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HSBC Holdings plc

Overseas Regulatory Announcement

The attached announcement has been released to the other stock exchanges on which HSBC Holdings plc is listed.

The Board of Directors of HSBC Holdings plc as at the date of this announcement are: Douglas Flint, Stuart Gulliver, Phillip Ameen[†], Kathleen Casey[†], Laura Cha[†], Henri de Castries[†], Lord Evans of Weardale[†], Joachim Faber[†], Sam Laidlaw[†], Irene Lee[†], John Lipsky[†], Rachel Lomax[†], Iain Mackay, Heidi Miller[†], Marc Moses, David Nish[†], Jonathan Symonds[†], Pauline van der Meer Mohr[†] and Paul Walsh[†].

[†] Independent non-executive Director

Hong Kong Stock Code: 5

HSBC Holdings plc

Registered Office and Group Head Office:

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Incorporated in England with limited liability. Registered in England: number 617987

1 July 2016

COMPLETION OF SALE OF BRAZIL BUSINESS

On 8 June 2016, HSBC Holdings plc ('HSBC') announced that it had received all necessary regulatory approvals for the sale of its entire business in Brazil, comprising HSBC Bank Brasil S.A – Banco Multiplo and HSBC Servicos e Participacoes Ltda (collectively 'HSBC Brazil'), to Banco Bradesco S.A ('the Transaction') and that completion of the Transaction was planned for early July.

The Transaction successfully completed on 1 July 2016.

Progress in executing HSBC's strategy

The sale of HSBC Brazil represents a significant step in HSBC's stated goal to optimise its global network and reduce complexity. Based at 31 March 2016, the Transaction was expected to decrease Group risk-weighted assets by around US\$37bn and increase the Group's common equity tier 1 ratio by c.65bps.

As previously announced, HSBC has maintained a presence in Brazil to serve large corporate clients with respect to their international needs.

Accounting treatment

Based on the net assets of HSBC Brazil including allocated goodwill at 31 March 2016 of US\$4.3bn, the Transaction would have generated a gain on sale (net of tax and transaction costs) of c.US\$0.6bn before the recycling of foreign exchange losses previously recognised in other comprehensive income. After the recycling of foreign exchange losses, there would have been an accounting loss on sale of c.US\$1.7bn. Neither the allocated goodwill nor the recycling of foreign exchange losses impact the regulatory capital that will be generated from the disposal at Group level.

The purchase price and impact of sale will be further adjusted for the change in net asset value for the period up until the completion date of 1 July 2016.

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Completion of Sale of Brazil Business/2

Notes to editors:

1. HSBC Brazil

HSBC Brazil comprises of HSBC Bank Brasil S.A – Banco Multiplo and HSBC Servicos e Participacoes Ltda and is the 6th largest bank in Brazil, with total assets of c.US\$45bn and total equity of c.US\$3.0bn as at 31 March 2016. It offers a full suite of products across all banking segments including Retail Banking, Commercial Banking, Global Banking and Markets and Private Banking. HSBC Brazil also has insurance and consumer finance businesses. HSBC Brazil has c.4.6m customers, c.21,000 employees and 851 branches.

2. Banco Bradesco S.A.

Bradesco is the 4th largest bank in Brazil, with total assets of c.US\$309bn and total equity of c.US\$26bn, as at 31 March 2016. Bradesco is listed on the BM&FBovespa and has a market capitalisation of US\$40bn at 31 March 2016. The bank offers a wide range of products and services in retail, corporate and investment banking business. It also operates the largest insurance business in Brazil. Bradesco has 25.6m account holders, 91,000 employees and 4,509 branches, in an overall service network of 63, 552 units.

3. HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 6,000 offices in 71 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,596bn at 31 March 2016, HSBC is one of the world's largest banking and financial services organisations.

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