve c.USD200m operating cost savings
- Re-engineer credit and onboarding processes
- Realise synergies of global operating model and right-size our global infrastructure
- Drive out c.10% RWAs through disciplined management
- Apply globally consistent approach to pricing

Strategic Actions

- Sell operations in Turkey and Brazil¹
- Execute “turnaround” plan in Mexico
- ASEAN: Capture opportunities in trade/investment flows and integrate Bank Ekonomi in Indonesia

2014 – 2017 RoRWA walk (excl. associates)²



1. We plan to maintain a corporate presence in Brazil to serve our international clients
 2. Numbers presented on a adjusted basis
 3. Includes sale of operations in Brazil and Turkey and transitioning of targeted Brazil Business Banking Customers to RBWM
 4. Revenue net of Loan Impairment Charges and other credit risk provisions incorporating assumed interest rate rises