

## BASE PROSPECTUS SUPPLEMENT



### HSBC Holdings plc

*(a company incorporated with limited liability in England with registered number 617987)*

*as Issuer*

#### DEBT ISSUANCE PROGRAMME

This base prospectus supplement (the "**Base Prospectus Supplement**") is supplemental to and must be read in conjunction with the Base Prospectus dated 12 March 2015 relating to the Debt Issuance Programme and the supplements thereto dated 6 May 2015, 9 June 2015 and 10 September 2015 (the "**Base Prospectus**") prepared by HSBC Holdings plc ("**HSBC Holdings**") in connection with the application made for Notes to be admitted to listing on the Official List of the Financial Conduct Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**FSMA**")), and to trading on the regulated market of the London Stock Exchange plc.

This Base Prospectus Supplement constitutes a supplement for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and a supplementary prospectus for the purposes of section 87G of the FSMA. Terms defined in the Base Prospectus shall have the same meaning when used in this Base Prospectus Supplement.

To the extent there is any inconsistency between any statement in this Base Prospectus Supplement and any other statement in or incorporated by reference in the Base Prospectus, the statements in this Base Prospectus Supplement will prevail.

The purpose of this Base Prospectus Supplement is to disclose the following:

- On 2 November 2015, HSBC Holdings published its Interim Management Statement for the nine months ended 30 September 2015 (the "**Interim Management Statement**"), a copy of which is annexed hereto. Any document or information incorporated by reference into the Interim Management Statement, either expressly or impliedly, does not form part of this Base Prospectus Supplement for the purposes of the Prospectus Directive.

Save as disclosed in this Base Prospectus Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen since the publication of the Base Prospectus.

HSBC Holdings accepts responsibility for the information contained in this Base Prospectus Supplement. To the best of the knowledge and belief of HSBC Holdings (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

4 November 2015

**ANNEX  
HSBC HOLDINGS PLC**

**Interim Management Statement for the nine months ended 30 September 2015**

## Earnings Release – 3Q 2015

2 November 2015

### HSBC Holdings plc – Earnings Release

HSBC Holdings plc ('HSBC') will be conducting a trading update conference call with analysts and investors today to coincide with the publication of its *Earnings Release*. The call will take place at 08.30am GMT. Details of how to participate in the call and the live audio webcast can be found at [www.hsbc.com/investor-relations](http://www.hsbc.com/investor-relations).

## Earnings Release – 3Q 2015

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# Earnings Release – 3Q 2015

## Terms and Abbreviations

|                   |  |
|-------------------|--|
| 2Q15              | Second quarter of 2015   |
| 3Q14/3Q15         | Third quarter of 2014/2015   |
| 9M14/9M15         | Nine months to 30 September 2014/2015  |
| AML               | Anti-money laundering  |
| BoCom             | Bank of Communications Co., Limited, one of China's largest banks  |
| CET1              | Common equity tier 1   |
| CMB               | Commercial Banking, a global business  |
| CML               | Consumer and Mortgage Lending (US)   |
| Costs to achieve  | Transformation costs to deliver the cost reduction and productivity outcomes outlined in the Investor Update of June 2015  |
| CRD IV            | Capital Requirements Directive IV  |
| DVA               | Debit valuation adjustment   |
| FCA               | Financial Conduct Authority (UK)   |
| FTEs              | Full-time equivalent staff   |
| GB&M              | Global Banking and Markets, a global business  |
| GPB               | Global Private Banking, a global business  |
| IFRSs             | International Financial Reporting Standards  |
| Industrial Bank   | Industrial Bank Co. Limited, a national joint-stock bank in mainland China in which Hang Seng Bank Limited has a shareholding  |
| IRB               | Internal ratings-based   |
| Jaws              | The difference between the rate of growth of revenue and the rate of growth of costs   |
| Legacy Credit     | A portfolio of assets comprising Solitaire Funding Limited, securities investment conduits, asset-backed securities trading and correlation portfolios and derivative transactions entered into with monoline insurers   |
| LICs              | Loan impairment charges and other credit risk provisions   |
| MENA              | Middle East and North Africa   |
| NCOA              | Non-credit obligation assets   |
| Own credit spread | Fair value movements on our long-term debt designated at fair value resulting from changes in credit spread  |
| PBT               | Profit before tax  |
| PRA               | Prudential Regulation Authority (UK)   |
| Principal RBWM    | RBWM excluding the effects of the US run-off portfolio   |
| Revenue           | Net operating income before LICs   |
| RBWM              | Retail Banking and Wealth Management, a global business  |
| RorWA             | Pre-tax Return on Risk Weighted Assets is calculated using an average of RWAs at quarter-ends on a Basel 2.5 basis for all periods up to and including 31 December 2013 and a CRD IV end point basis from 1 January 2014 |
| RWAs              | Risk-weighted assets   |
| STD               | Standardised approach  |
| \$m/\$bn          | United States dollar millions/billions   |
| VaR               | Value at risk  |

## Note to editors

### HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 6,100 offices in 72 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of \$2,549bn at 30 September 2015, HSBC is one of the world's largest banking and financial services organisations.

# Earnings Release – 3Q 2015

## Highlights

### 3Q15 results (vs 3Q14)

- **Reported PBT up 32% in 3Q15 at \$6,097m** compared with \$4,609m in 3Q14. This reflected the impact of a net favourable movement in significant items.
- **Adjusted PBT down 14% in 3Q15 at \$5,512m** compared with \$6,424m in 3Q14.
- **Adjusted revenue down 4% in 3Q15 at \$14,044m** mainly in RBWM (insurance manufacturing) and GB&M (Credit, Rates and Foreign Exchange).
- **Adjusted operating expenses up 2% in 3Q15 at \$8,583m** in part reflecting investment in regulatory programmes and compliance.
- **Adjusted operating expenses down 4% from 2Q15**, in part reflecting the initial impact of our cost savings initiatives.

### 9M15 results (vs 9M14)

- **Reported PBT up 16% for 9M15 at \$19,725m** compared with \$16,949m for 9M14.
- **Adjusted PBT down 3% for 9M15 at \$18,514m** compared with \$19,119m for 9M14.
- **Adjusted revenue up 2% for 9M15 at \$44,816m** compared with \$44,141m for 9M14, driven by revenue growth in client-facing GB&M, principally in Equities and Foreign Exchange. Revenue also increased in CMB and Principal RBWM.
- **Adjusted operating expenses up 6% at \$26,225m** compared with \$24,830m for 9M14, reflecting investment in growth, and regulatory programmes and compliance costs.

### Dividends and capital

- **Earnings per ordinary share and dividends per ordinary share (in respect of the period)** for 9M15 were \$0.73 and \$0.30, respectively, compared with \$0.67 and \$0.30 for 9M14. The third interim dividend was \$0.10 per ordinary share.
- **Strong capital base** with a CRD IV end point CET1 capital ratio of 11.8%, up from 11.6% at 30 June 2015. This was a result of continued capital generation together with reduced RWAs from the implementation of a broad range of RWA initiatives.
- **Leverage ratio** remained strong at 5.0%.

|  | Nine months ended 30 September |             |             |
|--|--------------------------------|-------------|-------------|
|  | 2015<br>\$m                    | 2014<br>\$m | Change<br>% |
| <b>Financial highlights and key ratios</b>                   |                                |             |             |
| Reported PBT   | 19,725                         | 16,949      | 16          |
| Adjusted PBT   | 18,514                         | 19,119      | (3)         |
| Return on average ordinary shareholders' equity (annualised) | 10.7%                          | 9.5%        |             |
| Adjusted jaws  | (4.1)%                         |             |             |

|  | At                  |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | 30 Sep<br>2015<br>% | 30 Jun<br>2015<br>% | 31 Dec<br>2014<br>% |
| <b>Capital and balance sheet</b>                       |                     |                     |                     |
| Common equity tier 1 ratio (end point) <sup>1</sup>    | 11.8                | 11.6                | 11.1                |
| Common equity tier 1 ratio (transitional) <sup>1</sup> | 11.8                | 11.6                | 10.9                |
| Leverage ratio   | 5.0                 | 4.9                 | 4.8                 |
|  | \$m                 | \$m                 | \$m                 |
| Loans and advances to customers                        | 927,428             | 953,985             | 974,660             |
| Customer accounts                                      | 1,310,643           | 1,335,800           | 1,350,642           |
| Risk-weighted assets                                   | 1,143,479           | 1,193,154           | 1,219,765           |
|  | \$bn                | \$bn                | \$bn                |
| Leverage exposure measure                              | 2,899               | 2,957               | 2,953               |

1 From 1 January 2015 the CRD IV transitional CET1 and end point CET1 capital ratios became aligned for HSBC Holdings plc due to the recognition of unrealised gains on investment property and available-for-sale securities.

### Group Chief Executive, Stuart Gulliver, commented:

#### Business performance

Our third quarter performance was resilient against a tough market backdrop.

Revenue was down compared to the third quarter of 2014. In particular, the stock market correction in Asia affected Principal Retail Banking & Wealth Management, and revenue was also lower in Global Banking & Markets.

Despite slowing growth in the mainland Chinese economy and market volatility in Asia, there has been no visible impact on our Asian credit quality in 3Q15.

Our operating expenses were higher than the same period last year, as expected, although our cost programmes have started to gain traction. Our third quarter costs were lower than our second quarter costs.

#### Strategy execution

We have continued to implement the strategic actions we announced at our Investor Update in June.

Our targeted initiatives reduced risk-weighted assets by an additional \$32bn, bringing the total reduction to \$82bn since the start of the year. This means we are already nearly 30% of the way towards our targeted reduction of \$290bn by the end of 2017. We remain focused on reducing our risk-weighted assets quickly and efficiently.

Our cost-reduction measures are beginning to have an impact on our cost base. There is more to achieve on costs and we expect the measures we have already taken to have a further impact in the fourth quarter. We also started a number of additional initiatives in the third quarter that will deliver savings before the end of the year.

Achieving our strategic targets remains our primary focus. We will provide a further update on our progress at our full-year results in February.

## Fourth interim dividend

The proposed timetable for the fourth interim dividend is as follows:

|   |                  |
|---|------------------|
| Annual Report and Accounts 2015 announcement date                                   | 22 February 2016 |
| ADSs quoted ex-dividend in New York   | 2 March 2016     |
| Shares quoted ex-dividend in London, Hong Kong, Paris and Bermuda                   | 3 March 2016     |
| Dividend record date in London, Hong Kong, New York, Paris and Bermuda <sup>1</sup> | 4 March 2016     |
| Dividend payment date   | 20 April 2016    |

<sup>1</sup> Removals to and from the Overseas Branch Register of shareholders in Hong Kong will not be permitted on this date.

## Adjusted performance

Adjusted performance 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.

Foreign currency translation differences are computed by retranslating into US dollars for non-US dollar branches, subsidiaries, joint ventures and associates:

- the income statements for prior periods at the average rates of exchange for 3Q 2015; and
- the closing prior period balance sheets at the prevailing rates of exchange on 30 September 2015.

No adjustment has been made to the exchange rates used to translate foreign currency denominated assets and liabilities into the functional currencies of any HSBC branches, subsidiaries, joint ventures or associates. When reference is made to foreign currency translation differences

in tables or commentaries, comparative data reported in the functional currencies of HSBC's operations have been translated at the appropriate exchange rates applied in the current period on the basis described above.

We use the term 'significant items' to collectively describe the group of individual adjustments which are excluded from reported results when arriving at adjusted performance. Significant items, which are detailed in the following table, 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.

We believe adjusted performance provides useful information for investors by aligning internal and external reporting, identifying and quantifying items management believe to be significant and providing insight into how management assesses period-on-period performance.



# Earnings Release – 3Q 2015

## Reconciliation of reported to adjusted PBT

|  | Nine months ended |          | Quarter ended |          |
|--|-------------------|----------|---------------|----------|
|  | 2015              | 2014     | 2015          | 2014     |
|  | \$m               | \$m      | \$m           | \$m      |
| <b>Revenue</b>   |                   |          |               |          |
| Reported   | 48,028            | 46,942   | 15,085        | 15,775   |
| Currency translation   |                   | (3,746)  |               | (1,404)  |
| Significant items  | (3,212)           | 945      | (1,041)       | 330      |
| – debit valuation adjustment ('DVA') on derivative contracts   | (416)             | 278      | (251)         | 123      |
| – fair value movements on non-qualifying hedges  | 353               | 341      | 308           | 19       |
| – (gain)/loss on sale of several tranches of real estate secured accounts in the US                          | –                 | (76)     | 17            | (91)     |
| – gain on sale of shareholding in Bank of Shanghai   | –                 | (428)    | –             | –        |
| – gain on the partial sale of shareholding in Industrial Bank  | (1,372)           | –        | –             | –        |
| – impairment on our investment in Industrial Bank  | –                 | 271      | –             | 271      |
| – own credit spread  | (1,775)           | 15       | (1,125)       | (200)    |
| – (releases)/provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK | (2)               | 580      | 10            | 213      |
| – (gain) and trading results from disposals and changes in ownership levels                                  | –                 | (36)     | –             | (5)      |
| Adjusted   | 44,816            | 44,141   | 14,044        | 14,701   |
| <b>Loan impairment charges and other credit risk provisions ('LICs')</b>                                     |                   |          |               |          |
| Reported   | (2,077)           | (2,601)  | (638)         | (760)    |
| Currency translation   | –                 | 466      | –             | 205      |
| Significant items  | –                 | –        | –             | (2)      |
| – trading results from disposals and changes in ownership levels   | –                 | –        | –             | (2)      |
| Adjusted   | (2,077)           | (2,135)  | (638)         | (557)    |
| <b>Operating expenses</b>  |                   |          |               |          |
| Reported   | (28,226)          | (29,357) | (9,039)       | (11,091) |
| Currency translation   | –                 | 2,474    | –             | 997      |
| Significant items  | 2,001             | 2,053    | 456           | 1,702    |
| – Brazil disposal costs  | 54                | –        | 54            | –        |
| – charge in relation to settlement agreement with Federal Housing Finance Authority                          | –                 | 550      | –             | 550      |
| – costs to achieve <sup>1</sup>  | 165               | –        | 165           | –        |
| – costs to establish UK ring-fenced bank <sup>2</sup>  | 28                | –        | 28            | –        |
| – regulatory provisions in GBP   | 154               | –        | 7             | –        |
| – restructuring and other related costs  | 117               | 150      | –             | 68       |
| – settlements and provisions in connection with legal matters  | 1,279             | 378      | 135           | 378      |
| – UK customer redress programmes   | 204               | 935      | 67            | 701      |
| – trading results from disposals and changes in ownership levels   | –                 | 40       | –             | 5        |
| Adjusted   | (26,225)          | (24,830) | (8,583)       | (8,392)  |
| <b>Share of profit in associates and joint ventures</b>  |                   |          |               |          |
| Reported   | 2,000             | 1,965    | 689           | 685      |
| Currency translation   | –                 | (22)     | –             | (13)     |
| Adjusted   | 2,000             | 1,943    | 689           | 672      |
| <b>Profit before tax</b>   |                   |          |               |          |
| Reported   | 19,725            | 16,949   | 6,097         | 4,609    |
| Currency translation   | –                 | (828)    | –             | (215)    |
| Significant items  | (1,211)           | 2,998    | (585)         | 2,030    |
| – revenue  | (3,212)           | 945      | (1,041)       | 330      |
| – LICs   | –                 | –        | –             | (2)      |
| – operating expenses   | 2,001             | 2,053    | 456           | 1,702    |
| Adjusted   | 18,514            | 19,119   | 5,512         | 6,424    |

1 Transformation cost to deliver the cost reduction and productivity outcomes outlined in the Investor Update of June 2015.

2 From 1 July 2015, costs to establish the UK ring-fenced bank have been classified as a significant item.

## Adjusted PBT by global businesses and geographical regions

|                                      | Nine months ended<br>30 September |               | Quarter ended<br>30 September |              |
|--------------------------------------|-----------------------------------|---------------|-------------------------------|--------------|
|                                      | 2015<br>\$m                       | 2014<br>\$m   | 2015<br>\$m                   | 2014<br>\$m  |
| <b>By global business</b>            |                                   |               |                               |              |
| Retail Banking and Wealth Management | 5,309                             | 5,878         | 1,498                         | 2,103        |
| Commercial Banking                   | 6,814                             | 6,796         | 2,239                         | 2,203        |
| Global Banking and Markets           | 7,474                             | 6,849         | 2,047                         | 2,020        |
| Global Private Banking               | 409                               | 557           | 88                            | 208          |
| Other                                | (1,492)                           | (961)         | (360)                         | (110)        |
|                                      | <b>18,514</b>                     | <b>19,119</b> | <b>5,512</b>                  | <b>6,424</b> |
| <b>By geographical region</b>        |                                   |               |                               |              |
| Europe                               | 3,726                             | 4,628         | 969                           | 1,718        |
| Asia                                 | 11,477                            | 11,085        | 3,488                         | 3,648        |
| Middle East and North Africa         | 1,251                             | 1,452         | 352                           | 479          |
| North America                        | 1,486                             | 1,519         | 555                           | 481          |
| Latin America                        | 574                               | 435           | 148                           | 98           |
|                                      | <b>18,514</b>                     | <b>19,119</b> | <b>5,512</b>                  | <b>6,424</b> |

The tables on pages 34 to 41 reconcile reported to adjusted results for each of our geographical segments and global businesses.

## Financial performance commentary

### 3Q15 compared with 3Q14

- **Reported PBT** of \$6.1bn for the third quarter of 2015 ('3Q15') was \$1.5bn or 32% higher than in the same period in the prior year ('3Q14'). This was mainly due to a net favourable movement in significant items. This reflected lower fines, settlements and UK customer redress (together down by \$1.4bn from 3Q14) and favourable movements on our own debt designated at fair value from changes in credit spreads of \$1.1bn (favourable movements of \$0.2bn in 3Q14).
- On an **adjusted basis**, PBT of \$5.5bn was \$0.9bn or 14% lower than in 3Q14.
- **Reported revenue** was \$15.1bn in the quarter, \$0.7bn or 4% lower than in 3Q14 as a net favourable movement in significant items was broadly offset by the adverse effects of currency translation between the periods.
- On an **adjusted basis**, revenue of \$14.0bn fell by \$0.7bn or 4%, mainly due to lower revenue in RBWM (\$0.4bn) and GB&M (\$0.2bn). A \$0.3bn reduction in revenue in our Principal RBWM business reflected lower Wealth Management income in Hong Kong. This was mainly in our life insurance manufacturing business due to adverse market updates as a result of stock market corrections in Asia in 3Q15. In addition, revenue from overdraft fees fell in the UK. In the US CML portfolio, also part of RBWM, the continued run-off of lending balances led to reduction in revenue of \$0.1bn. In GB&M, revenue declined due to a reduction in Rates and Credit reflecting challenging market conditions in 3Q15. Revenue also fell in Foreign Exchange as 3Q14 benefited from higher client flows. By contrast, revenue rose across most other GB&M client-facing businesses. This included Equities partly reflecting strong client flows, and Capital Financing where we recorded gains from hedging activities that help us to manage credit risk across our portfolio.
- **Reported LICs** of \$0.6bn were \$0.1bn or 16% lower than 3Q14 reflecting currency translation between the periods. On an **adjusted basis**, LICs increased by 15%, primarily in North America driven by lower releases in the US CML run-off portfolio, and in MENA notably in the UAE. These factors were partly offset by lower LICs in Latin America, Europe and Asia reflecting improvement in individually assessed charges notably in Brazil, the UK and mainland China respectively.
- **Reported operating expenses** of \$9.0bn were \$2.1bn 19% lower than 3Q14. This largely reflected a net favourable movement in significant items compared with 3Q14, principally a reduction in fines, settlements and UK customer redress, as well as the favourable effects of currency translation between the periods.
- On an **adjusted basis**, operating expenses were \$0.2bn or 2% higher than 3Q14. This was driven by inflationary pressures in Latin America and Asia, and higher investment in regulatory programmes and compliance costs, partly offset by lower costs from the US CML run-off portfolio in RBWM and lower performance costs in GB&M.
- However, compared with 2Q15, operating expenses declined by \$0.4bn or 4% as 2Q15 included the Financial Services Compensation Scheme levy in the UK. In addition, performance costs were lower in GB&M and RBWM because of lower revenue in 3Q15. Excluding these items, 3Q15 operating expenses were \$0.1bn lower than 2Q15, in part reflecting the initial impact of cost saving initiatives.
- The **effective tax rate** was 10.4% in 3Q15 compared with 21.4% in 3Q14.

