



15 June 2017

## Global Banking and Markets

Investor Update 2017

HSBC 

# Important notice and forward-looking statements

## **Important notice**

*The information set out in this presentation and subsequent discussion does not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any recommendation in respect of such securities or instruments.*

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*This presentation and subsequent discussion may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position and business of HSBC Holdings plc (the "Group") (together, "forward-looking statements"). Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant assumptions and subjective judgements which may or may not prove to be correct and there can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. Forward-looking statements are statements about the future and are inherently uncertain and generally based on stated or implied assumptions. The assumptions may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors (including without limitation those which are referable to general market conditions or regulatory changes). There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. Certain of the definitions, assumptions and judgements upon which forward-looking statements contained herein are based are discussed under "Basis of Preparation" within this document. A variety of additional risks and uncertainties that could cause actual results to differ materially from those expected or anticipated, including those that are described in the Group's Annual Report on Form 20-F for the year ended 31 December 2016 filed with the US Securities and Exchange Commission and other reports and filings of the Group, including under the headings 'Top and Emerging Risks' and 'Risk Factors' and in Note 35 (Legal proceedings and regulatory matters) and other notes to the financial statements included therein. Any such forward-looking statements are based on the beliefs, expectations and opinions of the Group at the date the statements are made, and the Group does not assume, and hereby disclaims, any obligation or duty to update them if circumstances or management's beliefs, expectations or opinions should change. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.*

## **Non-GAAP Financial Information**

*This presentation contains non-GAAP financial information. The primary non-GAAP financial measure we use is 'adjusted performance' which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons. Significant items are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business. Reconciliations between non-GAAP financial measurements and the most directly comparable measures under GAAP are provided in the HSBC Holdings plc Annual Report and Accounts 2016 and the 'Reconciliations of Non-GAAP Financial Measures' document, both of which are available at [www.hsbc.com](http://www.hsbc.com). Note, however, that the global businesses are considered our reportable segments under IFRS 8 and their results are assessed by the chief operating decision maker on the basis of adjusted performance. We therefore present these results on an adjusted basis as required by IFRS. Reconciliations from reported to adjusted results by global business are presented for information purposes only.*

# Agenda for the day

## Presenters

<b>Introduction</b>		<b>9:35AM – 9:40AM</b>	Samir Assaf and Gerard Mattia
1	Industry and Global Banking & Markets overview	<b>9:40AM – 10:00AM</b>	
2	GB&M clients and businesses	<b>10:00AM – 10:20AM</b>	Business Heads: Robin Phillips, Matthew Westerman Diane Reyes, Thibaut De Roux, and Cian Burke
	Break	<b>10:20AM – 10:40AM</b>	
	GB&M clients and businesses	<b>10:40AM – 11:00AM</b>	
3	Outlook	<b>11:00AM – 11:20AM</b>	Samir Assaf and Gerard Mattia
Q&A		<b>11:20AM – 11:45PM</b>	
Lunch		<b>11:45PM – 1:00PM</b>	
Appendix			

# Progress since June 2015 Investor Update

## Major Strategic actions

## Outcome by 2017

## Progress so far

### Actions to return to Group target profitability

<p><b>Reduce RWAs</b></p>	<ul style="list-style-type: none"> <li>GB&amp;M<sup>1</sup> - gross reduction US\$100bn<sup>2</sup> and net reduction US\$64bn</li> <li>Legacy - gross US\$40bn reduction</li> </ul>	<ul style="list-style-type: none"> <li>GB&amp;M - US\$99bn gross reduction and net US\$56bn as of 1Q17</li> <li>Legacy - US\$23bn gross reduction as of 1Q17<sup>3</sup></li> </ul>
<p><b>Keep costs flat</b></p>	<ul style="list-style-type: none"> <li>US\$1.1bn in run rate savings</li> </ul>	<ul style="list-style-type: none"> <li>c.US\$500m run rate savings by end 2016</li> <li>On track to deliver US\$1.1bn in run rate savings by end 2017</li> </ul>
<p><b>Revenue growth</b></p>	<ul style="list-style-type: none"> <li>Mid-single digit revenue growth from 2014 to 2017 CAGR</li> </ul>	<ul style="list-style-type: none"> <li>5% CAGR from 2014 to 2016</li> </ul>
<p><b>RoRWA</b></p>	<ul style="list-style-type: none"> <li>2.5% RoRWA<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>1Q17 RoRWA of 2.3%</li> </ul>

1. Previously defined as Client Facing GB&M in 2015 Investor Update

2. June 2015 Investor update gross reduction of US\$140bn updated to US\$100bn and net reduction of US\$130bn updated to US\$64bn as legacy credit has moved to Corporate Centre, re-segmentation and adjusted at 1Q17 FX rate

3. Legacy now reported in Corporate Centre

4. Certain internal costs with the Group are now allocated to Global Businesses, notably the cost of MREL debt and Corporate Centre costs. The RoRWA including these allocations would be 2.2%

# Distinctive business model

## Distinctive GB&M business model

- Client-base with equal mix of corporates and financial institutions
- Diversified and broad wholesale product offering
- Diversified global footprint geared to growth markets

Greater revenue predictability given relatively low volatility

Historical growth outperforming the peer group

## Re-affirming investor commitments

Revenue Mid single digit growth

Operating Costs Positive adjusted Jaws

Capital Further US\$20bn+ RWA reduction<sup>1</sup>

**Returns** **RoRWA > 2.5%<sup>2</sup>**

1. Gross RWA reduction

2. Certain internal costs with the Group are now allocated to Global Businesses, notably the cost of MREL debt and Corporate Centre costs. The RoRWA including these allocations would be 2.2%

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# Presenters



**Samir Assaf**  
Chief Executive Officer  
Global Banking & Markets



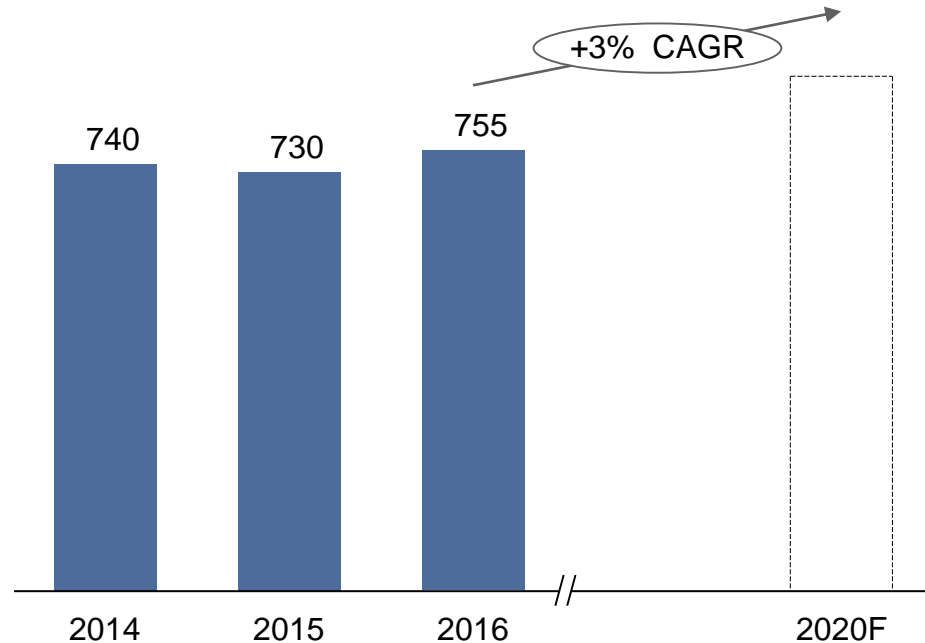
**Gerard Mattia**  
Chief Finance Officer  
Global Banking & Markets

## Industry

# Banking industry wholesale revenues forecast to grow with improving returns

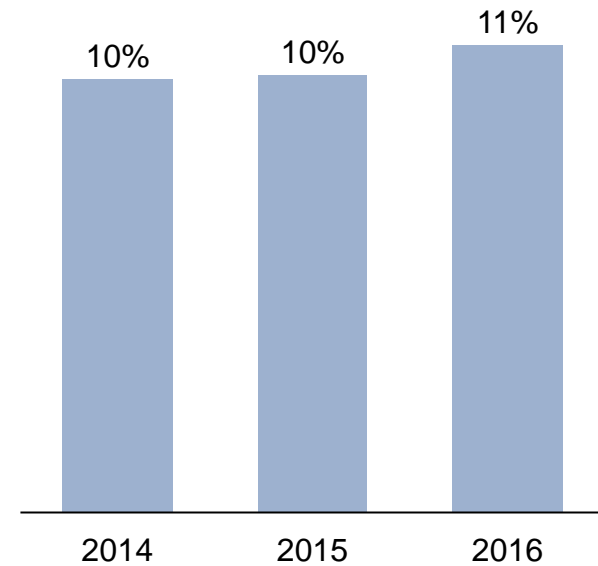
### Banking Industry wholesale Revenue<sup>1</sup>

2014-20F, US\$bn



### Banking Industry wholesale RoE<sup>2</sup>

2014-16, %



Source: Oliver Wyman analysis

1. Revenue pools include FICC and Equities Sales & Trading revenues, Investment Banking, Transaction Banking, Security Services and Lending. Client scope includes all Corporate clients >\$500m turnover, Institutional and public Sector clients. Excludes fines and non-core businesses, write downs, CVA and DVA charges
2. Return on equity is shown post-tax (32% tax rate assumed)



# Regulatory changes – post-crisis policies near finalisation

## Regulatory change outlook

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### Capital and liquidity

- Net Stable Funding Ratio (NSFR)
- Fundamental Review of the Trading Book (FRTB)
- Standardised Approach to Counterparty Credit Risk (SACCR)
- IFRS 9

### Structural Reform and Resolution

- UK ring-fencing - 2019
- Brexit - 2019
- Dodd-Frank/Volcker – under review
- Recovery & Resolution
- Minimum Requirement for own funds and Eligible Liabilities (MREL)

### Execution and clearing

- Execution and clearing regulations<sup>1</sup> – largely embedded
- Trade reporting regulations<sup>2</sup> – largely embedded
- Margin requirements for uncleared derivatives – phase-in

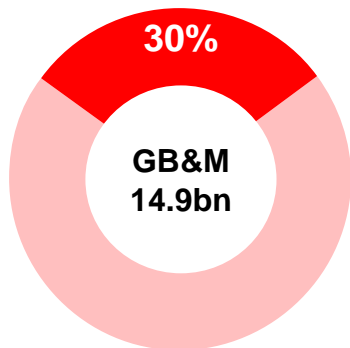
1. Markets in Financial Investments - MiFID II, European Markets Infrastructure Regulation and Dodd-Frank

2. Markets in Financial Investments - MiFID II

# GB&M represents circa one third of HSBC Group

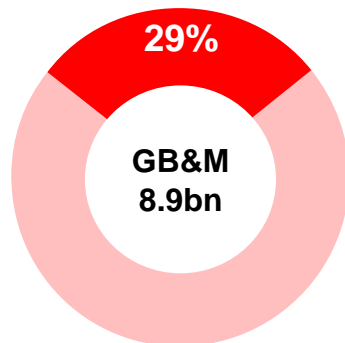
## Revenue<sup>1</sup>

2016 – US\$



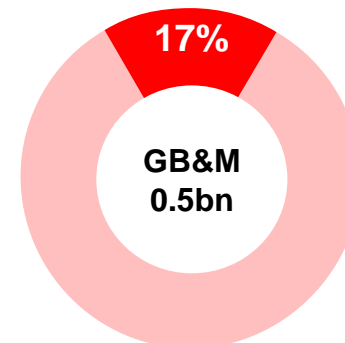
## Operating Costs<sup>1</sup>

2016 – US\$



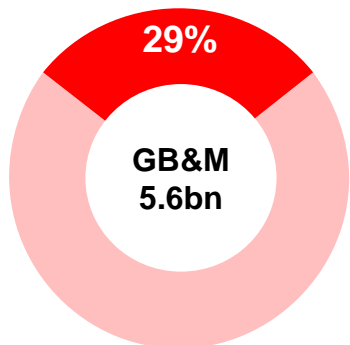
## LICs<sup>1</sup>

2016 – US\$



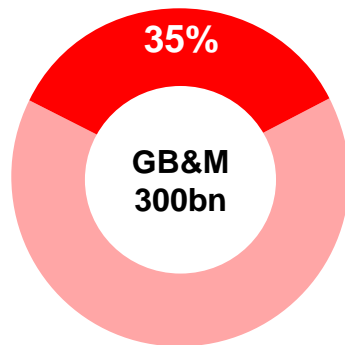
## Profit Before Tax<sup>1</sup>

2016 – US\$



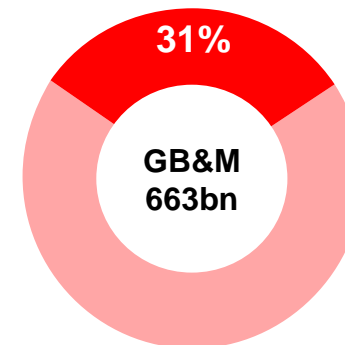
## RWAs

2016 – US\$



## External Assets<sup>2</sup>

2016 – US\$



■ Group excl. GB&M ■ GB&M

Further asset break-down provided in Appendix

Note: Numbers may not add up due to rounding

1. On an adjusted basis as disclosed in the HSBC Holdings plc Annual Report and Accounts 2016

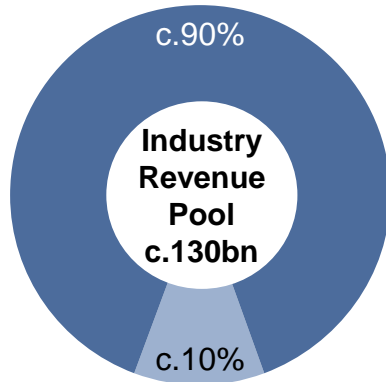
2. GB&M External assets after derivative netting. For further details see appendix

# GB&M is focused where it has sustainable competitive advantages

■ HSBC GB&M focus areas

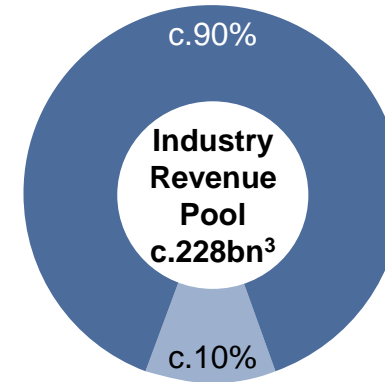
## Global Markets<sup>1</sup>

2016 – US\$



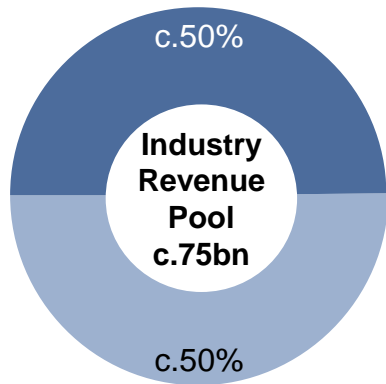
## Global Liquidity & Cash Management<sup>2</sup>

2016 – US\$



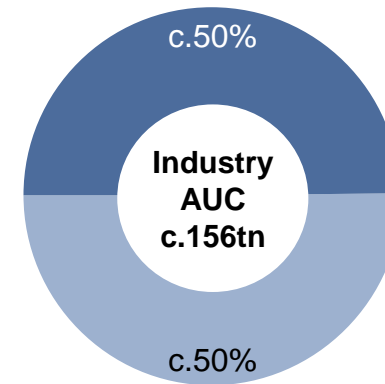
## Financing & Advisory<sup>4</sup>

2016 – US\$



## Securities Services<sup>5</sup>

2016 – US\$



1. Source: Coalition. Peer group: Bank of America Merrill Lynch, Barclays, BNPP, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, J.P. Morgan, Morgan Stanley, Société Générale and UBS. Coalition results are based upon HSBC's product taxonomy and include all Institutional clients and Corporates with a turnover of greater than US\$1.5bn. HSBC GB&M focus areas refers to Global revenues ex Japan, ex America Cash Equities and Core Prime Brokerage and ex Australia and New Zealand Equities

2. Source: Oliver Wyman 2016 analysis. HSBC GB&M focus areas refers to Europe, Americas (Canada, US, Mexico, Argentina, Chile and Uruguay), Asia and MENA, excludes Africa

3. Source: Oliver Wyman; Total market refers to 2016 revenues including Payments, Receivables / Collections, Commercial Cards, Interest income, Liquidity Management and Account Management. Does not include payments linked FX

4. Source: Dealogic Global IB Adjusted Fee League tables 2016; HSBC GB&M focus areas exclude: M&A - fees originating from US, Japan & Australia; ECM - US, Japan, Australia, Canada & China A Shares; DCM - Japan & Chinese Onshore; LOAN - US & Japan

5. Source: EY and internal HSBC analysis 2016; HSBC GB&M focus areas refer to global AuC excluding US domestic market and Africa

## GB&M - Competitive advantages

# Sustainable competitive advantages generating historically stable and recurring revenues

### Group Advantages

#### Balance Sheet Strength

Strong capital position, highly liquid and highly rated

#### Universal Banking Model

Four global businesses

#### International Network

International network covers >90% of global trade and capital flows

+

### GB&M Advantages

#### 1 Clients<sup>1</sup>

Client-base with equal mix of corporates and financial institutions

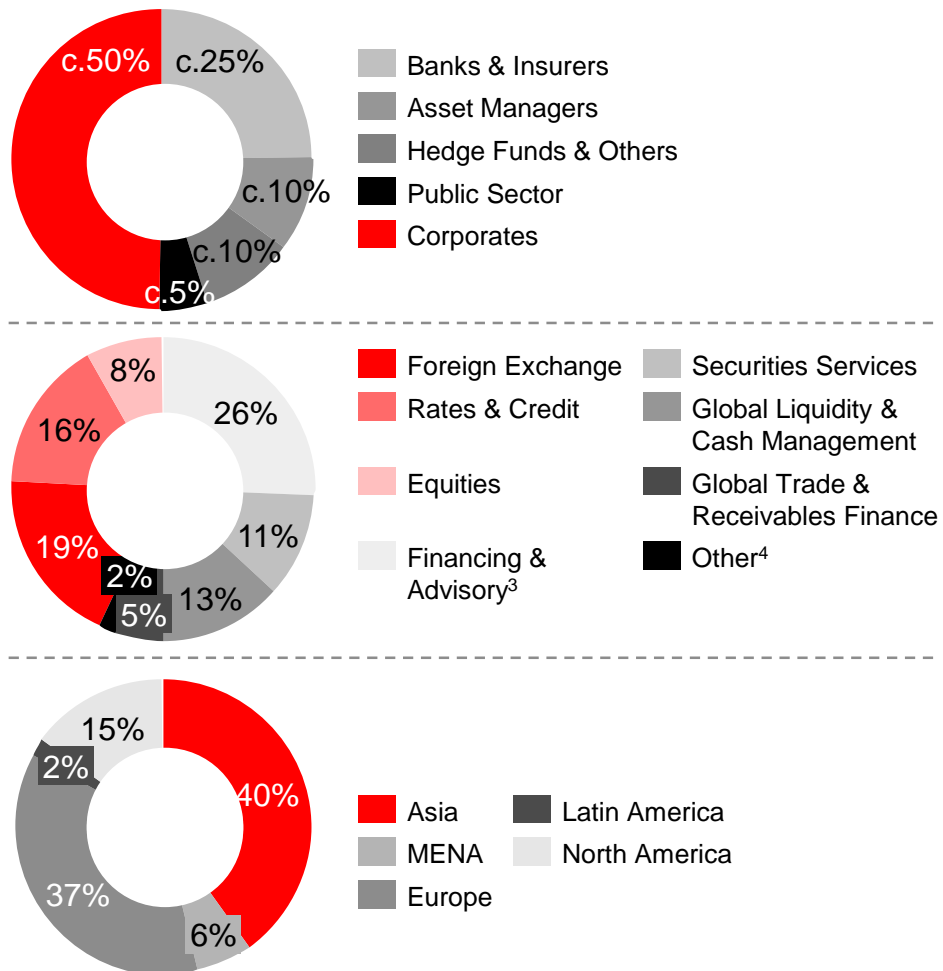
#### 2 Products<sup>2</sup>

Diversified and broad wholesale product offering

#### 3 Geographies<sup>2</sup>

Diversified footprint geared to growth markets

### GB&M revenue, 2014–16 average



Note: Numbers may not add up due to rounding

1. HSBC internal client MI, 2014-16 average

2. On an adjusted basis as disclosed in the HSBC Holdings plc Annual Report and Accounts 2014-16 average excludes Credit and Funding Valuation adjustments

3. As relates to Global Banking in the Management View of Adjusted Revenue in the HSBC Holdings plc Annual Report and Accounts 2016

