

HSBC HOLDINGS PLC  
Form 6-K  
November 03, 2014

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of

the Securities Exchange Act of 1934

For the month of November  
HSBC Holdings plc

42nd Floor, 8 Canada Square, London E14 5HQ, England

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F).

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934).

Yes..... No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-.....).

HSBC Holdings plc - Interim Management Statement

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HSBC Holdings plc ("HSBC") will be conducting a trading update conference call with analysts and investors today to coincide with the release of its Interim Management Statement. The trading update call will take place at 10.00am GMT, and details of how to participate in the call and the live audio webcast can be found below and at Investor Relations on [www.hsbc.com](http://www.hsbc.com).

## Conference call details

Date: Monday, 3 November 2014

Time: 10.00am GMT  
18.00pm HKT

Audio webcast: Please follow this link for the webcast: <http://www.hsbc.com/1/2/investor-relations/financial-info>

Speakers: Stuart Gulliver, Group Chief Executive  
Ian Mackay, Group Finance Director

Conference details for investors and analysts: Passcode: HSBC

|                      |                      |           |               |
|----------------------|----------------------|-----------|---------------|
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Replay conference call details (available until 4 December 2014): Passcode: 16720826

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### Terms and Abbreviations

|                   |  |
|-------------------|--|
| 1Q13/4Q13         | First/fourth quarter of 2013   |
| 2Q14              | Second quarter of 2014   |
| 3Q13/3Q14         | Third quarter of 2013/2014   |
| 9M13/9M14         | Nine months to 30 September 2013/2014  |
| BoCom             | Bank of Communications Co., Limited  |
| CCR               | Counterparty credit risk   |
| CET1              | Common equity tier 1   |
| CMB               | Commercial Banking   |
| CML               | Consumer and Mortgage Lending in the US  |
| CRD IV            | Capital Requirements Directive IV  |
| CRS               | Card and Retail Services   |
| CVA               | Credit valuation adjustment  |
| DVA               | Debit valuation adjustment   |
| FCA               | Financial Conduct Authority  |
| FTEs              | Full-time equivalent staff   |
| FX                | Foreign exchange   |
| GB&M              | Global Banking and Markets   |
| GMB               | Group Management Board   |
| GPB               | Global Private Banking   |
| Industrial Bank   | Industrial Bank Co., Limited   |
| IRB               | Internal ratings based   |
| 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 |
| LGD               | Loss given default   |
| LICs              | Loan impairment and other credit risk provisions   |
| 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  |
| Ping An           | Ping An Insurance (Group) Company of China, Ltd  |
| PPI               | Payment Protection Insurance   |
| ppts              | Percentage points  |
| PRA               | Prudential Regulation Authority  |

|                |  |
|----------------|--|
| Principal RBWM | RBWM excluding the effects of the US run-off portfolio and the disposal of the CRS business in the US  |
| RBWM           | Retail Banking and Wealth Management   |
| 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  |
| US\$m/US\$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 over 6,200 offices in 74 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,729bn at 30 September 2014, HSBC is one of the world's largest banking and financial services organisations.

Highlights

- Reported PBT up 2% in 3Q14 at US\$4,609m compared with US\$4,530m in 3Q13.
- Underlying PBT was down US\$595m or 12% in 3Q14 at US\$4,409m compared with US\$5,004m in 3Q13, principally reflecting net movements in significant items (US\$1,468m net reduction in PBT).
- Higher 3Q14 revenue in CMB and GB&M - CMB continued to grow, notably in our home markets of Hong Kong and the UK. Strong performance in GB&M was driven by Markets as Foreign Exchange and Equities both benefitted from higher client activity.
- Higher 3Q14 operating expenses - 3Q14 underlying operating expenses were US\$11,091m, 15% higher than US\$9,608m in 3Q13. Excluding significant items operating expenses increased by 6%, in part reflecting inflation and increases in risk, compliance and related costs.
- Further loan growth - on a constant currency basis we grew loans and advances to customers in 3Q14, notably in CMB in our home markets of the UK and Hong Kong.
- Reported PBT down 9% for 9M14 at US\$16,949m compared with US\$18,601m for 9M13.
- Underlying PBT down 6% for 9M14 at US\$16,969m compared with US\$18,014m for 9M13, primarily due to the effect of net movements in significant items (US\$2,275m net reduction in PBT).
- Earnings per ordinary share and dividends per ordinary share (in respect of the period) for 9M14 were US\$0.67 and US\$0.30, respectively, compared with US\$0.71 and US\$0.30 for 9M13. The third interim dividend was US\$0.10 per ordinary share.
- Return on average ordinary shareholders' equity 9M14 annualised return was 0.9ppts lower at 9.5%, compared with 10.4% for the equivalent period in 2013.

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• Strong capital position - at 3Q14, the CRD IV transitional basis CET1 capital ratio remained at 11.2%, consistent with 30 June 2014. The end point CET1 capital ratio was 11.4%, up from 11.3% at 30 June 2014. This largely reflected internal capital generation that was adversely affected by foreign exchange movements.

|  | Nine months ended 30 September |               |             |
|--|--------------------------------|---------------|-------------|
|  | 2014<br>US\$m                  | 2013<br>US\$m | Change<br>% |
| Income statement and performance measures <sup>1</sup>             |                                |               |             |
| Reported profit before tax   | 16,949                         | 18,601        | (9)         |
| Underlying profit before tax                                       | 16,969                         | 18,014        | (6)         |
| Profit attributable to ordinary shareholders of the parent company | 12,748                         | 13,055        | (2)         |
| Cost efficiency ratio  | 62.5%                          | 56.6%         |             |
| Reported pre-tax RoRWA (annualised)                                | 1.9%                           | 2.2%          |             |

|  | At<br>30 Sep<br>2014<br>% | At<br>30 Jun<br>2014<br>% | At<br>31 Dec<br>2013<br>% | Change<br>from<br>30 Jun<br>2014<br>to 30 Sep<br>2014 |
|--|---------------------------|---------------------------|---------------------------|---|
|  |                           |                           |                           | US\$m   |
| Capital and balance sheet <sup>2</sup>         |                           |                           |                           |   |
| CRD IV   |                           |                           |                           |   |
| Common equity tier 1 ratio (Year 1 transition) | 11.2                      | 11.2                      | 10.8                      |   |
| Common equity tier 1 ratio (end point)         | 11.4                      | 11.3                      | 10.9                      |   |
| Basel 2.5                                      |                           |                           |                           |   |
| Core tier 1 ratio                              |                           |                           | 13.6                      |   |
|  | US\$m                     | US\$m                     | US\$m                     | US\$m   |
| Loans and advances to customers                | 1,028,880                 | 1,047,241                 | 992,089                   | (18,361)  |
| Customer accounts                              | 1,395,116                 | 1,415,705                 | 1,361,297                 | (20,589)  |
| Risk-weighted assets - CRD IV basis            | 1,227,548                 | 1,248,572                 | 1,214,939                 |   |
| Risk-weighted assets - Basel 2.5 basis         |                           |                           | 1,092,653                 |   |

<sup>1</sup> All on a reported basis, unless otherwise stated. Underlying basis eliminates effects of foreign currency translation differences, acquisitions, disposals and changes in ownership levels of subsidiaries, associates, joint ventures and businesses, and changes in fair value due to movements in credit spread on own long-term debt issued by the Group and designated at fair value. A reconciliation of reported results to underlying results is shown on page 6.

<sup>2</sup> For details of the implementation of CRD IV, see page 6.

Reported and underlying items

|  | 9 months ended<br>30 September |               | Quarter ended<br>30 September |               |
|--|--------------------------------|---------------|-------------------------------|---------------|
|  | 2014<br>US\$m                  | 2013<br>US\$m | 2014<br>US\$m                 | 2013<br>US\$m |

Reported

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|  |          |          |          |         |
|--|----------|----------|----------|---------|
| Revenue <sup>1</sup>   | 46,942   | 49,450   | 15,775   | 15,078  |
| Loan impairment charges and other credit risk provisions   | (2,601)  | (4,709)  | (760)    | (1,593) |
| Operating expenses   | (29,357) | (27,983) | (11,091) | (9,584) |
| Profit before tax  | 16,949   | 18,601   | 4,609    | 4,530   |
| Underlying adjustments to reported profit before tax   |          |          |          |         |
| Reported profit before tax   | 16,949   | 18,601   | 4,609    | 4,530   |
| Currency translation   | -        | (36)     | -        | (18)    |
| Fair value movements on own debt   | 15       | 594      | (200)    | 575     |
| Gain on de-recognition of Industrial Bank as an associate  | -        | (1,089)  | -        | -       |
| Gain on disposal of Colombia operations  | (18)     | -        | -        | -       |
| Gain on sale of associate shareholdings in Bao Viet Holdings                                       | -        | (104)    | -        | -       |
| Loss on sale of Household Insurance Group's insurance manufacturing business                       | -        | 99       | -        | -       |
| Operating results of disposals, acquisitions and dilutions   | (9)      | 8        | -        | (25)    |
| Other (gains)/losses on disposals  | 32       | (59)     | -        | (58)    |
| Underlying profit before tax   | 16,969   | 18,014   | 4,409    | 5,004   |
| Underlying   |          |          |          |         |
| Revenue <sup>1</sup>   | 46,934   | 48,295   | 15,575   | 15,583  |
| Loan impairment charges and other credit risk provisions   | (2,599)  | (4,562)  | (760)    | (1,602) |
| Operating expenses   | (29,331) | (27,564) | (11,091) | (9,608) |
| Profit before tax  | 16,969   | 18,014   | 4,409    | 5,004   |
| Included in underlying profit before tax are the following significant items (on a reported basis) |          |          |          |         |
| Revenue <sup>1</sup>   |          |          |          |         |
| Debit valuation adjustment on derivative contracts   | (278)    | 300      | (123)    | (151)   |
| Fair value movement on non-qualifying hedges   | (341)    | 461      | (19)     | 168     |
| FX gains relating to the sterling debt issued by HSBC Holdings                                     | -        | 442      | -        | -       |
| Gain on sale of several tranches of real estate secured accounts in the US                         | 76       | 2        | 91       | 3       |
| Gain on sale of shareholding in Bank of Shanghai   | 428      | -        | -        | -       |
| Impairment on our investment in Industrial Bank  | (271)    | -        | (271)    | -       |
| Loss on early termination of cash flow hedges in the US run-off portfolio                          | -        | (199)    | -        | -       |
| Loss on sale of an HFC Bank UK secured loan portfolio  | -        | (138)    | -        | -       |
| Loss on sale of the non-real estate portfolio in the US  | -        | (271)    | -        | -       |
| Net gain on completion of Ping An disposal <sup>2</sup>  | -        | 553      | -        | -       |
| Provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK    | (580)    | -        | (213)    | -       |

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|  |         |         |         |       |
|--|---------|---------|---------|-------|
| Write-off of allocated goodwill relating to the GPB Monaco business <sup>3</sup>         | -       | (279)   | -       | -     |
| Total  | (966)   | 871     | (535)   | 20    |
| Operating costs  |         |         |         |       |
| Accounting gain arising from change in basis of delivering ill-health benefits in the UK | -       | 430     | -       | -     |
| Charge in relation to settlement agreement with Federal Housing Finance Authority        | (550)   | -       | (550)   | -     |
| Madoff-related litigation costs  | -       | (298)   | -       | -     |
| Provision for FCA investigation into foreign exchange                                    | (378)   | -       | (378)   | -     |
| Regulatory investigation provisions in GPB   | -       | (317)   | -       | (198) |
| Restructuring and other related costs  | (150)   | (396)   | (68)    | (158) |
| UK bank levy   | 45      | (9)     | -       | -     |
| UK customer redress programmes   | (935)   | (840)   | (701)   | (428) |
| US customer remediation provision relating to CRS  | -       | (100)   | -       | -     |
| Total  | (1,968) | (1,530) | (1,697) | (784) |

1 Net operating income before loan impairment charges, also referred to as 'revenue'.

2 The gain of US\$553m represents the net impact of the disposal of available-for-sale investments in Ping An offset by adverse changes in fair value of the contingent forward sale contract to the point of delivery of the shares.

3 In 1Q13, the private banking operations of HSBC Private Bank Holdings (Suisse) SA in Monaco were classified as held for sale. At this time a loss on reclassification to held for sale was recognised following a write down in the value of goodwill allocated to the operation. Following a strategic review we decided to retain the operation and the assets and liabilities of the business were reclassified to the relevant balance sheet categories; however, the loss on classification was not reversed.

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

"The third quarter was a period of continued progress. Excluding significant items, we increased underlying profit before tax in all of our global businesses and maintained a strong balance sheet and a robust capital position.

"Revenue continued to grow in Commercial Banking, dominated by growth in our home markets of Hong Kong and the United Kingdom. Global Banking and Markets contributed a strong revenue performance with its differentiated business model. Global Private Banking has attracted net new money of US\$10 billion in areas targeted for growth since the start of the year. The remodelling of Retail Banking and Wealth Management and Global Private Banking remains ongoing.

"Loan impairment charges are lower reflecting the current economic environment and the beneficial changes to our portfolio since 2011.

"We continued to build essential infrastructure to deliver against our risk and compliance commitments and fulfil our regulatory obligations in the third quarter. Cost inflation in a number of our markets and a number of significant items also contributed additional costs. As a consequence, operating expenses are now higher than before. We are committed to achieving additional sustainable savings by further streamlining our processes and procedures.

"Despite the rising regulatory expectations, I am confident that our business model remains sustainable and that we can deliver further value for our shareholders while meeting our obligations and protecting the future of HSBC."