### 9M15 compared with 9M14

- **Reported PBT** of \$19.7bn for the first nine months of 2015 ('9M15') was \$2.8bn or 16% higher than in the same period in 2014 ('9M14'). This was mainly due to a net favourable movement in significant items, partly offset by the adverse effects of currency translation between the periods.
- **On an adjusted basis, PBT** fell by \$0.6bn or 3%.
- **Reported revenue** of \$48.0bn in 9M15, was \$1.1bn or 2% higher than in 9M14. Revenue was affected by significant items including, in 9M15, a \$1.4bn gain on the partial sale of our shareholding in Industrial Bank and favourable movements on our own debt designated at fair value from changes in credit spreads of \$1.8bn, compared with minimal movements in 9M14. The overall favourable movement in significant items was substantially offset by the adverse effect of currency translation between the periods.
- On an **adjusted basis, revenue** of \$44.8bn was \$0.7bn or 2% higher. The main drivers of revenue movements in our global businesses were as follows:
  - in GB&M, revenue of \$14.4bn was \$0.7bn or 5% higher, reflecting growth of \$0.6bn in client-facing GB&M, and an increase of \$0.2bn in Balance Sheet Management, in part driven by increased gains on disposal of available-for-sale debt securities. In client-facing GB&M, revenue rose in Equities (\$0.5bn) and Foreign Exchange (\$0.2bn) reflecting increased volatility in the period. Equities also benefited from higher client flows and favourable movements on own credit spread compared with minimal movements in 9M14. Revenue rose in Securities Services, notably in China, driven by increased client assets and cash balances. By contrast, revenue fell by \$0.3bn in Principal Investments reflecting lower gains on disposals than in 9M14 and by \$0.1bn in Rates, as client demand was affected by the ECB's quantitative easing programme. Legacy Credit revenue also fell as we recorded revaluation gains in 9M14.
  - in CMB, revenue of \$11.2bn was \$0.3bn or 3% higher. This was due to higher revenue from both Credit and Lending and Payments and Cash Management, mainly in Hong Kong and the UK. This reflected balance sheet growth, although demand for credit in Hong Kong has slowed in 2015. In addition, revenue rose in the US reflecting strong lending growth in our Large Corporate segment.

These factors were partially offset:

- in RBWM, where revenue of \$18.1bn fell by \$0.1bn due to lower average balances in the US run-off portfolio (where revenue was down by \$0.3bn), which included the impact of portfolio sales. Revenue in Principal RBWM was \$0.2bn higher although revenue growth fell from 4% in 1H15 to 1% in 9M15. In Wealth Management, revenue was higher due to growth in Investment Distribution in Asia, notably in 2Q15 following high levels of stock market turnover which more than offset weaker

investor sentiment experienced in 3Q15. Life insurance manufacturing revenues were broadly flat as favourable market updates in Europe in 1H15 were mostly offset by adverse market updates in 3Q15 in Asia reflecting stock market corrections. Personal lending revenues were 2% lower than 9M14, with a notable decline in the UK from a reduction in overdraft fees following re-pricing and the introduction of a text message alert service for customers in November 2014. Also in personal lending in the UK, revenue fell due to mortgage spread compression and lower interest income from credit cards.

- in GBP, where revenue of \$1.7bn was \$0.1bn or 4% lower, reflecting a managed reduction in client assets. This was partly offset by an increase in revenue in Hong Kong during the first 6 months of the year from a rise in client transaction volumes reflecting strong stock market performance. We continued to grow the parts of the business that fit our target model, attracting \$12bn in net new money since the end of 2014, mainly in Hong Kong, the UK and the US.
- **Reported LICs** of \$2.1bn were \$0.5bn or 20% lower mainly reflecting the favourable effects of foreign currency translation between the periods in Latin America. On an **adjusted basis**, LICs were \$0.1bn or 3% lower as reductions in LICs in Latin America and North America were partly offset by an increase in the Middle East and North Africa.

LICs declined:

- in Latin America, in both Mexico and Brazil. In Mexico, the reduction was in RBWM reflecting lower delinquency rates on personal lending, payroll and card portfolios, and in CMB due to lower individually assessed charges notably on homebuilders. In Brazil, LICs decreased mainly driven by the non-recurrence of an individually assessed impairment charge in GB&M in 3Q14, although this was partly offset by higher LICs in RBWM and CMB, in part reflecting the economic slowdown; and
- in North America, which reflected continued US CML run-off and the non-recurrence of impairment charges recorded in CMB and GB&M in 9M14 following a revision to certain estimates used in our corporate loan impairment calculation.
- These factors were partly offset by adverse movements in:
  - the Middle East and North Africa, mainly in the UAE in RBWM, which recorded higher charges, primarily on mortgages in part reflecting higher write offs and a review of the portfolio collateral, and in CMB reflecting individually assessed impairment charges in 9M15, on UAE-related exposures.
- **Reported operating expenses** for 9M15 of \$28.2bn were \$1.1bn or 4% lower than in 9M14. This reduction in reported expenses was driven by the favourable effects of currency translation between the periods. Significant items, which were broadly unchanged included one-off transformation costs to deliver the

cost reduction and productivity outcomes outlined in the Investor Update ('Costs to Achieve') of \$0.2bn.

- On an **adjusted basis**, operating expenses of \$26.2bn were \$1.4bn or 6% higher than in 2014 reflecting increases in both run-the-bank and change-the-bank costs.
- Run-the-bank costs totalled \$23.6bn for 9M15, an increase of \$0.9bn or 4% on 9M14. This was primarily driven by higher staff costs, including salary inflation in Latin America and Asia. In addition, we recruited new staff to support growth in targeted areas as follows:
  - in GB&M we invested in Payments and Cash Management in Europe;
  - in CMB, we invested in additional revenue generating FTEs in North America and Asia; and
  - in RBWM, costs increased due to investment in additional FTEs, mainly in Asia in our branch network and contact centres to support revenue growth.
- Run-the-bank costs associated with regulatory programmes and compliance also increased reflecting our ongoing focus on Global Standards, primarily through the investment in the bank's financial crime compliance capabilities.
- Change-the-bank costs totalled \$2.7bn in 9M15, an increase of \$0.5bn or 23% on 9M14. The increase was primarily driven by higher regulatory and compliance costs which included investment in infrastructure changes and systems enhancements for our customer due diligence and sanctions screening. These actions are in line with our strategic target to complete the implementation of Global Standards by the end of 2017.
- Our total spend on regulatory programmes and compliance in 9M15, including both run-the-bank and change-the-bank elements, was \$2.2bn, up by \$0.5bn or 33% from 9M14.
- Adjusted jaws for 9M15 was negative 4.1% compared with negative 2.9% for 1H15. The movement in jaws primarily reflected the slowdown in revenue growth, down to 1.5% in 9M15 from 4.5% in 1H15. However, cost growth also slowed, down to 5.6% in 9M15 from 7.3% in 1H15.
- The number of employees, expressed in FTEs, at 30 September 2015 was 259,834, an increase of 2,231 FTEs from 31 December 2014. The average number of FTEs adjusted for business disposals increased by 2% compared with 9M14 due to additional FTE requirements for regulatory programmes and compliance.
- The effective tax rate for 9M15 of 18.0% was slightly lower than the UK corporation tax rate of 20.25%, principally due to non-taxable gains arising on the partial disposal of our shareholding in Industrial Bank.
- On 5 October 2015, the Board announced a third interim dividend for 2015 of \$0.10 per ordinary share.

### Balance sheet commentary compared with 30 June 2015

Total assets reduced by \$23.2bn driven by adverse currency translation movements of \$66.3bn. Excluding these, total assets increased by \$43.1bn.

We continued to see growth in lending to CMB customers in the UK and in customer accounts in both RBWM and our Payments and Cash Management business in CMB.

- **Reported loans and advances** to customers decreased by \$26.6bn during 3Q15 and included the following items:
  - adverse currency translation movements of \$24.8bn; and
  - a \$3.6bn decrease in corporate overdraft balances in Europe that did not meet the criteria for netting, with a corresponding rise in customer accounts.

Excluding these factors, customer lending was marginally higher by \$1.8bn driven by higher balances in Europe of \$8.8bn primarily reflecting increased term lending to CMB customers in Europe, notably in the UK. This was partly offset by a \$4.2bn fall in Asia, where repayments relating to a small number of GB&M clients more than offset an increase in term lending to CMB customers and an increase in mortgage balances. In addition, balances fell in North America by \$2.2bn driven by the reclassification of residential mortgage balances to 'Assets held for sale' in line with the our strategic focus in reducing our legacy portfolios.

- **Reported customer accounts** decreased by \$25.2bn during 3Q15 and included the following items:
  - adverse currency translation movements of \$32.0bn; and
  - a \$3.6bn decrease in corporate current account balances, in line with the increase in corporate overdrafts.

Excluding these factors, customer accounts grew by \$10.4bn with increases in Asia and Europe. Balances in Asia were higher reflecting growth in our Payments and Cash Management business and in RBWM. In Europe, balances grew mainly in GB&M and in RBWM. In GB&M this partly reflected growth in Payments and Cash Management and Securities Services. Balances grew in RBWM reflecting customers' continued preference for holding balances in current and savings accounts.

- Other significant balance sheet movements in the quarter included reductions in cash balances, with growth in reverse repurchase agreements and financial investments as we continued to effectively manage the deployment of our surplus liquidity. In addition, Assets and Liabilities held for sale fell driven by adverse currency translation movements mainly relating to our operations in Brazil and the disposal of the UK Pension business of HSBC Life (UK) Limited.

### Net interest margin

- Net interest margin has remained broadly stable since 2Q15, although it decreased in 9M15 compared with the same period in 2014. This was due to the adverse effects of currency translation and the release in the

prior year of a tax accrual on uncertain tax positions although these factors were partly offset by the effect of provisions in the prior year arising from the ongoing review of compliance with the Consumer Credit Act in the UK.

- Excluding these factors, net interest margin fell marginally compared with 9M14, primarily driven by North America due to lower gross yields and higher cost of funds. Gross yields on customer loans fell, primarily due to new lending in CMB and RBWM which was at reduced yields in the current low interest rate environment, and the continued run-off and sales of the CML portfolio. In addition, cost of funds rose due to higher costs on customer accounts, reflecting a change in portfolio mix towards higher-priced wholesale term deposits and higher rates paid on savings accounts due to promotional offers to our Premier customers in RBWM.

### Capital and risk-weighted assets

Our CET1 capital ratio increased to 11.8% from 11.6% at 30 June 2015.

Capital generation, in the quarter, contributed \$1.9bn to CET1 capital after regulatory adjustments and net of the dividend. Foreign currency translation differences reduced CET1 capital by \$4.2bn and RWAs by \$27.9bn, which overall had the effect of reducing the CET1 capital ratio by 0.1%.

Our plans to reduce Group RWAs by the end of 2017 continue to make significant progress. After foreign currency translation differences, RWAs reduced in the quarter by \$21.8bn. This was primarily driven by RWA initiatives in GB&M and CMB, which saved \$32.4bn of RWAs net of business growth of \$9.6bn.

The following comments describe RWA movements, in the quarter, excluding foreign currency translation differences.

#### RWA Initiatives

The main drivers of these reductions are:

- \$10.8bn as a result of reduced exposures principally from a decrease in positions subject to the Incremental Risk Charge, client facility reductions and trade compressions; that was mainly in Traded Risk RWAs.
- \$8.4bn as a result of refined calculations including further application of the small and medium-sized enterprise ('SME') supporting factor, a more refined application of credit conversion factors and movement of certain exposures from residual to cash flow weighted maturity. In addition, some Project Finance and Business Banking portfolios moved from the standardised to an IRB approach.
- \$7.1bn from process improvements such as better linking of collateral and guarantees to facilities and the use of more granular data resulting in lower credit conversion factors for off balance sheet items.
- \$3.7bn through the continued reduction in GB&M Legacy Credit and US Run off portfolios.

Where these RWA initiatives relate to advanced approaches, the saves are included in the categories

disclosed in the RWA movement tables by key drivers. These initiatives have resulted in RWAs saves of \$11.1bn from the methodology and policy category and \$6.3bn from the book size/risk levels category. In the model update category RWA initiatives have increased advanced approach RWAs by \$3.6bn with a corresponding reduction of \$4.2bn in the standardised approach.

#### Business Growth

Business growth increased RWAs by \$9.6bn, principally from:

- CMB from higher term lending to corporate customers, principally in Europe, \$6.9bn.
- Our associates Bank of Communications and Saudi British Bank \$4.1bn.
- Partially offset by reduced institutional exposures in Asia of \$1.6bn.

#### Goodwill

As described on page 407 of the *Annual Report and Accounts 2014*, an annual impairment test of goodwill allocated to each cash generating unit ('CGU') is performed at 1 July each year.

In the annual impairment test undertaken at 1 July 2015 we identified that, as a result of local capital requirements, the recoverable amount (the present value of expected future cash flows) was above, but close to, the carrying value of GB&M – North America. Furthermore, the recoverable amount is sensitive to reasonably possible changes in key assumptions, including discount rate, long-term growth rate and cash flow projections. If the recoverable amount is less than the carrying value of a CGU, an impairment loss is charged to the income statement. At 1 July 2015 GB&M – North America had goodwill of \$0.9bn allocated to it.

#### Domicile

In April 2015, the HSBC Holdings plc Board of Directors asked management to commence a review to assess the best place for the HSBC Group's headquarters to be located to maximise long-term shareholder value and the Group's future strategic opportunities. Although management is undertaking the review on behalf the Board, it is the Board that will make the final decision regarding the location of the Group's headquarters. The review will focus on long term perspectives, as opposed to short-term factors.

Whilst there is a considerable amount of work still to do, a significant amount of work has been carried out, supported by a number of external advisers. In addition, as the review has progressed, further information has been requested by the Board.

Whilst the target for completion of the review was initially set as by the end of 2015, this is a self-imposed deadline that can be moved should the Board require further work to be performed. An announcement will be made when the Board makes its final decision and, if necessary, a further update will be provided at the time of the full year results announcement.

## Notes

- Income statement comparisons, unless stated otherwise, are between the quarter ended 30 September 2014 and the quarter ended 30 September 2015, or between the nine months ended 30 September 2015 and the corresponding nine months in 2014. Balance sheet comparisons, unless otherwise stated, are between balances at 30 September 2015 and the corresponding balances at 30 June 2015.
- The financial information on which this Earnings Release is based and the data set out in the appendix to this statement are unaudited and have been prepared in accordance with HSBC's significant accounting policies as described on pages 345 to 353 of the *Annual Report and Accounts 2014*.
- The Board has adopted a policy of paying quarterly interim dividends on the ordinary shares. Under this policy, it is intended to have a pattern of three equal interim dividends with a variable fourth interim dividend. Dividends are declared in US dollars and, at the election of the shareholder, paid in cash in one of, or in a combination of, US dollars, sterling and Hong Kong dollars or, subject to the Board's determination that a scrip dividend is to be offered in respect of that dividend, may be satisfied in whole or in part by the issue of new shares in lieu of a cash dividend.

## Cautionary statement regarding forward-looking statements

The *Earnings Release* contains certain forward-looking statements with respect to HSBC's financial condition, results of operations, capital position and business.

Statements that are not historical facts, including statements about HSBC's beliefs and expectations, are forward-looking statements. Words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', variations of these words and similar expressions are intended to identify forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. HSBC makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements.

Written and/or oral forward-looking statements may also be made in the periodic reports to the US Securities and Exchange Commission, summary financial statements to shareholders, proxy statements, offering circulars and prospectuses, press releases and other written materials, and in oral statements made by HSBC's Directors, officers or employees to third parties, including financial analysts.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. These include, but are not limited to:

- changes in general economic conditions in the markets in which we operate, such as continuing or deepening recessions and fluctuations in employment beyond those factored into consensus forecasts; changes in foreign exchange rates and interest rates; volatility in equity markets; lack of liquidity in wholesale funding markets; illiquidity and downward price pressure in national real estate markets; adverse changes in central banks' policies with respect to the provision of liquidity support to financial markets; heightened market concerns over sovereign creditworthiness in over-indebted countries; adverse changes in the funding status of public or private defined benefit pensions; and consumer perception as to the continuing availability of credit and price competition in the market segments we serve;
- changes in government policy and regulation, including the monetary, interest rate and other policies of central banks and other regulatory authorities; initiatives to change the size, scope of activities and interconnectedness of financial institutions in connection with the implementation of stricter regulation of financial institutions in key markets worldwide; revised capital and liquidity benchmarks which could serve to deleverage bank balance sheets and lower returns available from the current business model and portfolio mix; imposition of levies or taxes designed to change business mix and risk appetite; the conduct of business of financial institutions in serving their retail customers, corporate clients and counterparties; the standards of market conduct; the costs, effects and outcomes of product regulatory reviews, actions or litigation, including any additional compliance requirements; expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; changes in bankruptcy legislation in the principal markets in which we operate and the consequences thereof; general changes in government policy that may significantly influence investor decisions; extraordinary government actions as a result of current market turmoil; other unfavourable political or diplomatic developments producing social instability or legal uncertainty which in turn may affect demand for our products and services; and the effects of competition in the markets where we operate including increased competition from non-bank financial services companies, including securities firms; and
- factors specific to HSBC, including our success in adequately identifying the risks we face, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques). Effective risk management depends on, among other things, our ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models we use; and our success in addressing operational, legal and regulatory, and litigation challenges, notably compliance with the Deferred Prosecution Agreement with US authorities.

