



Global Banking and Markets

Investor update

Prepared by: **Samir Assaf** – Group Managing Director, Chief Executive, Global Banking and Markets

Date: November 2013

HSBC 



Forward-looking statements

This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations, capital position and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional detailed information concerning important factors that could cause actual results to differ materially is available in our Interim Report and 3QIMS. Past performance cannot be relied on as a guide to future performance.

This presentation contains non-GAAP financial information. Reconciliation of non-GAAP financial information to the most directly comparable measures under GAAP are provided in the 'constant currency and underlying reconciliations' supplement available at www.hsbc.com.



Introduction

HSBC's Global Banking and Markets' business model and strategy are well established:

- We are emerging markets led, financing focused and internationally connected
- By executing our strategy we are delivering resilient financial results
- We are positioned for future growth, thanks to our:
 - Distinctive geographical network, which connects developed and faster-growing regions
 - Long-standing and diversified client franchise, geared towards growth opportunities
 - Strength in products that will benefit from powerful economic trends
 - Collaboration with HSBC's other global businesses, allowing us to appropriately service the needs of our international client base

GBM core to HSBC strategy



GBM core to HSBC strategy

HSBC 3Q 2013 results financial highlights¹

HSBC Group summary financial highlights

	2011	2012	3Q 2013 YTD
Reported PBT (USDbn)	21.9	20.6	18.6
Underlying PBT (USDbn)	13.9	16.4	18.1
EPS (USD)	0.92	0.74	0.71
Dividends (USD) ²	0.41	0.45	0.30

Key ratios %

	2011	2012	3Q 2013 YTD
Return on average ordinary shareholders' equity	10.9	8.4	10.4
Cost efficiency ratio	57.5	62.8	56.6
Advances-to-deposits ratio	75.0	74.4	73.6
Core tier 1 ratio	10.1	12.3	13.3
Common equity tier 1 ratio ³	na	9.5	10.6

Notes:

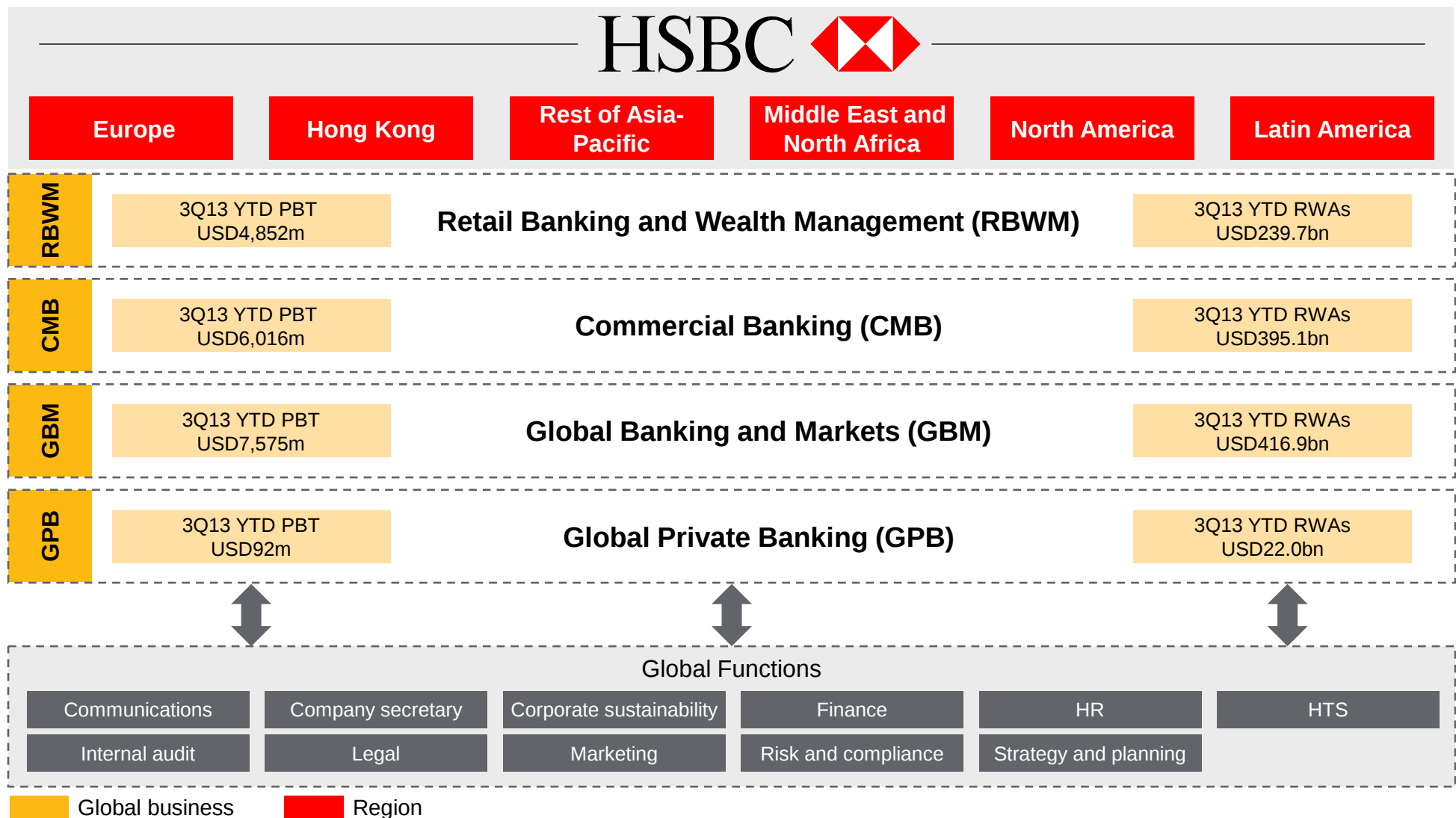
1 All figures are as reported unless otherwise stated

2 Declared in respect of the period

3 Estimated CRD IV end-point CET1 ratio after planned mitigation of immaterial holdings based on our interpretation of Final CRR rules. Refer to Estimated effect of CRD IV end-point rules table on page 16 of the Q3 IMS and basis of preparation on page 197 in the Interim Report 2013

GBM core to HSBC strategy¹

Franchise of four global businesses offering an integrated service



Note:
1 All figures are as reported

GBM core to HSBC strategy

Group strategy delivered through GBM

Group strategy

International trade and capital flows



- International network in markets that matter
- Build on international trade and commercial banking heritage

Economic development and wealth creation



- Most relevant markets for wealth creation
- Retail banking only where we can achieve profitable scale

GBM strategy

Emerging markets led

- International network connecting emerging and mature markets, covering key growth areas
- 4 main hubs and 6 strategic hubs
- Operating in approximately 60 countries and territories

Financing focused

- Simple financing led product set, including:
 - Credit and Lending
 - Debt Capital Markets/Equity Capital Markets
 - Project and Export Finance
 - Asset and Structured Finance