#### Fourth interim dividend

The proposed timetable for the fourth interim dividend has been revised since the release of the 2014 interim results. The revised timetable is as follows:

|  |                     |
|--|---------------------|
| Annual Report and Accounts 2014 announcement date                      | 23 February<br>2015 |
| ADSs quoted ex-dividend in New York                                    | 4 March<br>2015     |
| Shares quoted ex-dividend in London, Hong Kong, Paris and Bermuda      | 5 March<br>2015     |
| Dividend record date in London, Hong Kong, New York, Paris and Bermuda | 6 March<br>2015     |
| Dividend payment date  | 30 April<br>2015    |

#### Geographical regions

Hong Kong and Rest of Asia-Pacific are no longer regarded as separate reportable operating segments, in light of the geographical financial information presented to the GMB. From 1 January 2014, they have been replaced by a new operating segment, 'Asia', which better aligns with internal management information used for evaluating business decisions and resource allocations. Comparative data have been re-presented to reflect this change.

#### Implementation of CRD IV

On 1 January 2014, CRD IV came into force and capital and RWAs at 30 September 2014 are calculated and presented on this basis. Prior to 1 January 2014, capital and RWAs were calculated and presented on a Basel 2.5 basis, and capital and RWAs at 31 December 2013 were also estimated based on the Group's interpretation of final CRD IV legislation and final rules issued by the PRA, details of which can be found in the basis of preparation on page 324 of the Annual Report and Accounts 2013.

#### Underlying performance

Underlying performance:

- adjusts for the period-on-period effects of foreign currency translation;
- eliminates the fair value movements on our long-term debt attributable to credit spread ('own credit spread') where the net result of such movements will be zero upon maturity of the debt; and
- adjusts for acquisitions, disposals and changes of ownership levels of subsidiaries, associates, joint ventures and businesses.

For acquisitions, disposals and changes of ownership levels of subsidiaries, associates, joint ventures and businesses, we eliminate the gain or loss on disposal or dilution and any associated gain or loss on reclassification or impairment recognised in the period incurred, and remove the operating profit or loss of the acquired, disposed of or diluted subsidiaries, associates, joint ventures and businesses from all the periods presented so we can view results on a like-for-like basis. Disposal of investments other than those included in the above definition do not lead to underlying adjustments.



## Reconciliation of reported and underlying items

|   | Nine months ended<br>30 September |               |             | Quarter ended<br>30 September |               |             |
|---|-----------------------------------|---------------|-------------|-------------------------------|---------------|-------------|
|   | 2014<br>US\$m                     | 2013<br>US\$m | Change<br>% | 2014<br>US\$m                 | 2013<br>US\$m | Change<br>% |
| Reported revenue                                | 46,942                            | 49,450        | (5)         | 15,775                        | 15,078        | 5           |
| Currency translation<br>adjustment <sup>1</sup> |                                   | (146)         |             |                               | 127           |             |
| Own credit spread                               | 15                                | 594           |             | (200)                         | 575           |             |
| Acquisitions, disposals<br>and dilutions        | (23)                              | (1,603)       |             | -                             | (197)         |             |
| Underlying revenue                              | 46,934                            | 48,295        | (3)         | 15,575                        | 15,583        | -           |
| Reported LICs                                   | (2,601)                           | (4,709)       | 45          | (760)                         | (1,593)       | 52          |
| Currency translation<br>adjustment <sup>1</sup> |                                   | 91            |             |                               | (21)          |             |
| Acquisitions, disposals<br>and dilutions        | 2                                 | 56            |             | -                             | 12            |             |
| Underlying LICs                                 | (2,599)                           | (4,562)       | 43          | (760)                         | (1,602)       | 53          |
| Reported operating<br>expenses                  | (29,357)                          | (27,983)      | (5)         | (11,091)                      | (9,584)       | (16)        |
| Currency translation<br>adjustment <sup>1</sup> |                                   | 4             |             |                               | (124)         |             |
| Acquisitions, disposals<br>and dilutions        | 26                                | 415           |             | -                             | 100           |             |
| Underlying operating<br>expenses                | (29,331)                          | (27,564)      | (6)         | (11,091)                      | (9,608)       | (15)        |
| Underlying cost<br>efficiency ratio             | 62.5%                             | 57.1%         |             | 71.2%                         | 61.7%         |             |
| Reported profit before<br>tax                   | 16,949                            | 18,601        | (9)         | 4,609                         | 4,530         | 2           |
| Currency translation<br>adjustment <sup>1</sup> |                                   | (36)          |             |                               | (18)          |             |
| Own credit spread                               | 15                                | 594           |             | (200)                         | 575           |             |
| Acquisitions, disposals<br>and dilutions        | 5                                 | (1,145)       |             | -                             | (83)          |             |
| Underlying profit before<br>tax                 | 16,969                            | 18,014        | (6)         | 4,409                         | 5,004         | (12)        |

1 'Currency translation adjustment' is the effect of translating the results of branches, subsidiaries, joint ventures and associates for the previous period at the average rates of exchange applicable in the current period.

## Financial performance commentary

### 3Q14 compared with 3Q13

- Reported PBT of US\$4.6bn for 3Q14 was US\$0.1bn or 2% higher than for 3Q13, primarily due to favourable fair value movements of US\$0.2bn on our own debt designated at fair value resulting from changes in credit spreads, compared with adverse movements of US\$0.6bn in 3Q13 and lower LICs. These factors were partly offset by increased operating expenses, primarily due to the effect of significant items.

- Reported revenue was US\$15.8bn in the quarter, US\$0.7bn or 5% higher than in 3Q13. On an underlying basis, revenue was broadly unchanged and included the effect of a number of significant items recorded in 3Q14:

- an impairment of US\$271m on our investment in Industrial Bank;

- provisions of US\$213m arising from the ongoing review of compliance with the Consumer Credit Act in the UK; and

- adverse fair value movements on non-qualifying hedges of US\$19m (compared with favourable movements of US\$168m in 3Q13).

These were partly offset by:

- a less adverse DVA of US\$123m (compared with US\$151m in 3Q13) on derivative contracts; and

- a gain of US\$91m on the sale of US real estate accounts in the US run-off portfolio in RBWM (compared with a US\$3m gain in 3Q13).

- Excluding the effect of significant items, revenue increased by US\$0.5bn, primarily in GB&M and CMB. In GB&M, higher revenue was driven by an 18% increase in Markets as Foreign Exchange and Equities both benefitted from increased client activity. In CMB and the other global businesses, revenue trends in the quarter continued those seen in the first half of the year, with the increase in CMB driven by our home markets of Hong Kong and the UK. Revenue was lower in RBWM from the continued run-off of the CML portfolio and in GPB due to the repositioning of the business.

- LICs of US\$0.8bn were US\$0.8bn favourable compared with 3Q13 on both a reported and an underlying basis, notably in Europe (US\$0.4bn) and North America (US\$0.3bn). In Europe, this reflected the trends we saw in the first half of 2014, principally driven by CMB and GB&M in the UK. In North America, we recorded a net release in 3Q14 compared with a net charge in 3Q13, primarily in the CML portfolio.

- Reported operating expenses of US\$11.1bn were 16% higher than in the same period in 2013. On an underlying basis, operating expenses rose by US\$1.5bn, primarily reflecting a number of significant items recorded in 3Q14. These included:

- a provision for UK customer redress of US\$701m (compared with US\$428m in 3Q13). This included additional estimated redress for possible mis-selling in previous years of PPI policies of US\$589m, which reflected an increase in the level of overall claims driven by claims management companies;

- a charge of US\$550m in the US relating to a settlement agreement with the Federal Housing Finance Agency; and
- provision of US\$378m relating to the estimated liability in connection with the ongoing foreign exchange investigation by the UK FCA. See 'Trading conditions since 30 September 2014 and outlook'.

These factors were partly offset by:

- lower restructuring and other related costs of US\$68m (compared with US\$158m in 3Q13); and
- regulatory investigation provisions in GPB of US\$198m recorded in 3Q13.

Excluding significant items, operating expenses increased by US\$0.6bn, in part reflecting inflation and increases in risk, compliance and related costs.

- The reported cost efficiency ratio increased from 63.6% in 3Q13 to 70.3% in 3Q14 and, on an underlying basis, it rose from 61.7% to 71.2%.
- The effective tax rate for the three months was 21.4%, similar to the UK corporation tax rate of 21.5%.

#### 9M14 compared with 9M13

- Reported PBT of US\$16.9bn for the first nine months of 2014 was US\$1.7bn or 9% lower than in the same period in 2013. Our results reflected lower gains (net of losses) from disposals and reclassifications; notably, the first nine months of 2013 included a US\$1.1bn accounting gain arising from the reclassification of Industrial Bank as a financial investment. This was partly offset by minimal fair value movements on our own debt compared with adverse movements of US\$0.6bn in 9M13.
- On an underlying basis, PBT fell by US\$1.0bn to US\$17.0bn, primarily due to the effect of significant items (a US\$2.3bn net reduction in PBT). Excluding significant items, underlying PBT increased by US\$1.2bn, driven by lower LICs and higher revenue partly offset by an increase in operating expenses.
- Reported revenue was US\$46.9bn in 9M14, 5% lower than in 9M13, in part reflecting lower gains (net of losses) from disposals and reclassifications. On an underlying basis, revenue of US\$46.9bn was US\$1.4bn or 3% lower, reflecting the effect of the significant items tabulated below:

#### Significant items included in revenue (on a reported basis)

|  | 9 months ended 30 |       |
|--|-------------------|-------|
|  | 2014              | 2013  |
|  | US\$m             | US\$m |
| Debit valuation adjustment on derivative contracts                         | (278)             | 300   |
| Fair value movement on non-qualifying hedges                               | (341)             | 461   |
| FX gains relating to the sterling debt issued by HSBC Holdings             | -                 | 442   |
| Gain on sale of several tranches of real estate secured accounts in the US | 76                | 2     |
| Gain on sale of shareholding in Bank of Shanghai                           | 428               | -     |
| Impairment on our investment in Industrial Bank                            | (271)             | -     |

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|   |       |       |
|---|-------|-------|
| Loss on early termination of cash flow hedges in the US run-off portfolio                       | -     | (199) |
| Loss on sale of an HFC Bank UK secured loan portfolio   | -     | (138) |
| Loss on sale of the non-real estate portfolio in the US   | -     | (271) |
| Net gain on completion of Ping An disposal  | -     | 553   |
| Provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK | (580) | -     |
| Write-off of allocated goodwill relating to the GPB Monaco business                             | -     | (279) |
| Total   | (966) | 871   |

• Excluding significant items, revenue was US\$0.5bn higher. The main drivers of revenue movements in our global businesses were as follows:

– in CMB, revenue rose by US\$0.7bn. This was due to higher net interest income driven by average lending and deposit growth in Hong Kong, and rising average deposit balances and wider lending spreads in the UK. In addition, revenue grew from higher term lending fees in the UK. Despite lending spread compression compared with 9M13, spreads in 9M14 were broadly unchanged from the end of 2013; and

– in GB&M, revenue rose by US\$0.2bn. Revenue rose in Equities as we successfully positioned the business to capture increased client activity, and in Payments and Cash Management, reflecting growth in deposit balances. In addition, there were increases in Principal Investments and Credit, the latter driven by disposal gains in our Legacy Credit portfolio. In Capital Financing, revenue was broadly unchanged as the effects of increased volumes and market share gains across our products were offset by spread and fee compression. By contrast, Foreign Exchange revenue decreased, affected by lower market volatility and reduced client flows during the period, although volumes improved in the third quarter. In addition, Balance Sheet Management revenue fell, in line with our expectations.

These factors were partially offset in:

– RBWM, where revenue fell by US\$0.5bn reflecting reduced net interest income due to lower average balances, which included the impact of portfolio sales in the US run-off portfolio. In our Principal RBWM business, revenue was broadly unchanged with a reduction in personal lending revenue mostly offset by higher net interest income from current accounts, savings and deposits, mainly in Europe and Asia; and

– GPB, where revenue was US\$0.3bn lower, reflecting a managed reduction in client assets as we continued to reposition the business, and a reduction in broking and trading income reflecting lower market volatility. Despite a reduction in client assets, we attracted net new money of US\$10bn in areas that we have targeted for growth, including our home and priority markets and the high net worth client segment.

• Reported LICs of US\$2.6bn were US\$2.1bn lower on a reported basis and US\$2.0bn lower on an underlying basis than in 9M13, primarily from reductions in Europe, North America and Latin America:

– in Europe, the decrease of US\$1.0bn was mainly driven by lower individually assessed impairments in CMB in the UK, reflecting the improved quality of the portfolio and the economic environment, together with lower individually

assessed impairments and higher net releases of credit risk provisions on available-for-sale asset-backed securities, both in GB&M;

– in North America, the decrease of US\$0.6bn reflected reduced levels of new impaired loans and delinquency in the CML portfolio, as well as lower lending balances from the continued run-off and loan sales. These factors were partly offset by lower reserve releases relating to lower favourable market valuation changes of the underlying properties as improvements in housing market conditions were less pronounced in 9M14; and

– in Latin America, the decrease of US\$0.4bn was mainly in Brazil and Mexico. In Brazil, the decrease primarily reflected changes to the impairment model and revisions to the assumptions for restructured loan account portfolios made in 2013 in both RBWM and CMB, partly offset by an individual impairment in GB&M in 9M14. In Mexico, LICs improved due to reduced individually assessed impairments in CMB, in particular relating to homebuilders following a change in public housing policy in 2013.