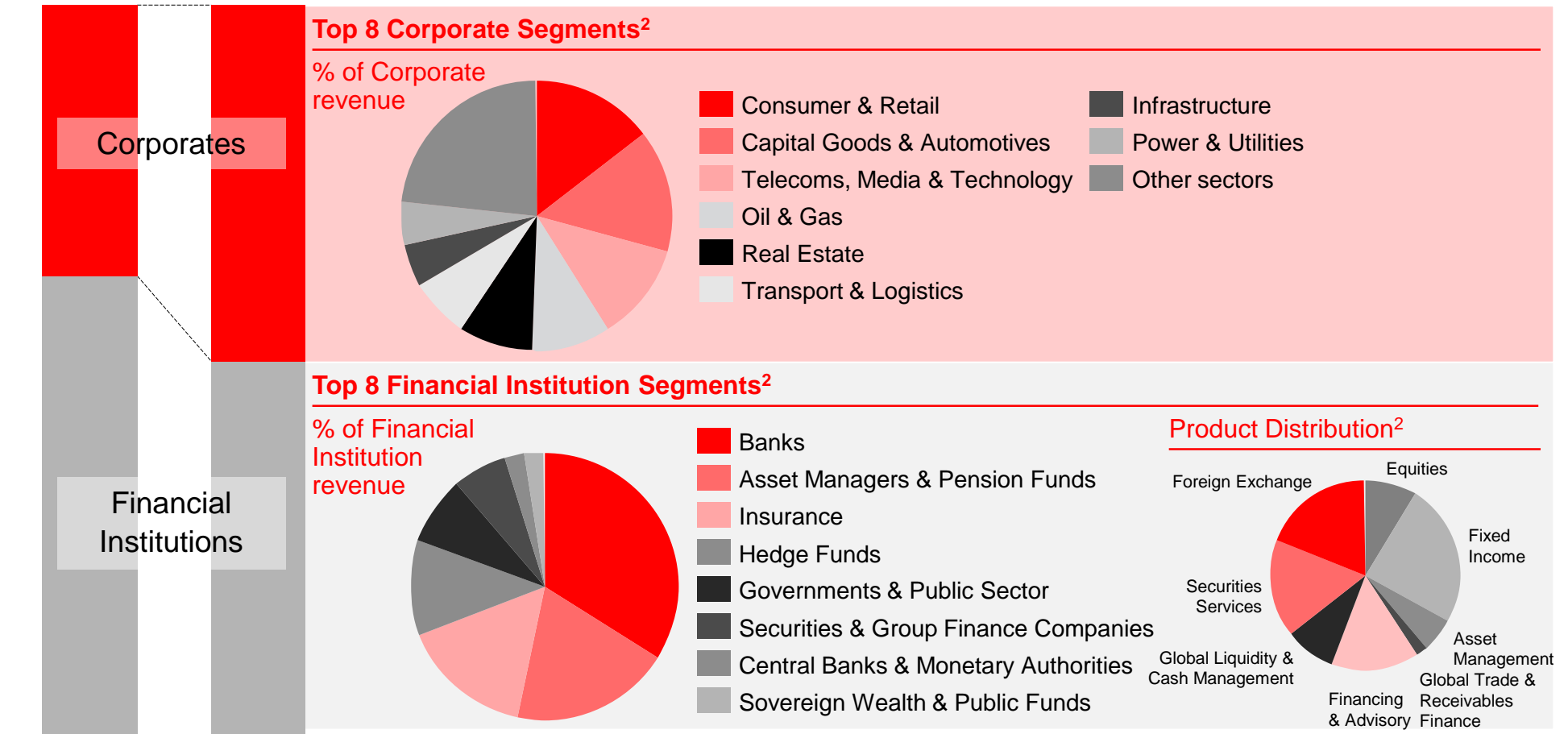
4. Other includes Principal Investments and Other

# 1 Clients

## Client-base with equal mix of corporates and financial institutions

### GB&M client distribution by revenue

2016



Top 10 CIB<sup>1</sup> HSBC GB&M<sup>2</sup>

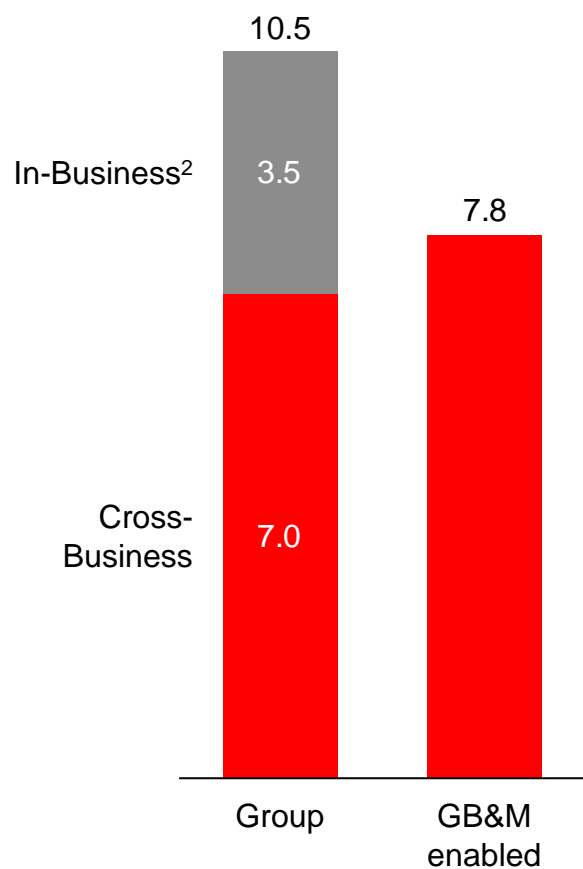
1. Source: Oliver Wyman analysis based on top 10 Corporate and Investment Bank peer group  
 2. HSBC internal client MI

# 1 Clients

## Distinctive universal model and international network creates revenue synergies

### Total revenue synergies by Global Business

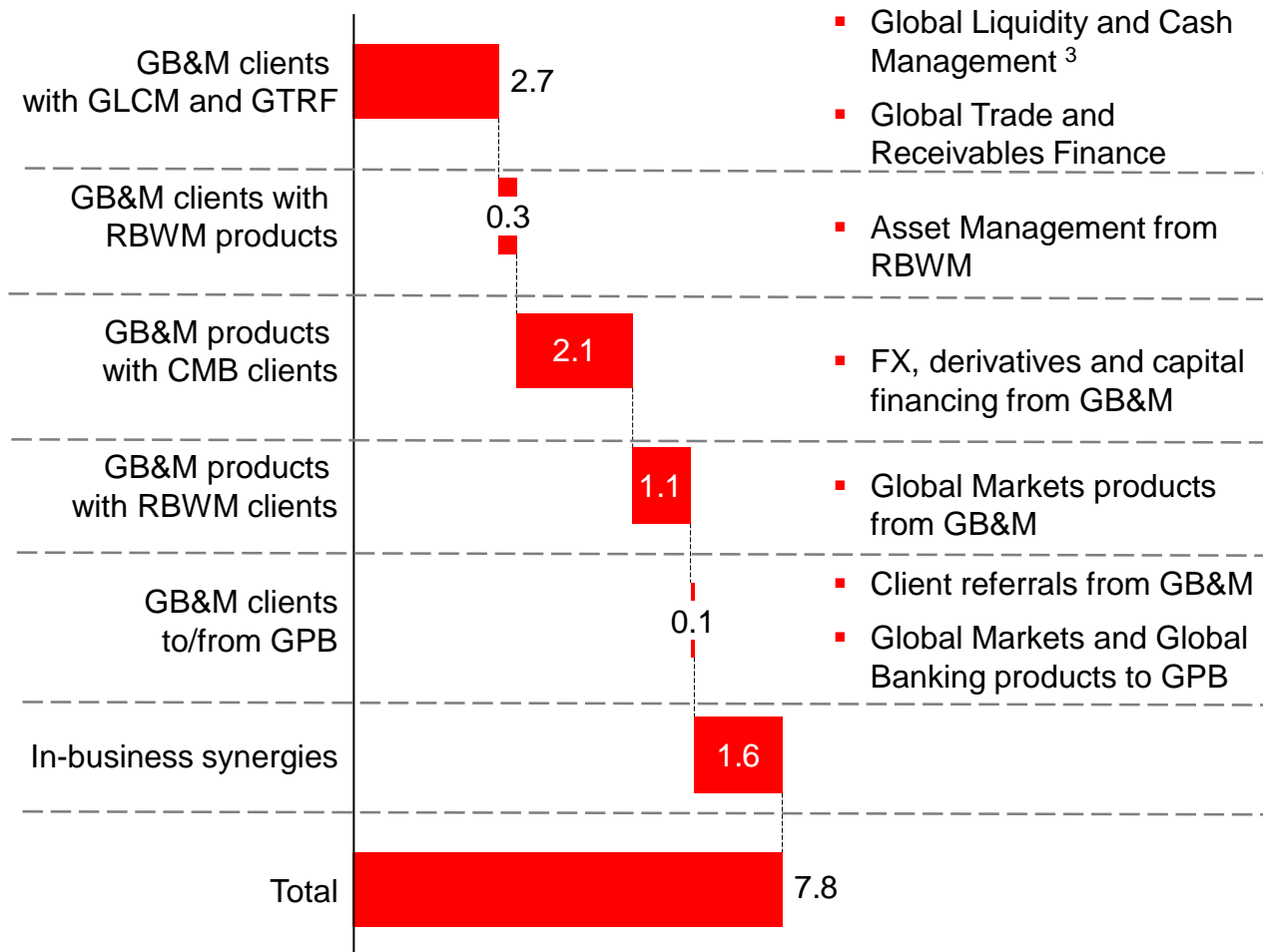
Revenue<sup>1</sup> 2016, US\$bn



### GB&M enabled revenue synergies

US\$bn

#### Definition



Note: Numbers may not add due to rounding

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

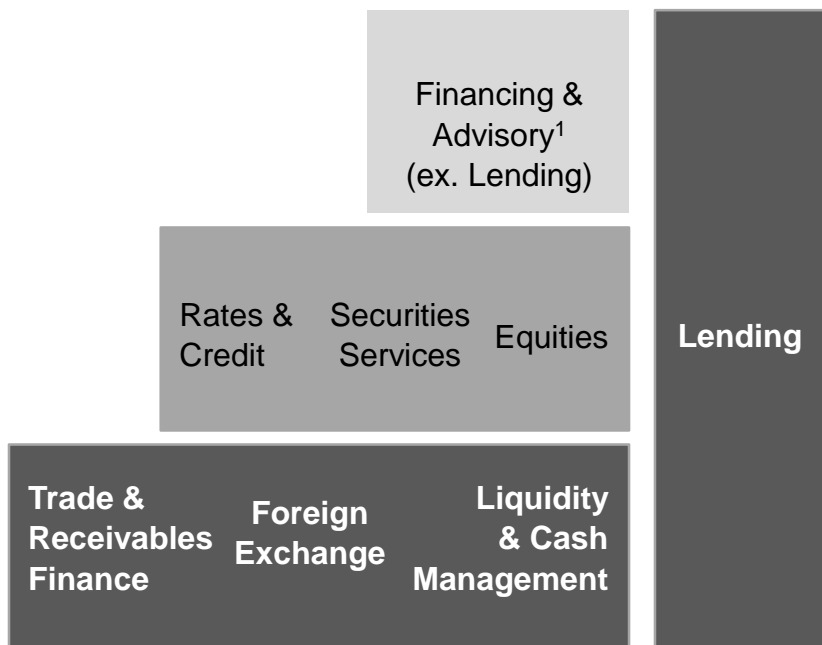
2. In-business synergies include separately managed operations that are reported within a global business line

3. GLCM is now managed under GB&M. The GB&M portion is included as a revenue synergy to be consistent with the treatment of GTRF

## 2 Products

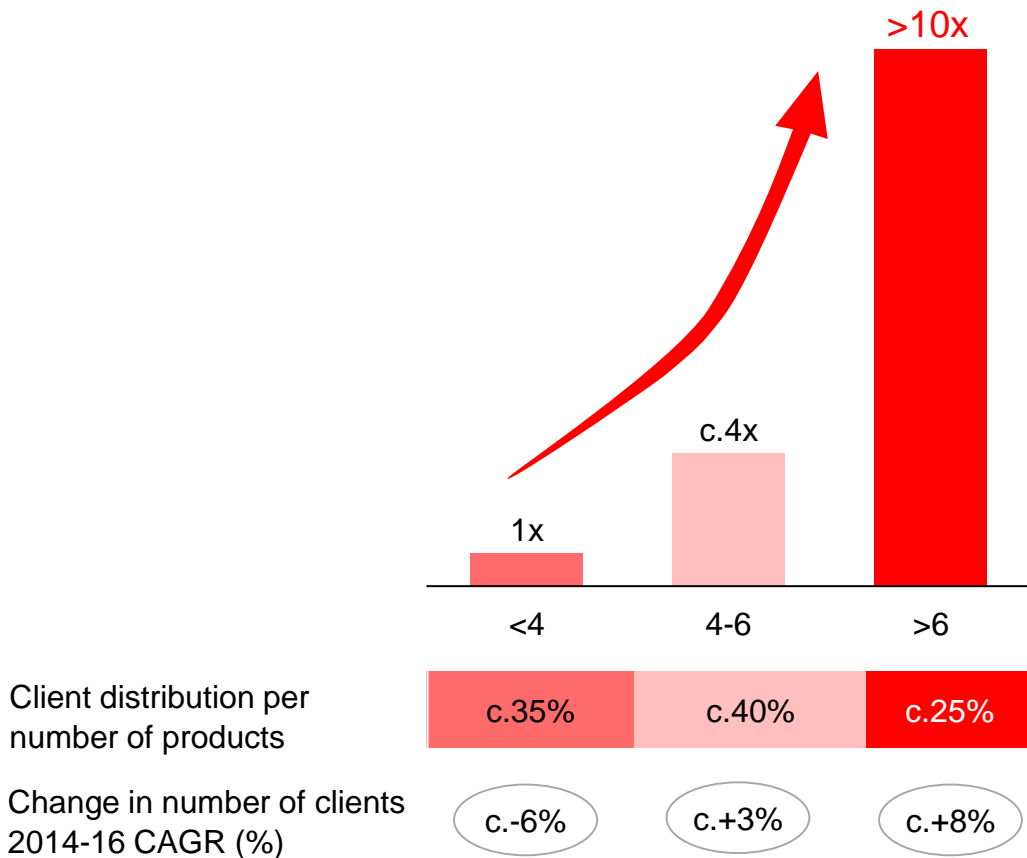
# Broad wholesale product suite helps enable deep client relationships

### Product building blocks



### Client revenue multiplier by number of products<sup>2</sup>

2016, # of products



1. Includes Debt Capital Markets, Mergers & Acquisitions, Equity Capital Markets, Infrastructure & Real Estate and Structured Finance

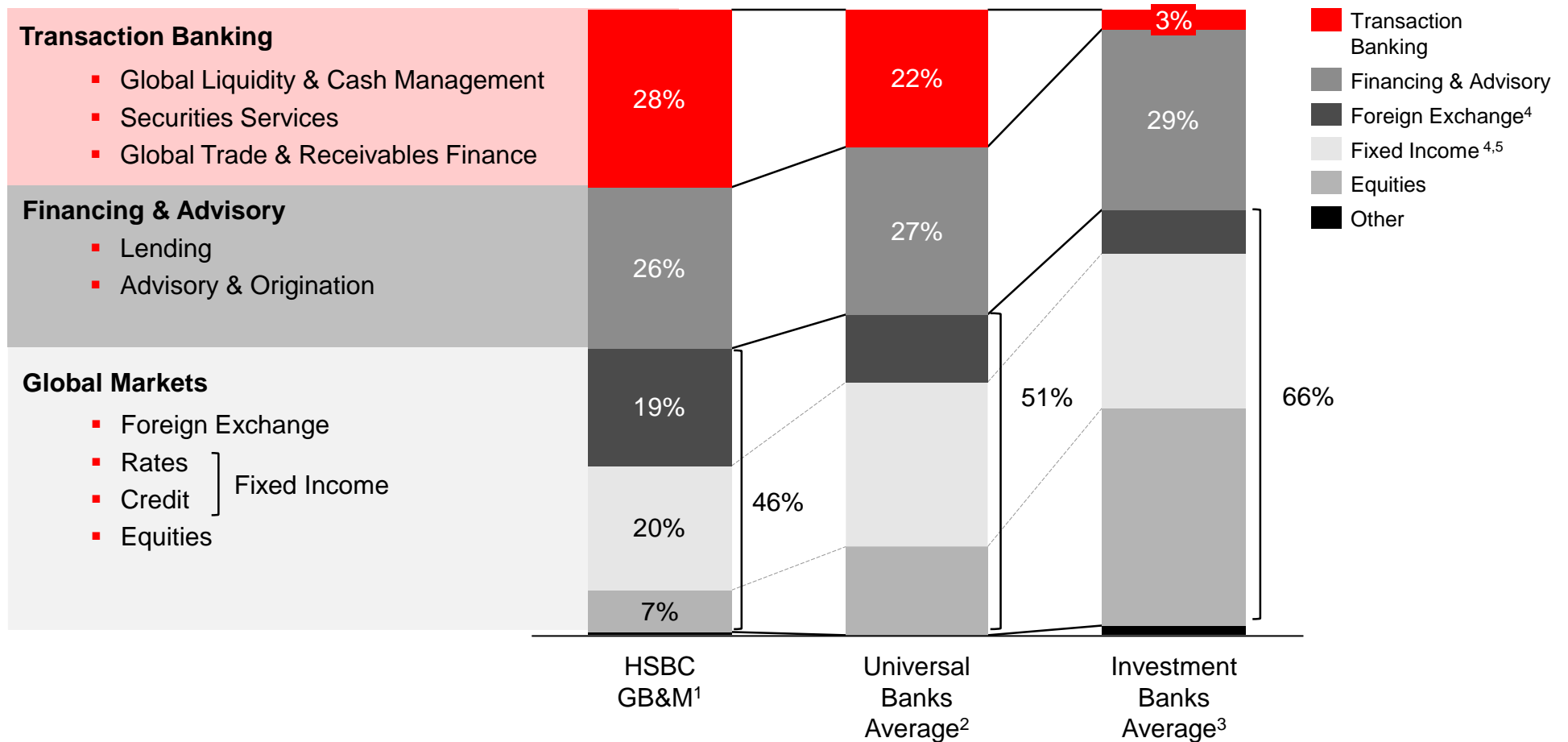
2. HSBC internal client MI

## 2 Products

# Diversified product offering distinct from our peers

### Revenue split by Products against peers

2016



1. HSBC Management View of Adjusted Revenue as reported in the 2016 HSBC Holdings plc Annual Report and Accounts

2. Universal banks comprise JP Morgan, Citi (excluding private bank), Bank of America, Deutsche Bank, Barclays, BNPP and Societe Generale. Dec16 spot rate was used to translate European peers results to US\$

3. Investment banks comprise Goldman Sachs, Morgan Stanley, Credit Suisse and UBS. Dec16 spot rate was used to translate European peers results to US\$

4. Foreign Exchange and Fixed Income split based on Coalition analysis. Peer group: Bank of America Merrill Lynch, Barclays, BNPP, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, J.P. Morgan, Morgan Stanley, Société Générale and UBS. Coalition results are based upon HSBC's product taxonomy and include all Institutional clients and Corporates with a turnover of greater than US\$1.5bn