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# Earnings Release – 3Q 2015

## Summary consolidated income statement

|   | Nine months ended     |                       | Quarter ended         |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Net interest income   | 24,472                | 26,158                | 8,028                 | 8,170                 | 8,753                 |
| Net fee income  | 11,234                | 12,239                | 3,509                 | 4,041                 | 4,062                 |
| Net trading income  | 7,315                 | 5,570                 | 2,742                 | 1,990                 | 2,295                 |
| Changes in fair value of long-term debt issued and related derivatives                      | 1,947                 | 476                   | 623                   | 1,034                 | 38                    |
| Net income from other financial instruments designated at fair value                        | (165)                 | 1,440                 | (1,507)               | 36                    | 218                   |
| Net income from financial instruments designated at fair value                              | 1,782                 | 1,916                 | (884)                 | 1,070                 | 256                   |
| Gains less losses from financial investments  | 2,048                 | 915                   | 174                   | 1,227                 | (31)                  |
| Dividend income   | 96                    | 289                   | 28                    | 51                    | 201                   |
| Net earned insurance premiums   | 8,100                 | 9,316                 | 2,493                 | 2,628                 | 3,179                 |
| Other operating income  | 1,107                 | 861                   | 271                   | 498                   | 323                   |
| <b>Total operating income</b>   | <b>56,154</b>         | <b>57,264</b>         | <b>16,361</b>         | <b>19,675</b>         | <b>19,038</b>         |
| Net insurance claims and benefits paid and movement in liabilities to policyholders         | (8,126)               | (10,322)              | (1,276)               | (2,624)               | (3,263)               |
| <b>Net operating income before loan impairment charges and other credit risk provisions</b> | <b>48,028</b>         | <b>46,942</b>         | <b>15,085</b>         | <b>17,051</b>         | <b>15,775</b>         |
| Loan impairment charges and other credit risk provisions                                    | (2,077)               | (2,601)               | (638)                 | (869)                 | (760)                 |
| <b>Net operating income</b>   | <b>45,951</b>         | <b>44,341</b>         | <b>14,447</b>         | <b>16,182</b>         | <b>15,015</b>         |
| Total operating expenses  | (28,226)              | (29,357)              | (9,039)               | (10,342)              | (11,091)              |
| <b>Operating profit</b>   | <b>17,725</b>         | <b>14,984</b>         | <b>5,408</b>          | <b>5,840</b>          | <b>3,924</b>          |
| Share of profit in associates and joint ventures  | 2,000                 | 1,965                 | 689                   | 729                   | 685                   |
| <b>Profit before tax</b>  | <b>19,725</b>         | <b>16,949</b>         | <b>6,097</b>          | <b>6,569</b>          | <b>4,609</b>          |
| Tax expense   | (3,541)               | (3,009)               | (634)                 | (1,540)               | (987)                 |
| <b>Profit after tax</b>   | <b>16,184</b>         | <b>13,940</b>         | <b>5,463</b>          | <b>5,029</b>          | <b>3,622</b>          |
| Profit attributable to shareholders of the parent company                                   | 14,847                | 13,177                | 5,229                 | 4,359                 | 3,431                 |
| Profit attributable to non-controlling interests  | 1,337                 | 763                   | 234                   | 670                   | 191                   |
|   | \$                    | \$                    | \$                    | \$                    | \$                    |
| Basic earnings per ordinary share   | 0.73                  | 0.67                  | 0.25                  | 0.22                  | 0.17                  |
| Diluted earnings per ordinary share   | 0.72                  | 0.67                  | 0.25                  | 0.22                  | 0.17                  |
| Dividend per ordinary share (in respect of the period)                                      | 0.30                  | 0.30                  | 0.10                  | 0.10                  | 0.10                  |
|   | %                     | %                     | %                     | %                     | %                     |
| Return on average ordinary shareholders' equity (annualised)                                | 10.7                  | 9.5                   | 10.9                  | 9.7                   | 7.2                   |
| Pre-tax return on average risk-weighted assets (annualised) <sup>1</sup>                    | 2.2                   | 1.9                   | 2.1                   | 2.2                   | 1.5                   |
| Cost efficiency ratio   | 58.8                  | 62.5                  | 59.9                  | 60.7                  | 70.3                  |

1 Pre-tax Return on RWAs is calculated using an average of RWAs at quarter-ends on a Basel 2.5 basis for all periods up to and including 31 December 2013 and a CRD IV end point basis from 1 January 2014.

# Earnings Release – 3Q 2015

## Summary consolidated balance sheet

|   | At                    |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
|   | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 31 Dec<br>2014<br>\$m |
| <b>ASSETS</b>                                   |                       |                       |                       |
| Cash and balances at central banks              | 126,324               | 144,324               | 129,957               |
| Trading assets                                  | 264,608               | 283,138               | 304,193               |
| Financial assets designated at fair value       | 22,793                | 25,168                | 29,037                |
| Derivatives                                     | 327,257               | 296,942               | 345,008               |
| Loans and advances to banks                     | 119,751               | 109,405               | 112,149               |
| Loans and advances to customers                 | 927,428               | 953,985               | 974,660               |
| Reverse repurchase agreements – non-trading     | 164,009               | 149,384               | 161,713               |
| Financial investments                           | 414,562               | 404,682               | 415,467               |
| Assets held for sale                            | 45,451                | 60,929                | 7,647                 |
| Other assets                                    | 136,340               | 143,756               | 154,308               |
| <b>Total assets</b>                             | <b>2,548,523</b>      | <b>2,571,713</b>      | <b>2,634,139</b>      |
| <b>LIABILITIES AND EQUITY</b>                   |                       |                       |                       |
| <b>Liabilities</b>                              |                       |                       |                       |
| Deposits by banks                               | 77,880                | 71,140                | 77,426                |
| Customer accounts                               | 1,310,643             | 1,335,800             | 1,350,642             |
| Repurchase agreements – non-trading             | 83,904                | 81,506                | 107,432               |
| Trading liabilities                             | 180,015               | 181,435               | 190,572               |
| Financial liabilities designated at fair value  | 67,712                | 69,485                | 76,153                |
| Derivatives                                     | 319,171               | 289,984               | 340,669               |
| Debt securities in issue                        | 96,111                | 102,656               | 95,947                |
| Liabilities under insurance contracts           | 69,351                | 69,494                | 73,861                |
| Liabilities of disposal groups held for sale    | 35,961                | 53,226                | 6,934                 |
| Other liabilities                               | 106,346               | 115,605               | 114,525               |
| <b>Total liabilities</b>                        | <b>2,347,094</b>      | <b>2,370,331</b>      | <b>2,434,161</b>      |
| <b>Equity</b>                                   |                       |                       |                       |
| Total shareholders' equity                      | 192,495               | 192,427               | 190,447               |
| Non-controlling interests                       | 8,934                 | 8,955                 | 9,531                 |
| <b>Total equity</b>                             | <b>201,429</b>        | <b>201,382</b>        | <b>199,978</b>        |
| <b>Total equity and liabilities</b>             | <b>2,548,523</b>      | <b>2,571,713</b>      | <b>2,634,139</b>      |
| Ratio of customer advances to customer accounts | 70.8%                 | 71.4%                 | 72.2%                 |



# Earnings Release – 3Q 2015

## Capital

### Capital and RWA movements by major driver – CRD IV end point basis

|  | Common equity tier 1 capital<br>\$bn | RWAs<br>\$bn   |
|--|--------------------------------------|----------------|
| CRD IV end point basis at 1 July 2015  | 138.1                                | 1,193.2        |
| Capital generation from profit   | 1.9                                  |                |
| – consolidated profits attributable to shareholders of the parent company (including regulatory adjustments) | 3.8                                  |                |
| – third interim dividend <sup>1</sup> net of planned scrip   | (1.7)                                |                |
| – second interim dividend scrip take-up lower than plan  | (0.2)                                |                |
| RWA initiatives  |                                      | (32.4)         |
| Business growth  |                                      | 9.6            |
| Foreign currency translation differences   | (4.2)                                | (27.9)         |
| Other movements  | (0.5)                                | 1.0            |
| <b>CRD IV end point basis at 30 September 2015</b>   | <b>135.3</b>                         | <b>1,143.5</b> |

1 This includes dividends on ordinary shares, quarterly dividends on preference shares and coupons on capital securities, classified as equity.

### Composition of regulatory capital

|   | At                    |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
|   | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 31 Dec<br>2014<br>\$m |
| <b>Common equity tier 1 capital</b>                         |                       |                       |                       |
| Shareholders' equity per balance sheet <sup>1</sup>         | 192,495               | 192,427               | 190,447               |
| Non-controlling interests                                   | 3,424                 | 3,579                 | 4,640                 |
| Regulatory adjustments to the accounting basis              | (31,036)              | (27,713)              | (27,386)              |
| Deductions  | (29,573)              | (30,213)              | (31,748)              |
| <b>Common equity tier 1 capital on an end point basis</b>   | <b>135,310</b>        | <b>138,080</b>        | <b>135,953</b>        |
| <b>Tier 1 and tier 2 capital on a transitional basis</b>    |                       |                       |                       |
| Common equity tier 1 capital on an end point basis          | 135,310               | 138,080               | 135,953               |
| Transitional adjustments                                    | –                     | –                     | (2,753)               |
| – Unrealised gains arising from revaluation of property     | –                     | –                     | (1,375)               |
| – Unrealised gains in available-for-sale debt and equities  | –                     | –                     | (1,378)               |
| <b>Common equity tier 1 capital on a transitional basis</b> | <b>135,310</b>        | <b>138,080</b>        | <b>133,200</b>        |
| Other tier 1 capital before deductions                      | 22,645                | 21,449                | 19,687                |
| Deductions  | (103)                 | (103)                 | (148)                 |
| <b>Tier 1 capital on a transitional basis</b>               | <b>157,852</b>        | <b>159,426</b>        | <b>152,739</b>        |
| Total qualifying tier 2 capital before deductions           | 37,291                | 35,924                | 38,213                |
| Total deductions other than from tier 1 capital             | (240)                 | (240)                 | (222)                 |
| <b>Total regulatory capital on a transitional basis</b>     | <b>194,903</b>        | <b>195,110</b>        | <b>190,730</b>        |
| <b>Total risk-weighted assets</b>                           | <b>1,143,479</b>      | <b>1,193,154</b>      | <b>1,219,765</b>      |
| <b>Capital ratios<sup>2</sup></b>                           | <b>%</b>              | <b>%</b>              | <b>%</b>              |
| <b>CRD IV end point</b>                                     |                       |                       |                       |
| Common equity tier 1 ratio                                  | 11.8                  | 11.6                  | 11.1                  |
| <b>CRD IV transitional</b>                                  |                       |                       |                       |
| Common equity tier 1 ratio                                  | 11.8                  | 11.6                  | 10.9                  |
| Tier 1 ratio  | 13.8                  | 13.4                  | 12.5                  |
| Total capital ratio   | 17.0                  | 16.3                  | 15.6                  |

1 Includes externally verified profits for the period ended 30 September 2015.

2 From 1 January 2015 the CRD IV transitional CET1 and end point CET1 capital ratios became aligned for HSBC Holdings plc due to the recognition of unrealised gains on investment property and available-for-sale securities. Transitional provisions, however, continue to apply for additional tier 1 and tier 2 capital; comparatives are shown accordingly for these.

## Earnings Release – 3Q 2015

### Reconciliation of regulatory capital from transitional to CRD IV end point basis

|   | At                    |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
|   | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 31 Dec<br>2014<br>\$m |
| Common equity tier 1 capital on a transitional basis      | 135,310               | 138,080               | 133,200               |
| Unrealised gains arising from revaluation of property     | –                     | –                     | 1,375                 |
| Unrealised gains in available-for-sale debt and equities  | –                     | –                     | 1,378                 |
| <b>Common equity tier 1 capital on an end point basis</b> | <b>135,310</b>        | <b>138,080</b>        | <b>135,953</b>        |
| Additional tier 1 capital on a transitional basis         | 22,542                | 21,346                | 19,539                |
| Grandfathered instruments:                                |                       |                       |                       |
| Preference share premium                                  | (1,015)               | (1,015)               | (1,160)               |
| Preference share non-controlling interests                | (1,711)               | (1,711)               | (1,955)               |
| Hybrid capital securities                                 | (9,120)               | (9,127)               | (10,007)              |
| Transitional provisions:                                  |                       |                       |                       |
| Allowable non-controlling interest in AT1                 | (1,377)               | (1,282)               | (487)                 |
| Unconsolidated investments                                | 103                   | 103                   | 148                   |
| Additional tier 1 capital end point basis                 | 9,422                 | 8,314                 | 6,078                 |
| <b>Tier 1 capital on an end point basis</b>               | <b>144,732</b>        | <b>146,394</b>        | <b>142,031</b>        |
| Tier 2 capital on a transitional basis                    | 37,051                | 35,684                | 37,991                |
| Grandfathered instruments:                                |                       |                       |                       |
| Perpetual subordinated debt                               | (1,941)               | (1,941)               | (2,218)               |
| Term subordinated debt                                    | (19,034)              | (19,033)              | (21,513)              |
| Transitional provisions:                                  |                       |                       |                       |
| Non-controlling interest in tier 2 capital                | –                     | –                     | (240)                 |
| Allowable non-controlling interest in tier 2              | 21                    | 14                    | 396                   |
| Unconsolidated investments                                | (103)                 | (103)                 | (148)                 |
| <b>Tier 2 capital on an end point basis</b>               | <b>15,994</b>         | <b>14,621</b>         | <b>14,268</b>         |
| <b>Total regulatory capital on an end point basis</b>     | <b>160,726</b>        | <b>161,015</b>        | <b>156,299</b>        |

# Earnings Release – 3Q 2015

## Risk-weighted assets

### RWAs by risk type

|                          | At                  |                     |                     |
|--------------------------|---------------------|---------------------|---------------------|
|                          | 30 Sep 2015<br>\$bn | 30 Jun 2015<br>\$bn | 31 Dec 2014<br>\$bn |
| Credit risk              | 898.7               | 935.1               | 955.3               |
| Counterparty credit risk | 77.5                | 83.7                | 90.7                |
| Market risk              | 49.5                | 56.6                | 56.0                |
| Operational risk         | 117.8               | 117.8               | 117.8               |
|                          | <b>1,143.5</b>      | <b>1,193.2</b>      | <b>1,219.8</b>      |

### RWAs by global business<sup>1</sup>

|                                      | At                  |                     |                     |
|--------------------------------------|---------------------|---------------------|---------------------|
|                                      | 30 Sep 2015<br>\$bn | 30 Jun 2015<br>\$bn | 31 Dec 2014<br>\$bn |
| Retail Banking and Wealth Management | 200.3               | 204.6               | 207.2               |
| Commercial Banking                   | 430.1               | 439.6               | 430.3               |
| Global Banking and Markets           | 458.7               | 491.0               | 516.1               |
| Global Private Banking               | 20.5                | 21.1                | 20.8                |
| Other                                | 33.9                | 36.9                | 45.4                |
|                                      | <b>1,143.5</b>      | <b>1,193.2</b>      | <b>1,219.8</b>      |

1 In the first half of 2015, a portfolio of customers was transferred from CMB to RBWM in Latin America in order to better align the combined banking needs of the customers with our established global businesses. Comparative data have been re-presented accordingly.

### RWAs by geographical region<sup>1</sup>

|                              | At                  |                     |                     |
|------------------------------|---------------------|---------------------|---------------------|
|                              | 30 Sep 2015<br>\$bn | 30 Jun 2015<br>\$bn | 31 Dec 2014<br>\$bn |
| Europe                       | 349.6               | 369.5               | 375.4               |
| Asia                         | 472.7               | 487.4               | 499.8               |
| Middle East and North Africa | 62.5                | 63.1                | 63.0                |
| North America                | 205.5               | 215.7               | 221.4               |
| Latin America                | 76.3                | 82.3                | 88.8                |
|                              | <b>1,143.5</b>      | <b>1,193.2</b>      | <b>1,219.8</b>      |

1 RWAs are non-additive across geographical regions due to market risk diversification effects within the Group.

### Credit risk exposure – RWAs by geographical region

|                             | Europe<br>\$bn | Asia<br>\$bn | MENA<br>\$bn | North<br>America<br>\$bn | Latin<br>America<br>\$bn | Total<br>\$bn |
|-----------------------------|----------------|--------------|--------------|--------------------------|--------------------------|---------------|
| IRB approach                | 195.3          | 204.6        | 18.6         | 132.2                    | 12.7                     | 563.4         |
| – IRB advanced approach     | 177.7          | 204.6        | 9.5          | 132.2                    | 12.7                     | 536.7         |
| – IRB foundation approach   | 17.6           | –            | 9.1          | –                        | –                        | 26.7          |
| Standardised approach       | 49.1           | 176.9        | 34.7         | 32.1                     | 42.5                     | 335.3         |
| <b>At 30 September 2015</b> | <b>244.4</b>   | <b>381.5</b> | <b>53.3</b>  | <b>164.3</b>             | <b>55.2</b>              | <b>898.7</b>  |
| IRB approach                | 204.0          | 216.2        | 15.5         | 139.4                    | 11.5                     | 586.6         |
| – IRB advanced approach     | 186.0          | 216.2        | 10.2         | 139.4                    | 11.5                     | 563.3         |
| – IRB foundation approach   | 18.0           | –            | 5.3          | –                        | –                        | 23.3          |
| Standardised approach       | 50.7           | 177.7        | 38.6         | 32.5                     | 49.0                     | 348.5         |
| <b>At 30 June 2015</b>      | <b>254.7</b>   | <b>393.9</b> | <b>54.1</b>  | <b>171.9</b>             | <b>60.5</b>              | <b>935.1</b>  |
| IRB approach                | 216.1          | 213.1        | 15.6         | 142.0                    | 11.6                     | 598.4         |
| – IRB advanced approach     | 203.3          | 213.1        | 11.6         | 142.0                    | 11.6                     | 581.6         |
| – IRB foundation approach   | 12.8           | –            | 4.0          | –                        | –                        | 16.8          |
| Standardised approach       | 47.1           | 186.0        | 39.0         | 29.6                     | 55.2                     | 356.9         |
| <b>At 31 December 2014</b>  | <b>263.2</b>   | <b>399.1</b> | <b>54.6</b>  | <b>171.6</b>             | <b>66.8</b>              | <b>955.3</b>  |

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### Credit risk exposure – RWAs by global business

|                             | Principal<br>RBWM <sup>1</sup><br>\$bn | US run-off<br>portfolio<br>\$bn | Total<br>RBWM<br>\$bn | CMB <sup>1</sup><br>\$bn | GB&M<br>\$bn | GPB<br>\$bn | Other<br>\$bn | Total<br>\$bn |
|-----------------------------|--|---------------------------------|-----------------------|--------------------------|--------------|-------------|---------------|---------------|
| IRB approach                | 60.8                                   | 40.1                            | 100.9                 | 222.5                    | 220.2        | 9.0         | 10.8          | 563.4         |
| – IRB advanced approach     | 60.8                                   | 40.1                            | 100.9                 | 204.0                    | 213.2        | 8.9         | 9.7           | 536.7         |
| – IRB foundation approach   | –                                      | –                               | –                     | 18.5                     | 7.0          | 0.1         | 1.1           | 26.7          |
| Standardised approach       | 57.2                                   | 4.4                             | 61.6                  | 175.3                    | 68.2         | 7.4         | 22.8          | 335.3         |
| <b>At 30 September 2015</b> | <b>118.0</b>                           | <b>44.5</b>                     | <b>162.5</b>          | <b>397.8</b>             | <b>288.4</b> | <b>16.4</b> | <b>33.6</b>   | <b>898.7</b>  |
| IRB approach                | 60.1                                   | 42.6                            | 102.7                 | 225.6                    | 234.8        | 9.5         | 14.0          | 586.6         |
| – IRB advanced approach     | 60.1                                   | 42.6                            | 102.7                 | 210.6                    | 227.8        | 9.4         | 12.8          | 563.3         |
| – IRB foundation approach   | –                                      | –                               | –                     | 15.0                     | 7.0          | 0.1         | 1.2           | 23.3          |
| Standardised approach       | 59.8                                   | 4.3                             | 64.1                  | 181.9                    | 72.0         | 7.7         | 22.8          | 348.5         |
| <b>At 30 June 2015</b>      | <b>119.9</b>                           | <b>46.9</b>                     | <b>166.8</b>          | <b>407.5</b>             | <b>306.8</b> | <b>17.2</b> | <b>36.8</b>   | <b>935.1</b>  |
| IRB approach                | 56.1                                   | 47.3                            | 103.4                 | 217.2                    | 255.6        | 10.2        | 12.0          | 598.4         |
| – IRB advanced approach     | 56.1                                   | 47.3                            | 103.4                 | 209.2                    | 248.1        | 10.0        | 10.9          | 581.6         |
| – IRB foundation approach   | –                                      | –                               | –                     | 8.0                      | 7.5          | 0.2         | 1.1           | 16.8          |
| Standardised approach       | 61.2                                   | 4.8                             | 66.0                  | 181.0                    | 70.1         | 6.6         | 33.2          | 356.9         |
| <b>At 31 December 2014</b>  | <b>117.3</b>                           | <b>52.1</b>                     | <b>169.4</b>          | <b>398.2</b>             | <b>325.7</b> | <b>16.8</b> | <b>45.2</b>   | <b>955.3</b>  |

1 In the first half of 2015, a portfolio of customers was transferred from CMB to RBWM in Latin America in order to better align the combined banking needs of the customers with our established global businesses. Comparative data have been re-presented accordingly.