• Reported operating expenses for 9M14 of US\$29.4bn were 5% higher than in the same period in 2013. On an underlying basis, operating expenses rose by US\$1.8bn and included the following significant items:

**Significant items included in operating expenses (on a reported basis)**

|  | Nine months ended 30 |                |
|--|----------------------|----------------|
|  | 2014                 | 2013           |
|  | US\$m                | US\$m          |
| Accounting gain arising from change in basis of delivering ill-health benefits in the UK | -                    | 430            |
| Charge in relation to settlement agreement with Federal Housing Finance Authority        | (550)                | -              |
| Madoff-related litigation costs  | -                    | (298)          |
| Provision for FCA investigation into foreign exchange                                    | (378)                | -              |
| Regulatory investigation provisions in GBP   | -                    | (317)          |
| Restructuring and other related costs  | (150)                | (396)          |
| UK bank levy   | 45                   | (9)            |
| UK customer redress programmes   | (935)                | (840)          |
| US customer remediation provision relating to CRS  | -                    | (100)          |
| <b>Total</b>   | <b>(1,968)</b>       | <b>(1,530)</b> |

• Excluding significant items, operating expenses were US\$1.3bn or 5% higher reflecting in part increases in risk, compliance and related costs. This included Global Standards and the broader risk and regulatory reform programme being undertaken across the industry to build the necessary infrastructure to meet today's enhanced compliance standards, as well as meeting obligations such as multiple stress tests across different jurisdictions and structural reform. Global Standards remains one of our key strategic priorities, aiming to deliver a consistent approach to financial crime risk management.

The Global Standards programme has transitioned from design to implementation, and during 9M14 we began deploying it across the Group. Our global businesses are currently embedding operating procedures to deliver the global anti-money laundering and sanctions policies which were approved and issued earlier in the year. Investment

has also been made in developing our financial crime compliance expertise and building strategic infrastructure solutions for customer due diligence, transaction monitoring and sanctions screening.

The increase in costs also reflected inflationary pressures, including wage inflation, primarily in Asia and Latin America.

We continued to invest in strategic initiatives in support of organically growing our business, primarily in CMB in Asia, by increasing the number of Relationship Managers and FTEs to support business growth in Business Banking and Global Trade and Receivables Finance.

During 9M14, we generated further sustainable savings of US\$0.9bn, primarily by re-engineering certain of our back office processes, which in part offset the cost increases noted above.

- The reported cost efficiency ratio increased by 5.9 ppts from 56.6% for 9M13 to 62.5% in 2014 while, on an underlying basis, it increased from 57.1% to 62.5%.
- FTEs at the end of the quarter were 257,945, an increase of 1,856 compared with 30 June 2014, reflecting continued investment in Compliance and Global Standards, and investment to support business growth.
- The effective tax rate for 9M14 of 17.8% was lower than the UK corporation tax rate of 21.5%. This reflected the recurring benefits from tax exempt income from government bonds and equities held across a number of Group entities and recognition of the Group's share of post-tax profits of associates and joint ventures within our pre-tax income, together with a current tax credit for prior periods. The tax expense decreased by US\$0.8bn to US\$3.0bn for 9M14, primarily due to a reduction in accounting profits and the benefit of the current tax credit for prior years.
- On 6 October 2014, the Board announced a third interim dividend for 2014 of US\$0.10 per ordinary share.

#### Balance sheet commentary compared with 30 June 2014

- Reported loans and advances to customers decreased by US\$18bn during 3Q14 driven by adverse foreign exchange movements of US\$34bn. Excluding these movements, loans and advances to customers increased by US\$16bn, primarily in CMB and, to a lesser extent, in GB&M. In CMB we experienced growth in the majority of our regions from term lending following growth campaigns, most notably in our home markets of the UK and Hong Kong. The growth in GB&M was mainly in Europe from higher corporate overdraft balances that did not meet the criteria for netting, with a corresponding rise in customer accounts.
- Reported customer accounts decreased by US\$21bn during 3Q14 driven by adverse foreign exchange movements of US\$43bn. Excluding these movements, customer accounts increased by US\$22bn, with growth in RBWM and GB&M and, to a lesser extent, in CMB in our Payments and Cash Management business in Asia and in the UK. RBWM balances increased, mainly in Hong Kong reflecting growth in our customer portfolio, in particular for the Premier segment, and in the UK reflecting customers' continued preference for holding balances in current and savings accounts. Also in the UK, corporate current account balances rose, mainly in GB&M, in line with the increase in corporate overdraft balances as noted above.
- Other significant balance sheet movements in the quarter included an increase in derivative assets and liabilities, notably in Europe and Asia, reflecting continued shifts in major yield curves.

#### Net interest margin

- Net interest margin has remained broadly stable since 2Q14, although it decreased in 9M14 compared with the same period in 2013 as a result of significantly lower gross yields on customer lending, including balances within

'Assets held for sale', primarily in North America and Latin America. In North America, this was driven by the effect of the disposals of the CML non-real estate portfolio and select tranches of CML first lien mortgages in the US in 2013. Both North America and Latin America, notably Brazil, were also affected by a change in the composition of their lending portfolios as secured, lower yielding balances made up a greater proportion of the portfolio. In Brazil, the effect of this more than offset the effect of increasing interest rates. In addition in Latin America, yields on customer lending also decreased in Mexico due to falls in central bank interest rates. Yields on customer lending also fell in Asia and Europe, although to a lesser extent. In Europe this was due to the impact of the provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK. However, yields on our surplus liquidity increased (notably in Asia and Latin America) in line with interest rate rises in mainland China and Brazil, and as a result of active management of our portfolios.

- Our overall cost of funds for 9M14 decreased compared with the same period in 2013, but this had a marginal effect on the net interest margin. The cost of funds decreased across most of our regions, although this was partly offset by a rise in Latin America, reflecting increasing interest rates in Brazil.
- In addition, the net interest margin for 9M14 reduced compared with the same period in 2013 due to the significant increase in reverse repurchase agreements and repurchase agreements arising from the change in 4Q13 in the way that GB&M manage these activities. This had the effect of increasing average interest-earning assets without a correspondingly large increase in net interest income, as these agreements are typically lower-yielding and have a lower cost of funds than the rest of the portfolio.

#### Capital and risk-weighted assets commentary

Internal capital generation contributed US\$1.7bn to CET1 capital, being profits attributable to shareholders of the parent company after regulatory adjustment for own credit spread and net of the third interim dividend and planned scrip. This was adversely affected by foreign currency translation differences of US\$5.2bn, partly offset by a reduction in goodwill of US\$1.4bn predominantly due to FX movements.

At 3Q14, RWAs decreased by US\$21.1bn, mainly as a result of movements in foreign exchange driven by the strengthening of the US dollar against other currencies reducing RWAs by US\$19.5bn.

US retail run-off portfolio RWAs decreased by US\$5.8bn as a result of the continued reduction of the legacy portfolio and book quality movements. The latter were the result of a combination of credit quality improvements and exposures moving to default taking the form of capital deductions rather than RWAs. Additionally, the reclassification of part of the mortgage portfolio led to an RWA decrease of US\$4.1bn, reported in internal updates.

Business growth in CMB and GB&M from higher term lending and commercial loans to corporate customers increased RWAs by US\$16.9bn, of which BoCom accounted for US\$3.5bn. This was offset by an improvement in corporate credit quality in Europe reducing RWAs by US\$0.8bn.

In GB&M, the sale of certain structured investment conduit positions in North America resulted in a reduction in RWAs of US\$0.9bn. In addition, increased offsetting of available-for-sale reserves against related RWAs, reported in internal updates, and the continued managed run-off of the securitisation portfolio reduced RWAs by US\$3.0bn.

In GB&M, market risk RWAs increased by US\$3.8bn. Methodology changes increased RWAs by US\$6.7bn, driven by the introduction, for collateralised transactions, of the basis between the currency of the trade and the currency of collateral into the VaR calculation and removal of the diversification benefit from the Risks not in VaR calculations. These were partially offset by the sale of our correlation trading portfolio, reducing Comprehensive Risk Measure RWAs by US\$2.0bn and the recalibration of the Incremental Risk Charge model for US\$1.0bn, reported in movements in risk levels.

Counterparty credit RWAs declined by US\$4.4bn during the quarter. In Europe, updates to the Internal Model Method and a more efficient allocation of collateral both in IRB, reported in internal updates, and standardised approach resulted in a decrease in RWAs of US\$6.9bn. This was partially offset by a book size increase in North America of US\$3.1bn arising due to normal business movements and hedges used to facilitate the sale of our correlation trading portfolio.

### Trading conditions since 30 September 2014 and outlook

Our performance in October was in line with the trends we experienced during the first nine months of the year.

Discussions are ongoing with the UK FCA regarding a proposed resolution of their foreign exchange investigation with respect to HSBC Bank plc's systems and controls relating to one part of its spot FX trading business in London. Although there can be no certainty that a resolution will be agreed, if one is reached, the resolution is likely to involve the payment of a significant financial penalty. We continue to cooperate fully with regulatory and law enforcement authorities in the UK and other jurisdictions.

In addition, in connection with the inquiry by French magistrates regarding whether HSBC Private Bank (Suisse) SA acted appropriately in relation to certain customers who had French tax reporting requirements, HSBC Private Bank (Suisse) SA has been summoned to appear before the French magistrates for possible commencement of a criminal investigation. Although the outcome of the hearing, and any such investigation, is at this time uncertain, as matters progress it is possible that any fines, penalties or other terms imposed could be significant.

### Notes

- Income statement comparisons, unless stated otherwise, are between the quarter ended 30 September 2014 and the quarter ended 30 September 2013, or between the nine months ended 30 September 2014 and the corresponding nine months in 2013. Balance sheet comparisons, unless otherwise stated, are between balances at 30 September 2014 and the corresponding balances at 30 June 2014.
- The financial information on which this Interim Management Statement 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 432 to 450 of the Annual Report and Accounts 2013.
- 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 Interim Management Statement 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 Agreements with US authorities.

## Summary consolidated income statement

Nine months ended

Quarter ended

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|  | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Net interest income  | 26,158                  | 26,533                  | 8,753                   | 8,684                   | 8,714                   |
| Net fee income   | 12,239                  | 12,441                  | 4,062                   | 4,131                   | 4,037                   |
| Net trading income   | 5,570                   | 7,645                   | 2,295                   | 995                     | 1,283                   |
| Changes in fair value of long-term debt<br>issued and related derivatives                  | 476                     | (953)                   | 38                      | 235                     | 466                     |
| Net income from other financial<br>instruments designated at fair value                    | 1,440                   | 1,203                   | 218                     | 917                     | 981                     |
| Net income from financial instruments<br>designated at fair value                          | 1,916                   | 250                     | 256                     | 1,152                   | 1,447                   |
| Gains less losses from financial<br>investments  | 915                     | 1,876                   | (31)                    | 762                     | 20                      |
| Dividend income  | 289                     | 278                     | 201                     | 64                      | 171                     |
| Net insurance premium income   | 9,316                   | 9,275                   | 3,179                   | 3,001                   | 3,049                   |
| Other operating income   | 861                     | 1,419                   | 323                     | 210                     | 473                     |
| Total operating income   | 57,264                  | 59,717                  | 19,038                  | 18,999                  | 19,194                  |
| Net insurance claims and benefits paid<br>and movement in liabilities to<br>policyholders  | (10,322)                | (10,267)                | (3,263)                 | (3,716)                 | (4,116)                 |
| Net operating income before loan<br>impairment charges<br>and other credit risk provisions | 46,942                  | 49,450                  | 15,775                  | 15,283                  | 15,078                  |
| Loan impairment charges and other<br>credit risk provisions                                | (2,601)                 | (4,709)                 | (760)                   | (1,043)                 | (1,593)                 |
| Net operating income   | 44,341                  | 44,741                  | 15,015                  | 14,240                  | 13,485                  |
| Total operating expenses   | (29,357)                | (27,983)                | (11,091)                | (9,414)                 | (9,584)                 |
| Operating profit   | 14,984                  | 16,758                  | 3,924                   | 4,826                   | 3,901                   |
| Share of profit in associates and joint<br>ventures  | 1,965                   | 1,843                   | 685                     | 729                     | 629                     |
| Profit before tax  | 16,949                  | 18,601                  | 4,609                   | 5,555                   | 4,530                   |
| Tax expense  | (3,009)                 | (3,770)                 | (987)                   | (747)                   | (1,045)                 |
| Profit after tax   | 13,940                  | 14,831                  | 3,622                   | 4,808                   | 3,485                   |
| Profit attributable to shareholders of the<br>parent company                               | 13,177                  | 13,484                  | 3,431                   | 4,535                   | 3,200                   |

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|  |      |       |      |      |      |
|--|------|-------|------|------|------|
| Profit attributable to non-controlling interests             | 763  | 1,347 | 191  | 273  | 285  |
|  | US\$ | US\$  | US\$ | US\$ | US\$ |
| Basic earnings per ordinary share                            | 0.67 | 0.71  | 0.17 | 0.23 | 0.16 |
| Diluted earnings per ordinary share                          | 0.67 | 0.70  | 0.17 | 0.23 | 0.16 |
| 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) | 9.5  | 10.4  | 7.2  | 9.8  | 7.2  |
| Pre-tax return on average risk-weighted assets (annualised)  | 1.9  | 2.2   | 1.5  | 1.8  | 1.6  |
| Cost efficiency ratio  | 62.5 | 56.6  | 70.3 | 61.6 | 63.6 |