Connectivity emphasis

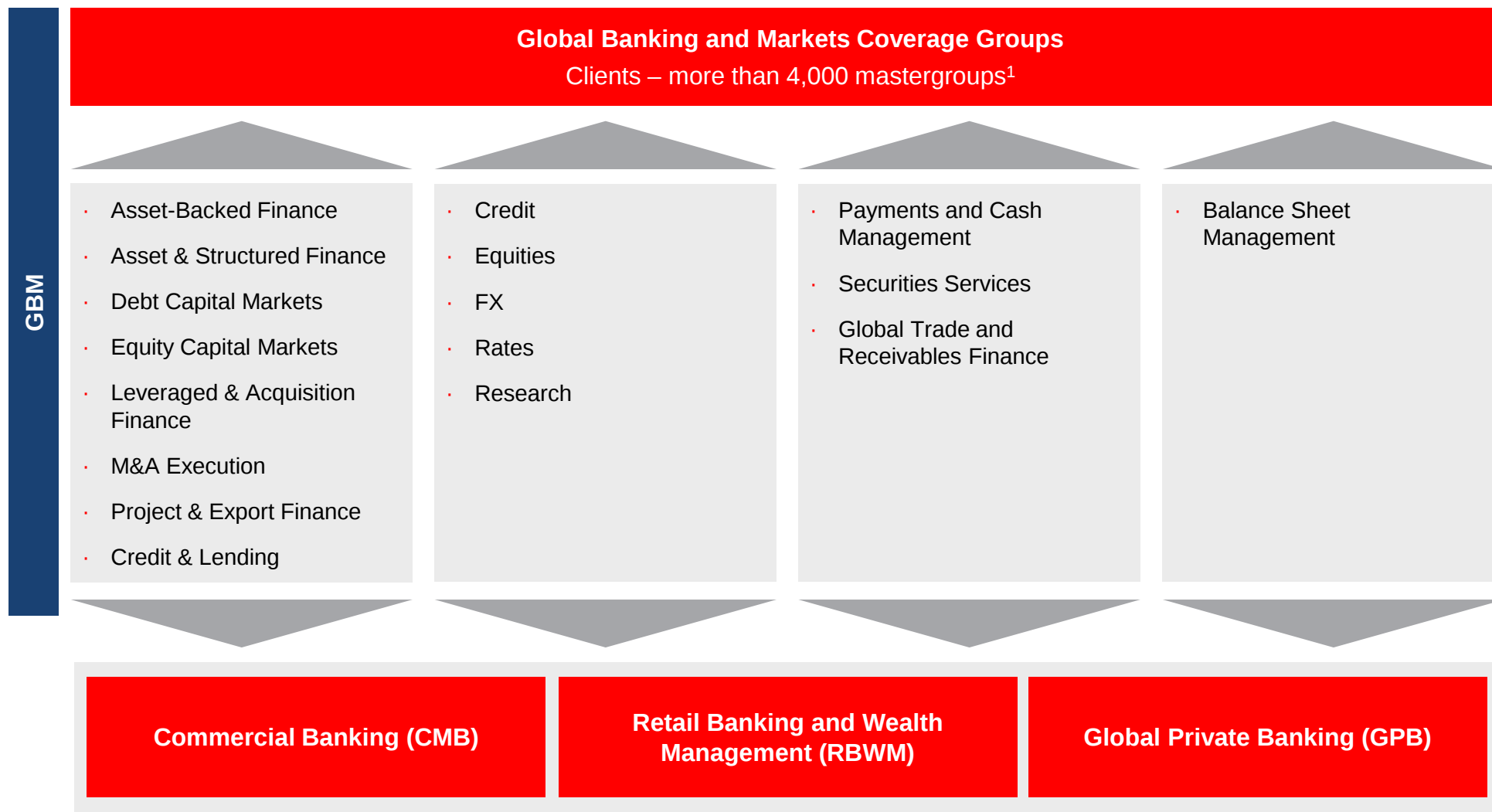
- Franchise client focus including:
 - Global Banking: more than 4,000 mastergroup clients¹
 - CMB
 - RBWM
 - GPB

Note:

1 HSBC internal management information as at 30 September 2013

GBM core to HSBC strategy

Diverse range of products aligned with client need



■ Clients ■ Products/business

Note:

1 HSBC internal management information as at 30 September 2013

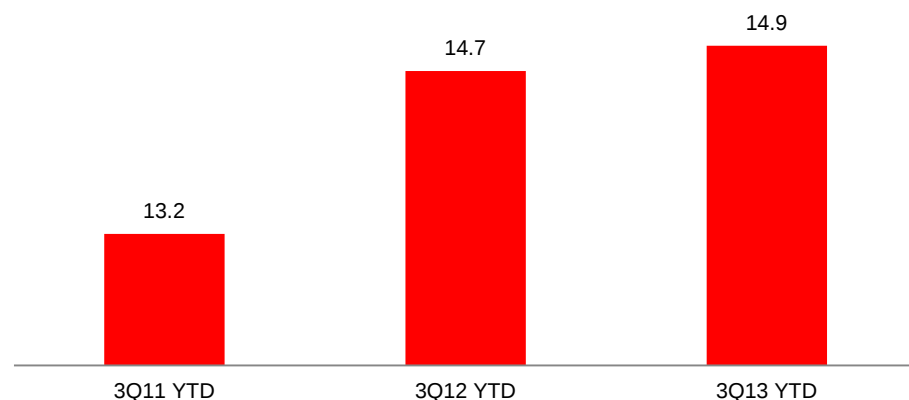
Delivering the strategy



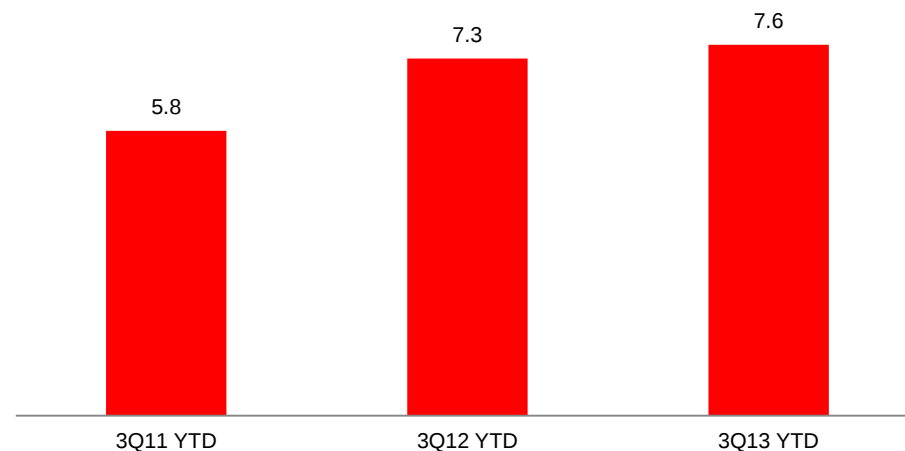
Delivering the strategy

GBM 3Q13 YTD results were USD7.6bn PBT with RoRWA of 2.4%¹

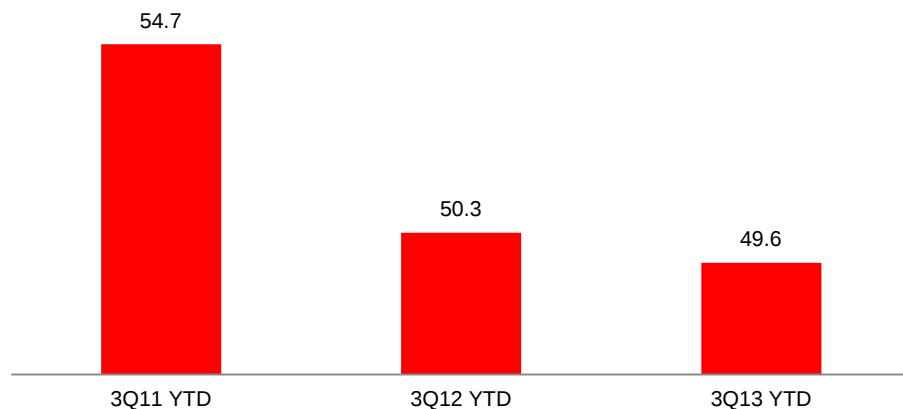
GBM Revenue² (USDbn)



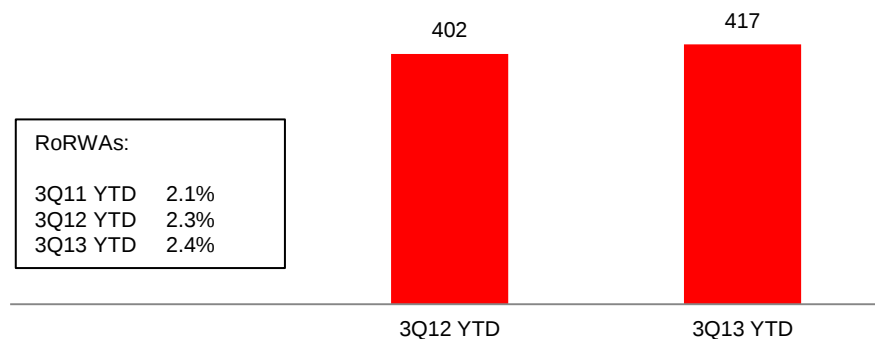
GBM PBT³ (USDbn)