5. Fixed Income includes revenue from Rates and Credit

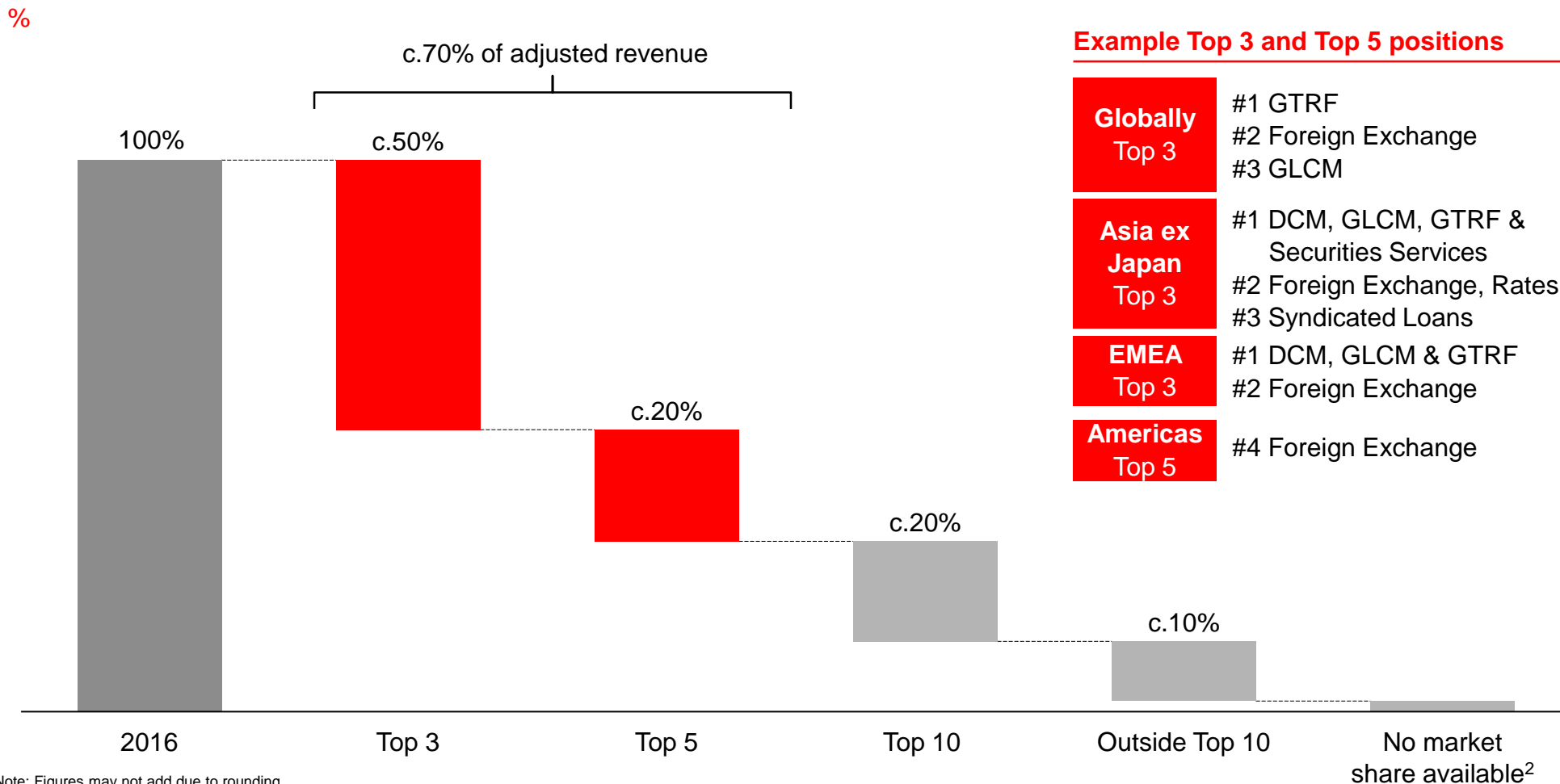
Source for Universal Banks and Investment Banks: Peers Annual Reports and Accounts. Total Operating Income (TOI) where available or Net Operating Income where TOI not available



## 2 Products

Focused strategy has resulted in a top 5 market positions driving c.70% of revenue

### GB&M: revenue<sup>1</sup> by product by market rank



Note: Figures may not add due to rounding

1. HSBC Management View of Adjusted Revenue as reported in the 2016 HSBC Holdings plc Annual Report and Accounts

2. Includes Principal Investments, Credit and Funding Valuation Adjustments and Other

Sources:

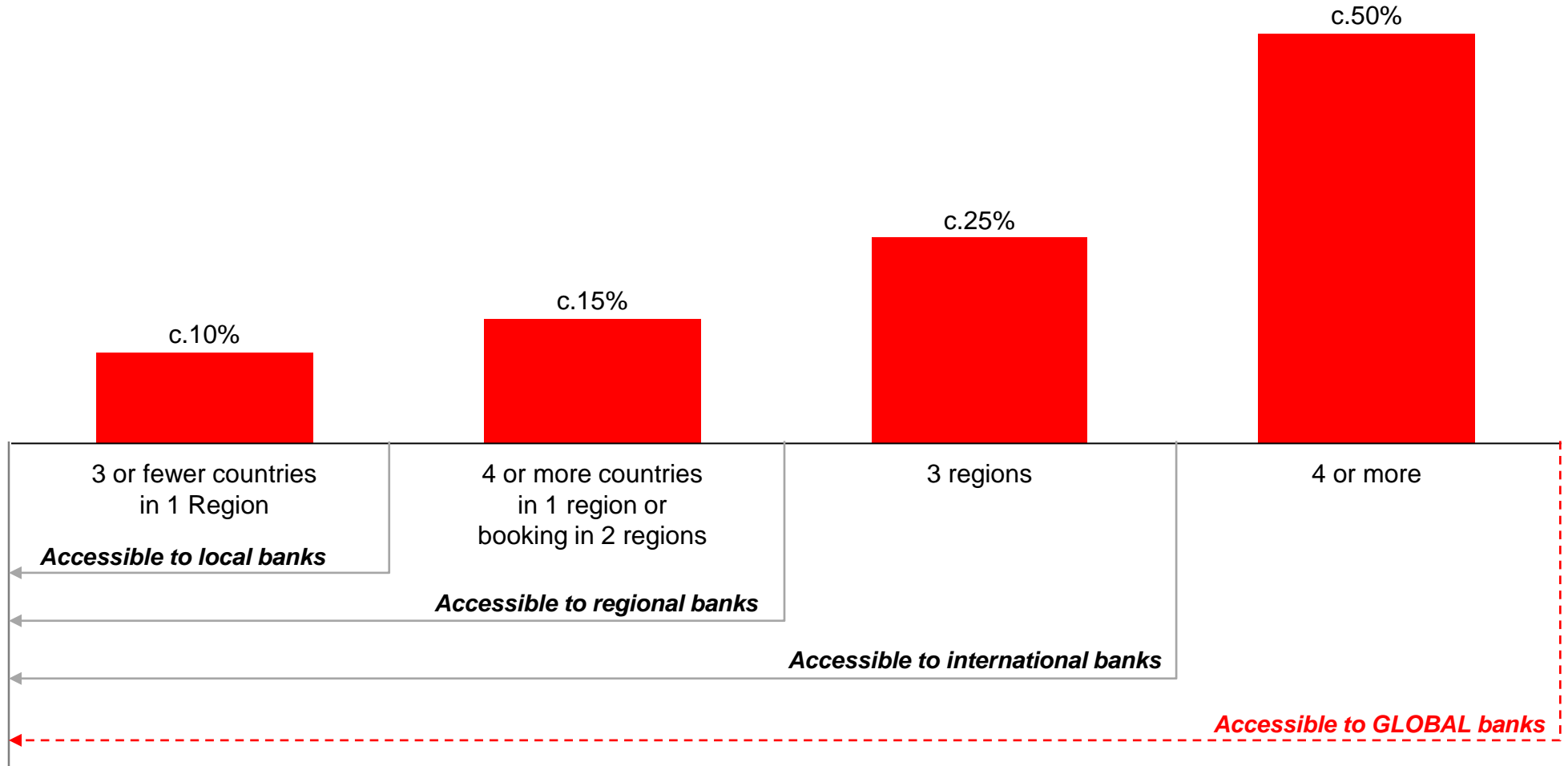
- FX, Rates, Credit and Equities – Coalition FY16. Peer group: Bank of America Merrill Lynch, Barclays, BNPP, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, J.P. Morgan, Morgan Stanley, Société Générale and UBS. Coalition results are based upon HSBC's product taxonomy and include all Institutional clients and Corporates with a turnover of greater than US\$1.5bn
- M&A, ECM, DCM and Lending – Dealogic Global IB Adjusted Fee League tables 2016
- GLCM and GTRF – Oliver Wyman 2016
- HSS – Europe: EY 2016, based on AUC and AUA. Asia: EY 2016 analysis, MENA: The Asset Triple A Asset Servicing Awards 2016 - Best Custody Specialist Award & Best Subcustodian, Global Investor - ISF MENA Awards 2016 - Regional Fund Administrator of the Year

### 3 Geographies

## Distinctive network enables us to serve the largest global clients

### GB&M client revenue by number of countries/regions

2016, %



Source: HSBC internal client MI

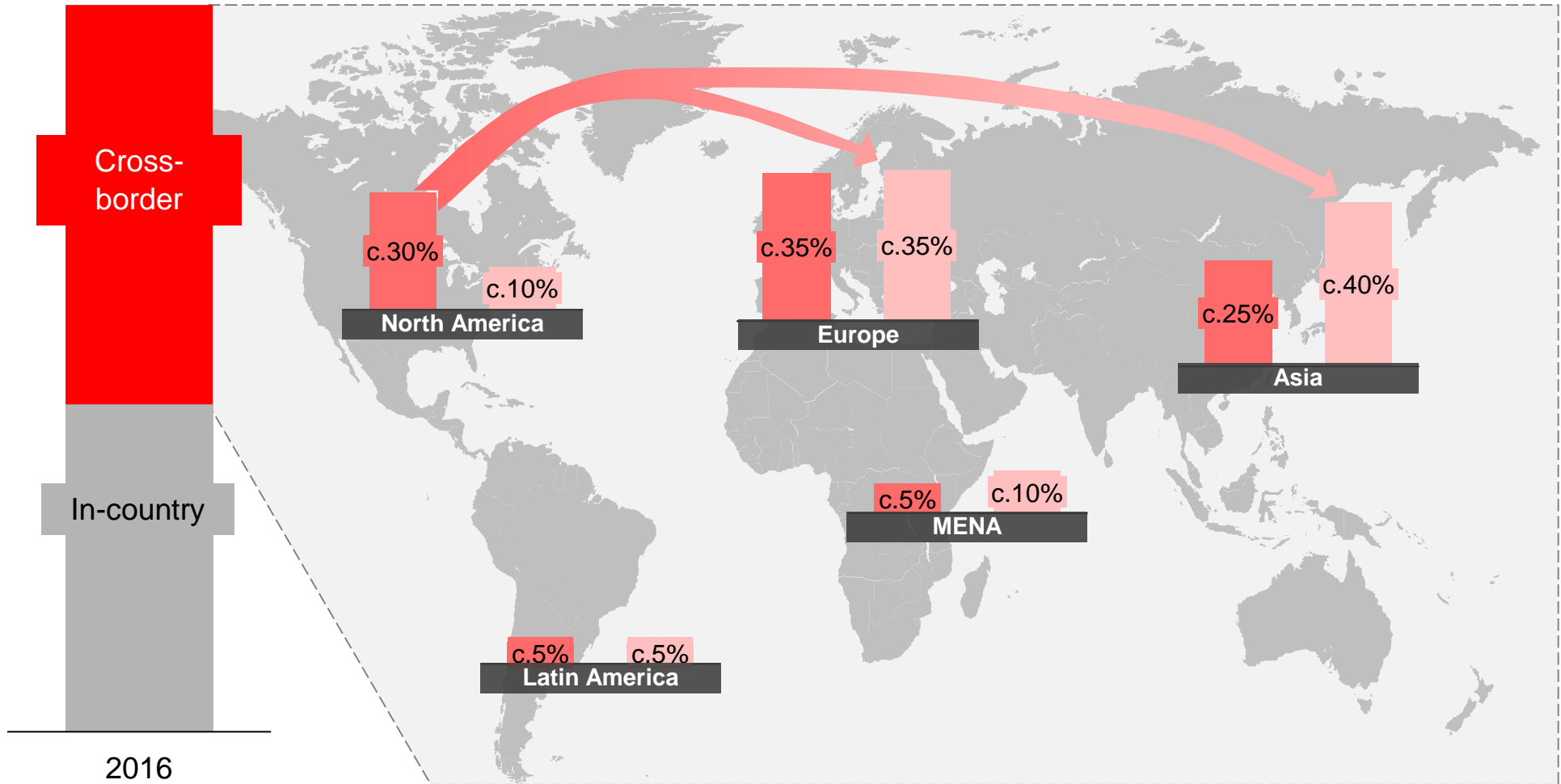
### 3 Geographies

## More than half of GB&M revenue is cross-border

### Cross-border client revenue along major corridors

% of Global GB&M cross-border revenue, 2016

■ Outbound total = 100%   ■ Inbound total = 100%



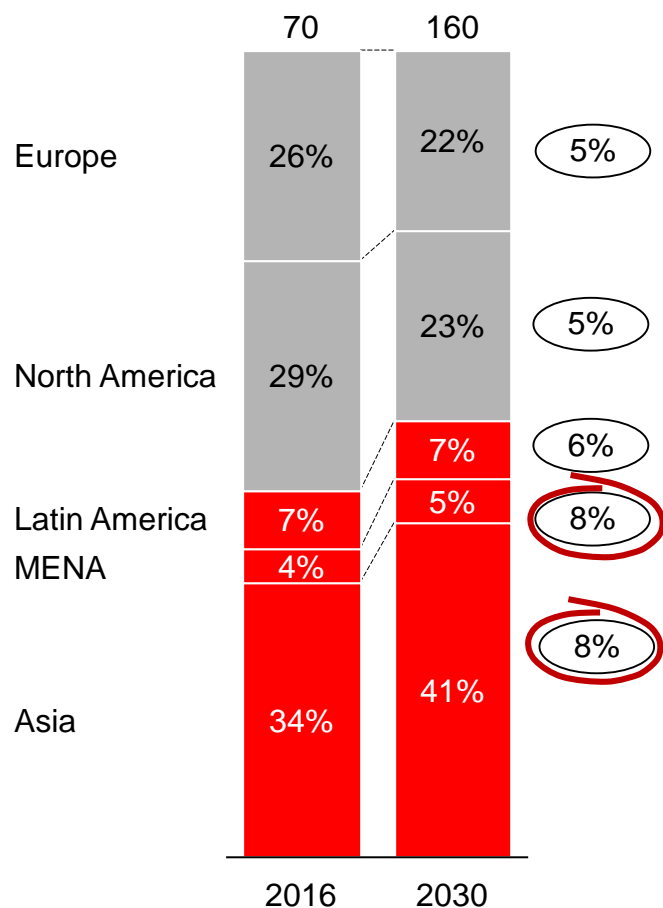
### 3 Geographies

## Geographic footprint geared towards faster growing markets

(%) CAGR %

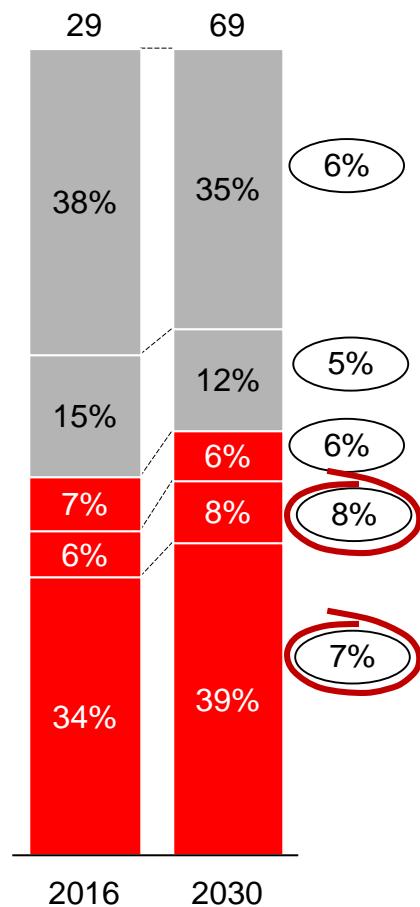
#### Global GDP<sup>1</sup>

US\$tn



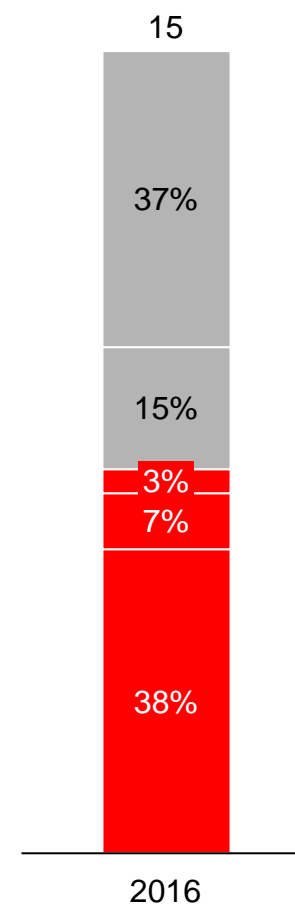
#### Global trade<sup>2</sup>

US\$tn



#### GB&M Revenue<sup>3</sup>

US\$bn

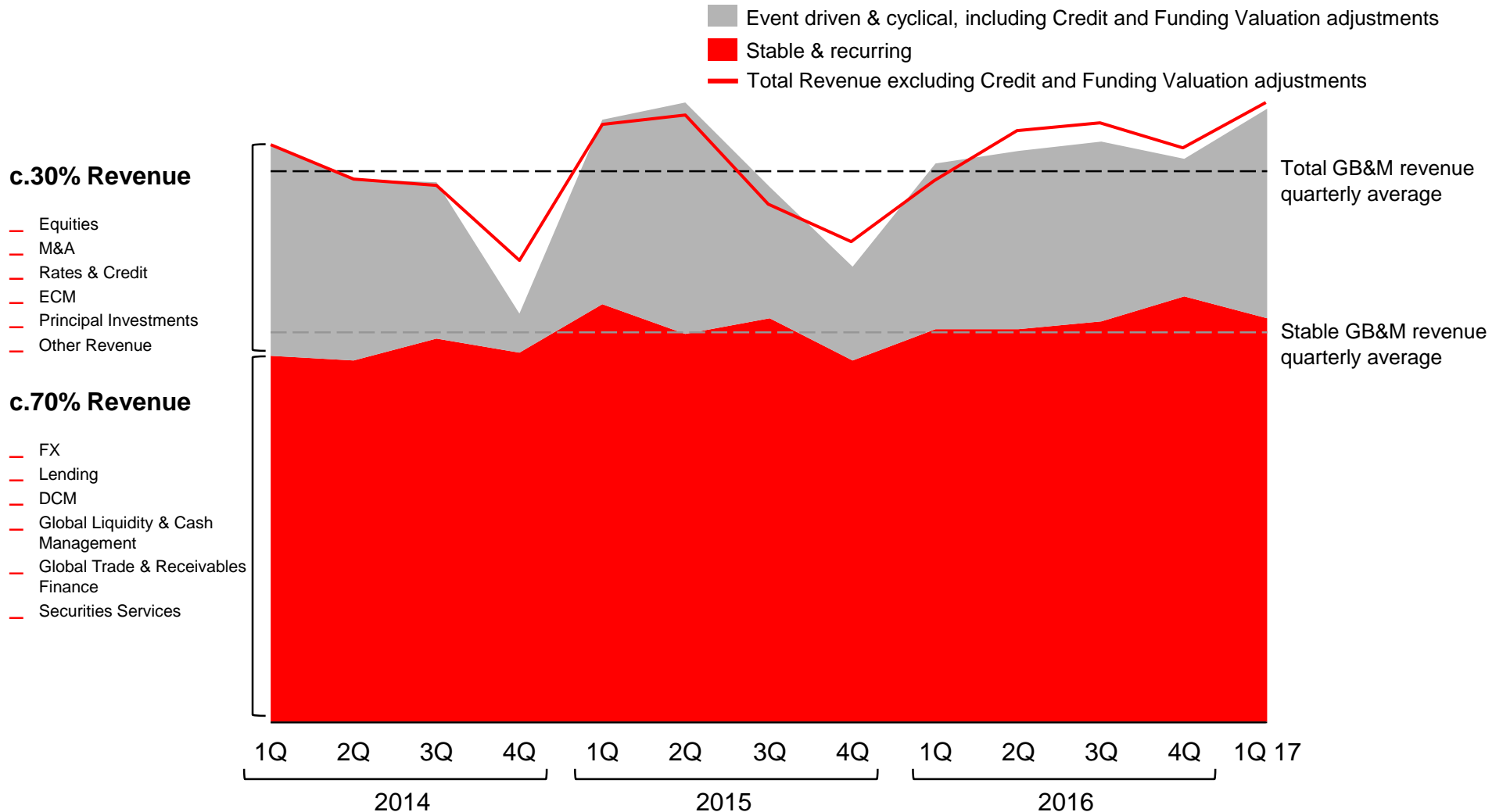


Sources:

1. Nominal GDP growth; Source: Global Insights. Note: Excludes Commonwealth of Independent States and Sub-Saharan Africa
2. Merchandise imports plus exports; Source: Global Insights. Note: Excludes Commonwealth of Independent States and Sub-Saharan Africa
3. As disclosed in the 2016 HSBC GB&M Factbook