Summary consolidated balance sheet

|  | At<br>30 Sep<br>2014<br>US\$m | At<br>30 Jun<br>2014<br>US\$m | At<br>31 Dec<br>2013<br>US\$m |
|--|-------------------------------|-------------------------------|-------------------------------|
| <b>ASSETS</b>                                  |                               |                               |                               |
| Cash and balances at central banks             | 133,424                       | 132,137                       | 166,599                       |
| Trading assets                                 | 331,642                       | 347,106                       | 303,192                       |
| Financial assets designated at fair value      | 29,729                        | 31,823                        | 38,430                        |
| Derivatives                                    | 308,611                       | 269,839                       | 282,265                       |
| Loans and advances to banks                    | 124,756                       | 127,387                       | 120,046                       |
| Loans and advances to customers                | 1,028,880                     | 1,047,241                     | 992,089                       |
| Reverse repurchase agreements - non-trading    | 190,848                       | 198,301                       | 179,690                       |
| Financial investments                          | 411,604                       | 423,710                       | 425,925                       |
| Other assets                                   | 169,151                       | 176,049                       | 163,082                       |
| <b>Total assets</b>                            | <b>2,728,645</b>              | <b>2,753,593</b>              | <b>2,671,318</b>              |
| <b>LIABILITIES AND EQUITY</b>                  |                               |                               |                               |
| <b>Liabilities</b>                             |                               |                               |                               |
| Deposits by banks                              | 89,421                        | 92,764                        | 86,507                        |
| Customer accounts                              | 1,395,116                     | 1,415,705                     | 1,361,297                     |
| Repurchase agreements - non-trading            | 150,814                       | 165,506                       | 164,220                       |
| Trading liabilities                            | 215,395                       | 228,135                       | 207,025                       |
| Financial liabilities designated at fair value | 77,590                        | 82,968                        | 89,084                        |
| Derivatives                                    | 300,415                       | 263,494                       | 274,284                       |
| Debt securities in issue                       | 90,234                        | 96,397                        | 104,080                       |
| Liabilities under insurance contracts          | 73,742                        | 75,223                        | 74,181                        |
| Other liabilities                              | 133,753                       | 134,679                       | 120,181                       |
| <b>Total liabilities</b>                       | <b>2,526,480</b>              | <b>2,554,871</b>              | <b>2,480,859</b>              |

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|   |           |           |           |
|---|-----------|-----------|-----------|
| Equity  |           |           |           |
| Total shareholders' equity                      | 193,597   | 190,281   | 181,871   |
| Non-controlling interests                       | 8,568     | 8,441     | 8,588     |
| Total equity                                    | 202,165   | 198,722   | 190,459   |
| Total equity and liabilities                    | 2,728,645 | 2,753,593 | 2,671,318 |
| Ratio of customer advances to customer accounts | 73.7%     | 74.0%     | 72.9%     |

Capital  
Capital structure

|   | CRD IV year 1 transition      |                               |  | Basel 2.5                     |
|---|-------------------------------|-------------------------------|--|-------------------------------|
|   | At<br>30 Sep<br>2014<br>US\$m | At<br>30 Jun<br>2014<br>US\$m | Estimated<br>at<br>31 Dec<br>2013<br>US\$m | At<br>31 Dec<br>2013<br>US\$m |
| Composition of regulatory capital                 |                               |                               |  |                               |
| Shareholders' equity per balance sheet1           | 193,597                       | 190,281                       | 181,871                                    | 181,871                       |
| Non-controlling interests                         | 3,818                         | 3,792                         | 3,644                                      | 4,955                         |
| Regulatory adjustments to the accounting basis    | (26,068)                      | (19,387)                      | (20,044)                                   | (7,942)                       |
| Deductions  | (33,271)                      | (34,616)                      | (34,238)                                   | (29,833)                      |
| Common equity/core tier 1 capital                 | 138,076                       | 140,070                       | 131,233                                    | 149,051                       |
| Other tier 1 capital before deductions            | 19,607                        | 13,977                        | 14,573                                     | 16,110                        |
| Deductions  | (152)                         | (164)                         | (165)                                      | (7,006)                       |
| Tier 1 capital                                    | 157,531                       | 153,883                       | 145,641                                    | 158,155                       |
| Total qualifying tier 2 capital before deductions | 38,473                        | 39,197                        | 35,786                                     | 47,812                        |
| Total deductions other than from tier 1 capital   | (229)                         | (246)                         | (248)                                      | (11,958)                      |
| Total regulatory capital                          | 195,775                       | 192,834                       | 181,179                                    | 194,009                       |
| Total risk-weighted assets                        | 1,227,548                     | 1,248,572                     | 1,214,939                                  | 1,092,653                     |
|   | %                             | %                             | %  | %                             |
| Capital ratios                                    |                               |                               |  |                               |
| Common equity tier 1 ratio                        | 11.2                          | 11.2                          | 10.8                                       |                               |
| Core tier 1 ratio                                 |                               |                               |  | 13.6                          |
| Tier 1 ratio                                      | 12.8                          | 12.3                          | 12.0                                       | 14.5                          |

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|                     |      |      |      |      |
|---------------------|------|------|------|------|
| Total capital ratio | 15.9 | 15.4 | 14.9 | 17.8 |
|---------------------|------|------|------|------|

1 Includes externally verified profits for the period ended 30 September 2014.

Reconciliation of regulatory capital from Year 1 transitional basis to an estimated CRD IV end point basis

|   | At<br>30 Sep<br>2014<br>US\$m | At<br>30 Jun<br>2014<br>US\$m | Estimated<br>at<br>31 Dec<br>2013<br>US\$m |
|---|-------------------------------|-------------------------------|--|
| Common equity tier 1 capital on a year 1 transitional basis | 138,076                       | 140,070                       | 131,233                                    |
| Unrealised gains arising from revaluation of property       | 1,343                         | 1,346                         | 1,281                                      |
| Unrealised gains in available for sale reserves             | 512                           | 141                           | -  |
| Common equity tier 1 capital end point basis                | 139,931                       | 141,557                       | 132,514                                    |
| Additional tier 1 capital on a year 1 transitional basis    | 19,455                        | 13,813                        | 14,408                                     |
| Grandfathered instruments:                                  |                               |                               |  |
| - preference share premium                                  | (1,160)                       | (1,160)                       | (1,160)                                    |
| - preference share non-controlling interests                | (1,955)                       | (1,955)                       | (1,955)                                    |
| - hybrid capital securities                                 | (10,097)                      | (10,227)                      | (10,727)                                   |
| Transitional provisions:                                    |                               |                               |  |
| - allowable non-controlling interest in AT1                 | (324)                         | (231)                         | (366)                                      |
| - unconsolidated investments                                | 152                           | 164                           | 165  |
| Additional tier 1 capital end point basis                   | 6,071                         | 404                           | 365  |
| Tier 1 capital end point basis                              | 146,002                       | 141,961                       | 132,879                                    |
| Tier 2 capital on a year 1 transitional basis               | 38,244                        | 38,951                        | 35,538                                     |
| Grandfathered instruments:                                  |                               |                               |  |
| - perpetual subordinated debt                               | (2,218)                       | (2,218)                       | (2,218)                                    |
| - term subordinated debt                                    | (21,513)                      | (21,513)                      | (21,513)                                   |
| Transitional provisions:                                    |                               |                               |  |
| - non-controlling interest in tier 2 capital                | (240)                         | (240)                         | (240)                                      |
| - allowable non-controlling interest in tier 2              | 277                           | 190                           | 345  |
| - unconsolidated investments                                | (152)                         | (164)                         | (165)                                      |
| Tier 2 capital end point basis                              | 14,398                        | 15,006                        | 11,747                                     |
| Total regulatory capital end point basis                    | 160,400                       | 156,967                       | 144,626                                    |
| Total risk-weighted assets                                  | 1,227,548                     | 1,248,572                     | 1,214,939                                  |

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

|  | Common<br>equity<br>tier 1<br>capital<br>US\$bn | RWAs<br>US\$bn |
|--|---|----------------|
| CRD IV end point basis at 1 July 2014                          | 141.6   | 1,248.6        |
| Contribution to CET1 capital from profit                       | 3.4   |                |
| Net dividends including foreseeable net dividends <sup>1</sup> | (1.7)   |                |
| - foreseeable third interim dividend                           | (2.1)   |                |
| - add back: planned scrip take-up                              | 0.4   |                |
| Exchange differences and other                                 | (3.4)   | (19.4)         |
| Legacy portfolio   |   | (14.3)         |
| Corporate growth   |   | 16.9           |
| CCR model update and calculation change                        |   | (4.3)          |
| CRD IV end point basis at 30 September 2014                    | 139.9   | 1,227.5        |

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

### Risk-weighted assets

#### RWAs by risk type

|                          | CRD IV transition and end point |                                |   | Basel 2.5                      |
|--------------------------|---------------------------------|--------------------------------|---|--------------------------------|
|                          | At<br>30 Sep<br>2014<br>US\$bn  | At<br>30 Jun<br>2014<br>US\$bn | Estimated<br>at<br>31 Dec<br>2013<br>US\$bn | At<br>31 Dec<br>2013<br>US\$bn |
| Credit risk              | 945.5                           | 966.0                          | 936.5                                       | 864.3                          |
| Counterparty credit risk | 97.0                            | 101.4                          | 95.8  | 45.8                           |
| Market risk              | 66.9                            | 63.1                           | 63.4  | 63.4                           |
| Operational risk         | 118.1                           | 118.1                          | 119.2                                       | 119.2                          |
|                          | 1,227.5                         | 1,248.6                        | 1,214.9                                     | 1,092.7                        |

#### RWAs by global businesses

|                                      | At<br>30 Sep<br>2014<br>US\$bn | At<br>30 Jun<br>2014<br>US\$bn | At<br>31 Dec<br>2013<br>US\$bn |
|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Total                                | 1,227.5                        | 1,248.6                        | 1,092.7                        |
| Retail Banking and Wealth Management | 209.2                          | 223.0                          | 233.5                          |
| Commercial Banking                   | 429.0                          | 424.9                          | 391.7                          |

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|                            |       |       |       |
|----------------------------|-------|-------|-------|
| Global Banking and Markets | 527.0 | 537.3 | 422.3 |
| Global Private Banking     | 21.3  | 22.1  | 21.7  |
| Other                      | 41.0  | 41.3  | 23.5  |

RWAs by geographical regions<sup>1</sup>

|                              | At<br>30 Sep<br>2014<br>US\$bn | At<br>30 Jun<br>2014<br>US\$bn | At<br>31 Dec<br>2013<br>US\$bn |
|------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Total                        | 1,227.5                        | 1,248.6                        | 1,092.7                        |
| Europe                       | 382.3                          | 393.6                          | 300.1                          |
| Asia                         | 490.9                          | 481.1                          | 430.7                          |
| Middle East and North Africa | 61.8                           | 62.7                           | 62.5                           |
| North America                | 227.6                          | 236.9                          | 223.8                          |
| Latin America                | 93.1                           | 96.8                           | 89.5                           |

<sup>1</sup> 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>US\$bn | Asia<br>US\$bn | MENA<br>US\$bn | North<br>America<br>US\$bn | Latin<br>America<br>US\$bn | Total<br>US\$bn |
|-------------------------|------------------|----------------|----------------|----------------------------|----------------------------|-----------------|
| CRD IV basis            |                  |                |                |                            |                            |                 |
| RWAs                    |                  |                |                |                            |                            |                 |
| IRB advanced approach   | 201.3            | 213.1          | 11.4           | 146.6                      | 11.4                       | 583.8           |
| IRB foundation approach | 11.4             | -              | 3.7            | -                          | -                          | 15.1            |
| Standardised approach   | 45.4             | 178.3          | 38.6           | 28.1                       | 56.2                       | 346.6           |
| At 30 September 2014    | 258.1            | 391.4          | 53.7           | 174.7                      | 67.6                       | 945.5           |
| CRD IV basis            |                  |                |                |                            |                            |                 |
| RWAs                    |                  |                |                |                            |                            |                 |
| IRB advanced approach   | 211.2            | 209.9          | 11.2           | 155.3                      | 12.0                       | 599.6           |
| IRB foundation approach | 11.4             | -              | 4.1            | -                          | -                          | 15.5            |
| Standardised approach   | 46.9             | 174.3          | 39.0           | 30.7                       | 60.0                       | 350.9           |
| At 30 June 2014         | 269.5            | 384.2          | 54.3           | 186.0                      | 72.0                       | 966.0           |
| Basel 2.5 basis         |                  |                |                |                            |                            |                 |
| RWAs                    |                  |                |                |                            |                            |                 |
| IRB advanced approach   | 157.1            | 182.9          | 11.2           | 161.5                      | 8.5                        | 521.2           |
| IRB foundation approach | 9.8              | -              | 3.8            | -                          | -                          | 13.6            |
| Standardised approach   | 44.5             | 165.9          | 40.0           | 22.7                       | 56.4                       | 329.5           |

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At 31 December 2013      211.4      348.8      55.0      184.2      64.9      864.3

Credit risk exposure - RWAs by global businesses

|                            | Principal<br>RBWM<br>US\$bn | RBWM<br>(Run-off)<br>US\$bn | CMB<br>US\$bn | GB&M<br>US\$bn | GPB<br>US\$bn | Other<br>US\$bn | Total<br>US\$bn |
|----------------------------|-----------------------------|-----------------------------|---------------|----------------|---------------|-----------------|-----------------|
| CRD IV basis<br>RWAs       |                             |                             |               |                |               |                 |                 |
| IRB advanced<br>approach   | 57.9                        | 50.7                        | 208.5         | 245.2          | 10.4          | 11.1            | 583.8           |
| IRB foundation<br>approach | -                           | -                           | 7.6           | 6.2            | 0.1           | 1.2             | 15.1            |
| Standardised<br>approach   | 57.6                        | 5.5                         | 180.0         | 69.0           | 6.5           | 28.0            | 346.6           |
| At 30 September 2014       | 115.5                       | 56.2                        | 396.1         | 320.4          | 17.0          | 40.3            | 945.5           |
| CRD IV basis<br>RWAs       |                             |                             |               |                |               |                 |                 |
| IRB advanced<br>approach   | 60.3                        | 60.6                        | 206.2         | 249.5          | 11.1          | 11.9            | 599.6           |
| IRB foundation<br>approach | -                           | -                           | 7.2           | 6.9            | 0.1           | 1.3             | 15.5            |
| Standardised<br>approach   | 59.0                        | 5.5                         | 178.5         | 73.6           | 6.5           | 27.8            | 350.9           |
| At 30 June 2014            | 119.3                       | 66.1                        | 391.9         | 330.0          | 17.7          | 41.0            | 966.0           |
| Basel 2.5 basis<br>RWAs    |                             |                             |               |                |               |                 |                 |
| IRB advanced<br>approach   | 58.4                        | 72.6                        | 183.2         | 192.8          | 10.4          | 3.8             | 521.2           |
| IRB foundation<br>approach | -                           | -                           | 6.3           | 5.8            | 0.1           | 1.4             | 13.6            |
| Standardised<br>approach   | 60.6                        | 3.1                         | 169.3         | 71.6           | 6.9           | 18.0            | 329.5           |
| At 31 December 2013        | 119.0                       | 75.7                        | 358.8         | 270.2          | 17.4          | 23.2            | 864.3           |