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## RWA movement by geographical region by key driver – credit risk – IRB only

|                                       | Europe<br>\$bn | Asia<br>\$bn | MENA<br>\$bn | North<br>America<br>\$bn | Latin<br>America<br>\$bn | Total<br>\$bn |
|---------------------------------------|----------------|--------------|--------------|--------------------------|--------------------------|---------------|
| RWAs at 1 January 2015                | 216.1          | 213.1        | 15.6         | 142.0                    | 11.6                     | 598.4         |
| Foreign exchange movement             | (6.4)          | (7.4)        | (0.6)        | (3.8)                    | (2.5)                    | (20.7)        |
| Acquisitions and disposals            | (13.9)         | –            | –            | –                        | –                        | (13.9)        |
| Book size                             | 8.4            | 7.4          | (0.4)        | 0.6                      | (0.1)                    | 15.9          |
| Book quality                          | (6.5)          | (5.8)        | (1.3)        | (0.2)                    | 3.4                      | (10.4)        |
| Model updates                         | 1.3            | (1.2)        | 3.5          | –                        | 0.1                      | 3.7           |
| – portfolios moving onto IRB approach | –              | –            | 3.5          | –                        | 0.1                      | 3.6           |
| – new/updated models                  | 1.3            | (1.2)        | –            | –                        | –                        | 0.1           |
| Methodology and policy                | (3.7)          | (1.5)        | 1.8          | (6.4)                    | 0.2                      | (9.6)         |
| – internal updates                    | (6.3)          | (3.5)        | 1.7          | (6.4)                    | 0.2                      | (14.3)        |
| – external updates – regulatory       | 2.6            | 2.0          | 0.1          | –                        | –                        | 4.7           |
| Total RWA movement                    | (20.8)         | (8.5)        | 3.0          | (9.8)                    | 1.1                      | (35.0)        |
| RWAs at 30 September 2015             | 195.3          | 204.6        | 18.6         | 132.2                    | 12.7                     | 563.4         |
| RWAs at 1 July 2015                   | 204.0          | 216.2        | 15.5         | 139.4                    | 11.5                     | 586.6         |
| Foreign exchange movement             | (5.6)          | (5.2)        | (0.2)        | (2.0)                    | (1.5)                    | (14.5)        |
| Acquisitions and disposals            | (1.8)          | –            | –            | –                        | –                        | (1.8)         |
| Book size                             | 4.8            | (1.4)        | 0.2          | (0.7)                    | 0.7                      | 3.6           |
| Book quality                          | (1.5)          | (2.7)        | (1.1)        | 0.4                      | 1.7                      | (3.2)         |
| Model updates                         | (0.3)          | 0.5          | 3.5          | –                        | 0.1                      | 3.8           |
| – portfolios moving onto IRB approach | –              | –            | 3.5          | –                        | 0.1                      | 3.6           |
| – new/updated models                  | (0.3)          | 0.5          | –            | –                        | –                        | 0.2           |
| Methodology and policy                | (4.3)          | (2.8)        | 0.7          | (4.9)                    | 0.2                      | (11.1)        |
| – internal updates                    | (4.3)          | (2.8)        | 0.7          | (4.9)                    | 0.2                      | (11.1)        |
| – external updates – regulatory       | –              | –            | –            | –                        | –                        | –             |
| Total RWA movement                    | (8.7)          | (11.6)       | 3.1          | (7.2)                    | 1.2                      | (23.2)        |
| RWAs at 30 September 2015             | 195.3          | 204.6        | 18.6         | 132.2                    | 12.7                     | 563.4         |
| RWAs at 1 January 2014                | 166.9          | 182.9        | 15.0         | 161.5                    | 8.5                      | 534.8         |
| Foreign exchange movement             | (4.6)          | (1.3)        | (0.2)        | (1.4)                    | (1.2)                    | (8.7)         |
| Acquisitions and disposals            | (2.3)          | –            | (0.5)        | (3.5)                    | (0.1)                    | (6.4)         |
| Book size                             | 5.6            | 18.3         | (0.1)        | 1.6                      | 1.8                      | 27.2          |
| Book quality                          | (3.0)          | 0.7          | 0.4          | (5.4)                    | 0.7                      | (6.6)         |
| Model updates                         | 14.9           | 0.3          | –            | (6.4)                    | –                        | 8.8           |
| – portfolios moving onto IRB approach | –              | –            | –            | –                        | –                        | –             |
| – new/updated models                  | 14.9           | 0.3          | –            | (6.4)                    | –                        | 8.8           |
| Methodology and policy                | 35.2           | 12.2         | 0.5          | 0.2                      | 1.7                      | 49.8          |
| – internal updates                    | (11.5)         | (5.6)        | (0.2)        | (6.8)                    | (0.1)                    | (24.2)        |
| – external updates – regulatory       | 2.2            | 6.7          | (0.2)        | 0.7                      | 0.1                      | 9.5           |
| – CRD IV impact                       | 37.0           | 5.7          | 0.4          | 4.9                      | 0.2                      | 48.2          |
| – NCOA moving from STD to IRB         | 7.5            | 5.4          | 0.5          | 1.4                      | 1.5                      | 16.3          |
| Total RWA movement                    | 45.8           | 30.2         | 0.1          | (14.9)                   | 2.9                      | 64.1          |
| RWAs at 30 September 2014             | 212.7          | 213.1        | 15.1         | 146.6                    | 11.4                     | 598.9         |
| RWAs at 1 July 2014                   | 222.6          | 209.9        | 15.3         | 155.3                    | 12.0                     | 615.1         |
| Foreign exchange movement             | (9.5)          | (2.1)        | –            | (1.3)                    | (0.8)                    | (13.7)        |
| Acquisitions and disposals            | –              | –            | –            | (0.9)                    | –                        | (0.9)         |
| Book size                             | 2.6            | 5.3          | 0.1          | 2.1                      | (0.1)                    | 10.0          |
| Book quality                          | (1.3)          | –            | (0.3)        | (3.1)                    | 0.3                      | (4.4)         |
| Model updates                         | –              | –            | –            | (1.3)                    | –                        | (1.3)         |
| – portfolios moving onto IRB approach | –              | –            | –            | –                        | –                        | –             |
| – new/updated models                  | –              | –            | –            | (1.3)                    | –                        | (1.3)         |
| Methodology and policy                | (1.7)          | –            | –            | (4.2)                    | –                        | (5.9)         |
| – internal updates                    | (1.7)          | –            | –            | (4.2)                    | –                        | (5.9)         |
| – external updates – regulatory       | –              | –            | –            | –                        | –                        | –             |
| – CRD IV impact                       | –              | –            | –            | –                        | –                        | –             |
| – NCOA moving from STD to IRB         | –              | –            | –            | –                        | –                        | –             |
| Total RWA movement                    | (9.9)          | 3.2          | (0.2)        | (8.7)                    | (0.6)                    | (16.2)        |
| RWAs at 30 September 2014             | 212.7          | 213.1        | 15.1         | 146.6                    | 11.4                     | 598.9         |

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## RWA movement by global business by key driver – credit risk – IRB only

|                                       | Principal<br>RBWM <sup>1</sup><br>\$bn | US<br>run-off<br>portfolio<br>\$bn | Total<br>RBWM<br>\$bn | CMB <sup>1</sup><br>\$bn | GB&M<br>\$bn | GPB<br>\$bn | Other<br>\$bn | Total<br>\$bn |
|---------------------------------------|--|------------------------------------|-----------------------|--------------------------|--------------|-------------|---------------|---------------|
| RWAs at 1 January 2015                | 56.1                                   | 47.3                               | 103.4                 | 217.2                    | 255.6        | 10.2        | 12.0          | 598.4         |
| Foreign exchange movement             | (2.1)                                  | –                                  | (2.1)                 | (9.1)                    | (8.9)        | (0.2)       | (0.4)         | (20.7)        |
| Acquisitions and disposals            | –                                      | –                                  | –                     | –                        | (13.9)       | –           | –             | (13.9)        |
| Book size                             | 3.2                                    | (4.1)                              | (0.9)                 | 13.8                     | 3.5          | (0.3)       | (0.2)         | 15.9          |
| Book quality                          | (1.4)                                  | (3.4)                              | (4.8)                 | 4.2                      | (9.3)        | –           | (0.5)         | (10.4)        |
| Model updates                         | 0.5                                    | –                                  | 0.5                   | 4.6                      | (1.4)        | –           | –             | 3.7           |
| – portfolios moving onto IRB approach | –                                      | –                                  | –                     | 3.1                      | 0.5          | –           | –             | 3.6           |
| – new/updated models                  | 0.5                                    | –                                  | 0.5                   | 1.5                      | (1.9)        | –           | –             | 0.1           |
| Methodology and policy                | 4.5                                    | 0.3                                | 4.8                   | (8.2)                    | (5.4)        | (0.7)       | (0.1)         | (9.6)         |
| – internal updates                    | 2.5                                    | 0.3                                | 2.8                   | (8.2)                    | (8.1)        | (0.7)       | (0.1)         | (14.3)        |
| – external updates – regulatory       | 2.0                                    | –                                  | 2.0                   | –                        | 2.7          | –           | –             | 4.7           |
| Total RWA movement                    | 4.7                                    | (7.2)                              | (2.5)                 | 5.3                      | (35.4)       | (1.2)       | (1.2)         | (35.0)        |
| RWAs at 30 September 2015             | 60.8                                   | 40.1                               | 100.9                 | 222.5                    | 220.2        | 9.0         | 10.8          | 563.4         |
| RWAs at 1 July 2015                   | 60.1                                   | 42.6                               | 102.7                 | 225.6                    | 234.8        | 9.5         | 14.0          | 586.6         |
| Foreign exchange movement             | (1.6)                                  | –                                  | (1.6)                 | (6.4)                    | (6.1)        | (0.2)       | (0.2)         | (14.5)        |
| Acquisitions and disposals            | –                                      | –                                  | –                     | –                        | (1.8)        | –           | –             | (1.8)         |
| Book size                             | 1.6                                    | (1.4)                              | 0.2                   | 4.8                      | 1.0          | (0.1)       | (2.3)         | 3.6           |
| Book quality                          | 0.1                                    | (1.1)                              | (1.0)                 | 2.2                      | (3.8)        | –           | (0.6)         | (3.2)         |
| Model updates                         | 0.5                                    | –                                  | 0.5                   | 3.0                      | 0.3          | –           | –             | 3.8           |
| – portfolios moving onto IRB approach | –                                      | –                                  | –                     | 3.1                      | 0.5          | –           | –             | 3.6           |
| – new/updated models                  | 0.5                                    | –                                  | 0.5                   | (0.1)                    | (0.2)        | –           | –             | 0.2           |
| Methodology and policy                | 0.1                                    | –                                  | 0.1                   | (6.7)                    | (4.2)        | (0.2)       | (0.1)         | (11.1)        |
| – internal updates                    | 0.1                                    | –                                  | 0.1                   | (6.7)                    | (4.2)        | (0.2)       | (0.1)         | (11.1)        |
| – external updates – regulatory       | –                                      | –                                  | –                     | –                        | –            | –           | –             | –             |
| Total RWA movement                    | 0.7                                    | (2.5)                              | (1.8)                 | (3.1)                    | (14.6)       | (0.5)       | (3.2)         | (23.2)        |
| RWAs at 30 September 2015             | 60.8                                   | 40.1                               | 100.9                 | 222.5                    | 220.2        | 9.0         | 10.8          | 563.4         |
| RWAs at 1 January 2014                | 58.5                                   | 72.6                               | 131.1                 | 189.4                    | 198.5        | 10.6        | 5.2           | 534.8         |
| Foreign exchange movement             | (1.3)                                  | –                                  | (1.3)                 | (4.0)                    | (3.1)        | –           | (0.3)         | (8.7)         |
| Acquisitions and disposals            | –                                      | –                                  | –                     | –                        | (6.4)        | –           | –             | (6.4)         |
| Book size                             | 1.4                                    | (5.2)                              | (3.8)                 | 20.3                     | 12.4         | (0.6)       | (1.1)         | 27.2          |
| Book quality                          | (2.3)                                  | (6.7)                              | (9.0)                 | 3.0                      | (0.6)        | (0.6)       | 0.6           | (6.6)         |
| Model updates                         | 0.1                                    | (6.2)                              | (6.1)                 | 9.3                      | 5.3          | 0.3         | –             | 8.8           |
| – portfolios moving onto IRB approach | –                                      | –                                  | –                     | –                        | –            | –           | –             | –             |
| – new/updated models                  | 0.1                                    | (6.2)                              | (6.1)                 | 9.3                      | 5.3          | 0.3         | –             | 8.8           |
| Methodology and policy                | 1.7                                    | (3.8)                              | (2.1)                 | (2.1)                    | 45.3         | 0.8         | 7.9           | 49.8          |
| – internal updates                    | (2.9)                                  | (4.1)                              | (7.0)                 | (5.5)                    | (11.4)       | (0.3)       | –             | (24.2)        |
| – external updates – regulatory       | –                                      | –                                  | –                     | 2.5                      | 6.3          | 0.5         | 0.2           | 9.5           |
| – CRD IV impact                       | –                                      | –                                  | –                     | (0.7)                    | 48.6         | 0.2         | 0.1           | 48.2          |
| – NCOA moving from STD to IRB         | 4.6                                    | 0.3                                | 4.9                   | 1.6                      | 1.8          | 0.4         | 7.6           | 16.3          |
| Total RWA movement                    | (0.4)                                  | (21.9)                             | (22.3)                | 26.5                     | 52.9         | (0.1)       | 7.1           | 64.1          |
| RWAs at 30 September 2014             | 58.1                                   | 50.7                               | 108.8                 | 215.9                    | 251.4        | 10.5        | 12.3          | 598.9         |
| RWAs at 1 July 2014 on CRD IV basis   | 60.5                                   | 60.6                               | 121.1                 | 213.2                    | 256.4        | 11.2        | 13.2          | 615.1         |
| Foreign exchange movement             | (1.8)                                  | –                                  | (1.8)                 | (6.2)                    | (5.2)        | (0.2)       | (0.3)         | (13.7)        |
| Acquisitions and disposals            | –                                      | –                                  | –                     | –                        | (0.9)        | –           | –             | (0.9)         |
| Book size                             | 0.2                                    | (1.8)                              | (1.6)                 | 8.7                      | 3.9          | (0.2)       | (0.8)         | 10.0          |
| Book quality                          | (0.5)                                  | (2.7)                              | (3.2)                 | 0.2                      | (1.3)        | (0.3)       | 0.2           | (4.4)         |
| Model updates                         | –                                      | (1.3)                              | (1.3)                 | –                        | –            | –           | –             | (1.3)         |
| – portfolios moving onto IRB approach | –                                      | –                                  | –                     | –                        | –            | –           | –             | –             |
| – new/updated models                  | –                                      | (1.3)                              | (1.3)                 | –                        | –            | –           | –             | (1.3)         |
| Methodology and policy                | (0.3)                                  | (4.1)                              | (4.4)                 | –                        | (1.5)        | –           | –             | (5.9)         |
| – internal updates                    | (0.3)                                  | (4.1)                              | (4.4)                 | –                        | (1.5)        | –           | –             | (5.9)         |
| – external updates – regulatory       | –                                      | –                                  | –                     | –                        | –            | –           | –             | –             |
| Total RWA movement                    | (2.4)                                  | (9.9)                              | (12.3)                | 2.7                      | (5.0)        | (0.7)       | (0.9)         | (16.2)        |
| RWAs at 30 September 2014             | 58.1                                   | 50.7                               | 108.8                 | 215.9                    | 251.4        | 10.5        | 12.3          | 598.9         |

1 In the first half of 2015, a portfolio of customers was transferred from CMB to RBWM in Latin America in order to better align the combined banking needs of the customers with our established global businesses. Comparative data have been re-presented accordingly.