GBM CER%



GBM RWA (USDbn) & RoRWA⁴%



Notes:

1 All data on a reported basis

2 Revenues are before loan impairment charges and other credit risk provisions

3 3Q13 YTD includes DVA revenue of USD0.3bn vs. nil in 3Q12 YTD and 3Q11 YTD

4 2013 RWAs are on a Basel 2.5 basis and prior years are on a Basel 2.0 basis. RoRWAs are calculated as the pre-tax return (annualised) on average risk weighted assets

Delivering the strategy

3Q13 YTD Results¹

Achieving growth

- Revenue growth in the majority of our customer-facing businesses
- Global Banking revenue increased in Financing and Equity Capital Markets, reflecting a rise in lending spreads
- Higher customer activity in Credit, in both primary and secondary markets
- Customer activity also increased in Equities and Payments and Cash Management

Simplifying and restructuring the business

- Continue to actively identify cost savings and simplify our business model resulting in a further USD68m of sustainable savings in 3Q13 YTD:
 - Implementing consistent business models
 - Re-engineering operational processes
- Cost efficiency ratio improved to 49.6% (incl. DVA of USD0.3bn) in 3Q13 YTD from 50.3% in 3Q12 YTD

Financial results

- PBT of USD7.6bn (incl. DVA of USD0.3bn), growth of 4% vs. 3Q12 YTD
- RWAs² increased to USD417bn from USD403bn December 2012 largely due to mandated regulatory changes
- RoRWA³ of 2.4% vs. 2.3% in 3Q12 YTD

Note:

¹ Reported basis unless otherwise stated

² 2013 RWAs are on a Basel 2.5 basis and prior years are on a Basel 2.0 basis

³ Pre-tax return (annualised) on average risk weighted assets

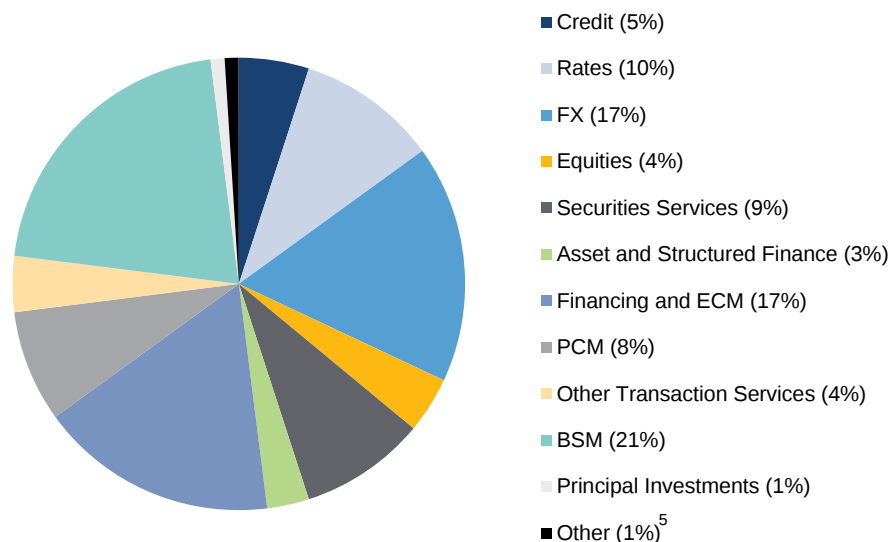
Delivering the strategy

Stable and predictable performance, diversified by business line and geography

Management view of operating income^{1, 4, 6}

% average 2010-2012

Total: USD18.1bn



FY 12 Cost Efficiency Ratio: 54%

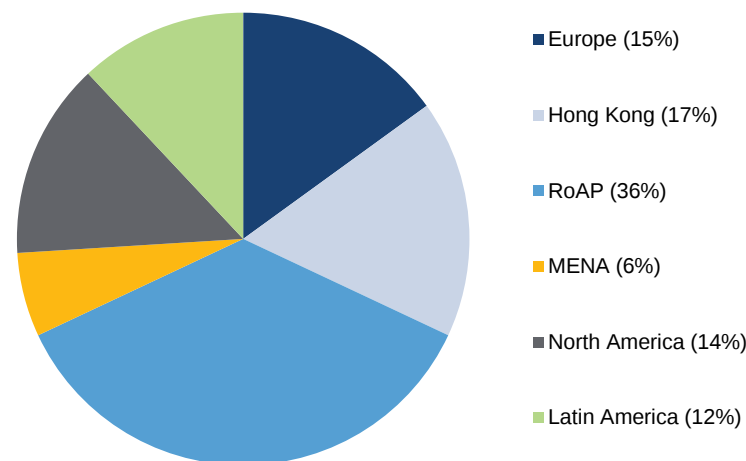
FY 11 Cost Efficiency Ratio: 57%

FY 10 Cost Efficiency Ratio: 49%

Profit before tax²

% average 2010-2012

Total: USD8.3bn



FY 12 RoRWA³: 2.1%

FY 11 RoRWA³: 1.8%

FY 10 RoRWA³: 2.5%

FY 12 RWAs³: USD403bn

FY 11 RWAs³: USD423bn

FY 10 RWAs³: USD353bn

Notes:

1 On a reported basis and before loan impairment charges and other credit risk provisions

2 On a reported basis

3 Pre-tax return (annualised) on average risk weighted assets. RWAs are on a Basel 2.0 basis

4 A charge of USD(903)m is included in 2012 relating to the change in credit valuation estimation methodology: Credit USD(52)m, Rates USD(837)m, Foreign Exchange USD(7)m and Equities USD(7)m

5 Other in 2012 includes a debit valuation adjustment (DVA)

6 2010 to 2012 full year comparatives are as per disclosures in the 2012 AR&A and are not restated for the allocation of funding costs from Other into the respective business lines

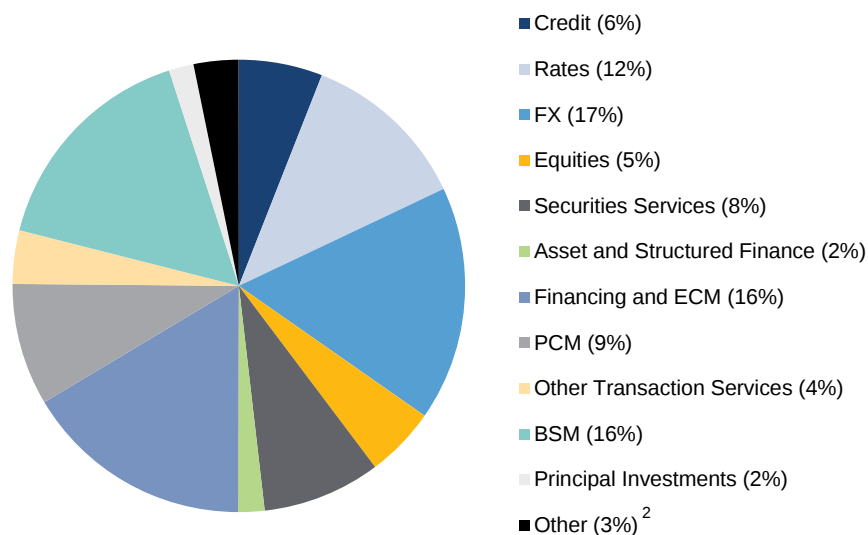
Delivering the strategy

Performance diversified by business line and geography

Management view of operating income¹

% 3Q13 YTD

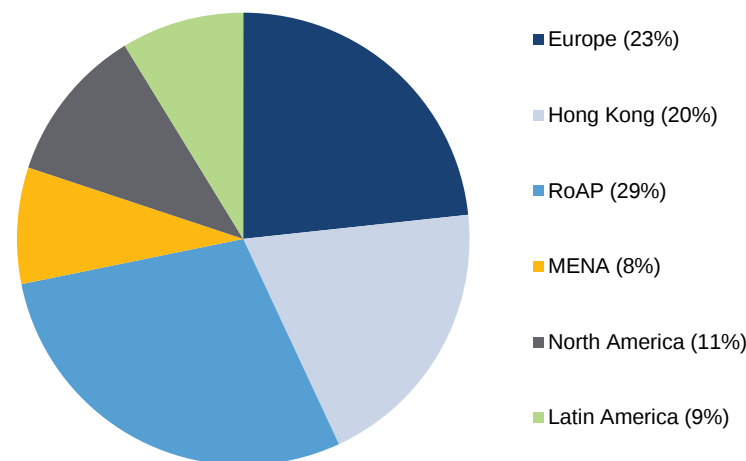
Total: USD14.9bn



Profit before tax¹

% 3Q13 YTD

Total: USD7.6bn



3Q13 YTD Cost Efficiency Ratio: 49.6%

3Q12 YTD Cost Efficiency Ratio: 50.3%

3Q11 YTD Cost Efficiency Ratio: 54.7%

3Q13 YTD RoRWA³: 2.4%

3Q12 YTD RoRWA³: 2.3%

3Q11 YTD RoRWA³: 2.1%

3Q13 YTD RWAs³: USD417bn

3Q12 YTD RWAs³: USD402bn

Notes:

1 On a reported basis, total operating income is before loan impairment charges and other credit risk provisions

2 'Other' includes a debit valuation adjustment (DVA) of USD0.3bn

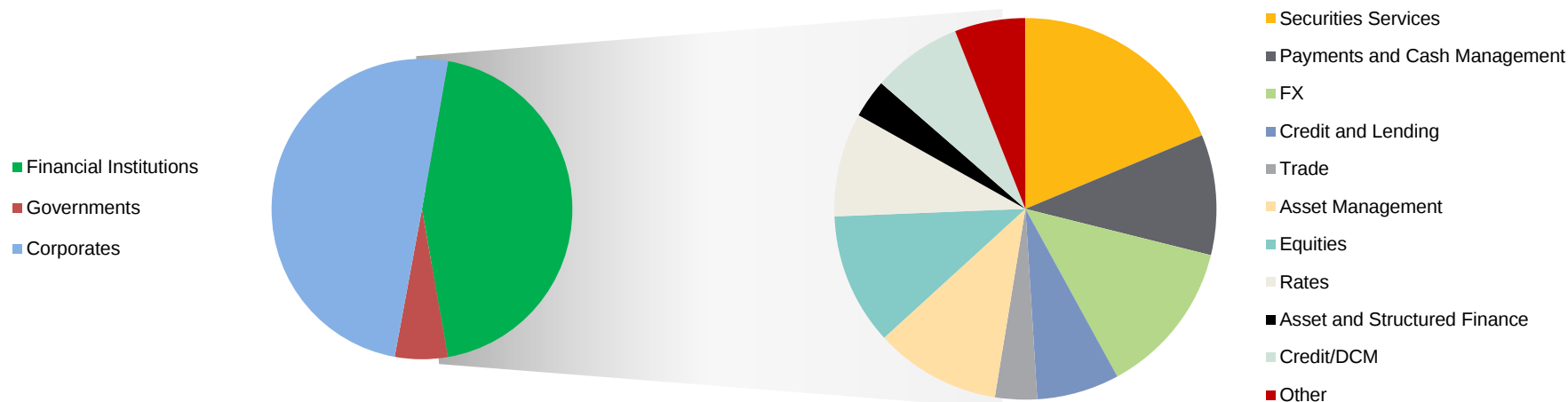
3 Pre-tax return (annualised) on average risk weighted assets. 2013 RWAs are on a Basel 2.5 basis, prior years are on a Basel 2.0 basis

4 The above reflects the management structure of GB&M prior to the organisational restructure

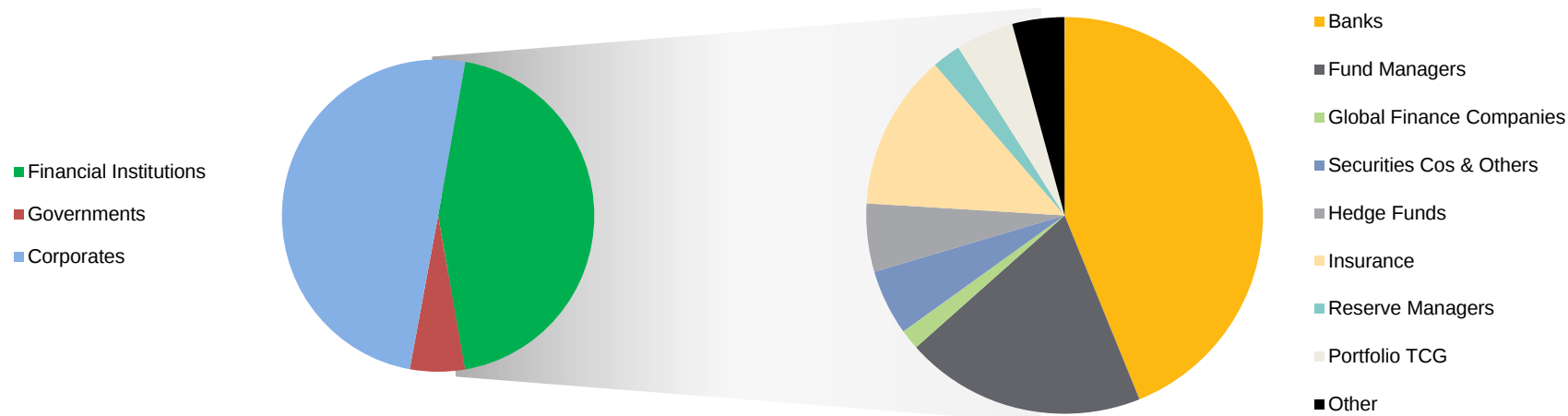
Delivering the strategy

Financial institutions' revenues are well diversified

Financial institutions relationship revenue – diversified by product¹



Financial institutions relationship revenue – diversified by client¹

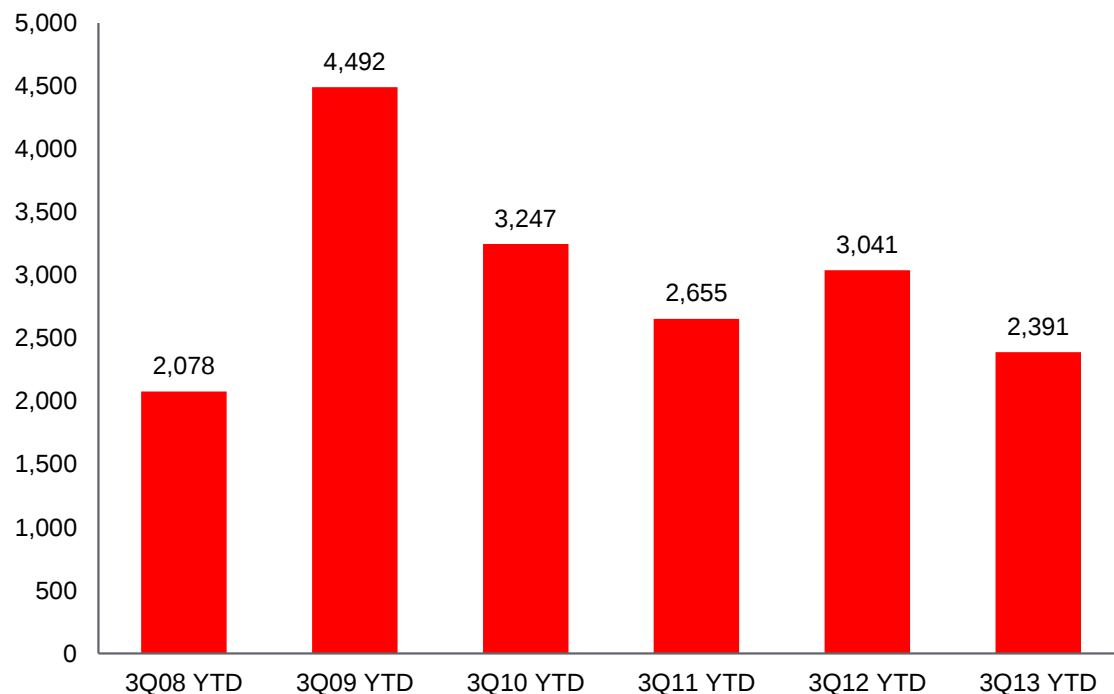


Note:
1 HSBC internal management information of customer revenues for FY2012

Delivering the strategy

BSM revenues

Balance Sheet Management Revenues (USDm)¹



- Within each operating entity, BSM is responsible for managing liquidity, funding and structural interest rate risk
- BSM reinvests excess liquidity into highly rated liquid assets:
 - central bank deposits
 - government, supranational and agency securities
 - short-term interbank and central bank loans
- Credit risk is limited to short-term bank exposure (interbank lending, central banks, high quality sovereigns, supnationals or agencies)
- BSM does not manage the structural credit risk of any of the Group entity balance sheets