RWA movement by geographical regions by key driver - credit risk - IRB only

|                           | Europe<br>US\$bn | Asia<br>US\$bn | MENA<br>US\$bn | North<br>America<br>US\$bn | Latin<br>America<br>US\$bn | Total<br>US\$bn |
|---------------------------|------------------|----------------|----------------|----------------------------|----------------------------|-----------------|
| RWAs at 1 January<br>2014 | 166.9            | 182.9          | 15.0           | 161.5                      | 8.5                        | 534.8           |



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on Basel 2.5 basis

|   |        |       |       |        |       |        |
|---|--------|-------|-------|--------|-------|--------|
| 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 on CRD IV basis | 212.7  | 213.1 | 15.1  | 146.6  | 11.4  | 598.9  |
| RWAs at 1 July 2014 on CRD IV basis       | 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           | -      | -     | -     | -      | -     | -      |

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|   |                  |                |                |                            |                            |                 |
|---|------------------|----------------|----------------|----------------------------|----------------------------|-----------------|
| - CRD IV impact                                 | -                | -              | -              | -                          | -                          | -               |
| - NCOA moving from<br>STD to IRB                | -                | -              | -              | -                          | -                          | -               |
| Total RWA<br>movement                           | (9.9)            | 3.2            | (0.2)          | (8.7)                      | (0.6)                      | (16.2)          |
| RWAs at 30<br>September 2014 on<br>CRD IV basis | 212.7            | 213.1          | 15.1           | 146.6                      | 11.4                       | 598.9           |
| RWAs at 1 January<br>2013<br>on Basel 2.5 basis | 150.7            | 162.3          | 12.6           | 187.1                      | 11.2                       | 523.9           |
| Foreign exchange<br>movement                    | 0.4              | (3.7)          | (0.4)          | (1.0)                      | (0.7)                      | (5.4)           |
| Acquisitions and<br>disposals                   | (1.5)            | -              | -              | (8.6)                      | -                          | (10.1)          |
| Book size                                       | 4.7              | 15.4           | 0.8            | (7.8)                      | (0.9)                      | 12.2            |
| Book quality                                    | (1.3)            | 5.7            | 1.2            | (11.3)                     | 0.2                        | (5.5)           |
| Model updates                                   | (1.8)            | -              | 0.1            | (0.2)                      | -                          | (1.9)           |
| - portfolios moving<br>onto<br>IRB approach     | -                | -              | -              | -                          | -                          | -               |
| - new/updated models                            | (1.8)            | -              | 0.1            | (0.2)                      | -                          | (1.9)           |
| Methodology and<br>policy                       | 1.7              | 0.4            | -              | 9.2                        | 0.1                        | 11.4            |
| - internal updates                              | (0.8)            | (6.0)          | -              | (1.0)                      | 0.1                        | (7.7)           |
| - external updates -<br>regulatory              | 2.5              | 6.4            | -              | 10.2                       | -                          | 19.1            |
| Total RWA<br>movement                           | 2.2              | 17.8           | 1.7            | (19.7)                     | (1.3)                      | 0.7             |
| RWAs at 30<br>September 2013                    | 152.9            | 180.1          | 14.3           | 167.4                      | 9.9                        | 524.6           |
|   | Europe<br>US\$bn | Asia<br>US\$bn | MENA<br>US\$bn | North<br>America<br>US\$bn | Latin<br>America<br>US\$bn | Total<br>US\$bn |
| RWAs at 1 July 2013<br>on Basel 2.5 basis       | 148.4            | 173.6          | 13.9           | 174.5                      | 10.5                       | 520.9           |

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|  |       |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|-------|
| Foreign exchange movement              | 6.4   | (0.6) | 0.1   | 0.6   | (0.1) | 6.4   |
| Acquisitions and disposals             | -     | -     | -     | (0.4) | -     | (0.4) |
| Book size                              | 2.7   | 5.1   | 0.7   | (2.4) | (0.4) | 5.7   |
| Book quality                           | (3.7) | 2.1   | (0.4) | (4.1) | (0.1) | (6.2) |
| Model updates - portfolios moving onto | -     | -     | -     | -     | -     | -     |
| IRB approach - new/updated models      | -     | -     | -     | -     | -     | -     |
| Methodology and policy                 | (0.9) | (0.1) | -     | (0.8) | -     | (1.8) |
| - internal updates                     | (0.9) | (0.1) | -     | (0.8) | -     | (1.8) |
| - external updates - regulatory        | -     | -     | -     | -     | -     | -     |
| Total RWA movement                     | 4.5   | 6.5   | 0.4   | (7.1) | (0.6) | 3.7   |
| RWAs at 30 September 2013              | 152.9 | 180.1 | 14.3  | 167.4 | 9.9   | 524.6 |

RWA movement by global businesses by key driver - credit risk - IRB only

|  | Principal RBWM US\$bn | US run-off portfolio US\$bn | Total RBWM US\$bn | CMB US\$bn | GB&M US\$bn | GPB US\$bn | Other US\$bn | Total US\$bn |
|--|-----------------------|-----------------------------|-------------------|------------|-------------|------------|--------------|--------------|
| RWAs at 1 January 2014                 |                       |                             |                   |            |             |            |              |              |
| on Basel 2.5 basis                     | 58.4                  | 72.6                        | 131.0             | 189.5      | 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                              | 1.3                   | (5.2)                       | (3.9)             | 20.4       | 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 - portfolios moving onto | 0.1                   | (6.2)                       | (6.1)             | 9.3        | 5.3         | 0.3        | -            | 8.8          |
| 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)       |

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|   |       |        |        |       |       |       |       |        |
|---|-------|--------|--------|-------|-------|-------|-------|--------|
| - 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                                  | (0.5) | (21.9) | (22.4) | 26.6  | 52.9  | (0.1) | 7.1   | 64.1   |
| RWAs at 30 September 2014 on CRD IV basis           | 57.9  | 50.7   | 108.6  | 216.1 | 251.4 | 10.5  | 12.3  | 598.9  |
| RWAs at 1 July 2014 on CRD IV basis                 | 60.3  | 60.6   | 120.9  | 213.4 | 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 - portfolios moving onto IRB approach | -     | (1.3)  | (1.3)  | -     | -     | -     | -     | (1.3)  |
| - new/updated models                                | -     | -      | -      | -     | -     | -     | -     | -      |
| 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                     | -     | -      | -      | -     | -     | -     | -     | -      |
| - CRD IV impact                                     | -     | -      | -      | -     | -     | -     | -     | -      |
| - NCOA moving from STD to IRB                       | -     | -      | -      | -     | -     | -     | -     | -      |
| Total RWA movement                                  | (2.4) | (9.9)  | (12.3) | 2.7   | (5.0) | (0.7) | (0.9) | (16.2) |
| RWAs at 30 September 2014 on CRD IV basis           | 57.9  | 50.7   | 108.6  | 216.1 | 251.4 | 10.5  | 12.3  | 598.9  |

RWA movement by key driver - counterparty credit risk - advanced approach

On CRD IV basis

On Basel 2.5 basis

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|                               | 9 months<br>to<br>30 Sep<br>2014<br>US\$bn | 3 months<br>to<br>30 Sep<br>2014<br>US\$bn | 9 months<br>to<br>30 Sep<br>2013<br>US\$bn | 3 months<br>to<br>30 Sep<br>2013<br>US\$bn |
|-------------------------------|--|--|--|--|
| RWAs at beginning of period   | 42.2                                       | 70.8                                       | 45.7                                       | 45.1                                       |
| Book size                     | 7.4  | 4.2  | (0.3)                                      | (1.3)                                      |
| Book quality                  | (0.3)                                      | -  | (1.5)                                      | (0.5)                                      |
| Model updates                 | 0.1  | (2.1)                                      | -  | -  |
| Methodology and policy        | 21.2                                       | (2.3)                                      | (2.7)                                      | (2.1)                                      |
| - internal updates            | (3.3)                                      | (2.3)                                      | (2.7)                                      | (2.1)                                      |
| - external regulatory updates | 7.5  | -  | -  | -  |
| - CRD IV impact               | 17.0                                       | -  | -  | -  |
| Total RWA movement            | 28.4                                       | (0.2)                                      | (4.5)                                      | (3.9)                                      |
| RWAs at end of period         | 70.6                                       | 70.6                                       | 41.2                                       | 41.2                                       |

RWA movement by key driver - market risk - internal model based

|                               | On CRD IV basis                      |  | On Basel 2.5 basis                   |  |
|-------------------------------|--------------------------------------|--|--------------------------------------|--|
|                               | 9 months to<br>30 Sep 2014<br>US\$bn | 3 months<br>to<br>30 Sep<br>2014<br>US\$bn | 9 months to<br>30 Sep 2013<br>US\$bn | 3 months<br>to<br>30 Sep<br>2013<br>US\$bn |
| RWAs at beginning of period   | 52.2                                 | 49.5                                       | 44.5                                 | 59.5                                       |
| Acquisitions and disposals    | (2.0)                                | (2.0)                                      | -                                    | -  |
| Movement in risk levels       | (0.1)                                | (1.0)                                      | (13.3)                               | (8.7)                                      |
| Model updates                 | -                                    | -  | 17.6                                 | -  |
| Methodology and policy        | 3.1                                  | 6.7  | 2.0                                  | -  |
| - internal updates            | 0.5                                  | -  | 2.0                                  | -  |
| - external regulatory updates | 2.6                                  | 6.7  | -                                    | -  |
| Total RWA movement            | 1.0                                  | 3.7  | 6.3                                  | (8.7)                                      |
| RWAs at end of period         | 53.2                                 | 53.2                                       | 50.8                                 | 50.8                                       |

Leverage ratio

The table below presents our estimated leverage ratio, based on the approach prescribed by the PRA. The numerator is calculated using the final CRD IV end point tier 1 capital definition and the exposure measure is calculated based on the January 2014 Basel III text.

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A detailed basis of preparation is outlined on page 198 of the Interim Report 2014.

Estimated leverage ratio

|  | PRA-prescribed basis at  |                          |
|--|--------------------------|--------------------------|
|  | 30 Sep<br>2014<br>US\$bn | 30 Jun<br>2014<br>US\$bn |
| Total assets per regulatory balance sheet                                | 2,822                    | 2,833                    |
| Adjustment to reverse netting of loans and deposits allowable under IFRS | 67                       | 98                       |
| Reversal of accounting values:   | (525)                    | (498)                    |
| - derivatives  | (309)                    | (270)                    |
| - repurchase agreement and securities finance                            | (216)                    | (228)                    |
| Replaced with regulatory values:   | 400                      | 436                      |
| - derivatives  | 176                      | 199                      |
| - repurchase agreement and securities finance                            | 224                      | 237                      |
| Addition of off balance sheet commitments and guarantees                 | 421                      | 445                      |
| Exclusion of items already deducted from the capital measure             | (36)                     | (37)                     |
| Exposure measure after regulatory adjustments                            | 3,149                    | 3,277                    |
| Tier 1 capital under CRD IV (end point)                                  | 146                      | 142                      |
| Estimated leverage ratio (end point)                                     | 4.6%                     | 4.3%                     |

Profit before tax by global business and geographical region

|                                      | Nine months ended       |                         | Quarter ended           |                         |                         |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                      | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| By global business                   |                         |                         |                         |                         |                         |
| Retail Banking and Wealth Management | 4,352                   | 4,852                   | 1,307                   | 1,333                   | 1,585                   |
| Commercial Banking                   | 7,062                   | 6,016                   | 2,291                   | 2,351                   | 1,882                   |
| Global Banking and Markets           | 5,974                   | 7,575                   | 941                     | 2,162                   | 1,852                   |
| Global Private Banking               | 554                     | 92                      | 190                     | 163                     | (16)                    |
| Other                                | (993)                   | 66                      | (120)                   | (454)                   | (773)                   |
|                                      | 16,949                  | 18,601                  | 4,609                   | 5,555                   | 4,530                   |
| By geographical region               |                         |                         |                         |                         |                         |
| Europe                               | 2,751                   | 2,723                   | 493                     | 498                     | (45)                    |
| Asia                                 | 11,369                  | 12,862                  | 3,475                   | 4,130                   | 3,600                   |
| Middle East and North Africa         | 1,476                   | 1,288                   | 487                     | 487                     | 379                     |

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|               |        |        |       |       |       |
|---------------|--------|--------|-------|-------|-------|
| North America | 883    | 1,042  | 58    | 376   | 376   |
| Latin America | 470    | 686    | 96    | 64    | 220   |
|               | 16,949 | 18,601 | 4,609 | 5,555 | 4,530 |