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### *RWA movement by key driver – counterparty credit risk – advanced approach*

|                                 | Nine months ended      |                        | Quarter ended          |                        |
|---------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                 | 30 Sep<br>2015<br>\$bn | 30 Sep<br>2014<br>\$bn | 30 Sep<br>2015<br>\$bn | 30 Sep<br>2014<br>\$bn |
| RWAs at beginning of period     | 65.5                   | 42.2                   | 59.4                   | 70.8                   |
| Book size                       | (5.5)                  | 7.4                    | (2.5)                  | 4.2                    |
| Book quality                    | (0.8)                  | (0.3)                  | (0.2)                  | –                      |
| Model updates                   | –                      | 0.1                    | –                      | (2.1)                  |
| Methodology and policy          | (4.0)                  | 21.2                   | (1.5)                  | (2.3)                  |
| – internal updates              | (4.0)                  | (3.3)                  | (1.5)                  | (2.3)                  |
| – external updates – regulatory | –                      | 7.5                    | –                      | –                      |
| – CRD IV impact                 | –                      | 17.0                   | –                      | –                      |
| Total RWA movement              | (10.3)                 | 28.4                   | (4.2)                  | (0.2)                  |
| RWAs at end of period           | 55.2                   | 70.6                   | 55.2                   | 70.6                   |

## Earnings Release – 3Q 2015

### RWA movement by key driver – market risk – internal model based

|                                 | Nine months ended      |                        | Quarter ended          |                        |
|---------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                 | 30 Sep<br>2015<br>\$bn | 30 Sep<br>2014<br>\$bn | 30 Sep<br>2015<br>\$bn | 30 Sep<br>2014<br>\$bn |
| RWAs at beginning of period     | 44.6                   | 52.2                   | 46.5                   | 49.5                   |
| Acquisitions and disposals      | –                      | (2.0)                  | –                      | (2.0)                  |
| Movement in risk levels         | (2.3)                  | (0.1)                  | (5.0)                  | (1.0)                  |
| Model updates                   | –                      | –                      | –                      | –                      |
| Methodology and policy          | (1.4)                  | 3.1                    | (0.6)                  | 6.7                    |
| – internal updates              | (1.4)                  | 0.5                    | (0.6)                  | –                      |
| – external updates – regulatory | –                      | 2.6                    | –                      | 6.7                    |
| Total RWA movement              | (3.7)                  | 1.0                    | (5.6)                  | 3.7                    |
| RWAs at end of period           | 40.9                   | 53.2                   | 40.9                   | 53.2                   |

### Leverage

#### Leverage ratio

|   | EU Delegated Act basis at |                        |                        |
|---|---------------------------|------------------------|------------------------|
|   | 30 Sep<br>2015<br>\$bn    | 30 Jun<br>2015<br>\$bn | 31 Dec<br>2014<br>\$bn |
| Total assets per regulatory balance sheet                                   | 2,672                     | 2,675                  | 2,726                  |
| Adjustment to reverse netting of loans and deposits allowable under IFRS    | 35                        | 37                     | 38                     |
| Reversal of accounting values including assets classified as held for sale: | (515)                     | (476)                  | (525)                  |
| – derivatives   | (329)                     | (298)                  | (345)                  |
| – repurchase agreement and securities finance                               | (186)                     | (178)                  | (180)                  |
| Replaced with regulatory values:  | 347                       | 355                    | 354                    |
| – derivatives   | 153                       | 168                    | 166                    |
| – repurchase agreement and securities finance                               | 194                       | 187                    | 188                    |
| Addition of off balance sheet commitments and guarantees:                   | 393                       | 399                    | 396                    |
| Exclusion of items already deducted from the capital measure                | (33)                      | (33)                   | (36)                   |
| <b>Exposure measure after regulatory adjustments</b>                        | <b>2,899</b>              | <b>2,957</b>           | <b>2,953</b>           |
| Tier 1 capital under CRD IV (end point)                                     | 145                       | 146                    | 142                    |
| <b>Leverage ratio</b>   | <b>5.0%</b>               | <b>4.9%</b>            | <b>4.8%</b>            |



## Earnings Release – 3Q 2015

### Profit/(loss) before tax by global business and geographical region

|                                      | Nine months ended     |                                    | Quarter ended         |                       |                                    |
|--------------------------------------|-----------------------|------------------------------------|-----------------------|-----------------------|------------------------------------|
|                                      | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014 <sup>1</sup><br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014 <sup>1</sup><br>\$m |
| <b>By global business</b>            |                       |                                    |                       |                       |                                    |
| Retail Banking and Wealth Management | 4,522                 | 4,305                              | 1,160                 | 1,752                 | 1,303                              |
| Commercial Banking                   | 6,749                 | 7,109                              | 2,226                 | 2,229                 | 2,295                              |
| Global Banking and Markets           | 6,895                 | 5,974                              | 2,141                 | 1,713                 | 941                                |
| Global Private Banking               | 261                   | 554                                | 81                    | 115                   | 190                                |
| Other                                | 1,298                 | (993)                              | 489                   | 760                   | (120)                              |
|                                      | <b>19,725</b>         | <b>16,949</b>                      | <b>6,097</b>          | <b>6,569</b>          | <b>4,609</b>                       |
| <b>By geographical region</b>        |                       |                                    |                       |                       |                                    |
| Europe                               | 3,773                 | 2,751                              | 1,568                 | 641                   | 493                                |
| Asia                                 | 12,948                | 11,369                             | 3,548                 | 5,070                 | 3,475                              |
| Middle East and North Africa         | 1,260                 | 1,476                              | 359                   | 444                   | 487                                |
| North America                        | 1,169                 | 883                                | 479                   | 213                   | 58                                 |
| Latin America                        | 575                   | 470                                | 143                   | 201                   | 96                                 |
|                                      | <b>19,725</b>         | <b>16,949</b>                      | <b>6,097</b>          | <b>6,569</b>          | <b>4,609</b>                       |

1 In Q2 2015, a portfolio of customers was transferred from CMB to RBWM in Latin America in order to better align the combined banking needs of the customers with our established global businesses. Comparative data have been re-presented accordingly.

## Earnings Release – 3Q 2015

### Summary information – global businesses

#### Retail Banking and Wealth Management

|  | Nine months ended     |                                    | Quarter ended         |                       |                                    |
|--|-----------------------|------------------------------------|-----------------------|-----------------------|------------------------------------|
|  | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014 <sup>2</sup><br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014 <sup>2</sup><br>\$m |
| Net operating income before loan impairment charges and other credit risk provisions | 17,912                | 19,134                             | 5,470                 | 6,531                 | 6,518                              |
| Loan impairment charges and other credit risk provisions                             | (1,396)               | (1,568)                            | (462)                 | (474)                 | (269)                              |
| Net operating income   | 16,516                | 17,566                             | 5,008                 | 6,057                 | 6,249                              |
| Total operating expenses   | (12,308)              | (13,583)                           | (3,954)               | (4,426)               | (5,053)                            |
| Operating profit   | 4,208                 | 3,983                              | 1,054                 | 1,631                 | 1,196                              |
| Share of profit in associates and joint ventures                                     | 314                   | 322                                | 106                   | 121                   | 107                                |
| <b>Profit before tax</b>   | <b>4,522</b>          | <b>4,305</b>                       | <b>1,160</b>          | <b>1,752</b>          | <b>1,303</b>                       |
| Profit before tax relates to:  |                       |                                    |                       |                       |                                    |
| Principal RBWM   | 4,698                 | 3,878                              | 1,181                 | 1,937                 | 935                                |
| US run-off portfolio   | (176)                 | 427                                | (21)                  | (185)                 | 368                                |
|  | %                     | %                                  | %                     | %                     | %                                  |
| Cost efficiency ratio  | 68.7                  | 71.0                               | 72.3                  | 67.8                  | 77.5                               |
| Reported pre-tax RoRWA (annualised) <sup>1</sup>                                     | 3.0                   | 2.6                                | 2.3                   | 3.4                   | 2.4                                |
|  | \$m                   | \$m                                | \$m                   | \$m                   | \$m                                |
| Adjusted profit before tax – Principal RBWM  | 4,934                 | 5,307                              | 1,340                 | 1,851                 | 1,798                              |

1 Pre-tax Return on RWAs is calculated using an average of RWAs at quarter-ends on a Basel 2.5 basis for all periods up to and including 31 December 2013 and a CRD IV end point basis from 1 January 2014.

2 In Q2 2015, a portfolio of customers was transferred from CMB to RBWM in Latin America in order to better align the combined banking needs of the customers with our established global businesses. Comparative data have been re-presented accordingly.

#### Principal RBWM: management view of adjusted revenue

|  | Nine months ended     |                       | Quarter ended         |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Current accounts, savings and deposits | 4,213                 | 4,149                 | 1,398                 | 1,384                 | 1,383                 |
| Wealth Management products             | 4,921                 | 4,561                 | 1,316                 | 1,945                 | 1,554                 |
| Investment distribution <sup>1</sup>   | 2,811                 | 2,511                 | 845                   | 1,070                 | 876                   |
| Life insurance manufacturing           | 1,286                 | 1,283                 | 207                   | 592                   | 417                   |
| Asset Management                       | 824                   | 767                   | 264                   | 283                   | 261                   |
| Personal lending                       | 7,569                 | 7,759                 | 2,467                 | 2,470                 | 2,537                 |
| Mortgages                              | 2,151                 | 2,224                 | 720                   | 710                   | 733                   |
| Credit cards                           | 2,952                 | 2,978                 | 958                   | 974                   | 985                   |
| Other personal lending <sup>2</sup>    | 2,466                 | 2,557                 | 789                   | 786                   | 819                   |
| Other <sup>3</sup>                     | 503                   | 533                   | 182                   | 135                   | 172                   |
| Net operating income <sup>4</sup>      | 17,206                | 17,002                | 5,363                 | 5,934                 | 5,646                 |

1 'Investment distribution' includes Investments, which comprises mutual funds (HSBC manufactured and third-party), structured products and securities trading, and Wealth insurance distribution, consisting of HSBC manufactured and third-party life, pension and investment insurance products.

2 'Other personal lending' includes personal non-residential closed-end loans and personal overdrafts.

3 'Other' mainly includes the distribution and manufacturing (where applicable) of retail and credit protection insurance.

4 Net operating income before loan impairment charges and other credit risk provisions, also referred to as revenue.

## Earnings Release – 3Q 2015

### Commercial Banking

|  | Nine months ended     |                                    | Quarter ended         |                       |                                    |
|--|-----------------------|------------------------------------|-----------------------|-----------------------|------------------------------------|
|  | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014 <sup>2</sup><br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014 <sup>2</sup><br>\$m |
| Net operating income before loan impairment charges and other credit risk provisions | 11,236                | 11,884                             | 3,702                 | 3,748                 | 4,061                              |
| Loan impairment charges and other credit risk provisions                             | (757)                 | (874)                              | (246)                 | (295)                 | (386)                              |
| Net operating income   | 10,479                | 11,010                             | 3,456                 | 3,453                 | 3,675                              |
| Total operating expenses   | (4,997)               | (5,146)                            | (1,676)               | (1,682)               | (1,819)                            |
| Operating profit   | 5,482                 | 5,864                              | 1,780                 | 1,771                 | 1,856                              |
| Share of profit in associates and joint ventures                                     | 1,267                 | 1,245                              | 446                   | 458                   | 439                                |
| <b>Profit before tax</b>   | <b>6,749</b>          | <b>7,109</b>                       | <b>2,226</b>          | <b>2,229</b>          | <b>2,295</b>                       |
|  | %                     | %                                  | %                     | %                     | %                                  |
| Cost efficiency ratio  | 44.5                  | 43.3                               | 45.3                  | 44.9                  | 44.8                               |
| Reported pre-tax RoRWA (annualised) <sup>1</sup>                                     | 2.1                   | 2.3                                | 2.0                   | 2.1                   | 2.1                                |

1 Pre-tax Return on RWAs is calculated using an average of RWAs at quarter-ends on a Basel 2.5 basis for all periods up to and including 31 December 2013 and a CRD IV end point basis from 1 January 2014.

2 In Q2 2015, a portfolio of customers was transferred from CMB to RBWM in Latin America in order to better align the combined banking needs of the customers with our established global businesses. Comparative data have been re-presented accordingly.

### Management view of adjusted revenue

|   | Nine months ended     |                       | Quarter ended         |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Global Trade and Receivables Finance                                | 1,841                 | 1,852                 | 616                   | 597                   | 638                   |
| Credit and lending  | 4,514                 | 4,180                 | 1,544                 | 1,474                 | 1,433                 |
| Payments and Cash Management, current accounts and savings deposits | 3,415                 | 3,319                 | 1,151                 | 1,124                 | 1,135                 |
| Markets products, Insurance and Investments and Other <sup>1</sup>  | 1,466                 | 1,558                 | 391                   | 498                   | 488                   |
| Net operating income <sup>2</sup>                                   | 11,236                | 10,909                | 3,702                 | 3,693                 | 3,694                 |

1 Includes Foreign Exchange revenue.

2 Net operating income before loan impairment charges and other credit risk provisions, also referred to as revenue.

## Earnings Release – 3Q 2015

### Global Banking and Markets

|  | Nine months ended     |                       | Quarter ended         |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Net operating income before loan impairment charges and other credit risk provisions | 14,786                | 14,470                | 4,525                 | 5,019                 | 4,679                 |
| Loan impairment recoveries/(charges) and other credit risk provisions                | 90                    | (185)                 | 79                    | (97)                  | (136)                 |
| Net operating income   | 14,876                | 14,285                | 4,604                 | 4,922                 | 4,543                 |
| Total operating expenses   | (8,385)               | (8,687)               | (2,595)               | (3,353)               | (3,729)               |
| Operating profit   | 6,491                 | 5,598                 | 2,009                 | 1,569                 | 814                   |
| Share of profit in associates and joint ventures                                     | 404                   | 376                   | 132                   | 144                   | 127                   |
| <b>Profit before tax</b>   | <b>6,895</b>          | <b>5,974</b>          | <b>2,141</b>          | <b>1,713</b>          | <b>941</b>            |
|  | %                     | %                     | %                     | %                     | %                     |
| Cost efficiency ratio  | 56.7                  | 60.0                  | 57.3                  | 66.8                  | 79.7                  |
| Reported pre-tax RoRWA (annualised) <sup>1</sup>                                     | 1.9                   | 1.6                   | 1.8                   | 1.4                   | 0.7                   |

1 Pre-tax Return on RWAs is calculated using an average of RWAs at quarter-ends on a Basel 2.5 basis for all periods up to and including 31 December 2013 and a CRD IV end point basis from 1 January 2014.

### Management view of adjusted revenue

|                                      | Nine months ended     |                       | Quarter ended         |                       |                       |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                      | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Markets                              | 5,853                 | 5,277                 | 1,480                 | 2,125                 | 1,720                 |
| Legacy Credit                        | 90                    | 172                   | (7)                   | 24                    | 12                    |
| Credit                               | 568                   | 551                   | 76                    | 230                   | 156                   |
| Rates                                | 1,374                 | 1,496                 | 367                   | 529                   | 469                   |
| Foreign Exchange                     | 2,349                 | 2,130                 | 679                   | 712                   | 787                   |
| Equities                             | 1,472                 | 928                   | 365                   | 630                   | 296                   |
| Capital Financing                    | 2,874                 | 2,833                 | 994                   | 958                   | 912                   |
| Payments and Cash Management         | 1,338                 | 1,279                 | 439                   | 433                   | 429                   |
| Securities Services                  | 1,289                 | 1,189                 | 425                   | 428                   | 397                   |
| Global Trade and Receivables Finance | 553                   | 538                   | 183                   | 181                   | 179                   |
| Balance Sheet Management             | 2,305                 | 2,116                 | 717                   | 646                   | 747                   |
| Principal Investments                | 177                   | 433                   | 49                    | 109                   | 115                   |
| Other <sup>1</sup>                   | (1)                   | 3                     | (17)                  | 29                    | (16)                  |
| Net operating income <sup>2</sup>    | 14,388                | 13,668                | 4,270                 | 4,909                 | 4,483                 |

1 'Other' in GB&M includes net interest earned on free capital held in the global business not assigned to products 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 IFRSs basis, the offset to these tax credits are included within 'Other'.

2 Net operating income before loan impairment charges and other credit risk provisions, also referred to as revenue.

## Earnings Release – 3Q 2015

### Global Private Banking

|  | Nine months ended     |                       | Quarter ended         |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Net operating income before loan impairment charges and other credit risk provisions | 1,685                 | 1,820                 | 508                   | 564                   | 590                   |
| Loan impairment (charges)/recoveries and other credit risk provisions                | (9)                   | 25                    | (4)                   | (3)                   | 31                    |
| Net operating income   | 1,676                 | 1,845                 | 504                   | 561                   | 621                   |
| Total operating expenses   | (1,427)               | (1,304)               | (426)                 | (450)                 | (436)                 |
| Operating profit   | 249                   | 541                   | 78                    | 111                   | 185                   |
| Share of profit in associates and joint ventures                                     | 12                    | 13                    | 3                     | 4                     | 5                     |
| <b>Profit before tax</b>   | <b>261</b>            | <b>554</b>            | <b>81</b>             | <b>115</b>            | <b>190</b>            |
|  | %                     | %                     | %                     | %                     | %                     |
| Cost efficiency ratio  | 84.7                  | 71.6                  | 83.9                  | 79.8                  | 73.9                  |
| Reported pre-tax RoRWA (annualised) <sup>1</sup>                                     | 1.7                   | 3.4                   | 1.5                   | 2.2                   | 3.5                   |

1 Pre-tax Return on RWAs is calculated using an average of RWAs at quarter-ends on a Basel 2.5 basis for all periods up to and including 31 December 2013 and a CRD IV end point basis from 1 January 2014.

### Client assets<sup>1</sup> by geography

|               | Quarter ended          |                        |                        |                        |                        |
|---------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|               | 30 Sep<br>2015<br>\$bn | 30 Jun<br>2015<br>\$bn | 31 Mar<br>2015<br>\$bn | 31 Dec<br>2014<br>\$bn | 30 Sep<br>2014<br>\$bn |
| Europe        | 170                    | 179                    | 177                    | 179                    | 191                    |
| Asia          | 106                    | 117                    | 114                    | 112                    | 111                    |
| North America | 62                     | 64                     | 65                     | 63                     | 65                     |
| Latin America | 8                      | 10                     | 10                     | 11                     | 13                     |
| <b>Total</b>  | <b>346</b>             | <b>370</b>             | <b>366</b>             | <b>365</b>             | <b>380</b>             |

### Client assets<sup>1</sup>

|                                     | Quarter ended          |                        |                        |                        |                        |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                                     | 30 Sep<br>2015<br>\$bn | 30 Jun<br>2015<br>\$bn | 31 Mar<br>2015<br>\$bn | 31 Dec<br>2014<br>\$bn | 30 Sep<br>2014<br>\$bn |
| Opening balance                     | 370                    | 366                    | 365                    | 380                    | 384                    |
| Net new money                       | 3                      | –                      | (1)                    | –                      | –                      |
| Of which: areas targeted for growth | 6                      | 3                      | 3                      | 4                      | 5                      |
| Value change                        | (14)                   | 1                      | 8                      | 3                      | (1)                    |
| Exchange and other                  | (13)                   | 3                      | (6)                    | (18)                   | (3)                    |
| Closing balance                     | <b>346</b>             | <b>370</b>             | <b>366</b>             | <b>365</b>             | <b>380</b>             |

1 'Client assets' are translated at the rates of exchange applicable for their respective period-ends, with the effects of currency translation reported separately. The main components of client assets are funds under management, which are not reported on the Group's balance sheet, and customer deposits, which are reported on the Group's balance sheet.

## Earnings Release – 3Q 2015

### Other<sup>1</sup>

|  | Nine months ended     |                       | Quarter ended         |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Net operating income before loan impairment charges and other credit risk provisions         | 7,227                 | 4,170                 | 2,540                 | 2,856                 | 1,513                 |
| – of which effect of changes in own credit spread on the fair value of long-term debt issued | 1,775                 | (15)                  | 1,125                 | 352                   | 200                   |
| Loan impairment (charges)/recoveries and other credit risk provisions                        | (5)                   | 1                     | (5)                   | –                     | –                     |
| Net operating income   | 7,222                 | 4,171                 | 2,535                 | 2,856                 | 1,513                 |
| Total operating expenses   | (5,927)               | (5,173)               | (2,048)               | (2,098)               | (1,640)               |
| Operating profit/(loss)  | 1,295                 | (1,002)               | 487                   | 758                   | (127)                 |
| Share of profit in associates and joint ventures   | 3                     | 9                     | 2                     | 2                     | 7                     |
| <b>Profit/(loss) before tax</b>  | <b>1,298</b>          | <b>(993)</b>          | <b>489</b>            | <b>760</b>            | <b>(120)</b>          |

1 The main items reported under 'Other' are the results of HSBC's holding company and financing operations, which include net interest earned on free capital held centrally, operating costs incurred by the head office operations in providing stewardship and central management services to HSBC, along with the costs incurred by the Group Service Centres and Shared Service Organisations and associated recoveries. The results also include unallocated investment activities, centrally held investment companies and certain property transactions. In addition, 'Other' also includes part of the movement in the fair value of long-term debt designated at fair value (the remainder of the Group's movement on own debt is included in GB&M).