# Historically stable and recurring revenue with low volatility

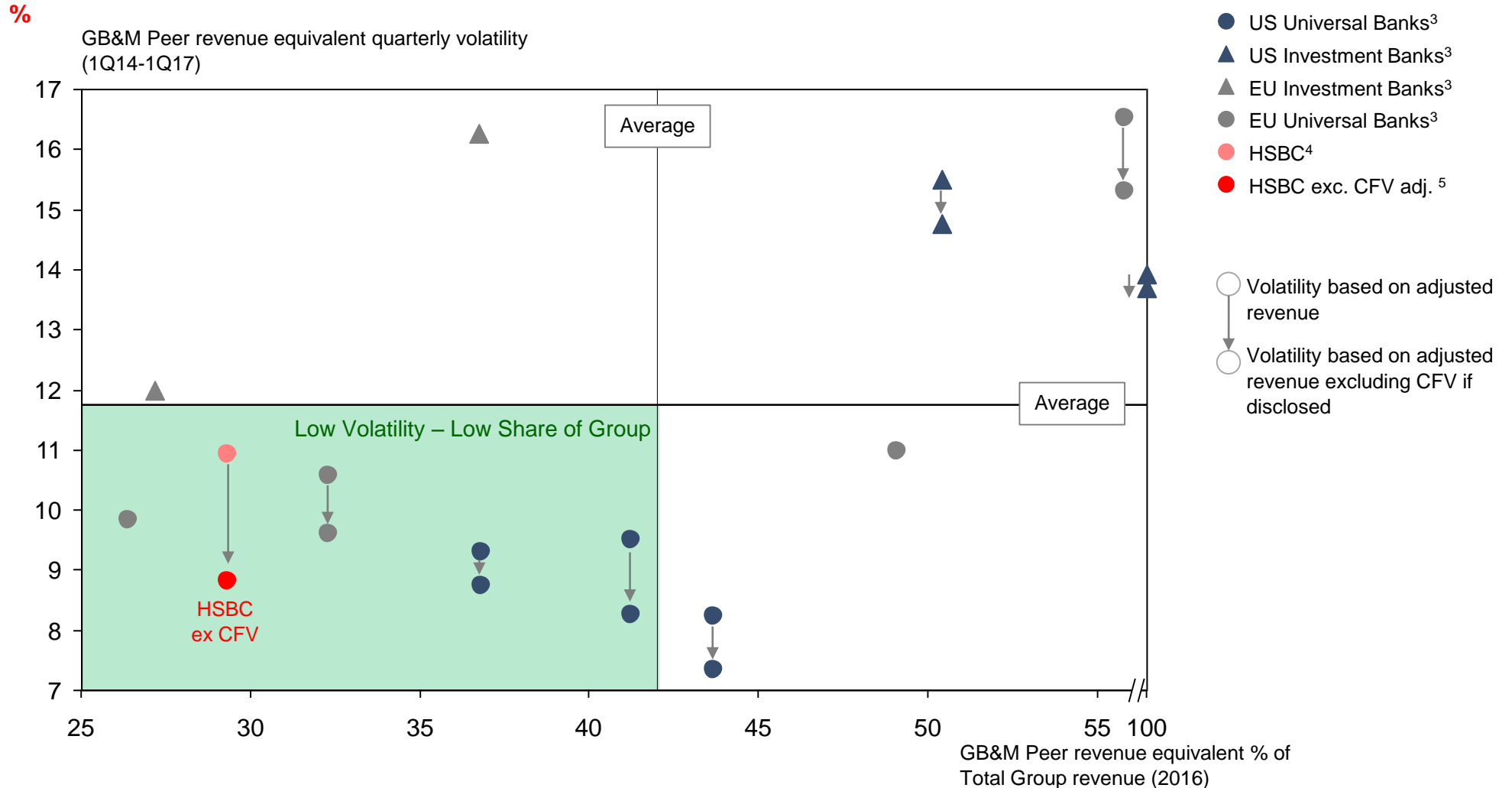
## Quarterly GB&M Revenue<sup>1</sup>



1. GB&M Adjusted Revenue, translated at 1Q17 FX rates, post-Corporate Centre resegmentation  
 Source: HSBC Management View of Adjusted Revenue as reported in the 2014-2016 HSBC Holdings plc Annual Report and Accounts

# Historically predictable revenue driven by relatively low volatility

## 1Q14 – 1Q17 Quarterly volatility peer comparison<sup>1,2</sup>

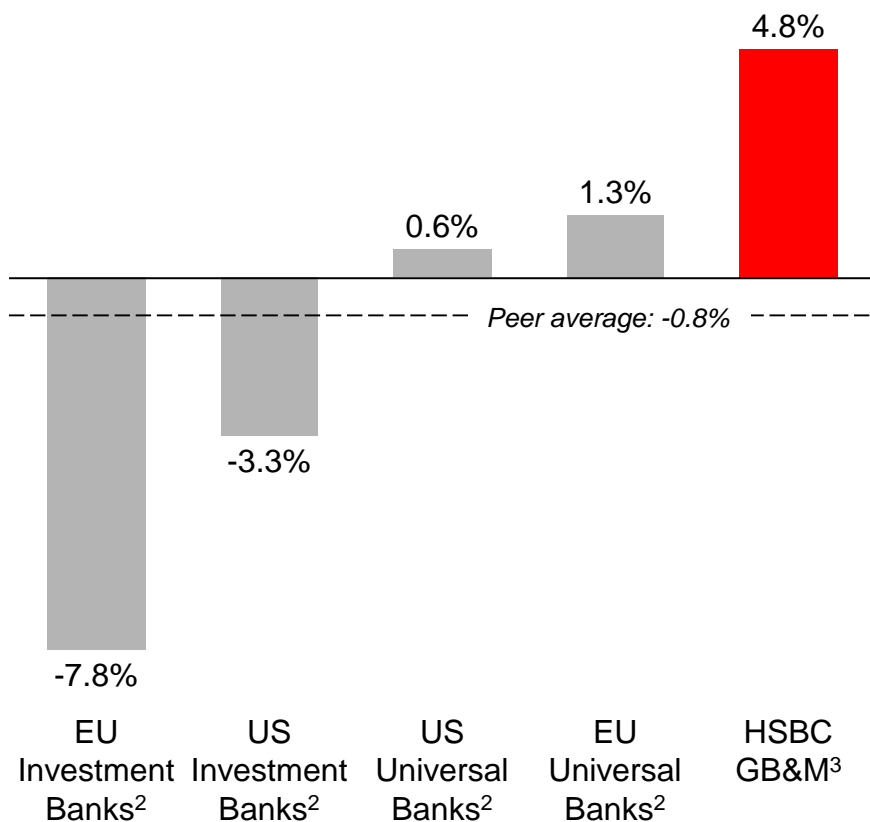


1. Volatility: calculated as standard deviation of the total operating income over the mean of the period (13 consecutive quarters from 1Q14 to 1Q17)  
 2. Revenue based on disclosed total operating income. Net operating income used where total operating income not available  
 3. US Universal Banks comprise: JP Morgan, Citi (excluding private bank) and Bank of America. US Investment Banks comprise: Goldman Sachs and Morgan Stanley. EU Universal Banks comprise: Barclays, Deutsche Bank, BNPP and Societe Generale. EU Investment Banks comprise Credit Suisse and UBS  
 4. HSBC revenues on an adjusted basis as disclosed in the HSBC Holdings plc Annual Report and Accounts 2016  
 5. HSBC revenues on an adjusted basis as disclosed in the HSBC Holdings plc Annual Report and Accounts 2016. Excluding Credit and Funding Valuation adjustments (CFV adjustments)

# Significantly outperforming our peer group historical growth

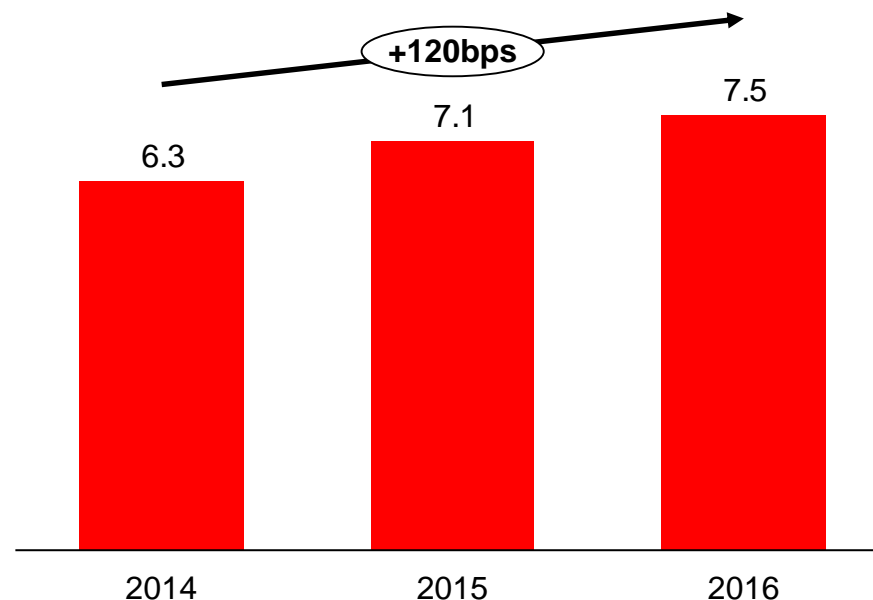
## Peer Revenue Growth Comparison<sup>1</sup>

Growth CAGR 2014-16, %



## HSBC Market Share

Corporate & Investment Banking<sup>4</sup>, %



### Main drivers of growth

- Global Markets – Fixed Income, Europe
- Global Liquidity & Cash Management
- Financing & Advisory<sup>5</sup>

1. Source: Peers' annual report accounts, HSBC analysis, wholesale division only

2. US Universal banks comprise: JP Morgan, Citi (excluding private bank) and Bank of America. US Investment Banks comprise: Goldman Sachs and Morgan Stanley. EU Universal Banks comprise: Barclays, Deutsche Bank, BNPP and Societe Generale. EU Investment Banks comprise Credit Suisse and UBS  
Net operating income used where total operating income not available

3. HSBC GB&M revenues on an adjusted basis as disclosed in the HSBC Holdings plc Annual Report and Accounts 2016

4. Source: Coalition. Peer group: Bank of America Merrill Lynch, Barclays, BNPP, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, J.P. Morgan, Morgan Stanley, Société Générale and UBS. Coalition results are based upon HSBC's product taxonomy and include all Institutional clients and Corporates with a turnover of greater than US\$1.5bn

5. As relates to Global Banking in the Management View of Adjusted Revenue in the HSBC Holdings plc Annual Report and Accounts 2016

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# Presenters



**Robin Phillips**  
Co-Head of  
Global Banking



**Matthew Westerman**  
Co-Head of  
Global Banking



**Diane Reyes**  
Global Head of Global  
Liquidity & Cash Management



**Thibaut De Roux**  
Global Head of  
Markets



**Cian Burke**  
Global Head of  
HSBC Securities Services

## Client coverage

GB&M has a client centric coverage model allowing us to serve our clients with more products in more countries

### Single point of delivery for all Group products

Other Businesses  
Products

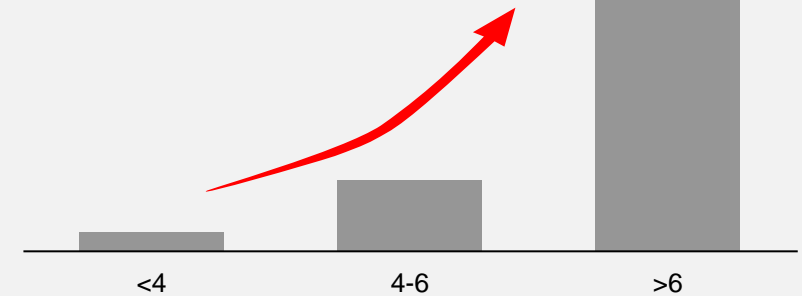
GB&M Products



Global Relationship Bankers are the focal point of client relationships – delivering all of HSBC's products

Client revenue multiplier by number of products<sup>1</sup>

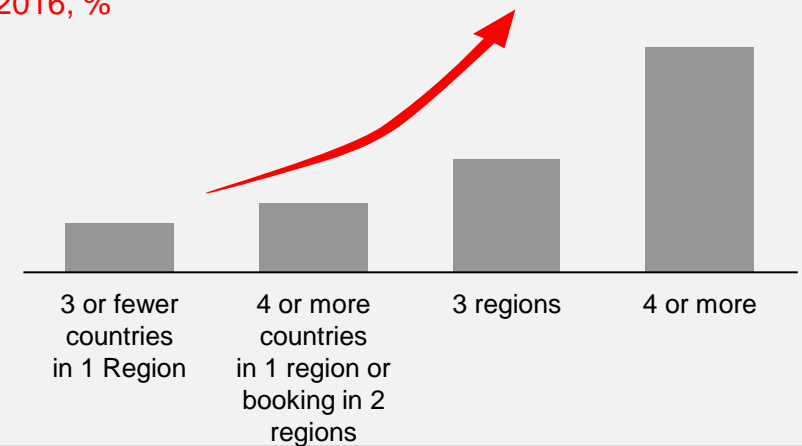
2016, # of products



Clients' global networks supported by multinational Relationship Managers in each location

GB&M client revenue by number of countries /regions<sup>1</sup>

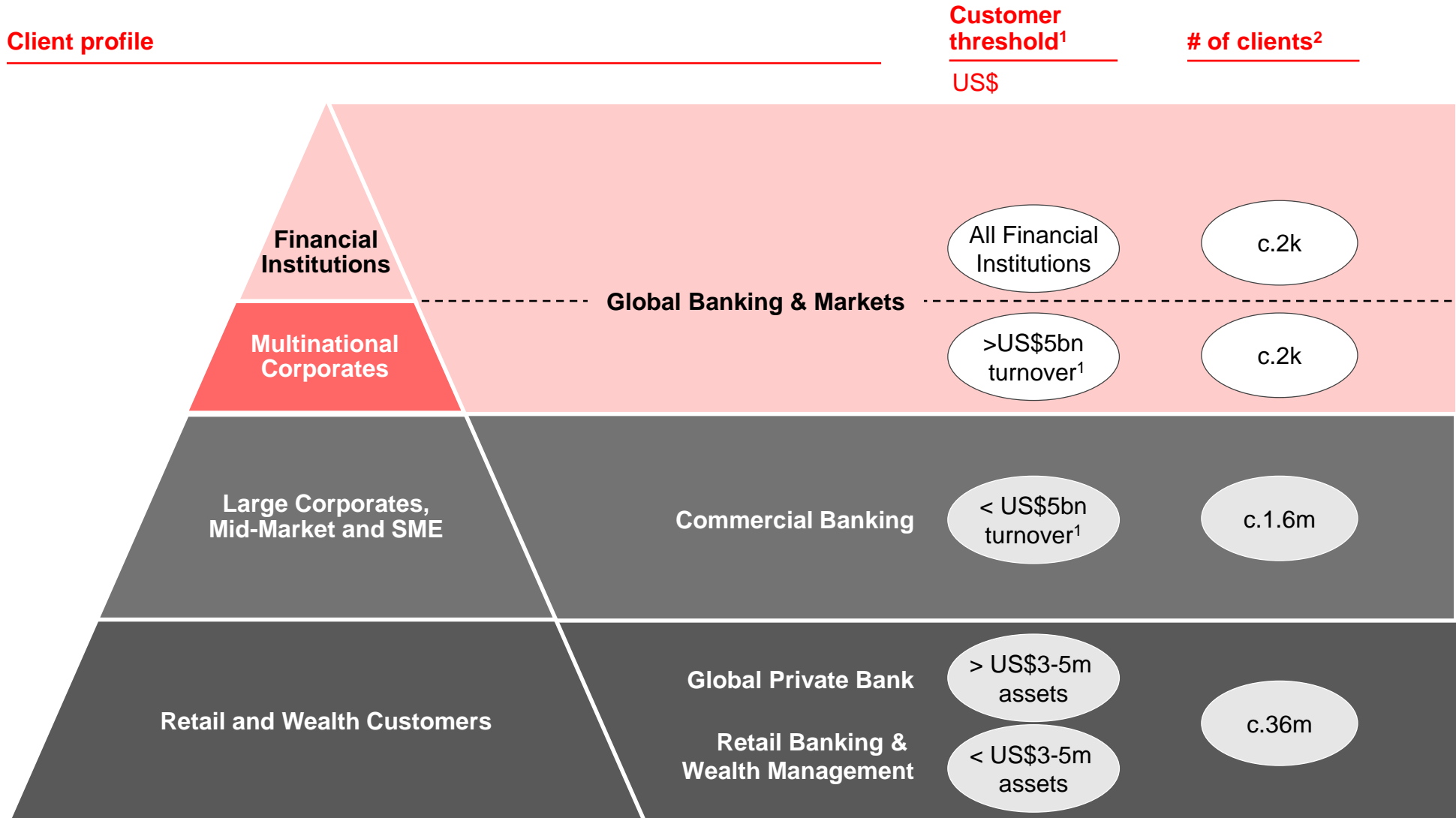
2016, %



1. HSBC internal client MI  
2. Managed by Commercial Banking (CMB)  
3. Managed by Retail Banking and Wealth Management (RBWM)

## Client coverage

# GB&M clients are large multinational corporates and institutions



1. Global average. Approximate thresholds, differs by country

2. GB&M based on client master groups, RBWM is based on individual clients, CMB is an amalgamation of client master groups and Individual clients. Figures as of December 2016

## Client coverage

# GB&M has a disciplined approach to capital allocation

## Capital allocation approach

Guided by overall GB&M required return and assessed at deal, client level

Deal-by-deal reviews of new capital commitments against hurdle rates



Client-by-client returns reviewed against hurdle rates

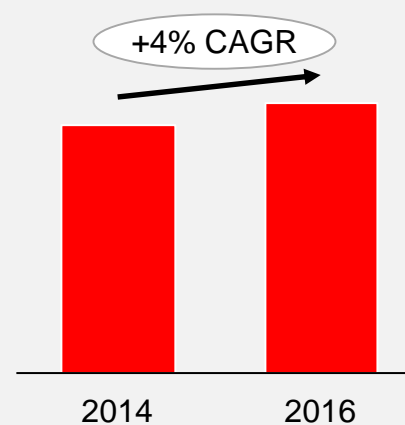


Disciplined tracking of deal related revenues

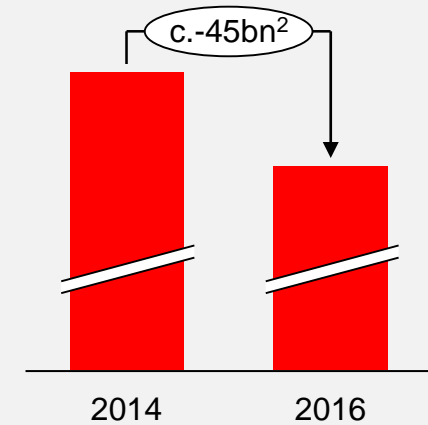
Ensuring that every dollar of committed capital is tracked

## Track record

Revenue<sup>1</sup>, US\$bn



Financing & Advisory<sup>1</sup> RWAs US\$bn



## Industry Awards



- World's Best Investment Bank
- World's Best Bank For Corporates
- Asia's Best Bank For Financing



- Most innovative investment bank from Western Europe
- Most innovative investment bank for bonds
- Most innovative investment bank for emerging markets

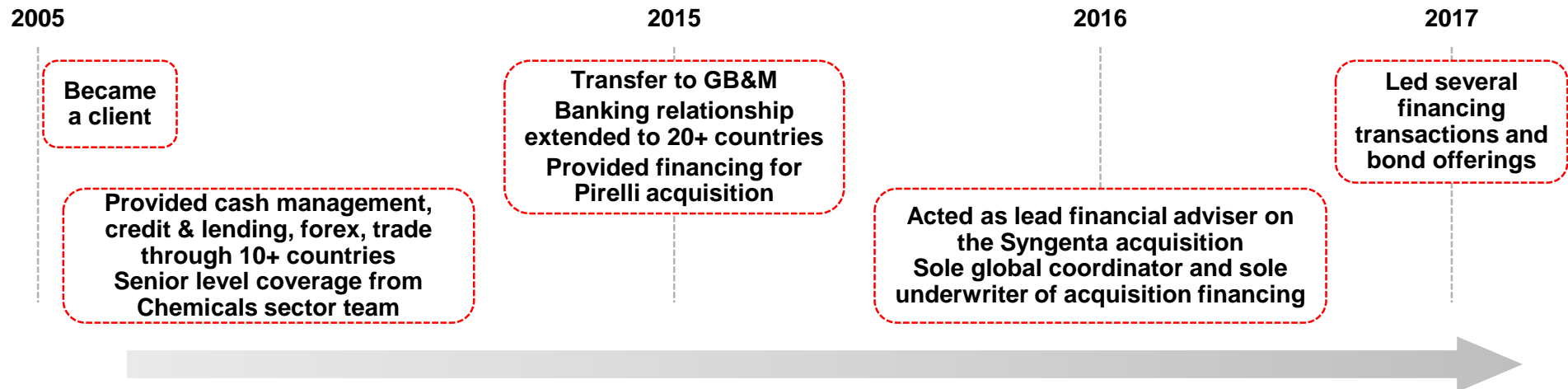
1. Relates to Global Banking as referenced in the HBSC Holdings plc Annual Report and Accounts 2016. Revenues are on an adjusted basis  
2. Gross RWA reductions from December 2014 to December 2016. As presented at June 2015 Investor day FX rate