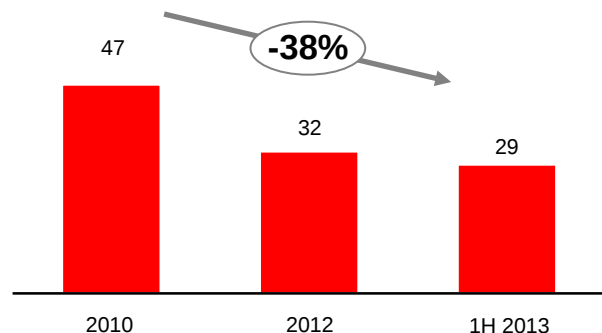
Notes:

1. On a reported basis

Delivering the strategy

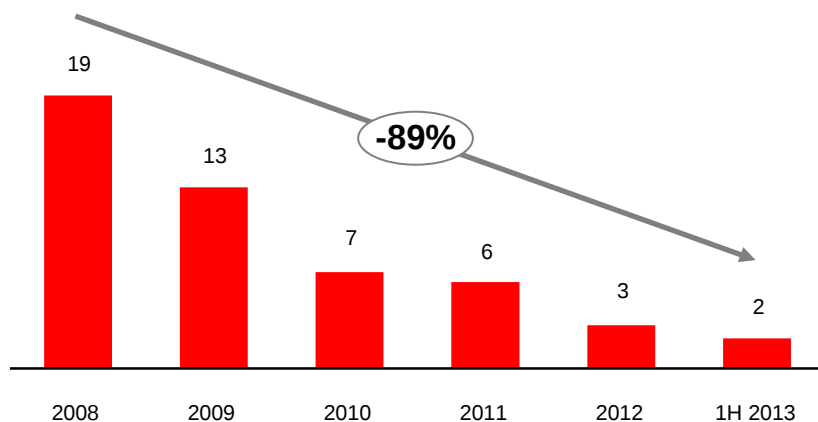
GBM legacy portfolio managed to protect shareholder value

ABS portfolio carrying value¹ (USDbn)



- § Portfolio reduced by USD18bn since 2010
- § Hold versus dispose decisions based on a clear economic framework (considering cost of capital and funding)
- § Strong capital base allowed us to hold positions while market liquidity improved
- § AFS ABS reserve reduced by USD17bn since 2008
- § Price improvements may provide further opportunities to reduce portfolio

AFS ABS Reserve² (USDbn)



AFS portfolio composition³ (USDbn)

• Residential Property	
– Sub-prime MBSs and MBS CDOs	2.6
– US Alt-A MBSs	3.6
– Other MBSs	1.9
• Commercial Property MBSs and MBS CDOs	6.1
• Other Asset-backed	
– Leveraged finance related ABSs and ABS CDOs	5.0
– Student loan-related ABSs and ABS CDOs	4.0
– Other ABSs and ABS CDOs	1.4
Total	24.6

Notes:

1 Carrying value relates solely to ABS positions held by the GBM Legacy credit business

2 Reserve related to the AFS ABS portfolio that comprises the substantial portion of the Legacy credit portfolio

3 Consolidated HSBC AFS portfolio of ABS and ABS CDOs excluding US government agency and US government sponsored enterprise MBS. A substantial majority of positions shown are part of the Legacy credit portfolio

Delivering the strategy

Market leaders by both product and region

	Global Markets				Transaction Banking			Capital Financing			
	FX ¹	Rates ²	Credit ³	Equities ⁴	PCM ⁵	Securities Services ⁶	Trade and Receivable Finance ⁷	Project and Export Finance ⁸	DCM ⁹	ECM ¹⁰	M&A ¹¹
Hong Kong	#1	#1	#1	#2	#1	#1	#1	#1	#1	#1	#1
RoAP ex Japan	#3					#1			#8	#6	
MENA	#5	n/a	n/a	#1		#1			#1	#6	#13
Latam	#3	#2	n/a	n/a		n/a			#2	#14	#19
UK	#4	#4	#11	#8		#1			#1	#14	#13
Cont. Europe	#5					#5			#2	#15	#16
North America	#9	#11	#15	n/a		#11			#8	n/a	n/a
Top 5 Top 10 Outside Top 10 Not available/not meaningful											

Sources:

1. FX – Euromoney 2013
2. Rates – Greenwich 2012
3. Credit – Greenwich 2012
4. Equities – Asiamoney Brokers Poll 2012, Extel 2013 Overall Pan-European Broker Ranking (9th in 2012)
5. PCM – Euromoney Cash Management Survey 2013

6. HSS – Global Custodian Global Custody, Mutual Fund and Hedge Fund Administration Survey, Hedge fund next administrator survey, Clearstream, CMU HK
7. Global Trade and Receivable Finance – Oliver Wyman Global Transaction Banking Survey 2012
8. Project and Export Finance – Dealogic 2012 – based on International Bank on advisories closed
9. DCM – Bloomberg Q3 YTD 2013; Cont Europe – Euromarket Bonds; NA – US Bonds (Foreign Issuer); UK – Sterling Bonds
10. ECM – Dealogic 3Q13 YTD; RoAP ex-Japan/Australia
11. M&A – Dealogic (Announced) 3Q13 YTD

GBM has a distinctive business model



A distinctive business model

Connecting clients to global growth opportunities

GBM competitive advantages

International network

- Active in approximately 60 markets
- Able to serve multi-national clients

Deep and diversified client base

- Serve 89 of the Fortune 100 Global companies
- Even mix of 50% Corporates, 50% FIs and Governments¹

Product expertise

- Complete suite of products across markets, transaction banking and advisory

Balance sheet strength and regulatory readiness

- Well placed with regards to Basel III
- Well equipped for regulatory change

Universal bank

- Can support deals all the way from advisory to on-the-ground execution

Collaboration

- Collaboration across the Group allows more customers to access our products

Example areas of focus

Global FX and Rates

Top 5²

Global EM DCM

#1³

Global PCM

#1⁴

Global GTRF

#1⁵

Offshore RMB services

#1⁶

Global Project Finance

#1⁷

Cross-border M&A (EM to EM)

#3⁸

Notes:

1 HSBC internal management information of customer revenues for FY2012

2 Euromoney 2012 survey

3 Bloomberg FY2012

4 Corporates and Financial institutions, Euromoney 2013

5 World's largest global trade finance bank with 10% global market share according to Oliver

Wyman Global Transaction Banking survey 2012

6 AsiaMoney survey 2013

7 #1 Financial Advisor in terms of the number of deals among international banks
("Financial Advisor of Global Project Finance Deals – Full Year 2012" by Dealogic)

8 Dealogic FY 2012

A distinctive business model

Enabling a multiplicity of touchpoints on every transaction

Client	What has HSBC done? Examples of recent transactions	Why HSBC?
	Advised on increasing stake in Indian subsidiary to 72.5%, USD900m deal, second largest stake enhancement deal in India	§ 100 year relationship, across 25+ countries § India equities and cross-border expertise § Execution capacity, including FX and escrow services
	Financial Advisor, MLA ¹ and Korean ECA ² coordinator on USD1bn loan package to construct Chilean power plant, co-owned with Mitsubishi and constructed by South Korea's POSCO ³	§ Rapidly deepening relationship with client, who is active in 27 countries § Ability to connect parties across US, Japan, Korea and Chile § Capabilities in Project and Export Finance
	RMB banking partner through which Siemens will channel offshore related payments and collections	§ Long established relationship across 28 countries § RMB capabilities § Experience in Mainland China
	Joint Global Coordinator and Joint Bookrunner of EUR6.2bn hybrid bond in multi-currency tranches	§ Relationship since 1968 across 20+ entities § Ability to deliver a large and complex transaction