Summary information - global businesses

Retail Banking and Wealth Management

|  | Nine months ended       |                         |                         | Quarter ended           |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Net operating income before loan impairment charges and other credit risk provisions | 18,700                  | 19,930                  | 6,377                   | 6,079                   | 6,641                   |
| Loan impairment charges and other credit risk provisions                             | (1,472)                 | (2,541)                 | (247)                   | (621)                   | (773)                   |
| Net operating income   | 17,228                  | 17,389                  | 6,130                   | 5,458                   | 5,868                   |
| Total operating expenses   | (13,198)                | (12,827)                | (4,929)                 | (4,253)                 | (4,376)                 |
| Operating profit   | 4,030                   | 4,562                   | 1,201                   | 1,205                   | 1,492                   |
| Share of profit in associates and joint ventures                                     | 322                     | 290                     | 106                     | 128                     | 93                      |
| Profit before tax  | 4,352                   | 4,852                   | 1,307                   | 1,333                   | 1,585                   |
| Profit before tax relates to:  |                         |                         |                         |                         |                         |
| Principal RBWM   | 3,925                   | 4,984                   | 939                     | 1,224                   | 1,483                   |
| US run-off portfolio   | 427                     | (132)                   | 368                     | 109                     | 102                     |

Reconciliation of reported and underlying profit before tax

|                                       | Nine months ended       |                         |                         | Quarter ended           |                         |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                       | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Reported profit before tax            | 4,352                   | 4,852                   | 1,307                   | 1,333                   | 1,585                   |
| Currency translation adjustment       |                         | 52                      |                         | 2                       | 8                       |
| Acquisitions, disposals and dilutions | (6)                     | 67                      | -                       | -                       | (5)                     |
| Underlying profit before tax          | 4,346                   | 4,971                   | 1,307                   | 1,335                   | 1,588                   |
|                                       | %                       | %                       | %                       | %                       | %                       |

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|                                     |      |      |      |      |      |
|-------------------------------------|------|------|------|------|------|
| Cost efficiency ratio               | 70.6 | 64.4 | 77.3 | 70.0 | 65.9 |
| Reported pre-tax RoRWA (annualised) | 2.6  | 2.5  | 2.4  | 2.4  | 2.6  |

Reconciliation of reported and underlying Principal RBWM profit before tax

|                                       | Nine months ended |        |        | Quarter ended |        |
|---------------------------------------|-------------------|--------|--------|---------------|--------|
|                                       | 30 Sep            | 30 Sep | 30 Sep | 30 Jun        | 30 Sep |
|                                       | 2014              | 2013   | 2014   | 2014          | 2013   |
|                                       | US\$m             | US\$m  | US\$m  | US\$m         | US\$m  |
| Reported profit before tax            | 3,925             | 4,984  | 939    | 1,224         | 1,483  |
| Currency translation adjustment       |                   | 52     |        | 2             | 8      |
| Acquisitions, disposals and dilutions | (6)               | (53)   | -      | -             | (5)    |
| Underlying profit before tax          | 3,919             | 4,983  | 939    | 1,226         | 1,486  |

Principal RBWM: management view of revenue

|  | Nine months ended |        |        | Quarter ended |        |
|--|-------------------|--------|--------|---------------|--------|
|  | 30 Sep            | 30 Sep | 30 Sep | 30 Jun        | 30 Sep |
|  | 2014              | 2013   | 2014   | 2014          | 2013   |
|  | US\$m             | US\$m  | US\$m  | US\$m         | US\$m  |
| Current accounts, savings and deposits | 4,395             | 4,262  | 1,482  | 1,485         | 1,478  |
| Wealth products                        | 4,863             | 4,767  | 1,667  | 1,629         | 1,579  |
| Investment distribution <sup>1</sup>   | 2,654             | 2,735  | 933    | 849           | 882    |
| Life insurance manufacturing           | 1,348             | 1,201  | 440    | 478           | 441    |
| Asset Management                       | 861               | 831    | 294    | 302           | 256    |
| Personal lending                       | 8,591             | 8,918  | 2,879  | 2,872         | 2,884  |
| Mortgages                              | 2,397             | 2,389  | 793    | 787           | 779    |
| Credit cards                           | 3,269             | 3,341  | 1,101  | 1,111         | 1,098  |
| Other personal lending <sup>2</sup>    | 2,925             | 3,188  | 985    | 974           | 1,007  |
| Other <sup>3</sup>                     | (197)             | 696    | (98)   | (216)         | 206    |
| Net operating income <sup>4</sup>      | 17,652            | 18,643 | 5,930  | 5,770         | 6,147  |

<sup>1</sup> '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.

<sup>2</sup> 'Other personal lending' includes personal non-residential closed-end loans and personal overdrafts.

<sup>3</sup> 'Other' includes the distribution and manufacturing (where applicable) of retail and credit protection insurance, any gains or losses on business disposals, movements in non-qualifying hedges, losses arising from a review of compliance with the Consumer Credit Act in the UK in 2014 and loss on disposal of HFC UK Bank secured lending portfolio in 2013.

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

Commercial Banking



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|  | Nine months ended |         |         | Quarter ended |         |
|--|-------------------|---------|---------|---------------|---------|
|  | 30 Sep            | 30 Sep  | 30 Sep  | 30 Jun        | 30 Sep  |
|  | 2014              | 2013    | 2014    | 2014          | 2013    |
|  | US\$m             | US\$m   | US\$m   | US\$m         | US\$m   |
| Net operating income before loan impairment charges and other credit risk provisions | 12,318            | 11,848  | 4,202   | 4,106         | 3,985   |
| Loan impairment charges and other credit risk provisions                             | (970)             | (1,841) | (408)   | (365)         | (681)   |
| Net operating income   | 11,348            | 10,007  | 3,794   | 3,741         | 3,304   |
| Total operating expenses   | (5,531)           | (5,170) | (1,943) | (1,849)       | (1,834) |
| Operating profit   | 5,817             | 4,837   | 1,851   | 1,892         | 1,470   |
| Share of profit in associates and joint ventures                                     | 1,245             | 1,179   | 440     | 459           | 412     |
| Profit before tax  | 7,062             | 6,016   | 2,291   | 2,351         | 1,882   |

Reconciliation of reported and underlying profit before tax

|                                       | Nine months ended |        |        | Quarter ended |        |
|---------------------------------------|-------------------|--------|--------|---------------|--------|
|                                       | 30 Sep            | 30 Sep | 30 Sep | 30 Jun        | 30 Sep |
|                                       | 2014              | 2013   | 2014   | 2014          | 2013   |
|                                       | US\$m             | US\$m  | US\$m  | US\$m         | US\$m  |
| Reported profit before tax            | 7,062             | 6,016  | 2,291  | 2,351         | 1,882  |
| Currency translation adjustment       |                   | 14     |        | (12)          | -      |
| Acquisitions, disposals and dilutions | (13)              | (70)   | -      | (1)           | (19)   |
| Underlying profit before tax          | 7,049             | 5,960  | 2,291  | 2,338         | 1,863  |
|                                       | %                 | %      | %      | %             | %      |
| Cost efficiency ratio                 | 44.9              | 43.6   | 46.2   | 45.0          | 46.0   |
| Reported pre-tax RoRWA (annualised)   | 2.3               | 2.1    | 2.1    | 2.2           | 1.9    |

Management view of revenue

|   | Nine months ended |        |        | Quarter ended |        |
|---|-------------------|--------|--------|---------------|--------|
|   | 30 Sep            | 30 Sep | 30 Sep | 30 Jun        | 30 Sep |
|   | 2014              | 2013   | 2014   | 2014          | 2013   |
|   | US\$m             | US\$m  | US\$m  | US\$m         | US\$m  |
| Global Trade and Receivables Finance <sup>1</sup> | 2,190             | 2,216  | 761    | 743           | 757    |
| Credit and lending                                | 4,734             | 4,562  | 1,626  | 1,614         | 1,554  |

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|  |        |        |       |       |       |
|--|--------|--------|-------|-------|-------|
| Payments and Cash Management <sup>1</sup> ,<br>current accounts and savings deposits | 4,170  | 3,924  | 1,432 | 1,416 | 1,345 |
| Other  | 1,224  | 1,146  | 383   | 333   | 329   |
| Net operating income <sup>2</sup>  | 12,318 | 11,848 | 4,202 | 4,106 | 3,985 |

<sup>1</sup> 'Global Trade and Receivables Finance' and 'Payments and Cash Management' include revenue attributable to foreign exchange products.

Global Banking and Markets

|  | Nine months ended |         |         | Quarter ended |         |
|--|-------------------|---------|---------|---------------|---------|
|  | 30 Sep            | 30 Sep  | 30 Sep  | 30 Jun        | 30 Sep  |
|  | 2014              | 2013    | 2014    | 2014          | 2013    |
|  | US\$m             | US\$m   | US\$m   | US\$m         | US\$m   |
| Net operating income before loan impairment charges and other credit risk provisions | 14,470            | 14,881  | 4,679   | 4,631         | 4,220   |
| Loan impairment charges and other credit risk provisions                             | (185)             | (292)   | (136)   | (46)          | (118)   |
| Net operating income   | 14,285            | 14,589  | 4,543   | 4,585         | 4,102   |
| Total operating expenses   | (8,687)           | (7,374) | (3,729) | (2,561)       | (2,368) |
| Operating profit   | 5,598             | 7,215   | 814     | 2,024         | 1,734   |
| Share of profit in associates and joint ventures                                     | 376               | 360     | 127     | 138           | 118     |
| Profit before tax  | 5,974             | 7,575   | 941     | 2,162         | 1,852   |

Reconciliation of reported and underlying profit before tax

|                                       | Nine months ended |        |        | Quarter ended |        |
|---------------------------------------|-------------------|--------|--------|---------------|--------|
|                                       | 30 Sep            | 30 Sep | 30 Sep | 30 Jun        | 30 Sep |
|                                       | 2014              | 2013   | 2014   | 2014          | 2013   |
|                                       | US\$m             | US\$m  | US\$m  | US\$m         | US\$m  |
| Reported profit before tax            | 5,974             | 7,575  | 941    | 2,162         | 1,852  |
| Currency translation adjustment       |                   | (71)   |        | (15)          | (24)   |
| Acquisitions, disposals and dilutions | (9)               | (88)   | -      | (2)           | (72)   |
| Underlying profit before tax          | 5,965             | 7,416  | 941    | 2,145         | 1,756  |
|                                       | %                 | %      | %      | %             | %      |
| Cost efficiency ratio                 | 60.0              | 49.6   | 79.7   | 55.3          | 56.1   |
| Reported pre-tax RoRWA (annualised)   | 1.6               | 2.4    | 0.7    | 1.6           | 1.7    |

## Management view of revenue

|                                      | Nine months ended       |                         |                         | Quarter ended           |                         |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                      | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Markets                              | 5,718                   | 5,646                   | 1,873                   | 1,620                   | 1,575                   |
| Credit                               | 775                     | 642                     | 182                     | 246                     | 154                     |
| Rates                                | 1,642                   | 1,613                   | 515                     | 496                     | 507                     |
| Foreign Exchange                     | 2,286                   | 2,494                   | 852                     | 631                     | 660                     |
| Equities                             | 1,015                   | 897                     | 324                     | 247                     | 254                     |
| Capital Financing                    | 3,064                   | 3,017                   | 989                     | 1,078                   | 975                     |
| Payments and Cash Management         | 1,367                   | 1,298                   | 463                     | 460                     | 436                     |
| Securities Services                  | 1,275                   | 1,255                   | 429                     | 433                     | 408                     |
| Global Trade and Receivables Finance | 588                     | 560                     | 199                     | 202                     | 189                     |
| Balance Sheet Management             | 2,241                   | 2,391                   | 739                     | 752                     | 711                     |
| Principal Investments                | 464                     | 347                     | 122                     | 248                     | 142                     |
| Debit valuation adjustment           | (278)                   | 300                     | (123)                   | (186)                   | (151)                   |
| Other                                | 31                      | 67                      | (12)                    | 24                      | (65)                    |
| Net operating income <sup>1</sup>    | 14,470                  | 14,881                  | 4,679                   | 4,631                   | 4,220                   |
| By geographical region               |                         |                         |                         |                         |                         |
| Europe                               | 5,805                   | 5,722                   | 1,897                   | 1,916                   | 1,432                   |
| Asia                                 | 5,368                   | 5,348                   | 1,783                   | 1,702                   | 1,640                   |
| Middle East and North Africa         | 723                     | 625                     | 254                     | 218                     | 216                     |
| North America                        | 1,629                   | 2,126                   | 462                     | 489                     | 606                     |
| Latin America                        | 1,057                   | 1,160                   | 323                     | 336                     | 369                     |
| Intra-HSBC items                     | (112)                   | (100)                   | (40)                    | (30)                    | (43)                    |
| Net operating income <sup>1</sup>    | 14,470                  | 14,881                  | 4,679                   | 4,631                   | 4,220                   |

<sup>1</sup> Net operating income before loan impairment charges and other credit risk provisions, also referred to as revenue.