## Client coverage

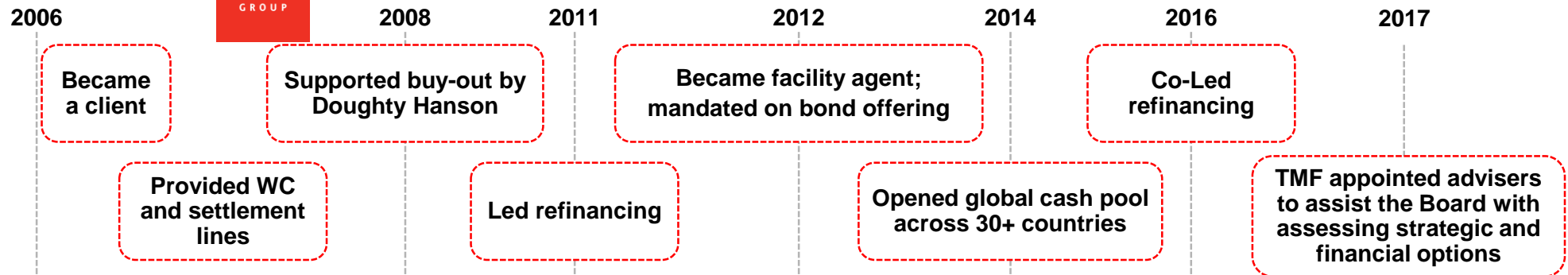
# Universal banking model enables us to provide solutions throughout the client lifecycle

Positioned to bank the client throughout its lifecycle, from basic banking services through to international cash management and capital markets solutions

### Case study 1 **CHEMCHINA**



### Case study 2



# Growth opportunity in Asia and Americas and well positioned in Europe despite ring-fencing and Brexit

## Trends

Asia

- **Macro** – Strong GDP and trade growth
- **Infrastructure** – Infrastructure investment (e.g. Belt & Road Initiative)
- **RMB** – Continued internationalisation

Europe, Middle East and North Africa

- **Ring Fencing** – UK ring-fencing of retail operations
- **Brexit** – EU business to be conducted from within the EU27
- **Gulf** – GCC accessing the international capital markets

North America and Latin America

- **Macro** – US\$ rate rises and GDP growth across North America Free Trade Agreement (NAFTA)
- **Trade** – NAFTA renegotiation
- **US outbound** – continued US international expansion

## Initiatives

### Unrivalled position in Asia

- **Pivot to Asia** – continue re-deployment of resources and investment
- **Belt and Road Initiative** – capture opportunities in 44 BRI countries within HSBC footprint
- **RMB** – maintain **market leading** position
- **Pearl River Delta** – continue expansion into Pearl River Delta, China Securities JV

### Strong UK, Continental Europe & Middle East

- **UK** – Implement ring-fencing
- **Continental Europe** – HSBC France as the hub to win business post-Brexit
- **MENA** – support Gulf countries to diversify their economies beyond oil and gas

### Full bank presence in US, Canada and Mexico

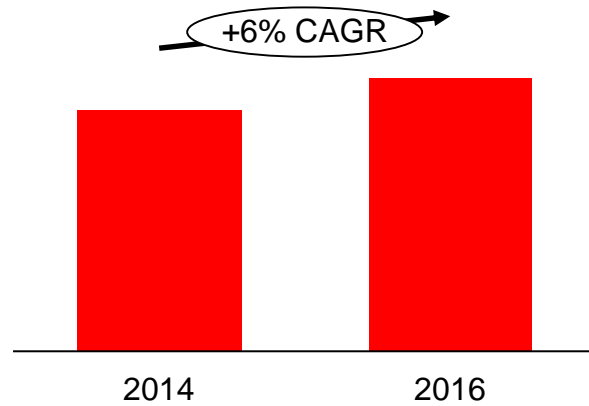
- **US outbound and inbound** – continue growth in serving US clients in Asia and Europe and MENA
- **Canada** – capture opportunities from investment
- **Mexico** – continue progress on turnaround
- **LATAM** – Brazil new bank license to serve multinationals

## Financing and Advisory - Profile and track record

# Historically stable revenue growth and market share gains

### DCM, ECM, Advisory, IRG, Credit and Equity financing revenue growth<sup>1</sup>

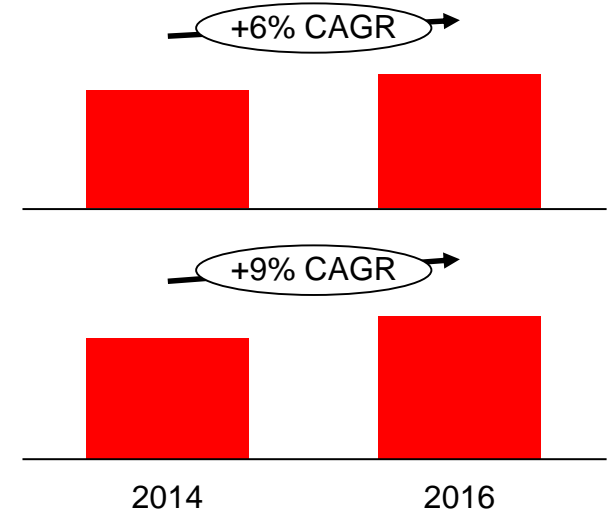
Revenue, US\$bn



### With positive momentum in a number of strategic areas<sup>2</sup>

Technology client revenues

MENA client revenues



### With market share gains in key products<sup>3,4,5</sup>

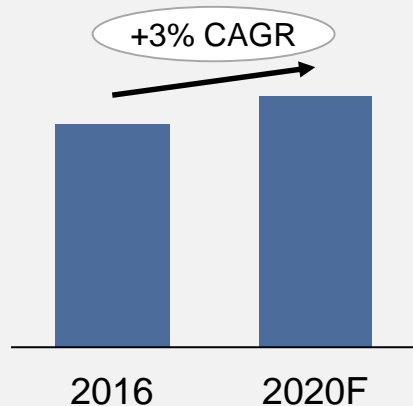


1. Includes certain products in Global Banking before revenue sharing agreements with Global Markets and other businesses. Figures exclude Credit and Lending
2. HSBC internal client MI
3. Source: Dealogic, based on Volumes
4. HSBC rank and % share is yoy as at 31<sup>st</sup> December 2016
5. Data comparison from 1995 onwards

# Well placed to continue to grow share of client event wallet

### Industry revenue forecast<sup>1</sup>

US\$bn



### Trends

- Continued growth in Asia
- Fragmentation in European capital markets (eg Brexit)
- Growth in infrastructure development opportunities
- Shift from international trade growth to intra-regional growth
- Growth in sponsor activity

### Initiatives

#### 1 Regions

- **Asia:** Maintain leadership
  - Grow assets in the Pearl River Delta
  - Retain leadership in Investment Banking revenues in Hong Kong
  - Invest in ASEAN to grow market share and improve returns
  - Capitalise on the Belt and Road Initiative
- Be the leading international bank in key network markets (e.g. Korea, Japan etc.)
- **North America:** Capitalise on international trade flows, both into and out of North America
- **EMEA:** Invest in key growth areas
  - Well placed to continue to serve clients post-Brexit
  - Improve returns across Europe
  - Retain leadership position in MENA

#### 2 Products

- **Loans:** Top 3 market share in target markets in Europe and Asia with increased share in Americas
  - Grow market share with global financial sponsors
- **DCM:** Top 5 globally
  - Increase sales of derivatives solutions
- **M&A:** Leading China outbound advisory
  - Maintain focused teams in each hub to service clients across the Group
- **ECM:** Achieve top 3 position in Hong Kong and ASEAN
  - Continued growth in EMEA market share
  - Targeted growth in Americas
  - Full service but focused teams in each hub to service clients across the Group

#### 3 Sectors

- Continued focus on building out our market shares on sector by sector basis, including for example:
  - **FIG:** leverage extensive Financial Institution client base to grow revenues
  - **Financial sponsors:** Grow market share of large scale financings and associated event fees
  - **Technology:** Continued investment in deepening market share across event and transaction banking

1. Source: BCG Analysis. Investment banking revenue forecast



## Progress in Sectors Case study: Global Chemicals sectors

Supported by  
best in class  
research team<sup>1</sup>

### Acquisition financing

Apr 2017  
  
EUR0.7bn & US\$1.2bn  
Refinancing of Acquisition Term Loans  
Bookrunner/Joint Lead Arranger/ Left-Lead Arranger

Apr 2017  
  
US\$2.1bn  
Acquisition bridge financing  
Sole initial bridge provider

Feb 2017  
  
  
US\$2.1bn  
Acquisition facilities for The Carlyle Group's acquisition of Atotech  
Joint Lead Arranger/Joint Bookrunner

Sep 2016  
  
US\$56.9bn  
Acquisition facilities for the proposed acquisition of Monsanto  
Underwriter

Feb 2016  
  
US\$20.0bn  
Acquisition facility  
Global Coordinator and Underwriter


Dec 2015  
  
US\$12.0bn  
Bridge loan for the acquisition of Air Gas  
Mandated Lead Arranger

Dec 2015  
  
US\$6.0bn  
Bridge loan for the acquisition of MEGlobal  
Underwriter, Bookrunner, MLA

Aug 2015  
  
US\$5.8bn  
Bridge loan for the acquisition of Cytec  
Mandated Lead Arranger


### Capital markets

Apr 2017  
  
US\$2.1bn  
High yield bonds in relation to Williams Partners olefins facility acquisition  
Joint Active Bookrunner


Nov 2016  
  
EUR4.0bn  
Mandatory Convertible  
Co-Bookrunner

Nov 2016  
  
SAR600m  
Rights issue  
Adviser/Lead Manager/Underwriter

Oct 2016  
  
EUR3.3bn  
Rights issue  
Joint Bookrunner


Oct 2016  
  
US\$2.25bn  
Inaugural bonds offering  
Lead Manager and Global Coordinator

Jun and Sep 2016  
  
EUR3.0bn 5-tranche bond  
US\$4.5bn 5-tranche bond  
Bookrunner

Aug 2016  
  
EUR1.9bn  
3-tranche bond issue  
Joint Bookrunner

Nov 2015  
  
US\$1.6bn 144A/Reg S Dual Tranche  
EUR1.0bn Hybrid bond  
Active Joint Bookrunner, Joint Global Coordinator

### Advisory


Ongoing  
  
Financial Advisor to AkzoNobel in relation to the separation of Specialty Chemicals  
Financial Advisor


Jun 2017  
  
EUR26.9bn  
Financial Advisor to AkzoNobel in relation to the unsolicited approach from PPG Industries (aborted by PPG)  
Financial Advisor

Apr 2017 (Announced)  
  
US\$2.1bn  
Acquisition of Williams Partners olefins facility  
Sole financial advisor

Feb 2017 (Announced)  
  
US\$2.2bn  
Sale of Cristal's TiO2 businesses to Tronox Ltd in return for cash and a 24% stake  
Financial Advisor


Oct 2016  
  
EUR350m  
Disposal of graphite electrode business of SGL Group to Showa Denko  
Joint Financial Advisor


Jun 2016  
  
Undisclosed  
Sale of Coventya to Silverfleet Capital  
Sole Financial Advisor

Feb 2016  
  
US\$46.3bn  
Recommended public offer for Syngenta AG  
Lead Financial Advisor

Dec 2015  
  
US\$3.2bn  
Sale of Dow's stake in MEGlobal to EQUATE  
Sole Financial Advisor

  
EM EMEA Chemicals  
#1 Team  
2017

  
EM EMEA Chemicals  
#1 - Sriharsha Pappu  
2017

  
EM EMEA Chemicals  
#3 - Nick Webster  
2017

  
EM EMEA Chemicals  
#2 Team for Continental Europe  
2016

1. EXTEL 2016 and 2017 – Emerging EMEA Chemicals /Industrials Rankings

# Agenda for the day

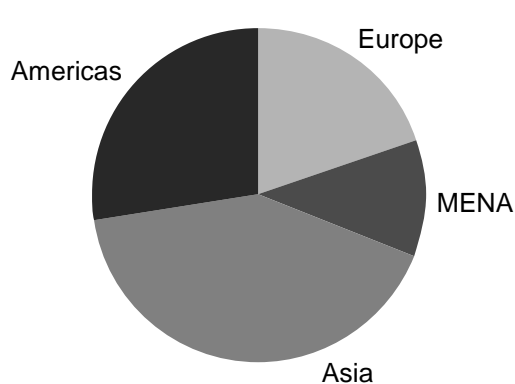
Introduction		9:35AM – 9:40AM
1	Industry and Global Banking & Markets overview	9:40AM – 10:00AM
2	GB&M clients and businesses	10:00AM – 10:20AM
	<b>Break</b>	<b>10:20AM – 10:40AM</b>
	GB&M clients and businesses	10:40AM – 11:00AM
3	Outlook	11:00AM – 11:20AM
Q&A		11:20AM – 11:45PM
Lunch		11:45PM – 1:00PM
Appendix		

## Global Liquidity and Cash Management – Profile and track record

# Historically strong revenue and deposit growth enabled by key deals and recognised by industry awards

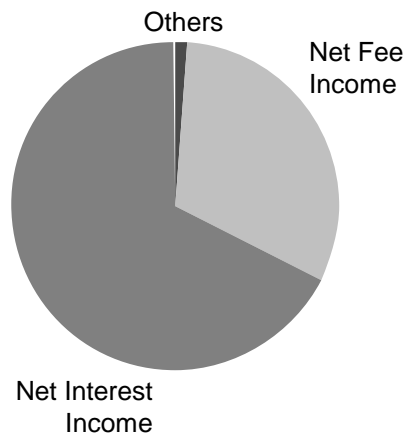
### Balanced geographical footprint<sup>1</sup>

2016, Revenue %

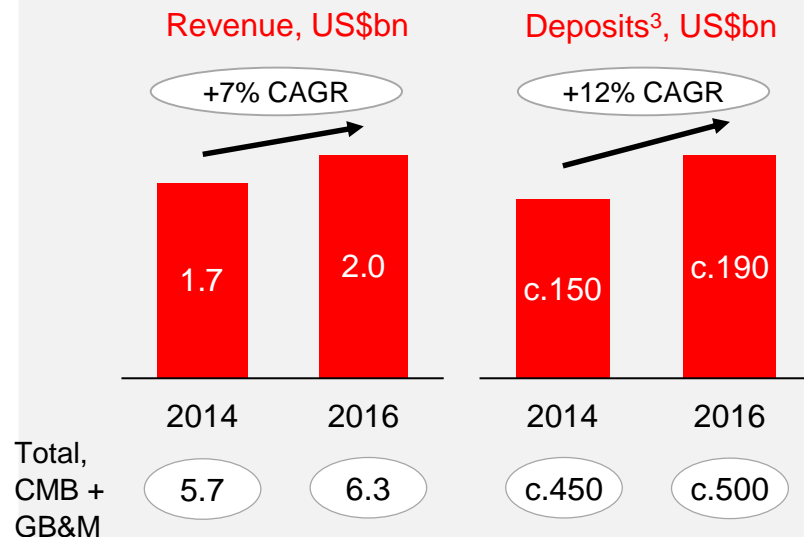


### Product suite<sup>1</sup>

2016, Revenue %



### Track Record<sup>2</sup>



### Customer Examples

2016



HSBC assisted eBay invest its surplus cash in a range of investment options, ensuring excess liquidity was optimised, banking fees were reduced, and time was freed to enable the Treasury team to focus on other strategic initiatives.



Consolidation of banking across the Middle East region to drive greater operational efficiency, economies of scale and optimise liquidity to aid greater working capital management

### Facts and Industry Awards<sup>4</sup>

2016

- **4.2bn<sup>5</sup>**: Volume of Payments processed annually
- **US\$425tn<sup>5</sup>**: Value of Payments processed annually
- **Client revenue**: Cross-border 76% and In-country 24%<sup>6</sup>



Best Global Cash Manager for financial and non-financial institutions (#1) by Euromoney



Recognised by Greenwich Associates as the #1 Cash Management provider for large corporates in Asia

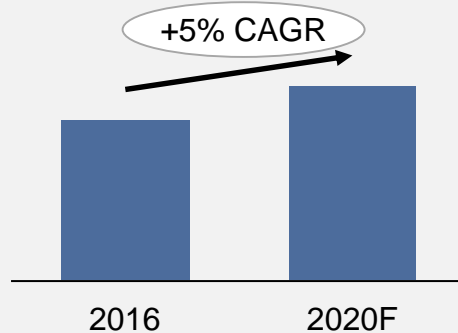
Note: Figures may not add due to rounding

1. As disclosed in Management View of Adjusted Revenue in the HSBC Holdings plc Annual Report and Accounts 2016. Americas include US, Canada and Latin America
2. Revenue included for both CMB and GB&M customers as disclosed in Management View of Adjusted Revenue in the HSBC Holdings plc Annual Report and Accounts 2016
3. Growth in customer deposits partially offset by reductions in non-operational balances. Based on average YE deposits. Total GB&M customer accounts, on an adjusted basis, were US\$256bn in 2016 and US\$261bn in 2014
4. 2017 Greenwich Associates Survey; Euromoney Cash Management Survey 2016
5. Global Liquidity and Cash Management internal management information
6. HSBC internal client MI

# Continue to be leading provider of Liquidity and Cash Management solutions globally for our customers

### Industry revenue forecast<sup>1</sup>

US\$bn



### Trends

- Interest rate rises
- Increasing FDI flows, in particular from Asia to developed markets
- Accelerating innovation from Digitisation and the FinTech revolution
- Fragmented market creates opportunities for global scale players to consolidate and grow market share
- Brexit offers an opportunity to increase market share in Europe

### Initiatives

1

#### Geographies

- Extend proven coverage model to better **penetrate key corridors** (e.g. Asia to US, Europe to US)
- Further **investment in ASEAN and PRD**, in order to retain our #1 Asiamoney Offshore RMB ranking
- Continue to leverage the **GLCM dedicated staff in 52 to countries** to better penetrate opportunities from corporates expanding abroad

2

#### Clients

- **Grow our stable deposit base**
- **Leverage strong Continental Europe** proposition to maximise post-Brexit opportunities

3

#### Investments in Digital

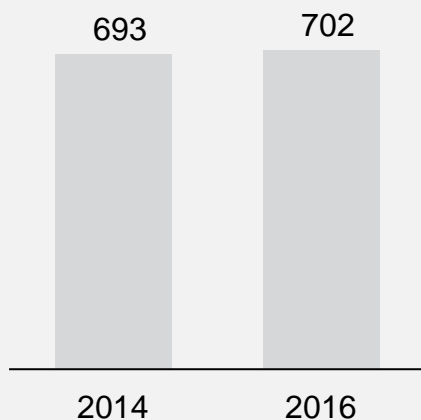
- **Maintain and build market leading Global Payment capabilities** through partnership with FinTechs
- **Investment in digital** to deliver step change in client experience, including enhanced self service capabilities

1. Source: BCG Analysis; Payments industry revenue forecast

# Trade is pivotal to the value of HSBC's network

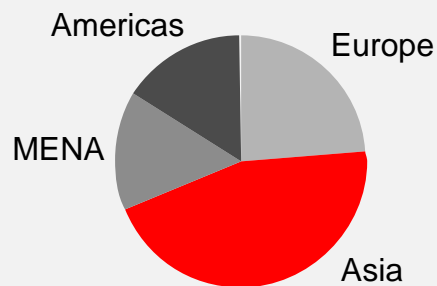
## GTRF GB&M Track Record

Revenue<sup>1</sup>, US\$m



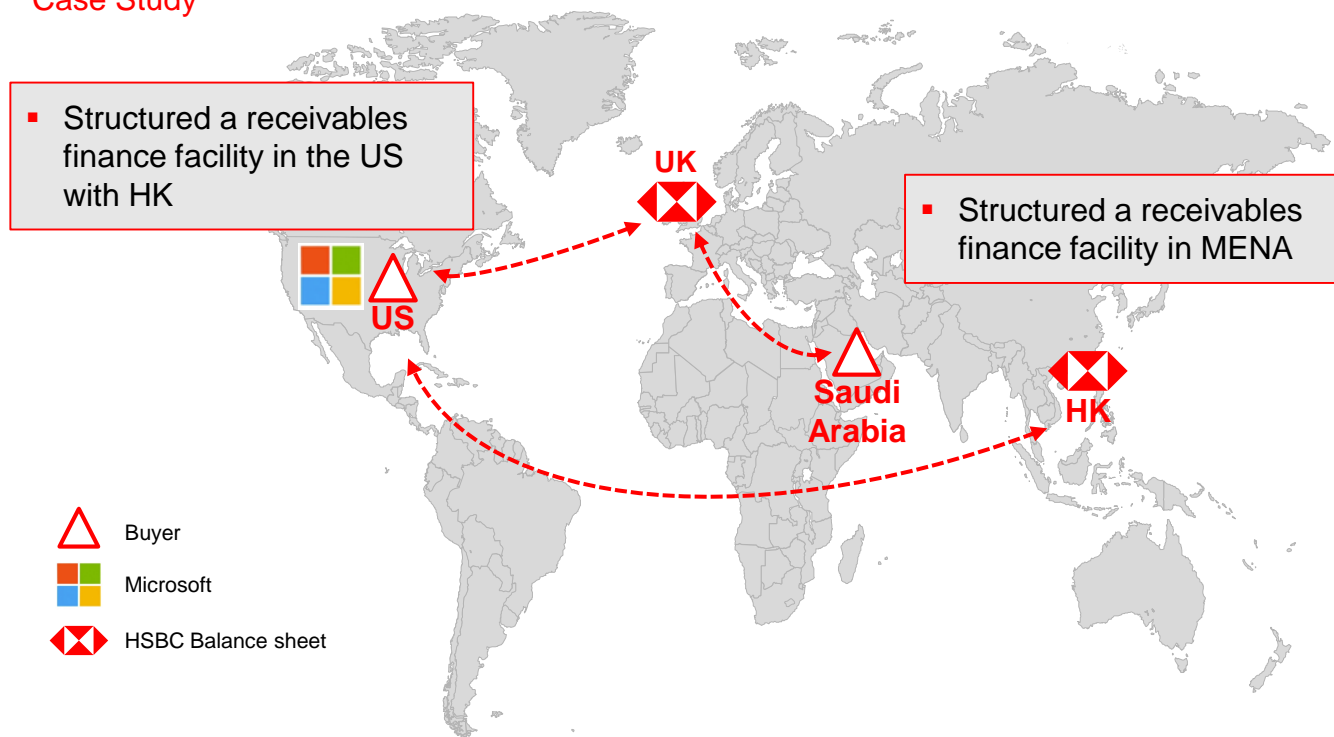
## With focus in Asia<sup>2</sup>

2016, Revenue, %



## Global Trade Finance Solution

Case Study



## Key Characteristics

- Enabled Microsoft to extend payment terms whilst mitigating concentration risk on key partners
- HSBC's solution combined use of several booking centres and of credit insurance to maximise efficiency of capital