Notes:

1 Mandated Lead Arranger

2 Export Credit Agency (ECA)

3 POSCO - multinational steel-making and heavy industry conglomerate

A distinctive business model

Well equipped for regulatory changes

	Impact	Concerns	Strengths
Structural Reform – ICB/Volcker	• Leverage in ring-fenced bank • Minimum loss absorbing capital requirements • Prohibited activities	• Precise composition of ring-fenced bank • Geographic reach • Liquidity impact • Cost and compliance implications	• Ability to service customers from subsidiary balance sheets
Execution and clearing	• Clearing mandated for liquid OTC contracts • Risk mitigation for un-cleared trades • Trading of liquid OTC contracts on exchange-like venues	• Central counterparty exposure • Extra-territoriality • Market requirement for liquid assets	• Scale of existing custody and execution businesses • Strong balance sheet • Derivative business is customer focused
Capital and liquidity changes	• Higher capital charges for market and credit risk • 'G-SIFI' surcharge based on resolvability	• Increased CVA charges • Uneven playing field	• HSBC at forefront of liquidity management • Subsidiary structure facilitates orderly resolution • Well-placed with regard to Basel III compliance¹

Robust regulatory change programme in operation

Notes:

¹ See slide 14 of the HSBC Holdings Plc Annual Results 2012 Presentation to Investors and Analysts and page 197 of the Interim Report 2013 for a detailed basis of preparation

Positioned for growth



Positioned for growth

GBM growth priorities

Connecting clients to global growth opportunities

Growth priorities to 2016

Well-positioned in products that will benefit from global trends

§ **Debt Capital Markets** – Corporates in Europe and Asia shifting financing mix towards debt capital markets, including High Yield

§ **Project and Export Finance** – Continued high levels of global expenditure on infrastructure

§ **Trade Finance, Payments and Cash Management and Foreign Exchange**

§ **RMB internationalisation**

§ **Event – emerging markets led**

2016 targets

Financial

RoRWA¹, %

2.0-2.2

Non-financial

§ 'Top 5' bank to our priority clients

§ Maintain leadership in key product areas

§ Usage of e-channels

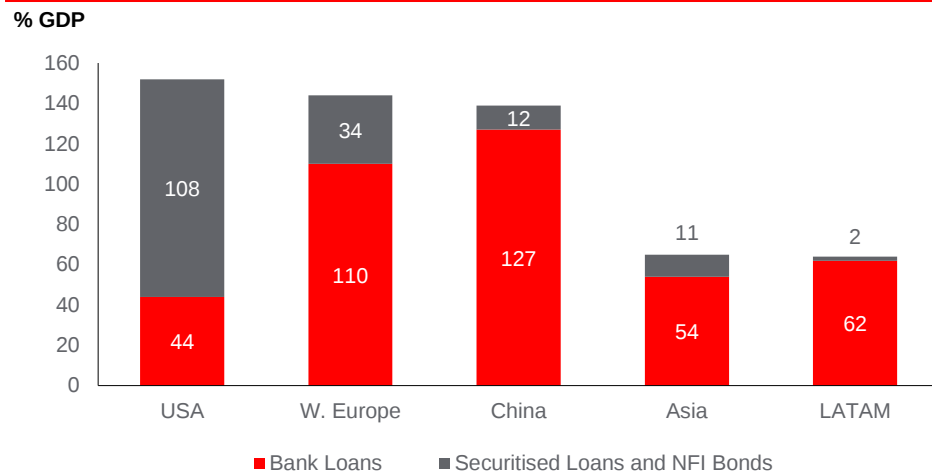


Note:
1 CRD IV end point basis

Positioned for growth

Leading position to capture capital market growth in Europe and Asia

Global variation in composition of debt financing¹



Market trends

- Bank balance sheet constraints will force corporates to replace bank financing with capital markets debt financing
- If Western Europe and China shifted their debt financing mix to resemble the US, the amount of securitised loans and NFI bonds in circulation would increase 3x and 8x in those markets
- Rest of Asia-Pacific and Latin America have room to both increase the number of financial assets relative to GDP and increase the mix of capital markets debt financing

DCM at HSBC

- Leadership in Western Europe and Global Emerging Markets DCM
- Diverse and multi-currency Global EM DCM platform
- EM market share gains²: 6.1% FY 2012, up from 5.8% in FY2011
- Ranked #1 in Emerging Markets, Asia Pacific ex-Japan, Asian Local Currency, Offshore RMB, and Islamic bonds

Bloomberg key league tables ²	2011	2012	3Q13 YTD
All International Bonds	4	5	5
Euromarket Corporates	3	3	2
Sterling	3	4	1
Emerging Markets	1	1	1
Asia-Pacific ex Japan	2	1	1
Asian Local Currency	1	1	1
Offshore RMB	1	1	1
Islamic Bonds	4	1	1
Latin America Bonds	1	2	1



Best Global Emerging Markets Debt House 2013

Notes:

1 McKinsey

2 Bloomberg

Positioned for growth

Market leader in fast-growing project and export finance market

Global Infrastructure Market

- Global annual spending on infrastructure continues at high levels (est. USD2.4 trillion¹)
- Project financing (est. USD0.4 trillion²) increasing as government and corporate balance sheets become constrained, supplemented by ECA guarantee programs, which grew 3 times from 2009 to 2012
- Banks lead in arranging and structuring roles
- Project bond YTD volumes increased to USD34bn from USD20bn (3Q12 YTD)
- Pension, insurance and other institutional funds interested in increasing participation in infrastructure investments

Project and Export Finance at HSBC

- A leading international bank in PF advisory, PF arranging and Project Bonds
- Top 2 Global Export Credit Agency (ECA) arranging²
- 2013 YTD, HSBC closed 103 Project and Export Finance mandates with project volumes of more than USD 80 billion across 33 countries
- Closed 10 bonds Oct13 YTD with volumes of USD 9 billion including the largest project bond globally to date. Also closed 3 ECA wrapped bonds.
- HSBC's PEF results were strong due to the success of our focus in the Infrastructure/PPP and LNG (Liquefied Natural Gas) sectors as well as project bonds

Notes:
¹ OECD estimate
² Dealogic
³ Deals closed among International Banks

Global project finance volumes²



Dealogic League Table	2011	2012	3Q13 YTD
Global Project Finance Financial Advisory – FA	1	1	1 ³
Export Credit Agency (ECA) Financing – MLA	2	2	2
Global Bookrunner in Project Bonds	na	1	3



- Best Project Finance House Award – Asia 2013 and 2012
- Best Project Finance House Award – Latin America 2013 and 2012
- Best Project Finance House Award – Africa 2013



- Best Global Export Finance Arranger 2013
- Best Export Finance Arranger in Asia-Pacific 2013
- Best Export Finance Arranger in EMEA 2013
- Best Export Finance Arranger in Latin America 2013

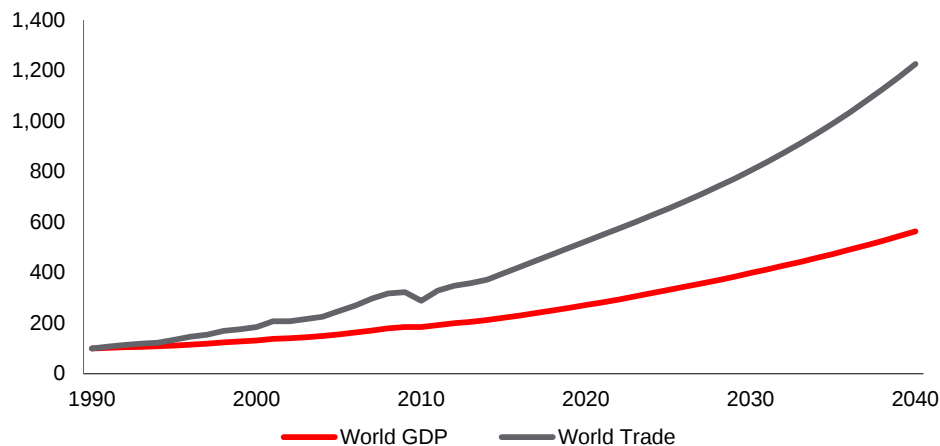


- Most Innovative Investment Bank for Infrastructure and Project Finance 2013 (also won in 2009, 2010, and 2011)