## Global Private Banking

|  | Nine months ended       |                         |                         | Quarter ended           |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Net operating income before loan<br>impairment charges<br>and other credit risk provisions | 1,820                   | 1,809                   | 590                     | 597                     | 658                     |
|  | 25                      | (35)                    | 31                      | (11)                    | (21)                    |

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Loan impairment (charges)/recoveries  
and other credit risk provisions

|  |         |         |       |       |       |
|--|---------|---------|-------|-------|-------|
| Net operating income                             | 1,845   | 1,774   | 621   | 586   | 637   |
| Total operating expenses                         | (1,304) | (1,692) | (436) | (427) | (657) |
| Operating profit/(loss)                          | 541     | 82      | 185   | 159   | (20)  |
| Share of profit in associates and joint ventures | 13      | 10      | 5     | 4     | 4     |
| Profit/(loss) before tax                         | 554     | 92      | 190   | 163   | (16)  |

Reconciliation of reported and underlying profit/(loss) before tax

|                                     | Nine months ended       |                         | Quarter ended           |                         |                         |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                     | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Reported profit/(loss) before tax   | 554                     | 92                      | 190                     | 163                     | (16)                    |
| Currency translation adjustment     |                         | 8                       |                         | -                       | (7)                     |
| Acquisition, disposals and dilution | -                       | -                       | -                       | -                       | -                       |
| Underlying profit/(loss) before tax | 554                     | 100                     | 190                     | 163                     | (23)                    |
|                                     | %                       | %                       | %                       | %                       | %                       |
| Cost efficiency ratio               | 71.6                    | 93.5                    | 73.9                    | 71.5                    | 99.8                    |
| Reported pre-tax RoRWA (annualised) | 3.4                     | 0.6                     | 3.5                     | 2.9                     | (0.3)                   |

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

|               | Quarter ended            |                          | Quarter ended            |                          |                          |
|---------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|               | 30 Sep<br>2014<br>US\$bn | 30 Jun<br>2014<br>US\$bn | 31 Mar<br>2014<br>US\$bn | 31 Dec<br>2013<br>US\$bn | 30 Sep<br>2013<br>US\$bn |
| Europe        | 210                      | 196                      | 195                      | 197                      | 205                      |
| Asia          | 112                      | 112                      | 109                      | 108                      | 106                      |
| North America | 45                       | 63                       | 65                       | 65                       | 65                       |
| Latin America | 13                       | 13                       | 12                       | 12                       | 14                       |
| Total         | 380                      | 384                      | 381                      | 382                      | 390                      |

Client assets<sup>1</sup>

|  | Quarter ended  |                | Quarter ended  |                |                |
|--|----------------|----------------|----------------|----------------|----------------|
|  | 30 Sep<br>2014 | 30 Jun<br>2014 | 31 Mar<br>2014 | 31 Dec<br>2013 | 30 Sep<br>2013 |

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|                                     | US\$bn | US\$bn | US\$bn | US\$bn | US\$bn |
|-------------------------------------|--------|--------|--------|--------|--------|
| Opening balance                     | 384    | 381    | 382    | 390    | 386    |
| Net new money                       | -      | (1)    | (2)    | (11)   | (5)    |
| Of which: areas targeted for growth | 5      | 3      | 2      | (4)    | 1      |
| Value change                        | (1)    | 3      | 3      | 5      | 7      |
| Exchange and other                  | (3)    | 1      | (2)    | (2)    | 2      |
| Closing balance                     | 380    | 384    | 381    | 382    | 390    |

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.

Other1

|  | Nine months ended       |                         |                         | Quarter ended           |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Net operating income before loan impairment charges and other credit risk provisions         | 4,170                   | 5,159                   | 1,513                   | 1,440                   | 1,009                   |
| - of which effect of changes in own credit spread on the fair value of long-term debt issued | (15)                    | (594)                   | 200                     | (429)                   | (575)                   |
| Loan impairment recoveries and other credit risk provisions                                  | 1                       | -                       | -                       | -                       | -                       |
| Net operating income   | 4,171                   | 5,159                   | 1,513                   | 1,440                   | 1,009                   |
| Total operating expenses   | (5,173)                 | (5,097)                 | (1,640)                 | (1,894)                 | (1,784)                 |
| Operating profit/(loss)  | (1,002)                 | 62                      | (127)<br>7              | (454)                   | (775)                   |
| Share of profit in associates and joint ventures   | 9                       | 4                       | 7                       | -                       | 2                       |
| Profit/(loss) before tax   | (993)                   | 66                      | (120)                   | (454)                   | (773)                   |

Reconciliation of reported and underlying profit/(loss) before tax

|  | Nine months ended       |                         |                         | Quarter ended           |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |

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|                                       |       |         |       |       |       |
|---------------------------------------|-------|---------|-------|-------|-------|
| Reported profit/(loss) before tax     | (993) | 66      | (120) | (454) | (773) |
| Currency translation adjustment       |       | (39)    |       | 1     | 5     |
| Own credit spread                     | 15    | 594     | (200) | 363   | 575   |
| Acquisitions, disposals and dilutions | 33    | (1,054) | -     | 32    | 13    |
| Underlying loss before tax            | (945) | (433)   | (320) | (58)  | (180) |

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 fines and penalties as part of the settlement of investigations into past inadequate compliance with anti-money laundering and sanctions laws, the UK bank levy together with unallocated investment activities, centrally held investment companies, gains arising from the dilutions of interests in associates and joint ventures 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).

Summary information - geographical regions

Europe

|  | Nine months ended       |                         |                         | Quarter ended           |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Net operating income before loan impairment charges and other credit risk provisions | 16,774                  | 16,339                  | 5,901                   | 5,021                   | 4,865                   |
| Loan impairment charges and other credit risk provisions                             | (404)                   | (1,364)                 | (138)                   | (150)                   | (518)                   |
| Net operating income   | 16,370                  | 14,975                  | 5,763                   | 4,871                   | 4,347                   |
| Total operating expenses   | (13,624)                | (12,252)                | (5,272)                 | (4,374)                 | (4,390)                 |
| Operating profit/(loss)  | 2,746                   | 2,723                   | 491                     | 497                     | (43)                    |
| Share of profit/(loss) in associates and joint ventures                              | 5                       | -                       | 2                       | 1                       | (2)                     |
| Profit/(loss) before tax   | 2,751                   | 2,723                   | 493                     | 498                     | (45)                    |

Reconciliation of reported and underlying profit/(loss) before tax

|  | Nine months ended       |                         |                         | Quarter ended           |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |

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|                                       |       |       |       |      |       |
|---------------------------------------|-------|-------|-------|------|-------|
| Reported profit/(loss) before tax     | 2,751 | 2,723 | 493   | 498  | (45)  |
| Currency translation adjustment       |       | 248   |       | (19) | 34    |
| Own credit spread                     | (12)  | 479   | (171) | 308  | 482   |
| Acquisitions, disposals and dilutions | -     | (17)  | -     | -    | (39)  |
| Underlying profit before tax          | 2,739 | 3,433 | 322   | 787  | 432   |
|                                       | %     | %     | %     | %    | %     |
| Cost efficiency ratio                 | 81.2  | 75.0  | 89.3  | 87.1 | 90.2  |
| Reported pre-tax RoRWA (annualised)   | 1.0   | 1.2   | 0.5   | 0.5  | (0.1) |

Profit/(loss) before tax by global business

|                                      | Nine months ended |         |        | Quarter ended |        |
|--------------------------------------|-------------------|---------|--------|---------------|--------|
|                                      | 30 Sep            | 30 Sep  | 30 Sep | 30 Jun        | 30 Sep |
|                                      | 2014              | 2013    | 2014   | 2014          | 2013   |
|                                      | US\$m             | US\$m   | US\$m  | US\$m         | US\$m  |
| Retail Banking and Wealth Management | 235               | 1,311   | (245)  | (35)          | 355    |
| Commercial Banking                   | 2,145             | 1,448   | 594    | 805           | 362    |
| Global Banking and Markets           | 1,534             | 1,764   | 109    | 601           | 196    |
| Global Private Banking               | 262               | (220)   | 86     | 78            | (106)  |
| Other                                | (1,425)           | (1,580) | (51)   | (951)         | (852)  |
| Profit/(loss) before tax             | 2,751             | 2,723   | 493    | 498           | (45)   |

Reconciliation of reported and underlying UK profit before tax

|                                       | Nine months ended |        |        | Quarter ended |        |
|---------------------------------------|-------------------|--------|--------|---------------|--------|
|                                       | 30 Sep            | 30 Sep | 30 Sep | 30 Jun        | 30 Sep |
|                                       | 2014              | 2013   | 2014   | 2014          | 2013   |
|                                       | US\$m             | US\$m  | US\$m  | US\$m         | US\$m  |
| Reported profit before tax            | 1,930             | 2,426  | 234    | 338           | 206    |
| Currency translation adjustment       |                   | 246    |        | (13)          | 43     |
| Own credit spread                     | (81)              | 465    | (206)  | 545           | 464    |
| Acquisitions, disposals and dilutions | -                 | (18)   | -      | -             | (40)   |
| Underlying profit before tax          | 1,849             | 3,119  | 28     | 870           | 673    |

Asia

|  | Nine months ended |        |        | Quarter ended |        |
|--|-------------------|--------|--------|---------------|--------|
|  | 30 Sep            | 30 Sep | 30 Sep | 30 Jun        | 30 Sep |
|  | 2014              | 2013   | 2014   | 2014          | 2013   |
|  | US\$m             | US\$m  | US\$m  | US\$m         | US\$m  |
| Net operating income before loan impairment charges and other credit risk provisions | 17,884            | 19,015 | 5,777  | 6,234         | 5,724  |

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|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Loan impairment charges and other credit risk provisions | (387)   | (341)   | (171)   | (112)   | (142)   |
| Net operating income                                     | 17,497  | 18,674  | 5,606   | 6,122   | 5,582   |
| Total operating expenses                                 | (7,690) | (7,318) | (2,681) | (2,581) | (2,507) |
| Operating profit   | 9,807   | 11,356  | 2,925   | 3,541   | 3,075   |
| Share of profit in associates and joint ventures         | 1,562   | 1,506   | 550     | 589     | 525     |
| Profit before tax  | 11,369  | 12,862  | 3,475   | 4,130   | 3,600   |

Reconciliation of reported and underlying profit before tax

|                                       | Nine months ended |             |             | Quarter ended |             |
|---------------------------------------|-------------------|-------------|-------------|---------------|-------------|
|                                       | 30 Sep 2014       | 30 Sep 2013 | 30 Sep 2014 | 30 Jun 2014   | 30 Sep 2013 |
|                                       | US\$m             | US\$m       | US\$m       | US\$m         | US\$m       |
| Reported profit before tax            | 11,369            | 12,862      | 3,475       | 4,130         | 3,600       |
| Currency translation adjustment       |                   | (96)        |             | (3)           | 1           |
| Own credit spread                     | 3                 | 1           | (2)         | 5             | 2           |
| Acquisitions, disposals and dilutions | 32                | (1,124)     | -           | 32            | 4           |
| Underlying profit before tax          | 11,404            | 11,643      | 3,473       | 4,164         | 3,607       |
|                                       | %                 | %           | %           | %             | %           |
| Cost efficiency ratio                 | 43.0              | 38.5        | 46.4        | 41.4          | 43.8        |
| Reported pre-tax RoRWA (annualised)   | 3.2               | 4.2         | 2.8         | 3.5           | 3.4         |

Profit/(loss) before tax by global business

|                                      | Nine months ended |             |             | Quarter ended |             |
|--------------------------------------|-------------------|-------------|-------------|---------------|-------------|
|                                      | 30 Sep 2014       | 30 Sep 2013 | 30 Sep 2014 | 30 Jun 2014   | 30 Sep 2013 |
|                                      | US\$m             | US\$m       | US\$m       | US\$m         | US\$m       |
| Retail Banking and Wealth Management | 3,462             | 3,377       | 1,123       | 1,183         | 1,079       |
| Commercial Banking                   | 3,597             | 3,479       | 1,225       | 1,218         | 1,169       |
| Global Banking and Markets           | 3,538             | 3,674       | 1,123       | 1,120         | 1,069       |
| Global Private Banking               | 209               | 252         | 76          | 63            | 74          |
| Other                                | 563               | 2,080       | (72)        | 546           | 209         |
| Profit before tax                    | 11,369            | 12,862      | 3,475       | 4,130         | 3,600       |

Reconciliation of reported and underlying Hong Kong profit before tax



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|                                 | Nine months ended |                |                | Quarter ended  |                |
|---------------------------------|-------------------|----------------|----------------|----------------|----------------|
|                                 | 30 Sep<br>2014    | 30 Sep<br>2013 | 30 Sep<br>2014 | 30 Jun<br>2014 | 30 Sep<br>2013 |
|                                 | US\$m             | US\$m          | US\$m          | US\$m          | US\$m          |
| Reported profit before tax      | 6,414             | 6,277          | 1,866          | 2,441          | 2,072          |
| Currency translation adjustment |                   | 4              |                | 1              | 1              |
| Underlying profit before tax    | 6,414             | 6,281          | 1,866          | 2,442          | 2,073          |

Middle East and North Africa

|  | Nine months ended |                |                | Quarter ended  |                |
|--|-------------------|----------------|----------------|----------------|----------------|
|  | 30 Sep<br>2014    | 30 Sep<br>2013 | 30 Sep<br>2014 | 30 Jun<br>2014 | 30 Sep<br>2013 |
|  | US\$m             | US\$m          | US\$m          | US\$m          | US\$m          |
| Net operating income before loan impairment charges and other credit risk provisions | 1,978             | 1,896          | 684            | 642            | 643            |
| Loan impairment (charges)/recoveries and other credit risk provisions                | 30                | (6)            | (20)           | 28             | (53)           |
| Net operating income   | 2,008             | 1,890          | 664            | 670            | 590            |
| Total operating expenses   | (918)             | (924)          | (304)          | (319)          | (308)          |
| Operating profit   | 1,090             | 966            | 360            | 351            | 282            |
| Share of profit in associates and joint ventures                                     | 386               | 322            | 127            | 136            | 97             |
| Profit before tax  | 1,476             | 1,288          | 487            | 487            | 379            |

Reconciliation of reported and underlying profit before tax

|                                       | Nine months ended |                |                | Quarter ended  |                |
|---------------------------------------|-------------------|----------------|----------------|----------------|----------------|
|                                       | 30 Sep<br>2014    | 30 Sep<br>2013 | 30 Sep<br>2014 | 30 Jun<br>2014 | 30 Sep<br>2013 |
|                                       | US\$m             | US\$m          | US\$m          | US\$m          | US\$m          |
| Reported profit before tax            | 1,476             | 1,288          | 487            | 487            | 379            |
| Currency translation adjustment       |                   | (3)            |                | (1)            | (3)            |
| Own credit spread                     | 7                 | 3              | 1              | 1              | 2              |
| Acquisitions, disposals and dilutions | (11)              | (27)           | -              | (3)            | (11)           |
| Underlying profit before tax          | 1,472             | 1,261          | 488            | 484            | 367            |