1. HSBC Management View of Adjusted Revenue as reported in the 2016 HSBC Holdings plc Annual Report and Accounts  
 2. On an adjusted basis for GB&M customers

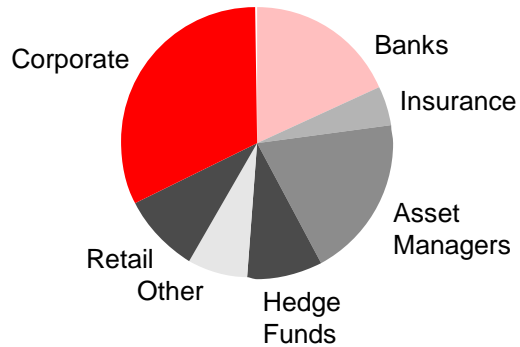
# Global Markets – Profile and track record

## Sustained revenue growth, RWA reduction and market share gains

Delivering solutions, financing, emerging market and network to corporate and institutional clients

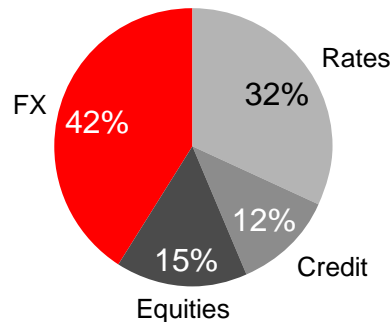
### Client profile<sup>1</sup>

2016, Revenue %



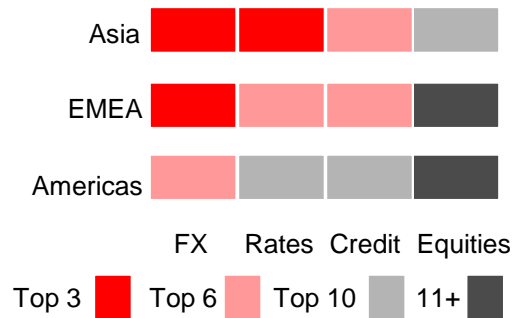
### Product suite<sup>2</sup>

2016, Revenue %



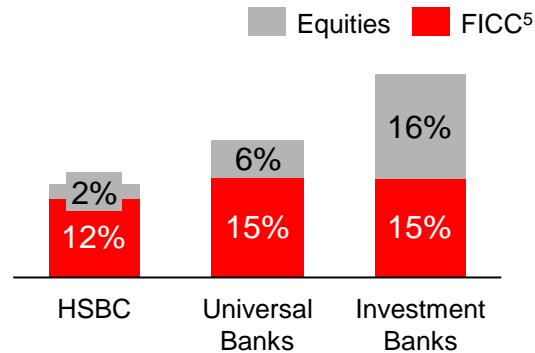
### Market position<sup>3</sup>

2016, Revenue %



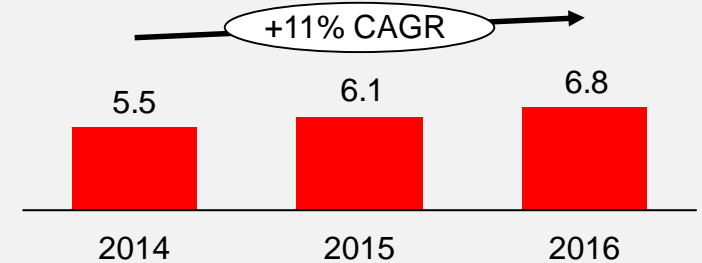
### Global Markets as a % of group<sup>4</sup>

2016, Revenue %

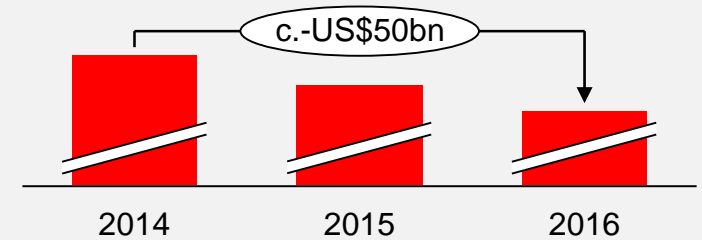


### Track Record

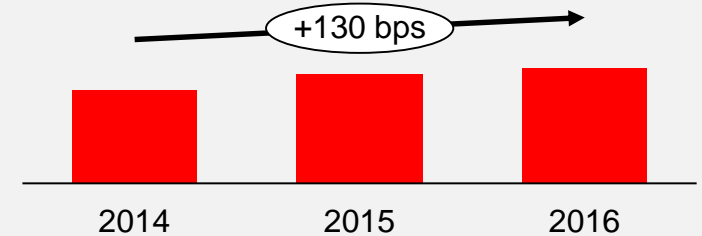
#### Revenue<sup>2</sup>, US\$bn



#### RWAs<sup>6</sup>



#### Market Share<sup>3</sup>,%



1. HSBC internal client MI

2. GB&M adjusted revenue based on the 2016 HSBC Holdings plc Annual Report and Accounts. Numbers may not add due to rounding

3. Source: Coalition. Peer group: Bank of America Merrill Lynch, Barclays, BNPP, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, J.P. Morgan, Morgan Stanley, Société Générale and UBS. Coalition results are based upon HSBC's product taxonomy and include all Institutional clients and Corporates with a turnover of greater than US\$1.5bn

4. Based on reported revenue. Universal Banks comprise: JP Morgan, Citi, Bank of America, Barclays, BNPP, Deutsche Bank and Societe Generale. Investment Banks comprise: Goldman Sachs, Morgan Stanley, Credit Suisse and UBS. Dec16 spot rate was used to translate European peers results to US\$

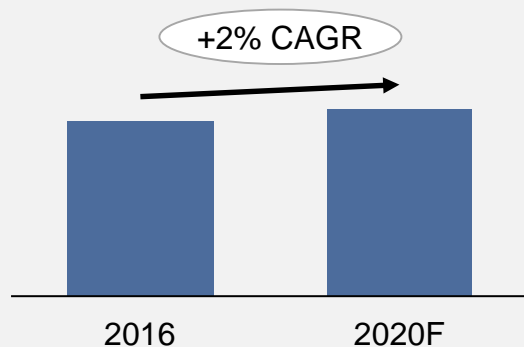
5. Comprising Credit, Rates and Foreign Exchange revenue within Global Markets

6. Gross RWA reductions on an adjusted basis

# Defined plans to continue growth momentum

### Industry revenue forecast<sup>1</sup>

US\$bn



### Trends

- **Post-crisis regulatory changes** near finalisation except Fundamental Review of Trading Book
- **Re-pricing** of balance sheet and capital commitment
- Increased focus on **client relationships and solutions**
- Polarisation of trading activities between **execution** and **financing / solutions**
- End-to-end **digitalisation** and rise of FinTech
- **Client opportunities** including global trade growth and AUM growth
- **Client challenges** including fees, regulation, industry transformation

### Initiatives

1

#### Client Financing and Solutions opportunities

- Grow higher margin businesses aligned to HSBC strengths
- Credit – leverage our franchise for origination opportunities and build further capabilities in investment grade, high yield, exchange-traded funds, asset backed securities, loans and repo trading
- Financing and Solutions - leverage balance sheet, capital and diverse franchise (CMB, Banks, Insurers, Hedge Funds, Sponsors) to originate, transform and finance pools of assets or risks for redistribution

2

#### Growth aligned with HSBC's strengths in Emerging Markets

- Delivering market access and notably Asian network
- Growing our greater China best in class offering including RMB, market access and China Securities JV
- Positioned to capture internationalisation of capital markets in the Gulf countries
- Expand and complete LATAM franchise

3

#### Digital for clients

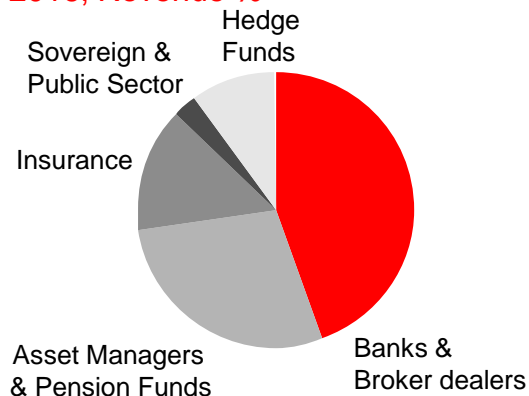
- Investment in digital to enhance efficiency and better serve our clients
- eTrading as a service
- Business intelligence and analytics to sales and clients deliver the “power of the franchise”
- Leveraging cloud computing and FinTech innovation

## HSBC Securities Services – Profile and track record

# Market share gains enabled by leadership position in Asia and Middle East

### Client base<sup>1</sup>

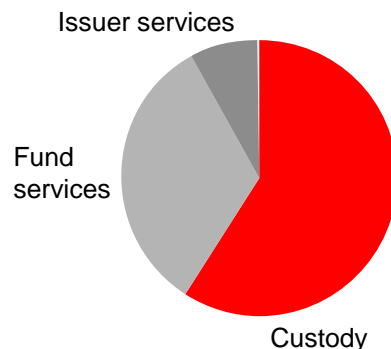
2016, Revenue %



Core product for Financial Institutions

### Product Suite<sup>2</sup>

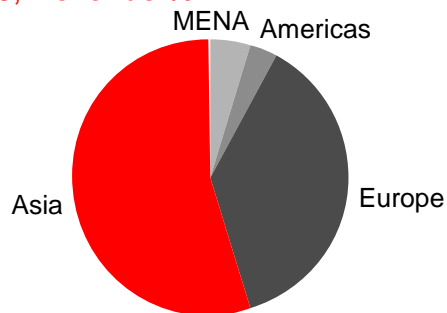
2016, Revenue %



Stable and recurring revenue

### Geography<sup>1</sup>

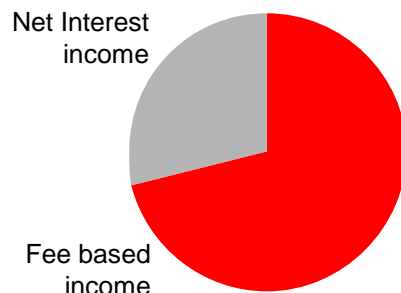
2016, Revenue %



Accessing c.90 markets worldwide

### Revenue type<sup>2</sup>

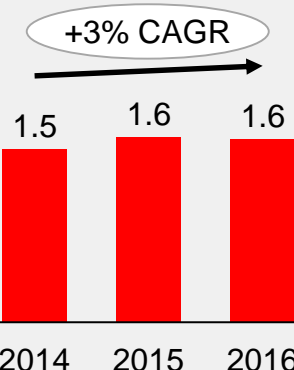
2016, Revenue %



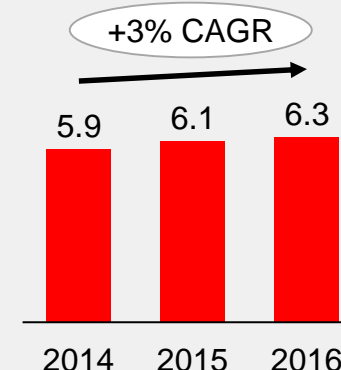
Ranked #6 globally by AUC<sup>5</sup>

### Track record

US\$bn, Revenue<sup>2</sup>



US\$tn, AUC<sup>3</sup>



### Key awards 2017

#### AsianInvestor

- Asset Services Provider of the Year
- Bank of the Year for Cross-Border Custody
- Global Custodian of the Year Mutual Funds

#### Asia Money

Best for offshore RMB fund services

#### Global Custodian

Innovation in Proxy Voting

### Key deals

- **BlackRock** - RQFII<sup>4</sup> custodian bank, helping US investors buy domestic Chinese securities for the first time
- **Credit Suisse** - Provider of equity markets post-trade processing in Australia

1. HSBC internal client MI

2. GB&M adjusted revenue based on the 2016 HSBC Holdings plc Annual Report and Accounts. Revenue type: Fee-based income includes Funds and Custody, Issuer Services, Foreign Exchange and Securities lending

3. AUC figures above on a constant currency basis. On a reported basis, AUC for 2016 is US\$6.3tn; 2015 is US\$6.2tn and US\$6.4tn for 2014

4. RQFII: RMB Qualified Foreign Institutional Investor

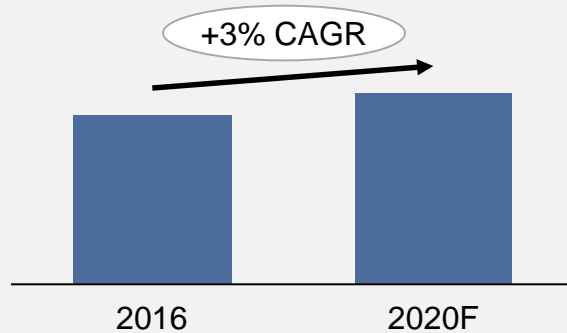
5. Source: EY and HSBC internal analysis



# Invest to capture market growth, automate our platforms and deliver enhanced client experience

### Industry revenue forecast<sup>1</sup>

US\$bn



### Trends

- **Interest rate** rises
- **Compression** of industry margins
- Increasing client demand for **digital** services
- **Asset growth** in asset managers and owners sectors with a drive to diversify asset classes
- Increased **regulatory focus** on investor protection and asset safekeeping rules

### Initiatives

#### 1 Invest in Digital & Data

- Increased investment in digital & data programmes
- Improve client experience through APIs<sup>2</sup> and enhanced data channels providing greater insights to client's portfolios
- Leverage robotics and 'Artificial Intelligence' to drive automation

#### 2 Grow the asset managers and asset owner sectors

- Deliver next generation integrated custody and funds platforms
- Broaden asset classes (e.g. ETFs, alternatives)
- Sales & Commercial excellence by fully leveraging GB&M relationships

#### 3 Strengthen our network

- Evaluate options to expand our footprint e.g., Europe
- Invest in high growth markets e.g. China, Indonesia
- Capture more cross-border flows in/outbound to Asia and EMEA

#### 4 Grow the value of our business by leveraging our franchise

- New middle office outsourcing services to banks and broker dealers
- Improve Issuer Servicing capabilities & connectivity to better support our Financing & Origination business
- Enhance collaboration with HSBC Asset Management, Private Banking and Insurance to leverage our universal banking model

1. Source: BCG analysis. Custodian Revenue based on the top 10 global custodians

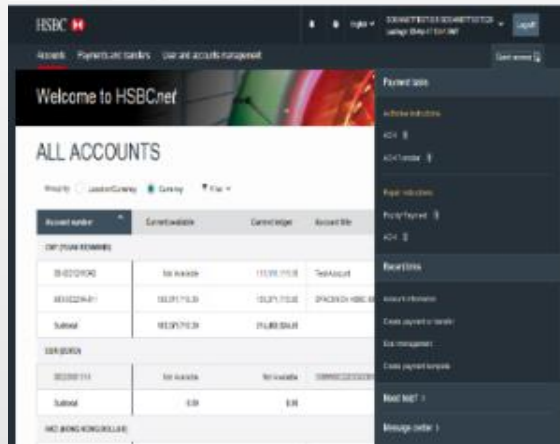
2. API: Application Programming Interfaces

# Invest in digital and innovation for efficiency and growth

## Client and Market Connectivity

## Strategic Investments and Partnerships

### HSBCnet



Transform transaction banking browser and mobile:

- New User Interface & virtual assistant
- New authentication & TouchID on Mobile

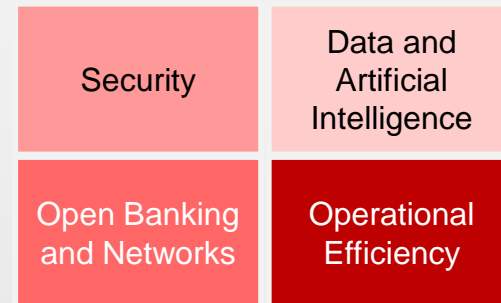
### HSBC Evolve



Investing in our execution platform:

- Integrated customisable execution platform, from pre-trade, trade through to post-trade

- ✓ 10+ Investments in technology start ups to date
- ✓ Across four key themes



### HSBC Connect

Transform transaction banking host to host connectivity:

- New user interface
- More file formats

# Agenda for the day

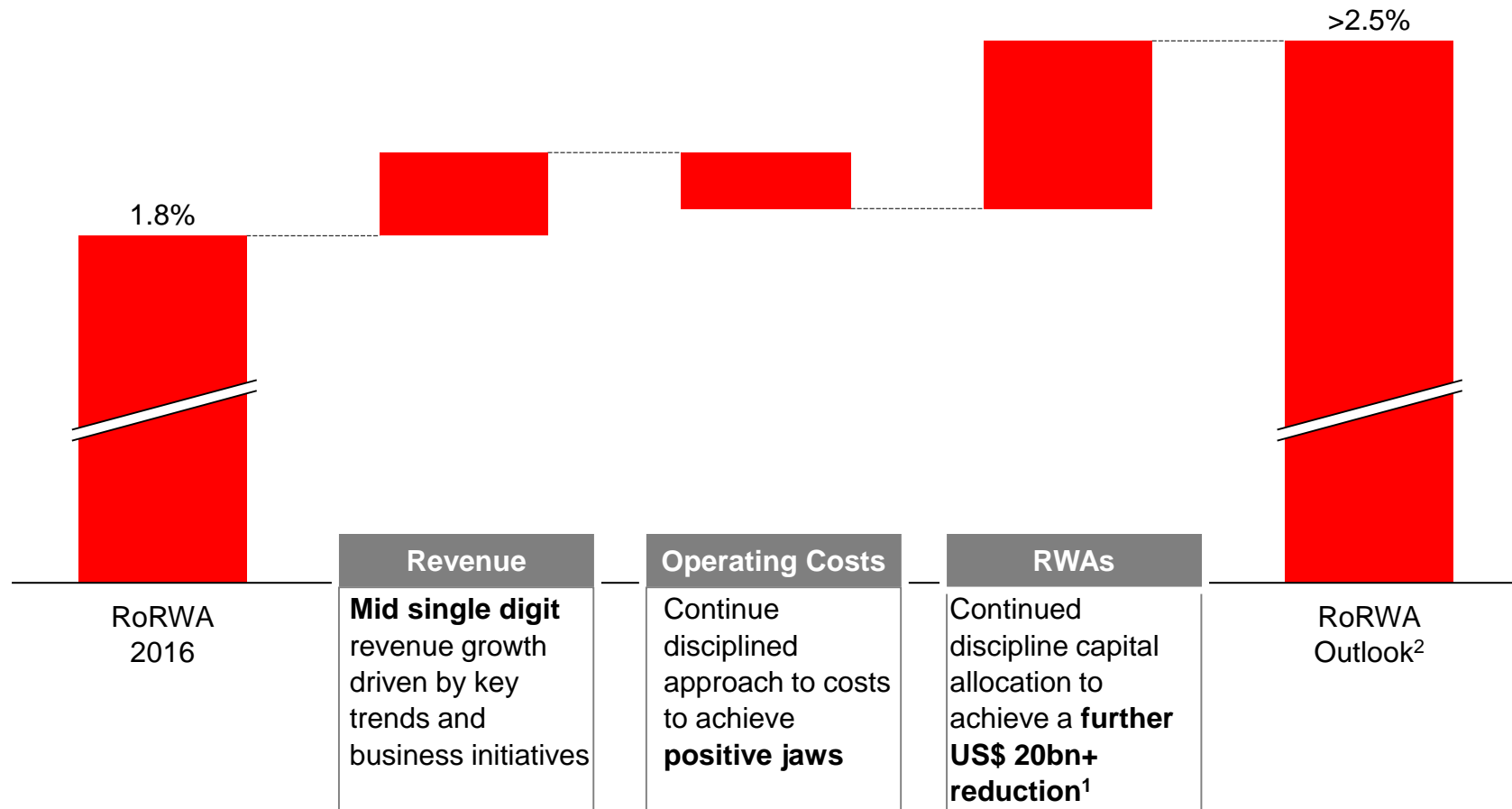
Introduction		9:35AM – 9:40AM
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	GB&M clients and businesses	10:00AM – 10:20AM
2	Break	10:20AM – 10:40AM
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<b>3</b>	<b>Outlook</b>	<b>11:00AM – 11:20AM</b>
Q&A		11:20AM – 11:45PM
Lunch		11:45PM – 1:00PM
Appendix		