Positioned for growth

World's largest global trade finance bank¹, increasing market share

Trade grows faster than GDP²



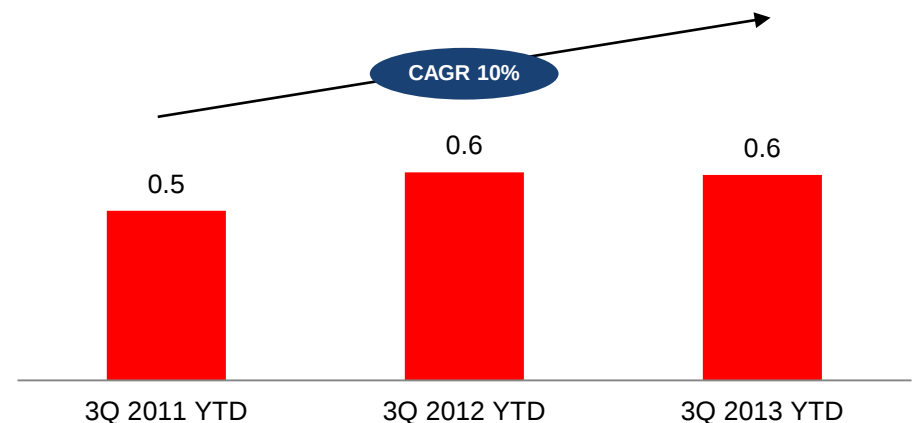
Globalisation drives trade

- Between 1990 and 2010, the average annual growth rate in world trade was 1.9 times that of GDP²
- Trade is predicted to continue to grow c. 30% faster than GDP until 2040²
- The patterns of trade will also change. Over the period 2021-2030, 9 of the 10 fastest growing trade routes will be within Asia, growing on average 15% per year²

Trade Finance at HSBC

- HSBC was founded nearly 150 years ago to finance trade between China, India and Europe
- It is the world's largest global trade finance bank with 10% global market share¹
- Our network provides access to 77% of world trade flows³
- Trade finance provides access to the wider corporate relationship and often generates ancillary FX revenue
- Voted "Best Global Trade Finance Bank" by Global Trade Review

Trade revenue contribution to GBM⁴ (USDbn)



Notes:

1 Oliver Wyman Global Transaction Banking survey 2012

2 HSBC Global Connections, February 2013 and Oxford Economics

3 Global Insight 2011

4 GBM revenues on a reported basis, first 3 quarters of each year

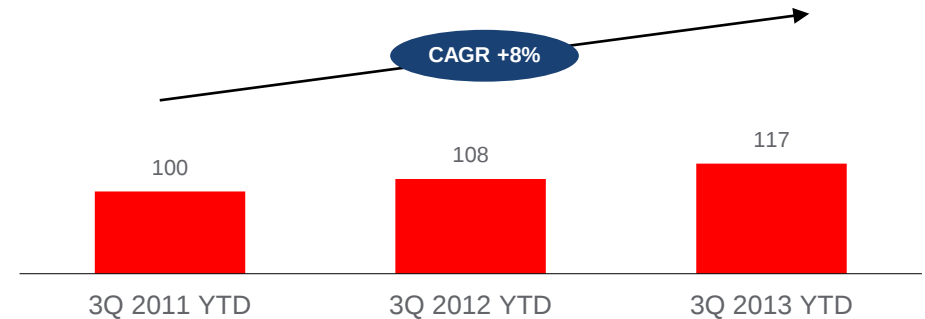
Positioned for growth

Number one cash management bank¹, growing faster than the market

Foundation of the global economy

- Payments and Cash Management underpins the world's financial system
- It moves money around the globe for investment and trade
- A product set that anchors relationships, increases franchise value and creates an annuity income stream
- Strong franchise value and annuity revenue stream with ancillary FX revenues

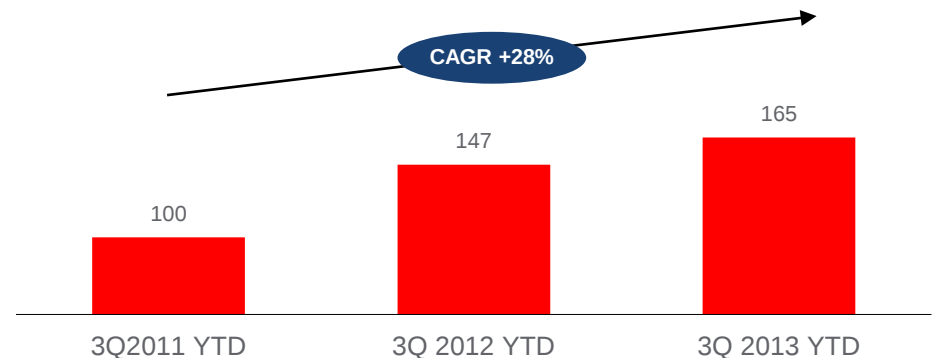
Global payment volumes growing rapidly²



Payments and Cash Management at HSBC

- #1 Global cash management bank¹
- Continued strong growth in GBM's contribution to PCM revenues – USD1.7bn in 2012
- Revenue growing at 24% CAGR 2010-12
- First foreign bank to gain approval to establish an automated, cross-border pooling structure in mainland China

HSBC's payment volume is growing faster than market³



Best Cash Management Bank globally
for Corporates and Financial
Institutions (2012, 2013)

Notes:

1 Euromoney Cash Management Survey 2013

2 Number of SWIFT payment messages sent and received for first 3 quarters, indexed to 100.

3 Number of SWIFT payment messages sent and received by HSBC and 3rd party banks or other HSBC entities. First 3 quarters, indexed to 100.

Positioned for growth

The leading international bank for RMB products and services

RMB usage is growing

- China initiated the internationalisation of RMB in July 2009 by permitting some cross-border transactions
- RMB Qualified Foreign Institutional Investors (QFII) quota limit expanded more than 10x since inception
- Over 2010-2012 its use in trade settlement grew 137% annually¹
- By 2015, China will settle 30% of its trade, or USD2 trillion, in RMB¹
- Its adoption will affect a diverse array of products including FX, Trade, PCM and DCM

HSBC is at the forefront

- First foreign bank to underwrite RMB government bonds
- Ranked #1 in Dim Sum bond market with 21% market share²
- Dominant market share (c.50%) among RMB (QFII) custody banks
- Gained market share in cross-border RMB SWIFT payments by value and volume³
- First ever to issue a RMB bond outside of Chinese territory
- First ever to execute a RMB repo trade
- Tier 1 market maker in RMB FX. Support six new currency crosses

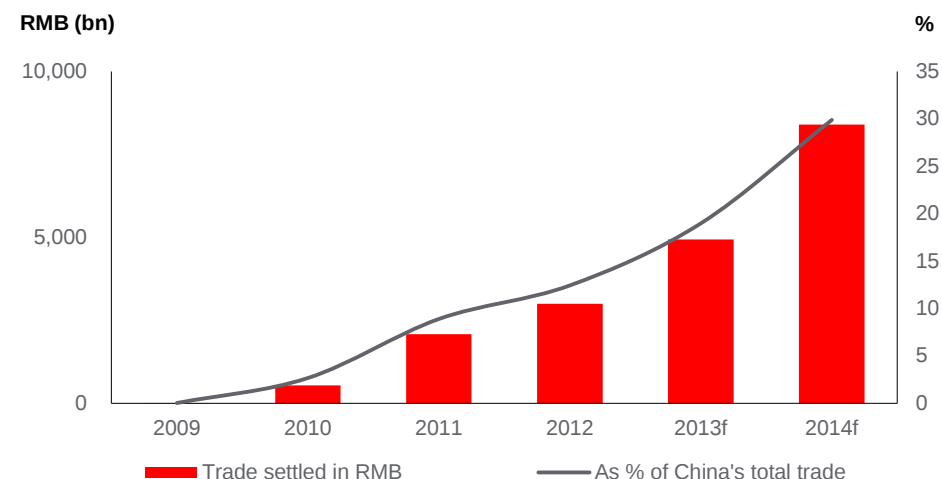
Notes:

1 PBoC and HSBC Economics

2 For Q3 2013 YTD

3 Since 1Q2012. SWIFT

Global RMB trade settlement¹



AsiaRisk

**Asia Risk Awards 2012:
RMB House of the Year**

AsiaRisk wrote, "With its roots in Hong Kong and China, HSBC has been at the forefront of developing the renminbi market both onshore and offshore."