# Earnings Release – 3Q 2015

## Summary information – geographical regions

### Europe

|   | Nine months ended     |                       | Quarter ended         |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Net operating income before loan impairment charges<br>and other credit risk provisions | 17,472                | 16,774                | 6,003                 | 5,850                 | 5,901                 |
| Loan impairment charges and other credit risk provisions                                | (351)                 | (404)                 | (63)                  | (276)                 | (138)                 |
| Net operating income  | 17,121                | 16,370                | 5,940                 | 5,574                 | 5,763                 |
| Total operating expenses  | (13,354)              | (13,624)              | (4,376)               | (4,933)               | (5,272)               |
| Operating profit  | 3,767                 | 2,746                 | 1,564                 | 641                   | 491                   |
| Share of profit in associates and joint ventures  | 6                     | 5                     | 4                     | –                     | 2                     |
| <b>Profit before tax</b>  | <b>3,773</b>          | <b>2,751</b>          | <b>1,568</b>          | <b>641</b>            | <b>493</b>            |
|   | %                     | %                     | %                     | %                     | %                     |
| Cost efficiency ratio   | 76.4                  | 81.2                  | 72.9                  | 84.3                  | 89.3                  |
| Reported pre-tax RoRWA (annualised) <sup>1</sup>  | 1.4                   | 1.0                   | 1.7                   | 0.7                   | 0.5                   |

<sup>1</sup> Pre-tax Return on RWAs is calculated using an average of RWAs at quarter-ends on a Basel 2.5 basis for all periods up to and including 31 December 2013 and a CRD IV end point basis from 1 January 2014.

### Profit/(loss) before tax by global business

|                                      | Nine months ended     |                       | Quarter ended         |                       |                       |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                      | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Retail Banking and Wealth Management | 1,189                 | 235                   | 326                   | 602                   | (245)                 |
| Commercial Banking                   | 1,945                 | 2,145                 | 658                   | 634                   | 594                   |
| Global Banking and Markets           | 1,159                 | 1,534                 | 254                   | (231)                 | 109                   |
| Global Private Banking               | (14)                  | 262                   | 9                     | 20                    | 86                    |
| Other                                | (506)                 | (1,425)               | 321                   | (384)                 | (51)                  |
| <b>Profit before tax</b>             | <b>3,773</b>          | <b>2,751</b>          | <b>1,568</b>          | <b>641</b>            | <b>493</b>            |

### Reported and adjusted UK profit/(loss) before tax

|                                   | Nine months ended     |                       | Quarter ended         |                       |                       |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                   | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Reported profit/(loss) before tax | 2,781                 | 1,930                 | 1,356                 | (40)                  | 234                   |
| Adjusted profit before tax        | 2,631                 | 3,686                 | 778                   | 377                   | 1,328                 |

## Earnings Release – 3Q 2015

### Asia

|  | Nine months ended     |                       | Quarter ended         |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Net operating income before loan impairment charges and other credit risk provisions | 19,843                | 17,884                | 5,778                 | 7,493                 | 5,777                 |
| Loan impairment charges and other credit risk provisions                             | (365)                 | (387)                 | (119)                 | (151)                 | (171)                 |
| Net operating income   | 19,478                | 17,497                | 5,659                 | 7,342                 | 5,606                 |
| Total operating expenses   | (8,126)               | (7,690)               | (2,669)               | (2,862)               | (2,681)               |
| Operating profit   | 11,352                | 9,807                 | 2,990                 | 4,480                 | 2,925                 |
| Share of profit in associates and joint ventures                                     | 1,596                 | 1,562                 | 558                   | 590                   | 550                   |
| <b>Profit before tax</b>   | <b>12,948</b>         | <b>11,369</b>         | <b>3,548</b>          | <b>5,070</b>          | <b>3,475</b>          |
|  | %                     | %                     | %                     | %                     | %                     |
| Cost efficiency ratio  | 41.0                  | 43.0                  | 46.2                  | 38.2                  | 46.4                  |
| Reported pre-tax RoRWA (annualised) <sup>1</sup>                                     | 3.5                   | 3.2                   | 2.9                   | 4.2                   | 2.8                   |

1 Pre-tax Return on RWAs is calculated using an average of RWAs at quarter-ends on a Basel 2.5 basis for all periods up to and including 31 December 2013 and a CRD IV end point basis from 1 January 2014.

### Profit/(loss) before tax by global business

|                                      | Nine months ended     |                       | Quarter ended         |                       |                       |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                      | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Retail Banking and Wealth Management | 3,432                 | 3,462                 | 901                   | 1,292                 | 1,123                 |
| Commercial Banking                   | 3,623                 | 3,597                 | 1,219                 | 1,224                 | 1,225                 |
| Global Banking and Markets           | 3,962                 | 3,538                 | 1,279                 | 1,363                 | 1,123                 |
| Global Private Banking               | 209                   | 209                   | 53                    | 71                    | 76                    |
| Other                                | 1,722                 | 563                   | 96                    | 1,120                 | (72)                  |
| <b>Profit before tax</b>             | <b>12,948</b>         | <b>11,369</b>         | <b>3,548</b>          | <b>5,070</b>          | <b>3,475</b>          |

### Reported and adjusted Hong Kong profit before tax

|                            | Nine months ended     |                       | Quarter ended         |                       |                       |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                            | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Reported profit before tax | 8,050                 | 6,414                 | 1,817                 | 3,462                 | 1,866                 |
| Adjusted profit before tax | 6,663                 | 6,294                 | 1,804                 | 2,452                 | 2,144                 |



## Earnings Release – 3Q 2015

### Middle East and North Africa

|   | Nine months ended     |                       | Quarter ended         |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Net operating income before loan impairment charges<br>and other credit risk provisions | 1,929                 | 1,978                 | 640                   | 650                   | 684                   |
| Loan impairment (charges)/recoveries and other credit risk provisions                   | (134)                 | 30                    | (103)                 | (22)                  | (20)                  |
| Net operating income  | 1,795                 | 2,008                 | 537                   | 628                   | 664                   |
| Total operating expenses  | (931)                 | (918)                 | (307)                 | (321)                 | (304)                 |
| Operating profit  | 864                   | 1,090                 | 230                   | 307                   | 360                   |
| Share of profit in associates and joint ventures  | 396                   | 386                   | 129                   | 137                   | 127                   |
| <b>Profit before tax</b>  | <b>1,260</b>          | <b>1,476</b>          | <b>359</b>            | <b>444</b>            | <b>487</b>            |
|   | %                     | %                     | %                     | %                     | %                     |
| Cost efficiency ratio   | 48.3                  | 46.4                  | 48.0                  | 49.4                  | 44.4                  |
| Reported pre-tax RoRWA (annualised) <sup>1</sup>  | 2.7                   | 3.1                   | 2.3                   | 2.8                   | 3.1                   |

1 Pre-tax Return on RWAs is calculated using an average of RWAs at quarter-ends on a Basel 2.5 basis for all periods up to and including 31 December 2013 and a CRD IV end point basis from 1 January 2014.

### Profit/(loss) before tax by global business

|                                      | Nine months ended     |                       | Quarter ended         |                       |                       |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                      | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Retail Banking and Wealth Management | 201                   | 273                   | 29                    | 81                    | 91                    |
| Commercial Banking                   | 388                   | 506                   | 115                   | 126                   | 150                   |
| Global Banking and Markets           | 682                   | 723                   | 212                   | 243                   | 246                   |
| Global Private Banking               | 13                    | 13                    | 5                     | 3                     | 4                     |
| Other                                | (24)                  | (39)                  | (2)                   | (9)                   | (4)                   |
| <b>Profit before tax</b>             | <b>1,260</b>          | <b>1,476</b>          | <b>359</b>            | <b>444</b>            | <b>487</b>            |

## Earnings Release – 3Q 2015

### North America

|   | Nine months ended     |                       | Quarter ended         |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Net operating income before loan impairment charges<br>and other credit risk provisions | 6,065                 | 6,145                 | 1,939                 | 2,138                 | 2,078                 |
| Loan impairment (charges)/recoveries and other credit risk provisions                   | (217)                 | (356)                 | (64)                  | (74)                  | 55                    |
| Net operating income  | 5,848                 | 5,789                 | 1,875                 | 2,064                 | 2,133                 |
| Total operating expenses  | (4,682)               | (4,918)               | (1,395)               | (1,852)               | (2,081)               |
| Operating profit  | 1,166                 | 871                   | 480                   | 212                   | 52                    |
| Share of profit/(loss) in associates and joint ventures                                 | 3                     | 12                    | (1)                   | 1                     | 6                     |
| <b>Profit before tax</b>  | <b>1,169</b>          | <b>883</b>            | <b>479</b>            | <b>213</b>            | <b>58</b>             |
|   | %                     | %                     | %                     | %                     | %                     |
| Cost efficiency ratio   | 77.2                  | 80.0                  | 71.9                  | 86.6                  | 100.1                 |
| Reported pre-tax RoRWA (annualised) <sup>1</sup>  | 0.7                   | 0.5                   | 0.9                   | 0.4                   | 0.1                   |

1 Pre-tax Return on RWAs is calculated using an average of RWAs at quarter-ends on a Basel 2.5 basis for all periods up to and including 31 December 2013 and a CRD IV end point basis from 1 January 2014.

### Profit/(loss) before tax by global business

|                                      | Nine months ended     |                       | Quarter ended         |                       |                       |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                      | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Retail Banking and Wealth Management | (168)                 | 455                   | 4                     | (205)                 | 325                   |
| Principal RBWM                       | 8                     | 28                    | 25                    | (20)                  | (43)                  |
| Run-off portfolio                    | (176)                 | 427                   | (21)                  | (185)                 | 368                   |
| Commercial Banking                   | 595                   | 642                   | 172                   | 197                   | 256                   |
| Global Banking and Markets           | 564                   | (229)                 | 208                   | 164                   | (543)                 |
| Global Private Banking               | 50                    | 76                    | 13                    | 19                    | 25                    |
| Other                                | 128                   | (61)                  | 82                    | 38                    | (5)                   |
| <b>Profit before tax</b>             | <b>1,169</b>          | <b>883</b>            | <b>479</b>            | <b>213</b>            | <b>58</b>             |

## Earnings Release – 3Q 2015

### Latin America

|   | Nine months ended     |                       | Quarter ended         |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014<br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014<br>\$m |
| Net operating income before loan impairment charges<br>and other credit risk provisions | 5,167                 | 6,373                 | 1,609                 | 1,731                 | 2,108                 |
| Loan impairment charges and other credit risk provisions                                | (1,010)               | (1,484)               | (289)                 | (346)                 | (486)                 |
| Net operating income  | 4,157                 | 4,889                 | 1,320                 | 1,385                 | 1,622                 |
| Total operating expenses  | (3,581)               | (4,419)               | (1,176)               | (1,185)               | (1,526)               |
| Operating profit  | 576                   | 470                   | 144                   | 200                   | 96                    |
| Share of profit in associates and joint ventures  | (1)                   | –                     | (1)                   | 1                     | –                     |
| <b>Profit before tax</b>  | <b>575</b>            | <b>470</b>            | <b>143</b>            | <b>201</b>            | <b>96</b>             |
|   | %                     | %                     | %                     | %                     | %                     |
| Cost efficiency ratio   | 69.3                  | 69.3                  | 73.1                  | 68.5                  | 72.4                  |
| Reported pre-tax RoRWA (annualised) <sup>1</sup>  | 0.9                   | 0.7                   | 0.7                   | 1.0                   | 0.4                   |

1 Pre-tax Return on RWAs is calculated using an average of RWAs at quarter-ends on a Basel 2.5 basis for all periods up to and including 31 December 2013 and a CRD IV end point basis from 1 January 2014.

### Profit/(loss) before tax by global business

|                                      | Nine months ended     |                                    | Quarter ended         |                       |                                    |
|--------------------------------------|-----------------------|------------------------------------|-----------------------|-----------------------|------------------------------------|
|                                      | 30 Sep<br>2015<br>\$m | 30 Sep<br>2014 <sup>1</sup><br>\$m | 30 Sep<br>2015<br>\$m | 30 Jun<br>2015<br>\$m | 30 Sep<br>2014 <sup>1</sup><br>\$m |
| Retail Banking and Wealth Management | (132)                 | (120)                              | (100)                 | (18)                  | 9                                  |
| Commercial Banking                   | 198                   | 219                                | 62                    | 48                    | 70                                 |
| Global Banking and Markets           | 528                   | 408                                | 188                   | 174                   | 6                                  |
| Global Private Banking               | 3                     | (6)                                | 1                     | 2                     | (1)                                |
| Other                                | (22)                  | (31)                               | (8)                   | (5)                   | 12                                 |
| <b>Profit before tax</b>             | <b>575</b>            | <b>470</b>                         | <b>143</b>            | <b>201</b>            | <b>96</b>                          |

1 In Q2 2015, a portfolio of customers was transferred from CMB to RBWM in Latin America in order to better align the combined banking needs of the customers with our established global businesses. Comparative data have been re-presented accordingly.

Appendix – selected information

Reconciliation of reported results to adjusted performance – geographical regions

|   | Nine months ended 30 September 2015 |             |             |                         |                         |              |           |                     |
|---|-------------------------------------|-------------|-------------|-------------------------|-------------------------|--------------|-----------|---------------------|
|   | Europe<br>\$m                       | Asia<br>\$m | MENA<br>\$m | North<br>America<br>\$m | Latin<br>America<br>\$m | Total<br>\$m | UK<br>\$m | Hong<br>Kong<br>\$m |
| <b>Revenue</b>  |                                     |             |             |                         |                         |              |           |                     |
| Reported <sup>1</sup>   | 17,472                              | 19,843      | 1,929       | 6,065                   | 5,167                   | 48,028       | 12,962    | 12,408              |
| Significant items   | (1,505)                             | (1,486)     | (11)        | (119)                   | (91)                    | (3,212)      | (1,429)   | (1,397)             |
| – debit valuation adjustment ('DVA') on derivative contracts                                    | (167)                               | (119)       | (1)         | (37)                    | (92)                    | (416)        | (135)     | (27)                |
| – fair value movements on non-qualifying hedges   | 196                                 | 2           | –           | 154                     | 1                       | 353          | 196       | 3                   |
| – gain on the partial sale of shareholding in Industrial Bank                                   | –                                   | (1,372)     | –           | –                       | –                       | (1,372)      | –         | (1,372)             |
| – own credit spread   | (1,532)                             | 3           | (10)        | (236)                   | –                       | (1,775)      | (1,488)   | (1)                 |
| – releases arising from the ongoing review of compliance with the Consumer Credit Act in the UK | (2)                                 | –           | –           | –                       | –                       | (2)          | (2)       | –                   |
| Adjusted <sup>1</sup>   | 15,967                              | 18,357      | 1,918       | 5,946                   | 5,076                   | 44,816       | 11,533    | 11,011              |
| <b>Loan impairment charges and other credit risk provisions ('LICs')</b>                        |                                     |             |             |                         |                         |              |           |                     |
| Reported  | (351)                               | (365)       | (134)       | (217)                   | (1,010)                 | (2,077)      | (52)      | (119)               |
| Adjusted  | (351)                               | (365)       | (134)       | (217)                   | (1,010)                 | (2,077)      | (52)      | (119)               |
| <b>Operating expenses</b>   |                                     |             |             |                         |                         |              |           |                     |
| Reported <sup>1</sup>   | (13,354)                            | (8,126)     | (931)       | (4,682)                 | (3,581)                 | (28,226)     | (10,135)  | (4,261)             |
| Significant items   | 1,458                               | 15          | 2           | 436                     | 90                      | 2,001        | 1,279     | 10                  |
| – Brazil disposal costs   | –                                   | –           | –           | –                       | 54                      | 54           | –         | –                   |
| – costs to achieve  | 89                                  | 7           | 1           | 38                      | 30                      | 165          | 82        | 4                   |
| – costs to establish UK ring-fenced bank  | 28                                  | –           | –           | –                       | –                       | 28           | 28        | –                   |
| – regulatory provisions in GBP  | 154                                 | –           | –           | –                       | –                       | 154          | –         | –                   |
| – restructuring and other related costs   | 68                                  | 8           | 1           | 34                      | 6                       | 117          | 50        | 6                   |
| – settlements and provisions in connection with legal matters                                   | 915                                 | –           | –           | 364                     | –                       | 1,279        | 915       | –                   |
| – UK customer redress programmes  | 204                                 | –           | –           | –                       | –                       | 204          | 204       | –                   |
| Adjusted <sup>1</sup>   | (11,896)                            | (8,111)     | (929)       | (4,246)                 | (3,491)                 | (26,225)     | (8,856)   | (4,251)             |
| <b>Share of profit in associates and joint ventures</b>   |                                     |             |             |                         |                         |              |           |                     |
| Reported  | 6                                   | 1,596       | 396         | 3                       | (1)                     | 2,000        | 6         | 22                  |
| Adjusted  | 6                                   | 1,596       | 396         | 3                       | (1)                     | 2,000        | 6         | 22                  |
| <b>Profit before tax</b>  |                                     |             |             |                         |                         |              |           |                     |
| Reported  | 3,773                               | 12,948      | 1,260       | 1,169                   | 575                     | 19,725       | 2,781     | 8,050               |
| Significant items   | (47)                                | (1,471)     | (9)         | 317                     | (1)                     | (1,211)      | (150)     | (1,387)             |
| – revenue   | (1,505)                             | (1,486)     | (11)        | (119)                   | (91)                    | (3,212)      | (1,429)   | (1,397)             |
| – operating expenses  | 1,458                               | 15          | 2           | 436                     | 90                      | 2,001        | 1,279     | 10                  |
| Adjusted  | 3,726                               | 11,477      | 1,251       | 1,486                   | 574                     | 18,514       | 2,631     | 6,663               |