## Outlook

# Further scope to improve RoRWA to greater than 2.5%

### GB&M RoRWA

%



1. Gross RWA reduction

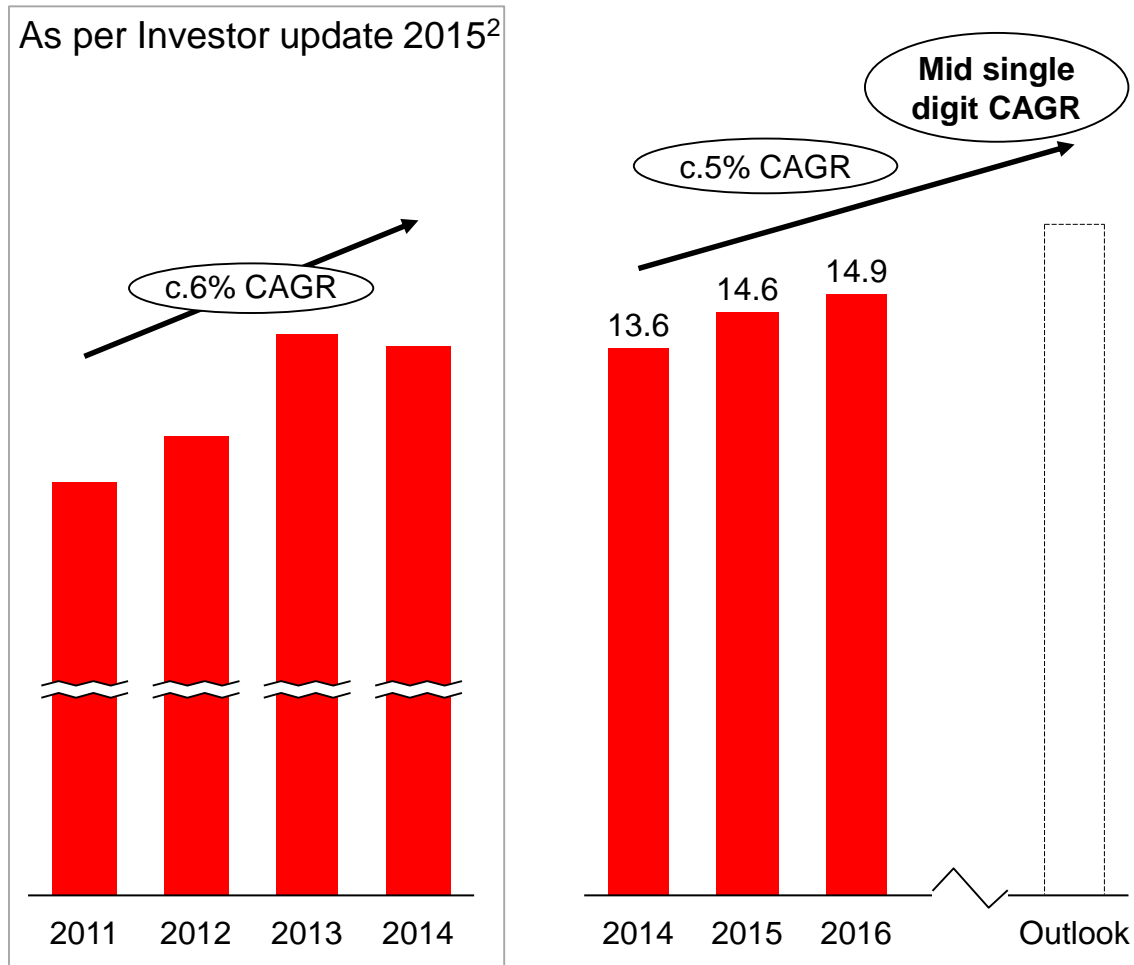
2. Certain internal costs with the Group are now allocated to Global Businesses, notably the cost of MREL debt and Corporate Centre costs. The RoRWA including these allocations would be 2.2%

## Outlook

# Revenue – Mid single digit growth driven by macro and competitive advantages

### GB&M revenue<sup>1</sup>

US\$bn



### Drivers

1

#### Macro factors

- Economic growth
- Interest rate rises
- Banking Industry wholesale revenue growth

2

#### Monetise competitive advantages

- Deepen and broaden client relationships - more products in more countries
- Continue market share gains

3

#### Investing for future growth

##### Financing

- Grow financing business e.g. Sponsors and Credit

##### Emerging Markets

- Asia – Infrastructure (Belt & Road), China Securities JV, Pearl River Delta expansion
- Middle East – support Gulf countries to diversify their economies beyond oil and gas

##### Digital

- Invest in digital in Global Liquidity & Cash Management, Global Markets and Securities Services to improve client experience

1. On an adjusted basis. Graphs not comparable due to account restructures and FX difference

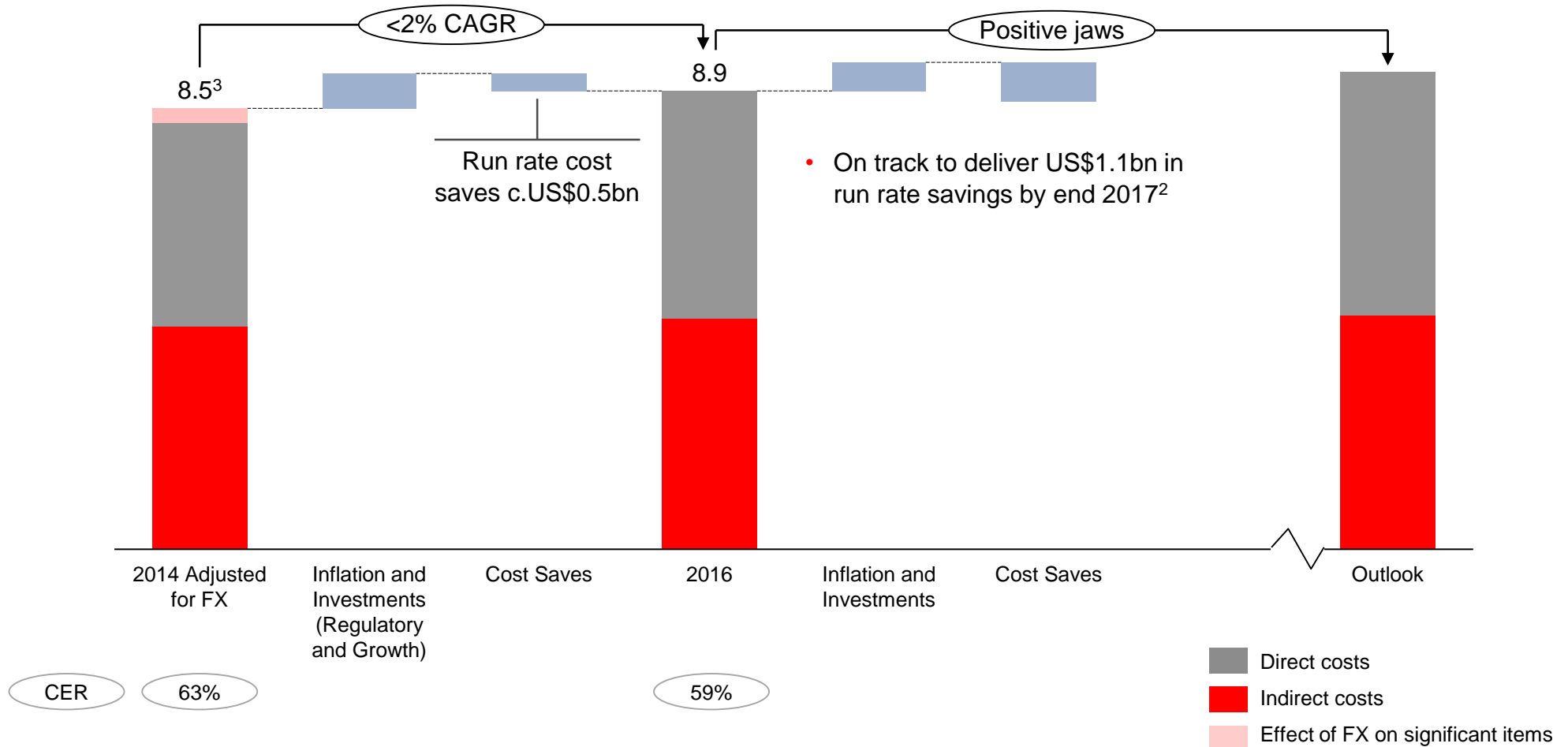
2. On an adjusted basis, as shown in the Investor Update 2015 Slide 12. Relates to 2015 definition of client-facing GB&M. Figures for 2011-2013 have not been adjusted for disposal of Brazil and realignment of customers between Global Businesses

# Outlook

## Costs - Continue disciplined approach to costs to achieve positive jaws

### Cost walk<sup>1</sup>

US\$bn



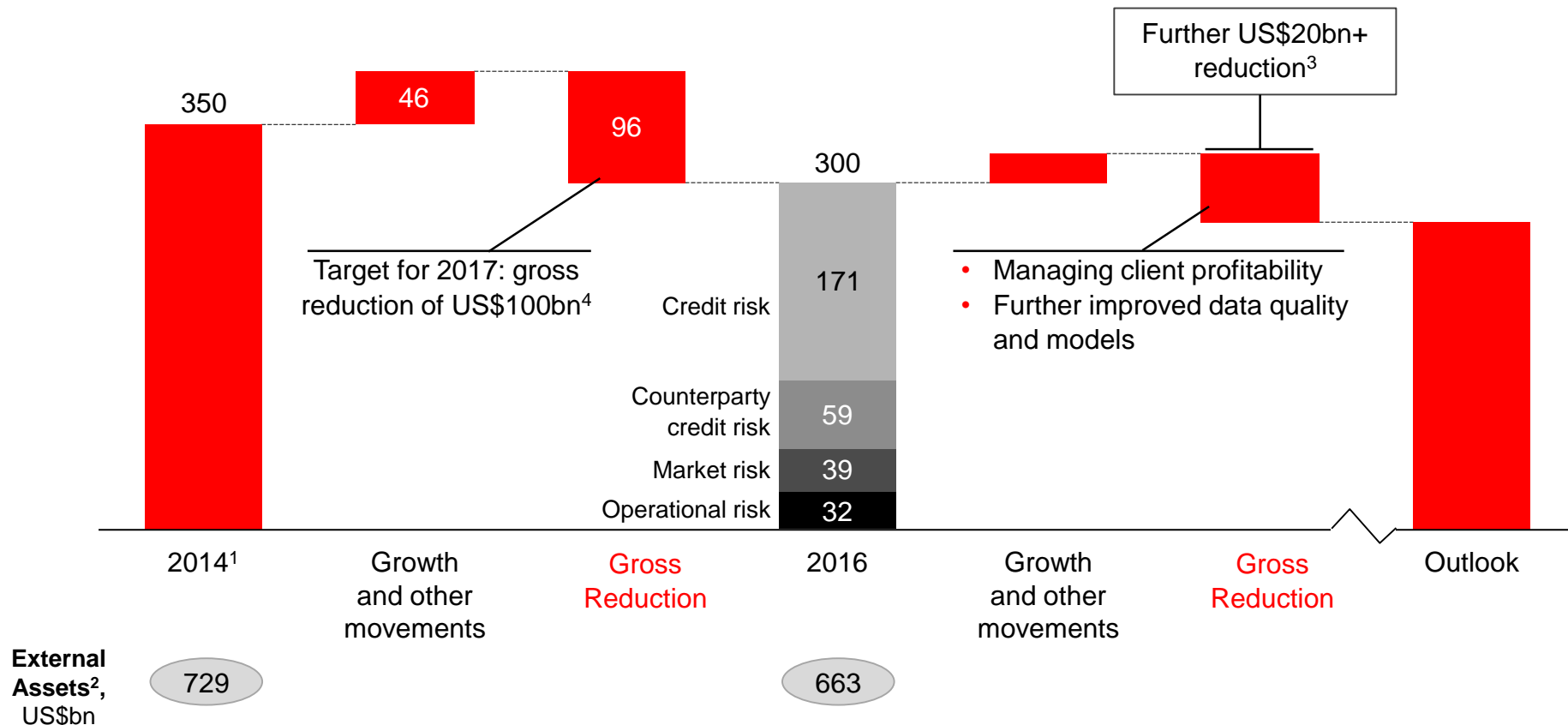
1. On an adjusted basis as reported in the 2016 HSBC Holdings plc Annual Report and Accounts  
 2. 2015 Investor Update US\$1.1bn target included BSM and Legacy which is now part of Corporate Centre  
 3. From 1Q17 onwards, the foreign currency translation differences related to significant items were presented as a separate component of significant items. This figure is based on the updated presentation. The effect of FX on significant items is US\$0.3bn

## Outlook

# Capital – Continue disciplined capital allocation to achieve a further US\$ 20bn RWA reduction

### GB&M Risk Weighted Assets

US\$bn



1. On an adjusted basis  
 2. GB&M External assets after derivative netting. For further details see appendix  
 3. Gross RWA reduction  
 4. June 2015 Investor update gross reduction of US\$140bn updated to US\$100bn as legacy credit has moved to Corporate Centre, re-segmentation and adjusted at 1Q17 FX rate

## Outlook

# Global Banking & Markets is well positioned to continue to grow whilst improving returns

- **Market trends**
  - Positive growth for the medium term
  - Improving returns
- **Proven track record in execution**
  - **Revenue growth:** distinctive competitive advantages and market share gains
  - **Improved returns:** track record in reducing RWAs whilst maintaining revenue momentum
  - **Historical stable** and recurring revenue
- **Defined plans to capture growth whilst keeping tight cost management and further RWA reduction**

## Re-affirming Investor commitments

Revenue	Mid single digit growth
Operating Costs	Positive Jaws
Capital	Further US\$20bn+ RWA reduction <sup>1</sup>
<b>Returns</b>	<b>RoRWA &gt; 2.5%<sup>2</sup></b>

1. Gross RWA reduction

2. Certain internal costs with the Group are now allocated to Global Businesses, notably the cost of MREL debt and Corporate Centre costs. The RoRWA including these allocations would be 2.2%



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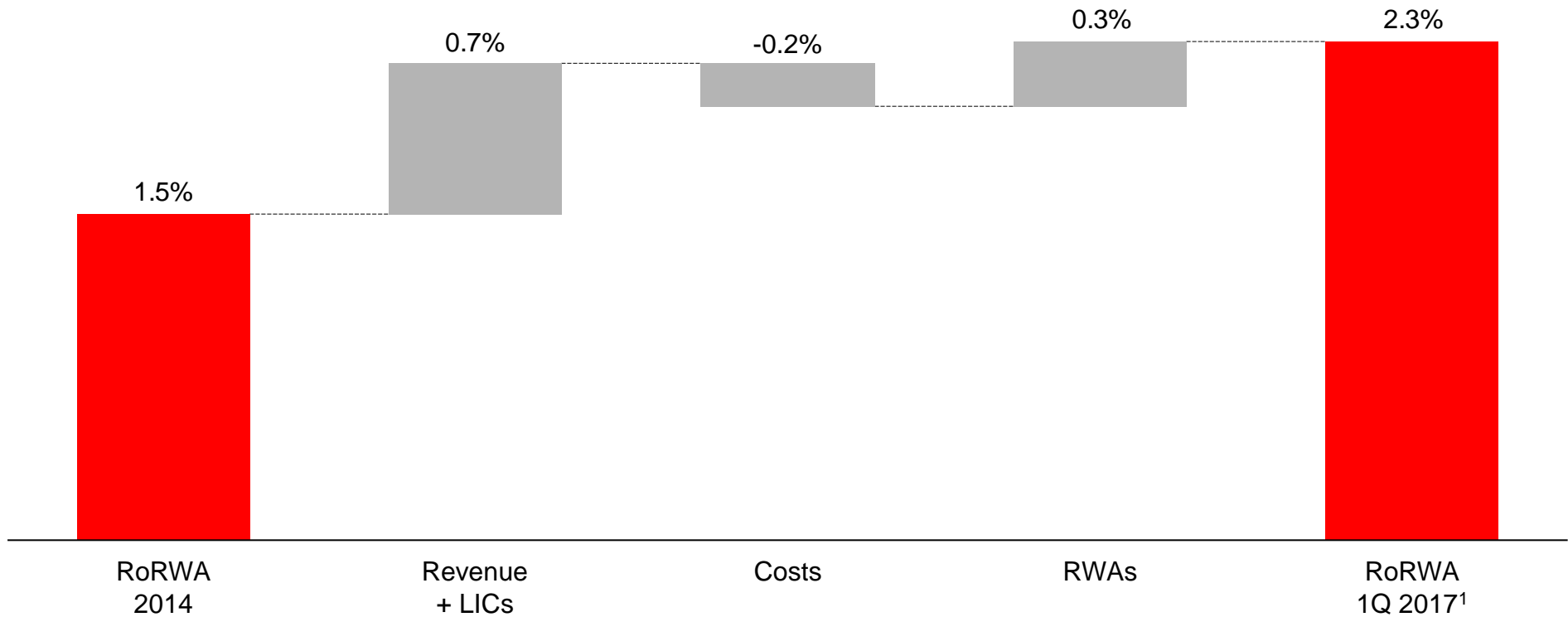
**Appendix**

**Appendix – Track record**

**RoRWA 2014 to 1Q 2017**

**Global Banking & Markets RoRWA**

%



1. As disclosed in the 1Q17 HSBC Earnings release. 1Q17 has been annualised and on a 2pt Average. Revenues include LICs

## Appendix – Track record

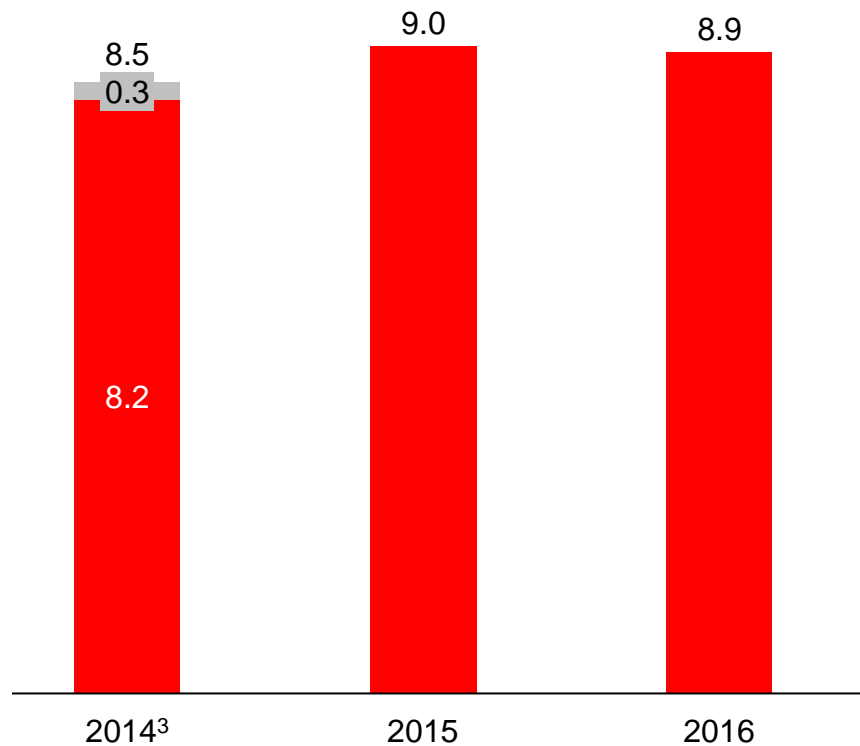
# Costs 2014 to 2016

### Update on progress<sup>1</sup>

#### GB&M Adjusted Operating Expenses<sup>1</sup>

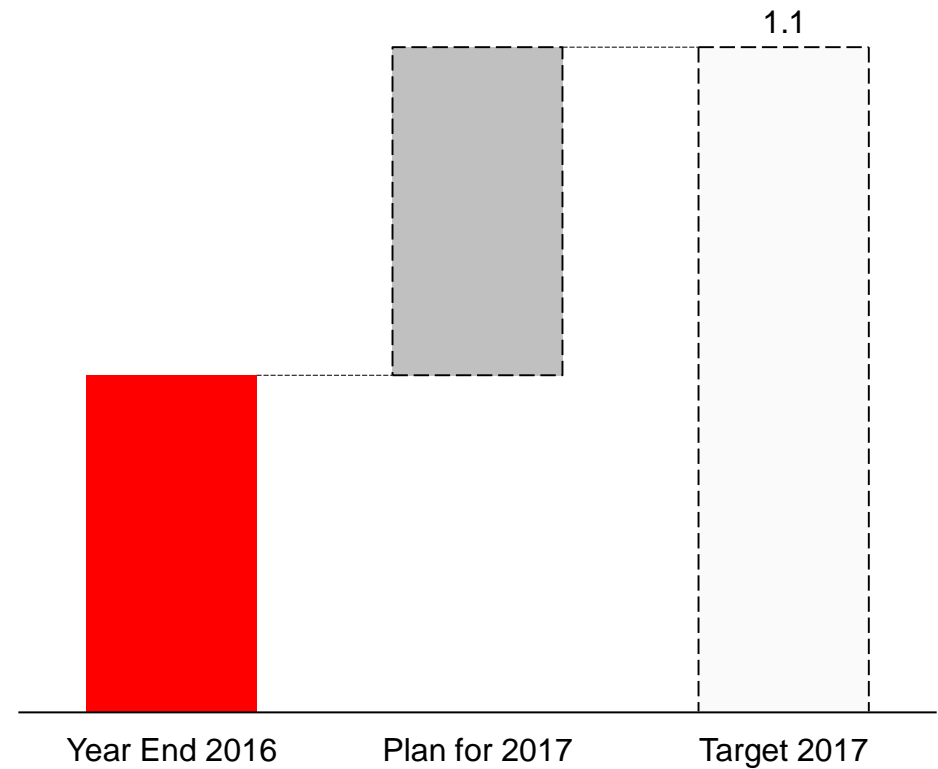
US\$bn

■ FX related to significant items  
■ Adjusted Operating Expenses<sup>2</sup>



#### GB&M cost reductions

US\$bn, run-rate basis



Note: Numbers may not add up due to rounding

1. Presented on an adjusted basis to exclude the effects of currency translation and significant items

2. As reported in the 2016 HSBC Holdings Annual Report and Accounts

3. From 1Q17 onwards, the foreign currency translation differences related to significant items were presented as a separate component of significant items. The adjusted operating expenses figures have been updated to reflect this change