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|  | %    | %    | %    | %    | %    |
|--|------|------|------|------|------|
| Cost efficiency ratio                  | 46.4 | 48.7 | 44.4 | 49.7 | 47.9 |
| Reported pre-tax RoRWA<br>(annualised) | 3.1  | 2.7  | 3.1  | 3.1  | 2.3  |

Profit/(loss) before tax by global business

|   | Nine months ended       |                         |                         | Quarter ended           |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Retail Banking and Wealth<br>Management | 273                     | 239                     | 91                      | 100                     | 59                      |
| Commercial Banking                      | 506                     | 481                     | 150                     | 175                     | 130                     |
| Global Banking and Markets              | 723                     | 630                     | 246                     | 233                     | 219                     |
| Global Private Banking                  | 13                      | 11                      | 4                       | 5                       | 4                       |
| Other                                   | (39)                    | (73)                    | (4)                     | (26)                    | (33)                    |
| Profit before tax                       | 1,476                   | 1,288                   | 487                     | 487                     | 379                     |

North America

|  | Nine months ended       |                         |                         | Quarter ended           |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Net operating income before loan<br>impairment charges<br>and other credit risk provisions | 6,145                   | 6,824                   | 2,078                   | 2,006                   | 2,192                   |
| Loan impairment (charges)/recoveries<br>and other credit risk provisions                   | (356)                   | (959)                   | 55                      | (238)                   | (263)                   |
| Net operating income   | 5,789                   | 5,865                   | 2,133                   | 1,768                   | 1,929                   |
| Total operating expenses   | (4,918)                 | (4,838)                 | (2,081)                 | (1,395)                 | (1,562)                 |
| Operating profit   | 871                     | 1,027                   | 52                      | 373                     | 367                     |
| Share of profit in associates and joint<br>ventures  | 12                      | 15                      | 6                       | 3                       | 9                       |
| Profit before tax  | 883                     | 1,042                   | 58                      | 376                     | 376                     |

Reconciliation of reported and underlying profit before tax

|  | Nine months ended |        |        | Quarter ended |        |
|--|-------------------|--------|--------|---------------|--------|
|  | 30 Sep            | 30 Sep | 30 Sep | 30 Jun        | 30 Sep |

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|  | 2014<br>US\$m | 2013<br>US\$m | 2014<br>US\$m | 2014<br>US\$m | 2013<br>US\$m |
|--|---------------|---------------|---------------|---------------|---------------|
| Reported profit before tax             | 883           | 1,042         | 58            | 376           | 376           |
| Currency translation adjustment        |               | (46)          |               | 1             | (10)          |
| Own credit spread                      | 17            | 111           | (28)          | 49            | 89            |
| Acquisitions, disposals and dilutions  | -             | 103           | -             | -             | (17)          |
| Underlying profit before tax           | 900           | 1,210         | 30            | 426           | 438           |
|  | %             | %             | %             | %             | %             |
| Cost efficiency ratio                  | 80.0          | 70.9          | 100.1         | 69.5          | 71.3          |
| Reported pre-tax RoRWA<br>(annualised) | 0.5           | 0.6           | 0.1           | 0.6           | 0.6           |

Profit/(loss) before tax by global business

|   | Nine months ended       |                         |                         | Quarter ended           |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Retail Banking and Wealth<br>Management | 455                     | (112)                   | 325                     | 144                     | 58                      |
| Principal RBWM                          | 28                      | 20                      | (43)                    | 35                      | (44)                    |
| Run-off portfolio                       | 427                     | (132)                   | 368                     | 109                     | 102                     |
| Commercial Banking                      | 642                     | 542                     | 256                     | 153                     | 225                     |
| Global Banking and Markets              | (229)                   | 844                     | (543)                   | 52                      | 150                     |
| Global Private Banking                  | 76                      | 46                      | 25                      | 23                      | 14                      |
| Other                                   | (61)                    | (278)                   | (5)                     | 4                       | (71)                    |
| Profit before tax                       | 883                     | 1,042                   | 58                      | 376                     | 376                     |

Latin America

|  | Nine months ended       |                         |                         | Quarter ended           |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Net operating income before loan<br>impairment charges<br>and other credit risk provisions | 6,373                   | 7,254                   | 2,108                   | 2,135                   | 2,296                   |
| Loan impairment charges and other<br>credit risk provisions                                | (1,484)                 | (2,039)                 | (486)                   | (571)                   | (616)                   |
| Net operating income   | 4,889                   | 5,215                   | 1,622                   | 1,564                   | 1,680                   |

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|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Total operating expenses                         | (4,419) | (4,529) | (1,526) | (1,500) | (1,460) |
| Operating profit                                 | 470     | 686     | 96      | 64      | 220     |
| Share of profit in associates and joint ventures | -       | -       | -       | -       | -       |
| Profit before tax                                | 470     | 686     | 96      | 64      | 220     |

Reconciliation of reported and underlying profit before tax

|                                       | Nine months ended       |                         |                         | Quarter ended           |                         |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                       | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Reported profit before tax            | 470                     | 686                     | 96                      | 64                      | 220                     |
| Currency translation adjustment       |                         | (139)                   |                         | (2)                     | (40)                    |
| Acquisitions, disposals and dilutions | (16)                    | (80)                    | -                       | -                       | (20)                    |
| Underlying profit/(loss) before tax   | 454                     | 467                     | 96                      | 62                      | 160                     |
|                                       | %                       | %                       | %                       | %                       | %                       |
| Cost efficiency ratio                 | 69.3                    | 62.4                    | 72.4                    | 70.3                    | 63.6                    |
| Reported pre-tax RoRWA (annualised)   | 0.7                     | 0.9                     | 0.4                     | 0.3                     | 0.9                     |

Profit/(loss) before tax by global business

|                                      | Nine months ended       |                         |                         | Quarter ended           |                         |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                      | 30 Sep<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m | 30 Sep<br>2014<br>US\$m | 30 Jun<br>2014<br>US\$m | 30 Sep<br>2013<br>US\$m |
| Retail Banking and Wealth Management | (73)                    | 37                      | 13                      | (59)                    | 34                      |
| Commercial Banking                   | 172                     | 66                      | 66                      | -                       | (4)                     |
| Global Banking and Markets           | 408                     | 663                     | 6                       | 156                     | 218                     |
| Global Private Banking               | (6)                     | 3                       | (1)                     | (6)                     | (2)                     |
| Other                                | (31)                    | (83)                    | 12                      | (27)                    | (26)                    |
| Profit before tax                    | 470                     | 686                     | 96                      | 64                      | 220                     |

Appendix – selected information

Loans and advances to customers by industry sector and by geographical region

| Europe | Asia | Middle East and | North America | Latin America | Gross loans and advances | Gross loans |
|--------|------|-----------------|---------------|---------------|--------------------------|-------------|
|--------|------|-----------------|---------------|---------------|--------------------------|-------------|

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|   |         |         | North<br>Africa |         |        | to<br>customers | by<br>industry<br>sector as<br>a<br>% of<br>total<br>gross<br>loans |
|---|---------|---------|-----------------|---------|--------|-----------------|---|
|   | US\$m   | US\$m   | US\$m           | US\$m   | US\$m  | US\$m           | %   |
| At 30 September 2014                        |         |         |                 |         |        |                 |   |
| Personal                                    | 185,866 | 129,162 | 6,564           | 67,006  | 14,305 | 402,903         | 38.7  |
| First lien residential mortgages            | 136,596 | 95,273  | 2,539           | 56,697  | 4,355  | 295,460         | 28.4  |
| Other personal                              | 49,270  | 33,889  | 4,025           | 10,309  | 9,950  | 107,443         | 10.3  |
| Corporate and commercial                    | 253,627 | 222,579 | 20,513          | 55,796  | 31,363 | 583,878         | 56.0  |
| Manufacturing                               | 64,828  | 36,977  | 2,325           | 14,439  | 13,177 | 131,746         | 12.6  |
| International trade and services            | 76,576  | 77,734  | 9,753           | 13,322  | 7,949  | 185,334         | 17.8  |
| Commercial real estate                      | 28,708  | 34,898  | 398             | 6,320   | 2,416  | 72,740          | 7.0   |
| Other property-related                      | 7,722   | 33,473  | 1,678           | 8,612   | 284    | 51,769          | 5.0   |
| Government                                  | 2,646   | 1,045   | 1,498           | 169     | 964    | 6,322           | 0.6   |
| Other commercial                            | 73,147  | 38,452  | 4,861           | 12,934  | 6,573  | 135,967         | 13.0  |
| Financial                                   | 28,013  | 12,201  | 3,462           | 7,594   | 1,537  | 52,807          | 5.1   |
| Non-bank financial institutions             | 25,679  | 11,599  | 3,441           | 7,591   | 1,360  | 49,670          | 4.8   |
| Settlement accounts                         | 2,334   | 602     | 21              | 3       | 177    | 3,137           | 0.3   |
| Asset-backed securities reclassified        | 2,127   | -       | -               | 137     | -      | 2,264           | 0.2   |
| Total gross loans and advances to customers | 469,633 | 363,942 | 30,539          | 130,533 | 47,205 | 1,041,852       | 100.0   |
| At 30 June 2014                             |         |         |                 |         |        |                 |   |
| Personal                                    | 194,898 | 129,680 | 6,553           | 69,573  | 15,048 | 415,752         | 39.2  |
| First lien residential mortgages            | 144,225 | 95,489  | 2,543           | 58,677  | 4,501  | 305,435         | 28.8  |
| Other personal                              | 50,673  | 34,191  | 4,010           | 10,896  | 10,547 | 110,317         | 10.4  |
| Corporate and commercial                    | 257,715 | 221,852 | 20,983          | 55,916  | 32,965 | 589,431         | 55.5  |
| Manufacturing                               | 65,374  | 35,210  | 2,445           | 12,941  | 14,196 | 130,166         | 12.3  |
| International trade and services            | 79,981  | 80,574  | 10,072          | 13,087  | 8,534  | 192,248         | 18.1  |
| Commercial real estate                      | 30,935  | 34,727  | 434             | 6,677   | 2,492  | 75,265          | 7.1   |
| Other property-related                      | 7,444   | 32,730  | 1,593           | 8,644   | 348    | 50,759          | 4.8   |
| Government                                  | 2,404   | 1,082   | 1,696           | 568     | 1,007  | 6,757           | 0.6   |
| Other commercial                            | 71,577  | 37,529  | 4,743           | 13,999  | 6,388  | 134,236         | 12.6  |

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|   |         |         |        |         |        |           |       |
|---|---------|---------|--------|---------|--------|-----------|-------|
| Financial                                   | 29,603  | 12,091  | 2,838  | 7,579   | 1,397  | 53,508    | 5.0   |
| Non-bank financial institutions             | 26,990  | 11,686  | 2,837  | 7,579   | 1,230  | 50,322    | 4.7   |
| Settlement accounts                         | 2,613   | 405     | 1      | -       | 167    | 3,186     | 0.3   |
| Asset-backed securities reclassified        | 2,382   | -       | -      | 138     | -      | 2,520     | 0.3   |
| Total gross loans and advances to customers | 484,598 | 363,623 | 30,374 | 133,206 | 49,410 | 1,061,211 | 100.0 |
| At 31 December 2013                         |         |         |        |         |        |           |       |
| Personal                                    | 192,107 | 124,529 | 6,484  | 72,690  | 14,918 | 410,728   | 40.8  |
| First lien residential mortgages            | 140,474 | 92,047  | 2,451  | 60,955  | 3,948  | 299,875   | 29.8  |
| Other personal                              | 51,633  | 32,482  | 4,033  | 11,735  | 10,970 | 110,853   | 11.0  |
| Corporate and commercial                    | 239,116 | 203,894 | 19,760 | 50,307  | 30,188 | 543,265   | 53.9  |
| Manufacturing                               | 55,920  | 30,758  | 3,180  | 11,778  | 12,214 | 113,850   | 11.3  |
| International trade and services            | 76,700  | 79,368  | 8,629  | 11,676  | 8,295  | 184,668   | 18.3  |
| Commercial real estate                      | 31,326  | 34,560  | 639    | 5,900   | 2,421  | 74,846    | 7.4   |
| Other property-related                      | 7,308   | 27,147  | 1,333  | 8,716   | 328    | 44,832    | 4.5   |
| Government                                  | 3,340   | 1,021   | 1,443  | 499     | 974    | 7,277     | 0.7   |
| Other commercial                            | 64,522  | 31,040  | 4,536  | 11,738  | 5,956  | 117,792   | 11.7  |
| Financial                                   | 27,872  | 9,688   | 2,532  | 9,055   | 1,376  | 50,523    | 5.0   |
| Non-bank financial institutions             | 26,314  | 9,359   | 2,532  | 9,055   | 1,277  | 48,537    | 4.8   |
| Settlement accounts                         | 1,558   | 329     | -      | -       | 99     | 1,986     | 0.2   |
| Asset-backed securities reclassified        | 2,578   | -       | -      | 138     | -      | 2,716     | 0.3   |
| Total gross loans and advances to customers | 461,673 | 338,111 | 28,776 | 132,190 | 46,482 | 1,007,232 | 100.0 |

Please click on the following link to view the HSBC Holdings plc Data Pack for 3Q 2014:

[http://www.rns-pdf.londonstockexchange.com/rns/9132V\\_-2014-11-2.pdf](http://www.rns-pdf.londonstockexchange.com/rns/9132V_-2014-11-2.pdf)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HSBC Holdings plc

By:

Name: Ben J S Mathews

Title: Group Company Secretary

Date: 03 November 2014