1 Amounts are non-additive across geographical regions due to inter-company transactions within the Group.

# Earnings Release – 3Q 2015

## Reconciliation of reported results to adjusted performance – geographical regions (continued)

|   | Nine months ended 30 September 2014 |                |              |                         |                         |                 |                |                     |
|---|-------------------------------------|----------------|--------------|-------------------------|-------------------------|-----------------|----------------|---------------------|
|   | Europe<br>\$m                       | Asia<br>\$m    | MENA<br>\$m  | North<br>America<br>\$m | Latin<br>America<br>\$m | Total<br>\$m    | UK<br>\$m      | Hong<br>Kong<br>\$m |
| <b>Revenue</b>  |                                     |                |              |                         |                         |                 |                |                     |
| Reported <sup>1</sup>   | 16,774                              | 17,884         | 1,978        | 6,145                   | 6,373                   | 46,942          | 11,988         | 10,491              |
| Currency translation <sup>1</sup>   | (1,738)                             | (477)          | (36)         | (186)                   | (1,373)                 | (3,746)         | (936)          | 5                   |
| Significant items   | 914                                 | (59)           | (30)         | 141                     | (21)                    | 945             | 646            | (127)               |
| – DVA on derivative contracts   | 194                                 | 59             | 4            | 15                      | 6                       | 278             | 165            | 22                  |
| – fair value movements on non-qualifying hedges   | 152                                 | 4              | –            | 185                     | –                       | 341             | (18)           | 10                  |
| – gain on sale of several tranches of real estate secured accounts in the US                      | –                                   | –              | –            | (76)                    | –                       | (76)            | –              | –                   |
| – gain on sale of shareholding in Bank of Shanghai  | –                                   | (428)          | –            | –                       | –                       | (428)           | –              | (428)               |
| – impairment of our investment in Industrial Bank   | –                                   | 271            | –            | –                       | –                       | 271             | –              | 271                 |
| – own credit spread   | (12)                                | 3              | 7            | 17                      | –                       | 15              | (81)           | (2)                 |
| – provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK | 580                                 | –              | –            | –                       | –                       | 580             | 580            | –                   |
| – (gain)/loss and trading results from disposals and changes in ownership levels                  | –                                   | 32             | (41)         | –                       | (27)                    | (36)            | –              | –                   |
| <b>Adjusted<sup>1</sup></b>   | <b>15,950</b>                       | <b>17,348</b>  | <b>1,912</b> | <b>6,100</b>            | <b>4,979</b>            | <b>44,141</b>   | <b>11,698</b>  | <b>10,369</b>       |
| <b>LICs</b>   |                                     |                |              |                         |                         |                 |                |                     |
| Reported  | (404)                               | (387)          | 30           | (356)                   | (1,484)                 | (2,601)         | 12             | (159)               |
| Currency translation  | 88                                  | 18             | –            | 9                       | 351                     | 466             | 11             | 1                   |
| <b>Adjusted</b>   | <b>(316)</b>                        | <b>(369)</b>   | <b>30</b>    | <b>(347)</b>            | <b>(1,133)</b>          | <b>(2,135)</b>  | <b>23</b>      | <b>(158)</b>        |
| <b>Operating expenses</b>   |                                     |                |              |                         |                         |                 |                |                     |
| Reported <sup>1</sup>   | (13,624)                            | (7,690)        | (918)        | (4,918)                 | (4,419)                 | (29,357)        | (10,075)       | (3,948)             |
| Currency translation <sup>1</sup>   | 1,213                               | 248            | 10           | 92                      | 975                     | 2,474           | 664            | (2)                 |
| Significant items   | 1,402                               | 6              | 31           | 581                     | 33                      | 2,053           | 1,372          | 3                   |
| – charge in relation to settlement agreement with Federal Housing Finance Authority               | –                                   | –              | –            | 550                     | –                       | 550             | –              | –                   |
| – restructuring and other related costs   | 89                                  | 6              | –            | 31                      | 24                      | 150             | 59             | 3                   |
| – settlements and provisions in connection with legal matters                                     | 378                                 | –              | –            | –                       | –                       | 378             | 378            | –                   |
| – UK customer redress programmes  | 935                                 | –              | –            | –                       | –                       | 935             | 935            | –                   |
| – trading results from disposals and changes in ownership levels                                  | –                                   | –              | 31           | –                       | 9                       | 40              | –              | –                   |
| <b>Adjusted<sup>1</sup></b>   | <b>(11,009)</b>                     | <b>(7,436)</b> | <b>(877)</b> | <b>(4,245)</b>          | <b>(3,411)</b>          | <b>(24,830)</b> | <b>(8,039)</b> | <b>(3,947)</b>      |
| <b>Share of profit in associates and joint ventures</b>   |                                     |                |              |                         |                         |                 |                |                     |
| Reported  | 5                                   | 1,562          | 386          | 12                      | –                       | 1,965           | 5              | 30                  |
| Currency translation  | (2)                                 | (20)           | 1            | (1)                     | –                       | (22)            | (1)            | –                   |
| <b>Adjusted</b>   | <b>3</b>                            | <b>1,542</b>   | <b>387</b>   | <b>11</b>               | <b>–</b>                | <b>1,943</b>    | <b>4</b>       | <b>30</b>           |
| <b>Profit before tax</b>  |                                     |                |              |                         |                         |                 |                |                     |
| Reported  | 2,751                               | 11,369         | 1,476        | 883                     | 470                     | 16,949          | 1,930          | 6,414               |
| Currency translation  | (439)                               | (231)          | (25)         | (86)                    | (47)                    | (828)           | (262)          | 4                   |
| Significant items   | 2,316                               | (53)           | 1            | 722                     | 12                      | 2,998           | 2,018          | (124)               |
| – revenue   | 914                                 | (59)           | (30)         | 141                     | (21)                    | 945             | 646            | (127)               |
| – operating expenses  | 1,402                               | 6              | 31           | 581                     | 33                      | 2,053           | 1,372          | 3                   |
| <b>Adjusted</b>   | <b>4,628</b>                        | <b>11,085</b>  | <b>1,452</b> | <b>1,519</b>            | <b>435</b>              | <b>19,119</b>   | <b>3,686</b>   | <b>6,294</b>        |

1 Amounts are non-additive across geographical regions due to inter-company transactions within the Group.

# Earnings Release – 3Q 2015

## Reconciliation of reported results to adjusted performance – geographical regions (continued)

|   | Quarter ended 30 September 2015 |             |             |                         |                         |              |           |                     |
|---|---------------------------------|-------------|-------------|-------------------------|-------------------------|--------------|-----------|---------------------|
|   | Europe<br>\$m                   | Asia<br>\$m | MENA<br>\$m | North<br>America<br>\$m | Latin<br>America<br>\$m | Total<br>\$m | UK<br>\$m | Hong<br>Kong<br>\$m |
| <b>Revenue</b>  |                                 |             |             |                         |                         |              |           |                     |
| Reported <sup>1</sup>   | 6,003                           | 5,778       | 640         | 1,939                   | 1,609                   | 15,085       | 4,716     | 3,278               |
| Significant items   | (925)                           | (67)        | (8)         | 38                      | (79)                    | (1,041)      | (890)     | (17)                |
| – debit valuation adjustment ('DVA') on derivative contracts                                      | (88)                            | (69)        | –           | (15)                    | (79)                    | (251)        | (68)      | (13)                |
| – fair value movements on non-qualifying hedges   | 173                             | 2           | –           | 133                     | –                       | 308          | 152       | (2)                 |
| – loss on sale of several tranches of real estate secured accounts in the US                      | –                               | –           | –           | 17                      | –                       | 17           | –         | –                   |
| – own credit spread   | (1,020)                         | –           | (8)         | (97)                    | –                       | (1,125)      | (984)     | (2)                 |
| – provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK | 10                              | –           | –           | –                       | –                       | 10           | 10        | –                   |
| Adjusted <sup>1</sup>   | 5,078                           | 5,711       | 632         | 1,977                   | 1,530                   | 14,044       | 3,826     | 3,261               |
| <b>Loan impairment charges and other credit risk provisions ('LICs')</b>                          |                                 |             |             |                         |                         |              |           |                     |
| Reported  | (63)                            | (119)       | (103)       | (64)                    | (289)                   | (638)        | 20        | (62)                |
| Adjusted  | (63)                            | (119)       | (103)       | (64)                    | (289)                   | (638)        | 20        | (62)                |
| <b>Operating expenses</b>   |                                 |             |             |                         |                         |              |           |                     |
| Reported <sup>1</sup>   | (4,376)                         | (2,669)     | (307)       | (1,395)                 | (1,176)                 | (9,039)      | (3,382)   | (1,405)             |
| Significant items   | 326                             | 7           | 1           | 38                      | 84                      | 456          | 312       | 4                   |
| – Brazil disposal costs   | –                               | –           | –           | –                       | 54                      | 54           | –         | –                   |
| – costs to achieve  | 89                              | 7           | 1           | 38                      | 30                      | 165          | 82        | 4                   |
| – costs to establish UK ring-fenced bank  | 28                              | –           | –           | –                       | –                       | 28           | 28        | –                   |
| – regulatory provisions in GBP  | 7                               | –           | –           | –                       | –                       | 7            | –         | –                   |
| – settlements and provisions in connection with legal matters                                     | 135                             | –           | –           | –                       | –                       | 135          | 135       | –                   |
| – UK customer redress programmes  | 67                              | –           | –           | –                       | –                       | 67           | 67        | –                   |
| Adjusted <sup>1</sup>   | (4,050)                         | (2,662)     | (306)       | (1,357)                 | (1,092)                 | (8,583)      | (3,070)   | (1,401)             |
| <b>Share of profit in associates and joint ventures</b>   |                                 |             |             |                         |                         |              |           |                     |
| Reported  | 4                               | 558         | 129         | (1)                     | (1)                     | 689          | 2         | 6                   |
| Adjusted  | 4                               | 558         | 129         | (1)                     | (1)                     | 689          | 2         | 6                   |
| <b>Profit before tax</b>  |                                 |             |             |                         |                         |              |           |                     |
| Reported  | 1,568                           | 3,548       | 359         | 479                     | 143                     | 6,097        | 1,356     | 1,817               |
| Significant items   | (599)                           | (60)        | (7)         | 76                      | 5                       | (585)        | (578)     | (13)                |
| – revenue   | (925)                           | (67)        | (8)         | 38                      | (79)                    | (1,041)      | (890)     | (17)                |
| – operating expenses  | 326                             | 7           | 1           | 38                      | 84                      | 456          | 312       | 4                   |
| Adjusted  | 969                             | 3,488       | 352         | 555                     | 148                     | 5,512        | 778       | 1,804               |

1 Amounts are non-additive across geographical regions due to inter-company transactions within the Group.

# Earnings Release – 3Q 2015

## Reconciliation of reported results to adjusted performance – geographical regions (continued)

|   | Quarter ended 30 September 2014 |                |              |                         |                         |                |                |                     |
|---|---------------------------------|----------------|--------------|-------------------------|-------------------------|----------------|----------------|---------------------|
|   | Europe<br>\$m                   | Asia<br>\$m    | MENA<br>\$m  | North<br>America<br>\$m | Latin<br>America<br>\$m | Total<br>\$m   | UK<br>\$m      | Hong<br>Kong<br>\$m |
| <b>Revenue</b>  |                                 |                |              |                         |                         |                |                |                     |
| Reported <sup>1</sup>   | 5,901                           | 5,777          | 684          | 2,078                   | 2,108                   | 15,775         | 4,330          | 3,271               |
| Currency translation <sup>1</sup>   | (526)                           | (222)          | (14)         | (79)                    | (591)                   | (1,404)        | (276)          | 1                   |
| Significant items   | 165                             | 275            | (3)          | (107)                   | –                       | 330            | 3              | 277                 |
| – DVA on derivative contracts   | 115                             | 6              | 1            | 1                       | –                       | 123            | 108            | 7                   |
| – fair value movements on non-qualifying hedges   | 8                               | –              | –            | 11                      | –                       | 19             | (112)          | –                   |
| – gain on sale of several tranches of real estate secured accounts in the US                      | –                               | –              | –            | (91)                    | –                       | (91)           | –              | –                   |
| – impairment of our investment in Industrial Bank   | –                               | 271            | –            | –                       | –                       | 271            | –              | 271                 |
| – own credit spread   | (171)                           | (2)            | 1            | (28)                    | –                       | (200)          | (206)          | (1)                 |
| – provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK | 213                             | –              | –            | –                       | –                       | 213            | 213            | –                   |
| – gain and trading results from disposals and changes in ownership levels                         | –                               | –              | (5)          | –                       | –                       | (5)            | –              | –                   |
| <b>Adjusted<sup>1</sup></b>   | <b>5,540</b>                    | <b>5,830</b>   | <b>667</b>   | <b>1,892</b>            | <b>1,517</b>            | <b>14,701</b>  | <b>4,057</b>   | <b>3,549</b>        |
| <b>LICs</b>   |                                 |                |              |                         |                         |                |                |                     |
| Reported  | (138)                           | (171)          | (20)         | 55                      | (486)                   | (760)          | (18)           | (59)                |
| Currency translation  | 44                              | 9              | 1            | 3                       | 148                     | 205            | 20             | 1                   |
| Significant items   | –                               | –              | –            | –                       | (2)                     | (2)            | –              | –                   |
| – trading results from disposals and changes in ownership levels                                  | –                               | –              | –            | –                       | (2)                     | (2)            | –              | –                   |
| <b>Adjusted</b>   | <b>(94)</b>                     | <b>(162)</b>   | <b>(19)</b>  | <b>58</b>               | <b>(340)</b>            | <b>(557)</b>   | <b>2</b>       | <b>(58)</b>         |
| <b>Operating expenses</b>   |                                 |                |              |                         |                         |                |                |                     |
| Reported <sup>1</sup>   | (5,272)                         | (2,681)        | (304)        | (2,081)                 | (1,526)                 | (11,091)       | (4,080)        | (1,351)             |
| Currency translation <sup>1</sup>   | 426                             | 119            | 3            | 40                      | 437                     | 997            | 249            | (1)                 |
| Significant items   | 1,115                           | 4              | 5            | 568                     | 10                      | 1,702          | 1,098          | –                   |
| – charge in relation to settlement agreement with Federal Housing Finance Authority               | –                               | –              | –            | 550                     | –                       | 550            | –              | –                   |
| – restructuring and other related costs   | 36                              | 4              | –            | 18                      | 10                      | 68             | 19             | –                   |
| – settlements and provisions in connection with legal matters                                     | 378                             | –              | –            | –                       | –                       | 378            | 378            | –                   |
| – UK customer redress programmes  | 701                             | –              | –            | –                       | –                       | 701            | 701            | –                   |
| – trading results from disposals and changes in ownership levels                                  | –                               | –              | 5            | –                       | –                       | 5              | –              | –                   |
| <b>Adjusted<sup>1</sup></b>   | <b>(3,731)</b>                  | <b>(2,558)</b> | <b>(296)</b> | <b>(1,473)</b>          | <b>(1,079)</b>          | <b>(8,392)</b> | <b>(2,733)</b> | <b>(1,352)</b>      |
| <b>Share of profit in associates and joint ventures</b>   |                                 |                |              |                         |                         |                |                |                     |
| Reported  | 2                               | 550            | 127          | 6                       | –                       | 685            | 2              | 5                   |
| Currency translation  | 1                               | (12)           | –            | (2)                     | –                       | (13)           | –              | –                   |
| <b>Adjusted</b>   | <b>3</b>                        | <b>538</b>     | <b>127</b>   | <b>4</b>                | <b>–</b>                | <b>672</b>     | <b>2</b>       | <b>5</b>            |
| <b>Profit before tax</b>  |                                 |                |              |                         |                         |                |                |                     |
| Reported  | 493                             | 3,475          | 487          | 58                      | 96                      | 4,609          | 234            | 1,866               |
| Currency translation  | (55)                            | (106)          | (10)         | (38)                    | (6)                     | (215)          | (7)            | 1                   |
| Significant items   | 1,280                           | 279            | 2            | 461                     | 8                       | 2,030          | 1,101          | 277                 |
| – revenue   | 165                             | 275            | (3)          | (107)                   | –                       | 330            | 3              | 277                 |
| – LICs  | –                               | –              | –            | –                       | (2)                     | (2)            | –              | –                   |
| – operating expenses  | 1,115                           | 4              | 5            | 568                     | 10                      | 1,702          | 1,098          | –                   |
| <b>Adjusted</b>   | <b>1,718</b>                    | <b>3,648</b>   | <b>479</b>   | <b>481</b>              | <b>98</b>               | <b>6,424</b>   | <b>1,328</b>   | <b>2,144</b>        |

1 Amounts are non-additive across geographical regions due to inter-company transactions within the Group.

## Earnings Release – 3Q 2015

### Reconciliation of reported results to adjusted performance – global businesses

|  | Nine months ended 30 September 2015 |            |             |            |              |              |
|--|-------------------------------------|------------|-------------|------------|--------------|--------------|
|  | RBWM<br>\$m                         | CMB<br>\$m | GB&M<br>\$m | GPB<br>\$m | Other<br>\$m | Total<br>\$m |
| <b>Revenue</b>   |                                     |            |             |            |              |              |
| Reported <sup>1</sup>  | 17,912                              | 11,236     | 14,786      | 1,685      | 7,227        | 48,028       |
| Significant items  | 152                                 | –          | (398)       | (25)       | (2,941)      | (3,212)      |
| – DVA on derivative contracts  | –                                   | –          | (416)       | –          | –            | (416)        |
| – fair value movements on non-qualifying hedges  | 130                                 | –          | 18          | (1)        | 206          | 353          |
| – gain on the partial sale of shareholding in Industrial Bank  | –                                   | –          | –           | –          | (1,372)      | (1,372)      |
| – own credit spread  | –                                   | –          | –           | –          | (1,775)      | (1,775)      |
| – provisions/(releases) arising from the ongoing review of compliance with the Consumer Credit Act in the UK | 22                                  | –          | –           | (24)       | –            | (2)          |
| Adjusted <sup>1</sup>  | 18,064                              | 11,236     | 14,388      | 1,660      | 4,286        | 44,816       |
| <b>LICs</b>  |                                     |            |             |            |              |              |
| Reported   | (1,396)                             | (757)      | 90          | (9)        | (5)          | (2,077)      |
| Adjusted   | (1,396)                             | (757)      | 90          | (9)        | (5)          | (2,077)      |
| <b>Operating expenses</b>  |                                     |            |             |            |              |              |
| Reported <sup>1</sup>  | (12,308)                            | (4,997)    | (8,385)     | (1,427)    | (5,927)      | (28,226)     |
| Significant items  | 635                                 | 65         | 977         | 173        | 151          | 2,001        |
| – Brazil disposal costs  | 34                                  | 6          | 6           | –          | 8            | 54           |
| – costs to achieve   | 56                                  | 13         | 20          | 1          | 75           | 165          |
| – costs to establish UK ring-fenced bank   | –                                   | –          | –           | –          | 28           | 28           |
| – regulatory provisions in GPB   | –                                   | –          | –           | 154        | –            | 154          |
| – restructuring and other related costs  | 32                                  | 5          | 22          | 18         | 40           | 117          |
| – settlements and provisions in connection with legal matters  | 350                                 | –          | 929         | –          | –            | 1,279        |
| – UK customer redress programmes   | 163                                 | 41         | –           | –          | –            | 204          |
| Adjusted <sup>1</sup>  | (11,673)                            | (4,932)    | (7,408)     | (1,254)    | (5,776)      | (26,225)     |
| <b>Share of profit in associates and joint ventures</b>  |                                     |            |             |            |              |              |
| Reported   | 314                                 | 1,267      | 404         | 12         | 3            | 2,000        |
| Adjusted   | 314                                 | 1,267      | 404         | 12         | 3            | 2,000        |
| <b>Profit before tax</b>   |                                     |            |             |            |              |              |
| Reported   | 4,522                               | 6,749      | 6,895       | 261        | 1,298        | 19,725       |
| Significant items  | 787                                 | 65         | 579         | 148        | (2,790)      | (1,211)      |
| – revenue  | 152                                 | –          | (398)       | (25)       | (2,941)      | (3,212)      |
| – operating expenses   | 635                                 | 65         | 977         | 173        | 151          | 2,001        |
| Adjusted   | 5,309                               | 6,814      | 7,474       | 409        | (1,492)      | 18,514       |

<sup>1</sup> Amounts are non-additive across global businesses due to inter-company transactions within the Group.