ASIAMONEY
OFFSHORE RMB-
SERVICES SURVEY
2012

ASIAMONEY
OFFSHORE RMB-
SERVICES SURVEY
2013

**Best overall for
products/services**

AsiaMoney declared, "HSBC is considered the clear leader for offshore renminbi products."

Positioned for growth

Continuing to target opportunities in Equities and Event business

Equities - business highlights

- **Cash Equities** has been refocused on Emerging Markets where we are gaining wallet share in most markets
- **Global Research** specialise in Emerging Markets – 70% of our analysts are dedicated to Emerging Markets and/or Asia
- **Prime Finance** is a successful business driven by the recent build up of its Emerging Market capability and now led by the development of the Prime franchise
- **Equity Derivatives** is a Top 3 global retail structured product franchise¹



Asiamoney Best Bank Awards 2012, 2013

Best Domestic Equity House in Hong Kong



Extel Survey 2013

Overall Ranking for Best Broker 8th (improved from 9th)

Overall highlights include:

- 9th from 11th for Trading & Execution
- 6th from 5th for Best Broker Emerging EMEA
- 5th from 7th in CEEMEA Sales
- 1st Pan European Sales Team based on East Coast, 4th in N.A.
- 1st Middle East and North Africa
- 5 Equity Research teams ranked in the top 3, up from 2 in 2012

Event products - business highlights

- Our **Equity Capital Markets** business continues its momentum in emerging markets (Asia, Latam) and the EMEA franchise is benefiting from a combination of increased new issue volumes and key wins in strategic markets
- **Leveraged and Acquisition Finance** continues to capitalise on our balance sheet strength to win business from competitors
- M&A continues its momentum in working with our key developed markets clients on their strategic transactions in or involving the emerging markets

Rankings	2012	3Q13 YTD
Equity Capital Markets ²	9	9
Project Finance ³	1	1
Export Finance ⁴	1	1

May 2013



USD5.4bn

Sole Financial Adviser and Manager to the offer by Unilever and Sole Financing Bank in the acquisition of an additional 22.52% stake in Hindustan Unilever Limited

May 2013



EUR2.5 billion Rights Issue and EUR625m SoFFin placement

Issuer Nat.: Germany
List: Frankfurt

Joint Bookrunner

April 2013



US\$6bn bridge financing (Buyside)
Mandated Lead Arranger and Underwriter



US\$6.6bn total valuation based on sale of SHV's 64% stake (Sellside)
Sole Financial Adviser

Notes:

- 1 Europe (by issuance volume of equity-linked MTNs, source: MTN-i); US (by issuance volume of equity-linked SEC registered structured notes, source: Bloomberg); HK (by outstanding Warrant Vega, source: Bloomberg)
- 2 Dealogic. Global view excluding North American, Australian and Japanese issuers and Chinese A-share transactions

3 Dealogic (International Bank in number of Advisories closed)

4 Dealogic (Global Mandated Lead Arrangers of ECA Financing in number of deals closed)

Positioned for growth

Increasing collaborative revenues by connecting HSBC's global businesses

	Initiatives	Potential upside in the medium term
Commercial Banking	• Aspiration: increase incremental CMB collaboration revenues in the medium term – Delivered nearly USD0.7bn in incremental gross revenue since 2010¹ – Of which USD0.1bn was in 2012¹ • Global initiative for FX • Referrals for Event products • Joint Client-led Planning	A significant proportion of the potential USD2bn group collaboration revenues upside will be driven by CMB and GBM collaboration ²
Retail Banking and Wealth Management	• Foreign Exchange offering to RBWM customers	
Global Private Banking	• Institutional Private Client Group within GBM and the Global Priority Client structure within GPB to jointly cover Ultra High Net Worth Individuals • GBM referrals to GPB	

Notes:

1 As reported

2 As presented at May 2012 Investor Day

Summary





Summary

Committed to delivering on our financial targets

- GBM business model and strategy are well established
- GBM is delivering resilient results
 - Continue to make good progress in year to date in 2013
 - Good pipeline of sustainable cost saving opportunities
- Well positioned for growth with a disciplined approach to cost and capital
- Well-placed with regard to Basel III compliance

Summary

Why you should own HSBC

The world is changing . . .

Long-term trends

- Increasing imbalances in international trade and capital flows
- Rebalancing of the world economy towards faster growing markets

Regulation

- Recovery and Resolution
- Dodd Frank, ICB, ...

HSBC's distinctive position

1. Privileged access to growth

opportunities (cohesive portfolio)

- International network supporting our Commercial Banking and Global Banking and Markets businesses
- Exposure and meaningful presence in the most attractive growth markets for Wealth and Retail Banking

2. Four global businesses sharing strong commercial linkages

3. Lean and values driven organisation fit for the new environment

4. Strong balance sheet supported by diversified deposit base and generating resilient stream of earnings

GBM's competitive advantage

1. International network

concentrating 85-90% of international trade and capital flows

2. Deep and diversified client base. 4,000 client mastergroups spanning a diversified range of corporate and financial counterparties in GBM with further access to the client base across the group

3. Product capabilities and balance sheet strength. Market leader in PCM, GTRF, FX, Rates and HSS

Appendix



GBM financials¹

(USDm)	3Q12 ⁴	2Q13	3Q13	3Q12 YTD	3Q13 YTD
Credit	285	261	219	655	889
Rates	363	422	546	2,168	1,782
Foreign Exchange	736	962	660	2,469	2,493
Equities	140	265	218	536	749
Securities Services	371	442	408	1,170	1,255
Asset and Structured Finance	297	129	69	509	281
Global Markets	2,192	2,481	2,120	7,507	7,449
Financing and Equity Capital Markets	756	778	824	2,112	2,433
Payments and Cash Management	406	439	436	1,248	1,298
Other transaction services ²	192	194	194	576	569
Global Banking	1,354	1,411	1,454	3,936	4,300
Balance Sheet Management	835	704	711	3,041	2,391
Principal Investments	53	140	108	200	262
DVA	-	(21)	(151)	-	300
Other³	(115)	131	(22)	(30)	179
Total operating income before loan impairment charges and other credit risk provisions	4,319	4,846	4,220	14,654	14,881
Loan impairment Charges and other credit risk provisions	10	(219)	(118)	(588)	(292)
Net operating income	4,329	4,627	4,102	14,066	14,589
Total operating expenses	(2,304)	(2,619)	(2,368)	(7,377)	(7,374)
Operating profit	2,025	2,008	1,734	6,689	7,215
Share of profit in associates and joint ventures	222	127	118	605	360
Profit before tax	2,247	2,135	1,852	7,294	7,575
Cost efficiency ratio	53.3%	54.0%	56.1%	50.3%	49.6%
Pre-tax return on average risk-weighted assets (annualised)	2.2%	2.0%	1.7%	2.3%	2.4%

Notes:

1 On a reported basis

2 Global Trade and Receivables Finance, Bank Notes and Other

3 Includes net interest earned on free capital not assigned to products, gains resulting from business disposals and the offset to notional tax credits

4 2012 data has been restated for the reallocation of funding costs from 'Other' to respective business lines

5 The above table reflects the management structure of GB&M prior to the organisational restructure