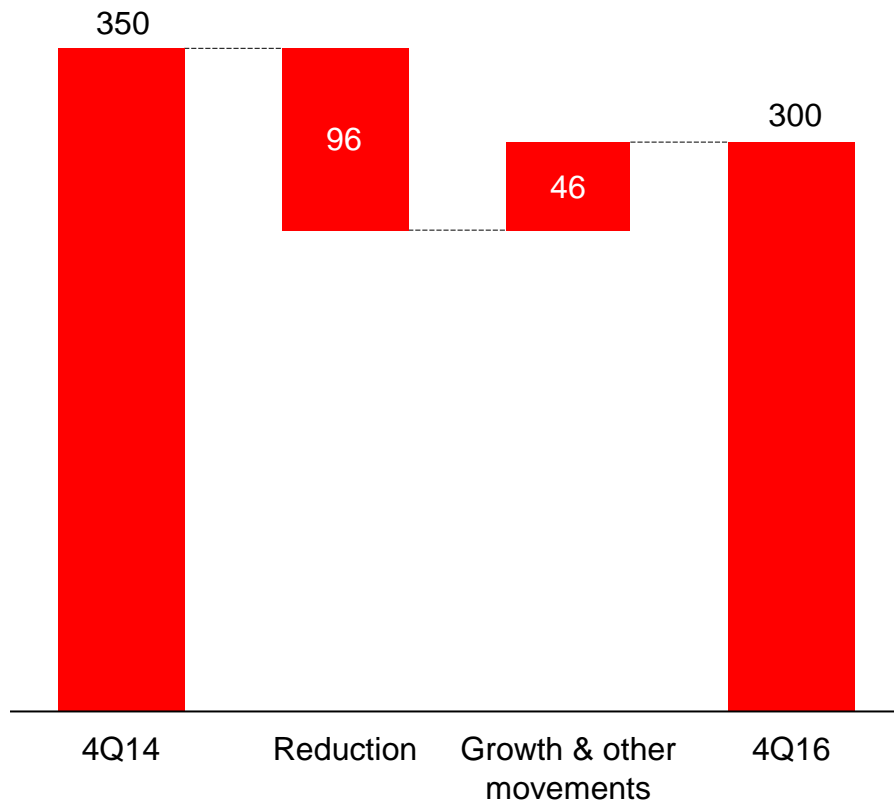
## Appendix – Track record

# RWAs 2014 to 2016

### Update on progress<sup>1</sup>

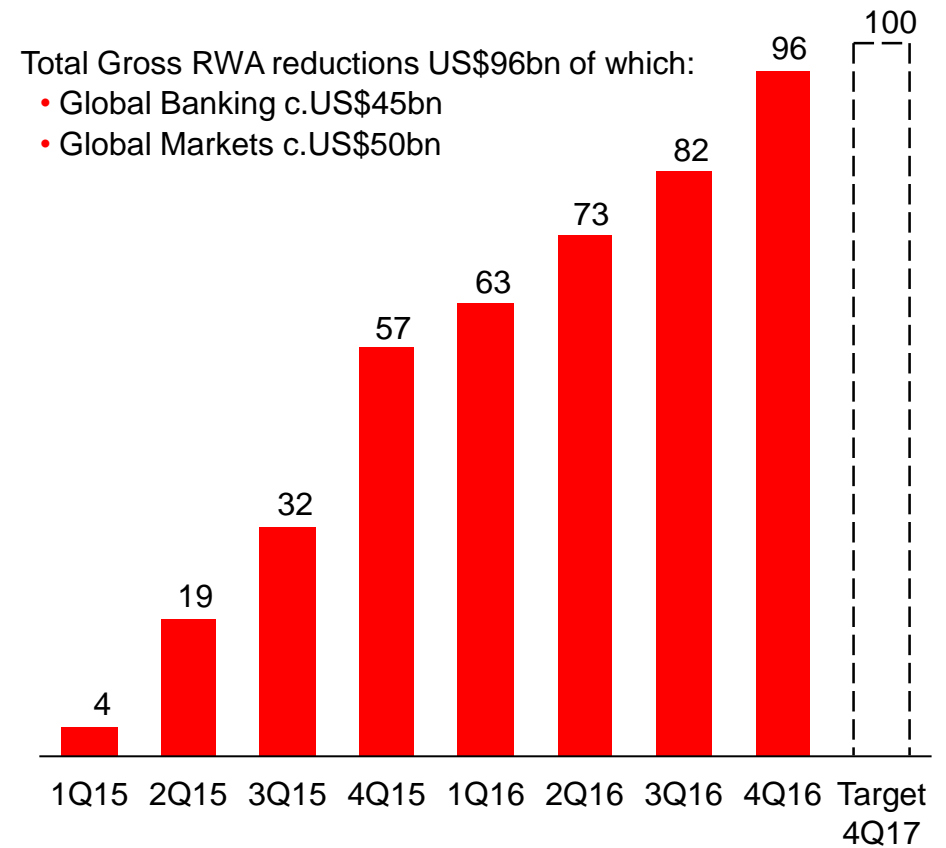
#### RWAs<sup>1</sup>

US\$bn



#### Cumulative Gross RWA reductions<sup>2</sup>

US\$bn



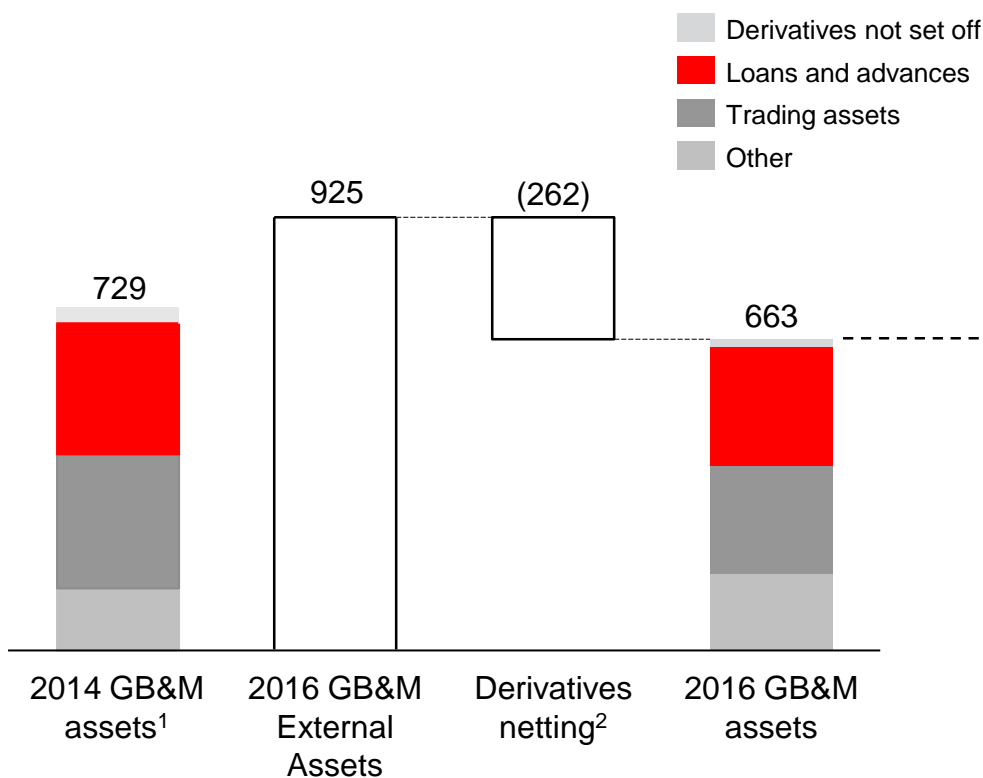
1. RWAs on an adjusted basis, stated at 4Q16 FX rate  
 2. As reported

## Appendix – Track record

# Balance sheet assets of US\$663bn, smaller than most major peers

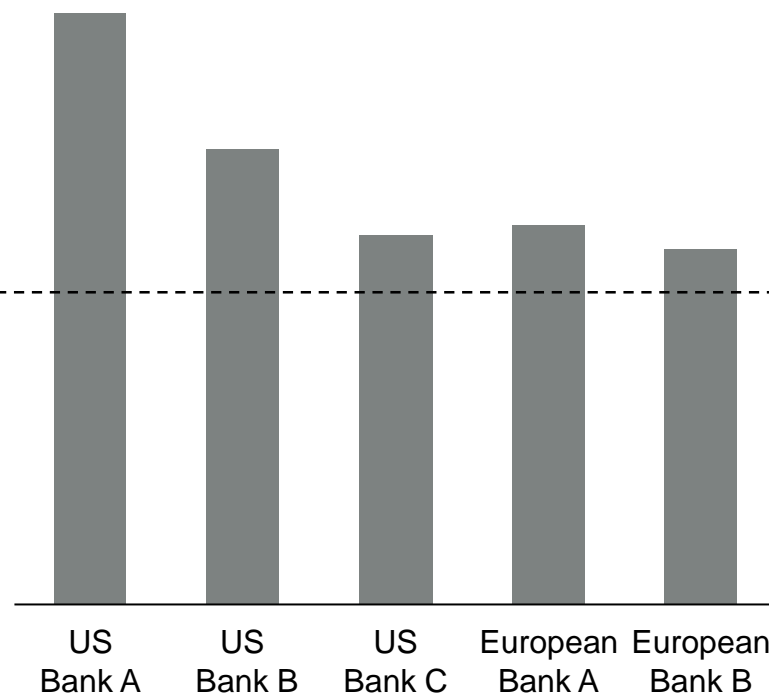
### GB&M assets

US\$bn



### Peer estimated CIB assets<sup>3</sup>

US\$bn



1. 2014 GB&M assets as disclosed at June 2015 Investor day for GB&M Client Facing assets (includes Brazil and FX)

2. Includes transactions where the counterparty has an offsetting exposure with HSBC and a master netting or similar arrangement is in place with a right of set off only in the event of a default, insolvency or bankruptcy, or the offset criteria are otherwise not satisfied and non-cash collateral received in respect of these transactions. The majority of the HSBC Group total relates to GB&M

3. Peer estimated CIB assets calculated as segmental period end assets offset by derivative netting, methodology as follows i) financial data sourced from peer published financial disclosures, ii) assumptions made as to the equivalent peer segments, iii) assumptions made as to the allocation of the peer derivative balances and respective netting to the GB&M equivalent segment and iv) European peers converted at the Dec 2016 spot FX rates

Presenters



**Samir Assaf**  
Chief Executive Officer  
Global Banking & Markets



**Gerard Mattia**  
Chief Finance Officer  
Global Banking & Markets



**Robin Phillips**  
Co-Head of  
Global Banking



**Matthew Westerman**  
Co-Head of  
Global Banking



**Thibaut De Roux**  
Global Head of  
Markets



**Diane Reyes**  
Global Head of Global  
Liquidity & Cash Management



**Cian Burke**  
Global Head of  
HSBC Securities Services



**Richard O'Connor**  
Group Head of  
Investor Relations



## *Appendix*

# Basis of Preparation

- Assumed no changes from 2014 in
  - IFRS accounting rules
  - Regulatory capital / RWA rules
  - Common law
- Figures are presented on an adjusted basis and exclude the effects of significant items, currency translation and acquisitions and disposals
- Assumed that where targeted reduction on RWAs require regulatory approvals (e.g. model changes), these will be received
- Forward interest rate curves as at 31 March 2017

## Definitions (1/4)

<b>Adjusted performance</b>	Adjusted performance excludes the year-on-year effects of foreign currency translation differences and significant items which distort the year-on-year comparison of reported results. The term significant items collectively describes the group of individual adjustments excluded from reported results when arriving at adjusted performance and which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the trends of the business.
<b>ASEAN</b>	Association of Southeast Asian Nations; member states include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam
<b>AuC</b>	Assets under Custody
<b>AuM</b>	Assets under Management
<b>BCG</b>	Boston Consulting Group
<b>BSM</b>	Balance sheet management
<b>CAGR</b>	Compounded Annual Growth Rate
<b>CCR</b>	Counterparty Credit Risk - Counterparty credit risk, in both the trading and non-trading books, is the risk that the counterparty to a transaction may default before completing the satisfactory settlement of the transaction
<b>CER ratio</b>	Cost Efficiency Ratio - Total operating expenses divided by total revenue
<b>CET1</b>	Common Equity Tier 1: CET1 Capital - The highest quality form of regulatory capital under Basel III that comprises common shares issued and related share premium, retained earnings and other reserves excluding the cash flow hedging reserve, less specified regulatory adjustments. CET1 Ratio – A Basel III measure, of CET 1 capital expressed as percentage of total risk exposure amount
<b>China</b>	Mainland China
<b>Client facing GB&amp;M</b>	As defined in 2015 Investor update as the GB&M structure in 2015 excluding Associates, Legacy Credit & Balance Sheet Management
<b>Client revenue</b>	Differs from reported revenue. Client revenue relates to client income which includes total income from GBM clients relationships before synergies with other global businesses and excludes internal costs of funds.
<b>CMB</b>	Commercial Banking
<b>CRDIV</b>	Capital Requirements Directive IV - A capital adequacy legislative package issued by the European Commission and adopted by EU member states. CRD IV package comprises a recast Capital Requirements Directive and a new Capital Requirements Regulation. The package implements the Basel III capital proposals together with transitional arrangements for some of its requirements. CRD IV came into force on 1 January 2014

## Definitions (2/4)

<b>CTB</b>	Change the Bank - defined as costs that drive change (excluding transformation), e.g. regulatory changes. Once a programme is implemented, ongoing running costs are no longer classed as CtB
<b>CVA</b>	Credit Valuation Adjustment - An adjustment to the valuation of OTC derivative contracts to reflect the creditworthiness of OTC derivative counterparties
<b>DCM</b>	Debt Capital Markets
<b>Derivative netting</b>	Either where the counterparty has an off-setting exposure with HSBC but offsetting exposure with HSBC but offsetting criteria are not satisfied or where collateral (cash or non-cash) has been received in respect of these transactions
<b>DVA</b>	Debit Valuation Adjustment
<b>EMEA</b>	Europe Middle East and Africa as per Dealogic definition
<b>Europe</b>	Europe geographic segment
<b>Exit run-rate cost</b>	Run-rate as of 31 <sup>st</sup> December including impact of inflation, investment and full effect of savings
<b>Footprint</b>	HSBC Presence (countries)
<b>FTE</b>	Full-Time Equivalent staff
<b>FX</b>	Foreign Exchange
<b>FX related</b>	Settlement and provisions in connection with FX investigations
<b>GB</b>	Global Banking
<b>GB&amp;M</b>	Global Banking and Markets
<b>GCC</b>	Gulf Cooperation Council
<b>GDP</b>	Gross Domestic Product
<b>GLCM</b>	Global Liquidity and Cash Management
<b>Global Businesses</b>	Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, Global Private banking
<b>Global Functions</b>	Risk and Compliance, Finance, Human Resources, Communications, Marketing, Legal, Internal Audit, Sustainability, Company Secretary, Strategy & Planning, HSBC Technology & Services (HTS)

## Definitions (3/4)

<b>Global Standards</b>	The adoption and deployment the highest or most effective financial crime controls everywhere that we operate. Global Standards include policies set out these controls for anti-money laundering ('AML') and sanctions. They are our Global Standards. We are transforming how we detect, deter and protect against financial crime through the deployment of Global Standards, which govern how we do business and with whom
<b>GRB</b>	Global Relationship Banker
<b>G-SIB</b>	Global Systemically Important Bank
<b>GTRF</b>	Global Trade and Receivables Finance
<b>HSS</b>	HSBC Securities Services
<b>Inbound revenue</b>	Client revenue booked in Country A where the primary relationship is managed outside of Country A
<b>Investment banks</b>	Investment banks comprise Goldman Sachs, Morgan Stanley, Credit Suisse and UBS.
<b>JAWs</b>	Percentage growth in net operating income before loan impairment charges and other credit risk provisions less percentage growth in total operating expenses
<b>JV</b>	Joint Venture
<b>LATAM</b>	Latin America
<b>Legacy</b>	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. Previously referred to as "Legacy Credit"
<b>LICs</b>	Loan Impairment Charges and other credit risk provisions
<b>MENA</b>	Middle East and North Africa
<b>Mid Market</b>	Mid Market Enterprise
<b>NAFTA</b>	North American Free Trade Agreement
<b>Outbound revenue</b>	Client revenue relating to clients where the primary relationship is managed in Country A, but the revenue is booked outside of Country A

## Definitions (4/4)

<b>Pearl River Delta</b>	Pearl River Delta is located in Guangdong Province, Mainland China. It includes 9 prefectures: Guangzhou, Shenzhen, Foshan, Dongguan, Zhongshan, Huizhou, Zhuhai, Jiangmen and Zhaoqing
<b>PRA</b>	Prudential Regulation Authority
<b>RBWM</b>	Retail Banking and Wealth Management
<b>Reported</b>	Reported view of performance is determined on an IFRS basis as reported in HSBC's annual report and accounts and other financial and regulatory reports
<b>ROE</b>	Return on average ordinary shareholders equity, defined as profit attributable to ordinary shareholders of the parent company divided by average ordinary shareholders equity
<b>RoRWA</b>	The metric, return on risk weighted assets ('RoRWA'), is defined as profit before tax divided by average risk weighted assets ('RWAs'). RWAs have been calculated using FSA rules for the 2010, 2011 and 2012 metrics. In all cases, RWAs or financial metrics based on RWAs for geographical segments or Global Businesses include associates, are on a third party basis and exclude intra-HSBC exposures.
<b>RQFII</b>	Renminbi Qualified Foreign Institutional Investor Scheme
<b>RTB</b>	Run the Bank is defined as costs that are required to keep operations running, maintain IT infrastructure and support revenue growth
<b>RWA</b>	Risk Weighted Assets
<b>Strategic corridors</b>	The largest and fastest growing corridors connected to HSBC's priority markets
<b>Synergies</b>	Benefits from shared resources and product capabilities
<b>TLAC</b>	Total Loss-Absorbing Capacity see MREL
<b>TMT</b>	Telecommunications Media and Technology
<b>Transaction banking products</b>	GTRF, GLCM, and HSS Products
<b>Universal banking</b>	Retail, wholesale and investment banking services in one banking group
<b>Universal banks</b>	Comprises JP Morgan, Citi (excluding Private Bank), Bank Of America, Deutsche Bank, Barclays and BNPP