# Earnings Release – 3Q 2015

## Reconciliation of reported results to adjusted performance – global businesses (continued)

|   | Nine months ended 30 September 2014 |                |                |                |                |                 |
|---|-------------------------------------|----------------|----------------|----------------|----------------|-----------------|
|   | RBWM<br>\$m                         | CMB<br>\$m     | GB&M<br>\$m    | GPB<br>\$m     | Other<br>\$m   | Total<br>\$m    |
| <b>Revenue</b>  |                                     |                |                |                |                |                 |
| Reported <sup>1</sup>   | 19,134                              | 11,884         | 14,470         | 1,820          | 4,170          | 46,942          |
| Currency translation <sup>1</sup>   | (1,705)                             | (963)          | (1,076)        | (109)          | (93)           | (3,746)         |
| Significant items   | 743                                 | (12)           | 274            | 20             | (80)           | 945             |
| – DVA on derivative contracts   | –                                   | –              | 278            | –              | –              | 278             |
| – fair value movements on non-qualifying hedges   | 302                                 | (1)            | 11             | –              | 29             | 341             |
| – gain on sale of several tranches of real estate secured accounts in the US                      | (76)                                | –              | –              | –              | –              | (76)            |
| – gain on sale of shareholding in Bank of Shanghai  | –                                   | –              | –              | –              | (428)          | (428)           |
| – impairment of our investment in Industrial Bank   | –                                   | –              | –              | –              | 271            | 271             |
| – own credit spread   | –                                   | –              | –              | –              | 15             | 15              |
| – provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK | 544                                 | 16             | –              | 20             | –              | 580             |
| – (gain)/loss and trading results from disposals and changes in ownership levels                  | (27)                                | (27)           | (15)           | –              | 33             | (36)            |
| <b>Adjusted<sup>1</sup></b>   | <b>18,172</b>                       | <b>10,909</b>  | <b>13,668</b>  | <b>1,731</b>   | <b>3,997</b>   | <b>44,141</b>   |
| <b>LICs</b>   |                                     |                |                |                |                |                 |
| Reported  | (1,568)                             | (874)          | (185)          | 25             | 1              | (2,601)         |
| Currency translation  | 261                                 | 121            | 81             | 1              | 2              | 466             |
| Significant items   | 2                                   | (2)            | –              | –              | –              | –               |
| – trading results from disposals and changes in ownership levels                                  | 2                                   | (2)            | –              | –              | –              | –               |
| <b>Adjusted</b>   | <b>(1,305)</b>                      | <b>(755)</b>   | <b>(104)</b>   | <b>26</b>      | <b>3</b>       | <b>(2,135)</b>  |
| <b>Operating expenses</b>   |                                     |                |                |                |                |                 |
| Reported <sup>1</sup>   | (13,583)                            | (5,146)        | (8,687)        | (1,304)        | (5,173)        | (29,357)        |
| Currency translation <sup>1</sup>   | 1,397                               | 474            | 598            | 81             | 124            | 2,474           |
| Significant items   | 877                                 | 83             | 1,002          | 8              | 83             | 2,053           |
| – charge in relation to settlement agreement with Federal Housing Finance Authority               | 17                                  | –              | 533            | –              | –              | 550             |
| – restructuring and other related costs   | 29                                  | 10             | 20             | 8              | 83             | 150             |
| – settlements and provisions in connection with legal matters                                     | –                                   | –              | 378            | –              | –              | 378             |
| – UK customer redress programmes  | 810                                 | 59             | 66             | –              | –              | 935             |
| – trading results from disposals and changes in ownership levels                                  | 21                                  | 14             | 5              | –              | –              | 40              |
| <b>Adjusted<sup>1</sup></b>   | <b>(11,309)</b>                     | <b>(4,589)</b> | <b>(7,087)</b> | <b>(1,215)</b> | <b>(4,966)</b> | <b>(24,830)</b> |
| <b>Share of profit in associates and joint ventures</b>   |                                     |                |                |                |                |                 |
| Reported  | 322                                 | 1,245          | 376            | 13             | 9              | 1,965           |
| Currency translation  | (2)                                 | (14)           | (4)            | 2              | (4)            | (22)            |
| <b>Adjusted</b>   | <b>320</b>                          | <b>1,231</b>   | <b>372</b>     | <b>15</b>      | <b>5</b>       | <b>1,943</b>    |
| <b>Profit before tax</b>  |                                     |                |                |                |                |                 |
| Reported  | 4,305                               | 7,109          | 5,974          | 554            | (993)          | 16,949          |
| Currency translation  | (49)                                | (382)          | (401)          | (25)           | 29             | (828)           |
| Significant items   | 1,622                               | 69             | 1,276          | 28             | 3              | 2,998           |
| – revenue   | 743                                 | (12)           | 274            | 20             | (80)           | 945             |
| – LICs  | 2                                   | (2)            | –              | –              | –              | –               |
| – operating expenses  | 877                                 | 83             | 1,002          | 8              | 83             | 2,053           |
| <b>Adjusted</b>   | <b>5,878</b>                        | <b>6,796</b>   | <b>6,849</b>   | <b>557</b>     | <b>(961)</b>   | <b>19,119</b>   |

1 Amounts are non-additive across global businesses due to inter-company transactions within the Group.

## Earnings Release – 3Q 2015

### Reconciliation of reported results to adjusted performance – global businesses (continued)

|   | Quarter ended 30 September 2015 |            |             |            |              |              |
|---|---------------------------------|------------|-------------|------------|--------------|--------------|
|   | RBWM<br>\$m                     | CMB<br>\$m | GB&M<br>\$m | GPB<br>\$m | Other<br>\$m | Total<br>\$m |
| <b>Revenue</b>  |                                 |            |             |            |              |              |
| Reported <sup>1</sup>   | 5,470                           | 3,702      | 4,525       | 508        | 2,540        | 15,085       |
| Significant items   | 175                             | –          | (255)       | (1)        | (960)        | (1,041)      |
| – DVA on derivative contracts   | –                               | –          | (251)       | –          | –            | (251)        |
| – fair value movements on non-qualifying hedges   | 148                             | –          | (4)         | (1)        | 165          | 308          |
| – loss on sale of several tranches of real estate secured accounts in the US                      | 17                              | –          | –           | –          | –            | 17           |
| – own credit spread   | –                               | –          | –           | –          | (1,125)      | (1,125)      |
| – provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK | 10                              | –          | –           | –          | –            | 10           |
| Adjusted <sup>1</sup>   | 5,645                           | 3,702      | 4,270       | 507        | 1,580        | 14,044       |
| <b>LICs</b>   |                                 |            |             |            |              |              |
| Reported  | (462)                           | (246)      | 79          | (4)        | (5)          | (638)        |
| Adjusted  | (462)                           | (246)      | 79          | (4)        | (5)          | (638)        |
| <b>Operating expenses</b>   |                                 |            |             |            |              |              |
| Reported <sup>1</sup>   | (3,954)                         | (1,676)    | (2,595)     | (426)      | (2,048)      | (9,039)      |
| Significant items   | 163                             | 13         | 161         | 8          | 111          | 456          |
| – Brazil disposal costs   | 34                              | 6          | 6           | –          | 8            | 54           |
| – costs to achieve  | 56                              | 13         | 20          | 1          | 75           | 165          |
| – costs to establish UK ring-fenced bank  | –                               | –          | –           | –          | 28           | 28           |
| – regulatory provisions in GPB  | –                               | –          | –           | 7          | –            | 7            |
| – settlements and provisions in connection with legal matters                                     | –                               | –          | 135         | –          | –            | 135          |
| – UK customer redress programmes  | 73                              | (6)        | –           | –          | –            | 67           |
| Adjusted <sup>1</sup>   | (3,791)                         | (1,663)    | (2,434)     | (418)      | (1,937)      | (8,583)      |
| <b>Share of profit in associates and joint ventures</b>   |                                 |            |             |            |              |              |
| Reported  | 106                             | 446        | 132         | 3          | 2            | 689          |
| Adjusted  | 106                             | 446        | 132         | 3          | 2            | 689          |
| <b>Profit before tax</b>  |                                 |            |             |            |              |              |
| Reported  | 1,160                           | 2,226      | 2,141       | 81         | 489          | 6,097        |
| Significant items   | 338                             | 13         | (94)        | 7          | (849)        | (585)        |
| – revenue   | 175                             | –          | (255)       | (1)        | (960)        | (1,041)      |
| – operating expenses  | 163                             | 13         | 161         | 8          | 111          | 456          |
| Adjusted  | 1,498                           | 2,239      | 2,047       | 88         | (360)        | 5,512        |

1 Amounts are non-additive across global businesses due to inter-company transactions within the Group.

# Earnings Release – 3Q 2015

## Reconciliation of reported results to adjusted performance – global businesses (continued)

|   | Quarter ended 30 September 2014 |                |                |              |                |                |
|---|---------------------------------|----------------|----------------|--------------|----------------|----------------|
|   | RBWM<br>\$m                     | CMB<br>\$m     | GB&M<br>\$m    | GPB<br>\$m   | Other<br>\$m   | Total<br>\$m   |
| <b>Revenue</b>  |                                 |                |                |              |                |                |
| Reported <sup>1</sup>   | 6,518                           | 4,061          | 4,679          | 590          | 1,513          | 15,775         |
| Currency translation <sup>1</sup>   | (669)                           | (365)          | (379)          | (35)         | (42)           | (1,404)        |
| Significant items   | 167                             | (2)            | 183            | 20           | (38)           | 330            |
| – DVA on derivative contracts   | –                               | –              | 123            | –            | –              | 123            |
| – fair value movements on non-qualifying hedges   | 68                              | (1)            | 61             | –            | (109)          | 19             |
| – gain on sale of several tranches of real estate secured accounts in the US                      | (91)                            | –              | –              | –            | –              | (91)           |
| – impairment of our investment in Industrial Bank   | –                               | –              | –              | –            | 271            | 271            |
| – own credit spread   | –                               | –              | –              | –            | (200)          | (200)          |
| – provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK | 191                             | 2              | –              | 20           | –              | 213            |
| – gain and trading results from disposals and changes in ownership levels                         | (1)                             | (3)            | (1)            | –            | –              | (5)            |
| <b>Adjusted<sup>1</sup></b>   | <b>6,016</b>                    | <b>3,694</b>   | <b>4,483</b>   | <b>575</b>   | <b>1,433</b>   | <b>14,701</b>  |
| <b>LICs</b>   |                                 |                |                |              |                |                |
| Reported  | (269)                           | (386)          | (136)          | 31           | –              | (760)          |
| Currency translation  | 78                              | 56             | 71             | (1)          | 1              | 205            |
| Significant items   | (1)                             | (1)            | –              | –            | –              | (2)            |
| – trading results from disposals and changes in ownership levels                                  | (1)                             | (1)            | –              | –            | –              | (2)            |
| <b>Adjusted</b>   | <b>(192)</b>                    | <b>(331)</b>   | <b>(65)</b>    | <b>30</b>    | <b>1</b>       | <b>(557)</b>   |
| <b>Operating expenses</b>   |                                 |                |                |              |                |                |
| Reported <sup>1</sup>   | (5,053)                         | (1,819)        | (3,729)        | (436)        | (1,640)        | (11,091)       |
| Currency translation <sup>1</sup>   | 584                             | 183            | 237            | 28           | 51             | 997            |
| Significant items   | 642                             | 45             | 969            | 6            | 40             | 1,702          |
| – charge in relation to settlement agreement with Federal Housing Finance Authority               | 17                              | –              | 533            | –            | –              | 550            |
| – restructuring and other related costs   | 7                               | 4              | 11             | 6            | 40             | 68             |
| – settlements and provisions in connection with legal matters                                     | –                               | –              | 378            | –            | –              | 378            |
| – UK customer redress programmes  | 616                             | 39             | 46             | –            | –              | 701            |
| – trading results from disposals and changes in ownership levels                                  | 2                               | 2              | 1              | –            | –              | 5              |
| <b>Adjusted<sup>1</sup></b>   | <b>(3,827)</b>                  | <b>(1,591)</b> | <b>(2,523)</b> | <b>(402)</b> | <b>(1,549)</b> | <b>(8,392)</b> |
| <b>Share of profit in associates and joint ventures</b>   |                                 |                |                |              |                |                |
| Reported  | 107                             | 439            | 127            | 5            | 7              | 685            |
| Currency translation  | (1)                             | (8)            | (2)            | –            | (2)            | (13)           |
| <b>Adjusted</b>   | <b>106</b>                      | <b>431</b>     | <b>125</b>     | <b>5</b>     | <b>5</b>       | <b>672</b>     |
| <b>Profit before tax</b>  |                                 |                |                |              |                |                |
| Reported  | 1,303                           | 2,295          | 941            | 190          | (120)          | 4,609          |
| Currency translation  | (8)                             | (134)          | (73)           | (8)          | 8              | (215)          |
| Significant items   | 808                             | 42             | 1,152          | 26           | 2              | 2,030          |
| – revenue   | 167                             | (2)            | 183            | 20           | (38)           | 330            |
| – LICs  | (1)                             | (1)            | –              | –            | –              | (2)            |
| – operating expenses  | 642                             | 45             | 969            | 6            | 40             | 1,702          |
| <b>Adjusted</b>   | <b>2,103</b>                    | <b>2,203</b>   | <b>2,020</b>   | <b>208</b>   | <b>(110)</b>   | <b>6,424</b>   |

1 Amounts are non-additive across global businesses due to inter-company transactions within the Group.

## Earnings Release – 3Q 2015

### Gross loans and advances by industry sector and by geographical region

|                                       | Europe<br>\$m  | Asia<br>\$m    | MENA<br>\$m   | North<br>America<br>\$m | Latin<br>America<br>\$m | Total<br>\$m     | As a %<br>of total<br>gross<br>loans |
|---------------------------------------|----------------|----------------|---------------|-------------------------|-------------------------|------------------|--------------------------------------|
| <b>At 30 September 2015</b>           |                |                |               |                         |                         |                  |                                      |
| Personal                              | 172,466        | 130,277        | 6,740         | 59,242                  | 5,986                   | 374,711          | 35.4                                 |
| – first lien residential mortgages    | 126,891        | 94,957         | 2,650         | 50,804                  | 1,943                   | 277,245          | 26.2                                 |
| – other personal                      | 45,575         | 35,320         | 4,090         | 8,438                   | 4,043                   | 97,466           | 9.2                                  |
| Wholesale                             |                |                |               |                         |                         |                  |                                      |
| Corporate and commercial              | 196,720        | 216,793        | 22,285        | 61,947                  | 11,675                  | 509,420          | 48.3                                 |
| – manufacturing                       | 41,910         | 34,790         | 2,411         | 17,184                  | 2,697                   | 98,992           | 9.4                                  |
| – international trade and services    | 62,639         | 74,949         | 10,013        | 12,585                  | 3,353                   | 163,539          | 15.5                                 |
| – commercial real estate              | 28,163         | 32,835         | 709           | 7,296                   | 1,354                   | 70,357           | 6.7                                  |
| – other property-related              | 8,648          | 37,096         | 1,754         | 9,778                   | 54                      | 57,330           | 5.4                                  |
| – government                          | 2,692          | 1,114          | 1,573         | 161                     | 822                     | 6,362            | 0.6                                  |
| – other commercial                    | 52,668         | 36,009         | 5,825         | 14,943                  | 3,395                   | 112,840          | 10.7                                 |
| Financial                             | 26,925         | 13,647         | 2,634         | 8,433                   | 654                     | 52,293           | 5.0                                  |
| Banks                                 | 28,135         | 70,923         | 9,408         | 7,778                   | 3,543                   | 119,787          | 11.3                                 |
| <b>Total gross loans and advances</b> | <b>424,246</b> | <b>431,640</b> | <b>41,067</b> | <b>137,400</b>          | <b>21,858</b>           | <b>1,056,211</b> | <b>100.0</b>                         |
| Percentage of total                   | 40.2%          | 40.9%          | 3.9%          | 12.9%                   | 2.1%                    | 100.0%           |                                      |
| <b>At 30 June 2015</b>                |                |                |               |                         |                         |                  |                                      |
| Personal                              | 177,311        | 132,375        | 6,648         | 62,990                  | 5,976                   | 385,300          | 35.9                                 |
| – first lien residential mortgages    | 130,909        | 95,176         | 2,642         | 53,995                  | 2,031                   | 284,753          | 26.5                                 |
| – other personal                      | 46,402         | 37,199         | 4,006         | 8,995                   | 3,945                   | 100,547          | 9.4                                  |
| Wholesale                             |                |                |               |                         |                         |                  |                                      |
| Corporate and commercial              | 200,188        | 225,249        | 22,833        | 63,524                  | 12,413                  | 524,207          | 48.9                                 |
| – manufacturing                       | 43,465         | 35,599         | 2,570         | 17,392                  | 3,072                   | 102,098          | 9.5                                  |
| – international trade and services    | 65,459         | 76,683         | 10,109        | 13,720                  | 3,508                   | 169,479          | 15.8                                 |
| – commercial real estate              | 26,925         | 34,249         | 721           | 7,444                   | 1,418                   | 70,757           | 6.6                                  |
| – other property-related              | 8,209          | 39,518         | 1,691         | 9,652                   | 39                      | 59,109           | 5.5                                  |
| – government                          | 2,260          | 1,117          | 1,552         | 164                     | 947                     | 6,040            | 0.6                                  |
| – other commercial                    | 53,870         | 38,083         | 6,190         | 15,152                  | 3,429                   | 116,724          | 10.9                                 |
| Financial                             | 27,163         | 15,413         | 2,896         | 8,055                   | 691                     | 54,218           | 5.0                                  |
| Banks                                 | 23,460         | 66,286         | 9,014         | 7,372                   | 3,311                   | 109,443          | 10.2                                 |
| <b>Total gross loans and advances</b> | <b>428,122</b> | <b>439,323</b> | <b>41,391</b> | <b>141,941</b>          | <b>22,391</b>           | <b>1,073,168</b> | <b>100.0</b>                         |
| Percentage of total                   | 39.9%          | 40.9%          | 3.9%          | 13.2%                   | 2.1%                    | 100.0%           |                                      |
| <b>At 31 December 2014</b>            |                |                |               |                         |                         |                  |                                      |
| Personal                              | 178,531        | 129,515        | 6,571         | 65,400                  | 13,537                  | 393,554          | 35.8                                 |
| – first lien residential mortgages    | 131,000        | 93,147         | 2,647         | 55,577                  | 4,153                   | 286,524          | 26.1                                 |
| – other personal                      | 47,531         | 36,368         | 3,924         | 9,823                   | 9,384                   | 107,030          | 9.7                                  |
| Wholesale                             |                |                |               |                         |                         |                  |                                      |
| Corporate and commercial              | 212,523        | 220,799        | 20,588        | 57,993                  | 30,722                  | 542,625          | 49.4                                 |
| – manufacturing                       | 39,456         | 37,767         | 2,413         | 15,299                  | 12,051                  | 106,986          | 9.7                                  |
| – international trade and services    | 76,629         | 72,814         | 9,675         | 13,484                  | 8,189                   | 180,791          | 16.4                                 |
| – commercial real estate              | 28,187         | 35,678         | 579           | 6,558                   | 2,291                   | 73,293           | 6.7                                  |
| – other property-related              | 7,126          | 34,379         | 1,667         | 8,934                   | 281                     | 52,387           | 4.8                                  |
| – government                          | 2,264          | 1,195          | 1,552         | 164                     | 968                     | 6,143            | 0.6                                  |
| – other commercial                    | 58,861         | 38,966         | 4,702         | 13,554                  | 6,942                   | 123,025          | 11.2                                 |
| Financial                             | 23,103         | 13,997         | 3,291         | 9,034                   | 1,393                   | 50,818           | 4.6                                  |
| Banks                                 | 21,978         | 62,960         | 10,495        | 7,405                   | 9,360                   | 112,198          | 10.2                                 |
| <b>Total gross loans and advances</b> | <b>436,135</b> | <b>427,271</b> | <b>40,945</b> | <b>139,832</b>          | <b>55,012</b>           | <b>1,099,195</b> | <b>100.0</b>                         |
| Percentage of total                   | 39.7%          | 38.9%          | 3.7%          | 12.7%                   | 5.0%                    | 100.0%           |                                      |