HSBC HOLDINGS PLC
Form 6-K
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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 X 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 X

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

2 November 2015

HSBC Holdings plc – Earnings Release

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

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Terms and Abbreviations

2Q15	Second quarter of 2015
3Q14/3Q15	Third quarter of 2014/2015
9M14/9M15	Nine months to 30 September 2014/2015
AML	Anti-money laundering
BoCom	Bank of Communications Co., Limited, one of China's largest banks
CET1	Common equity tier 1
CMB	Commercial Banking, a global business
CML	Consumer and Mortgage Lending (US)
Costs to achieve	Transformation costs to deliver the cost reduction and productivity outcomes outlined in the Investor Update of June 2015
CRD IV	Capital Requirements Directive IV
DVA	Debit valuation adjustment
FCA	Financial Conduct Authority (UK)
FTEs	Full-time equivalent staff
GB&M	Global Banking and Markets, a global business
GPB	Global Private Banking, a global business
IFRSs	International Financial Reporting Standards
Industrial Bank	Industrial Bank Co. Limited, a national joint-stock bank in mainland China in which Hang Seng Bank Limited has a

	shareholding
IRB	Internal ratings-based
Jaws	The difference between the rate of growth of revenue and the rate of growth of costs
Legacy Credit	A portfolio of assets comprising Solitaire Funding Limited, securities investment conduits, asset-backed securities trading and correlation portfolios and derivative transactions entered into with monoline insurers
LICs	Loan impairment charges and other credit risk provisions
MENA	Middle East and North Africa
NCOA	Non-credit obligation assets
Own credit spread	Fair value movements on our long-term debt designated at fair value resulting from changes in credit spread
PBT	Profit before tax
PRA	Prudential Regulation Authority (UK)
Principal RBWM	RBWM excluding the effects of the US run-off portfolio
Revenue	Net operating income before LICs
RBWM	Retail Banking and Wealth Management, a global business
RoRWA	Pre-tax Return on Risk Weighted Assets is calculated using an average of RWAs at quarter-ends on a Basel 2.5 basis for all periods up to and including 31 December 2013 and a CRD IV end point basis from 1 January 2014
RWAs	Risk-weighted assets
STD	Standardised approach
$m/$bn	United States dollar millions/billions
VaR	Value at risk

Note to editors

HSBC Holdings plc

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

Highlights

3Q15 results (vs 3Q14)

- Reported PBT up 32% in 3Q15 at $6,097m compared with $4,609m in 3Q14. This reflected the impact of a net favourable movement in significant items.
    - Adjusted PBT down 14% in 3Q15 at $5,512m compared with $6,424m in 3Q14.
- Adjusted revenue down 4% in 3Q15 at $14,044m mainly in RBWM (insurance manufacturing) and GB&M (Credit, Rates and Foreign Exchange).
-

Adjusted operating expenses up 2% in 3Q15 at $8,583m in part reflecting investment in regulatory programmes and compliance.

- Adjusted operating expenses down 4% from 2Q15, in part reflecting the initial impact of our cost savings initiatives.

9M15 results (vs 9M14)

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

Dividends and capital

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

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

	At		
	30 Sep 2015	30 Jun 2015	31 Dec 2014
	%	%	%
Capital and balance sheet			
Common equity tier 1 ratio (end point)1	11.8	11.6	11.1
Common equity tier 1 ratio (transitional)1	11.8	11.6	10.9
Leverage ratio	5.0	4.9	4.8
	$m	$m	$m

Loans and advances to customers	927,428	953,985	974,660
Customer accounts	1,310,643	1,335,800	1,350,642
Risk-weighted assets	1,143,479	1,193,154	1,219,765
	$bn	$bn	$bn
Leverage exposure measure	2,899	2,957	2,953

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

Group Chief Executive, Stuart Gulliver, commented:

Business performance

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

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

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

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

Strategy execution

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

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

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

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

Fourth interim dividend

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

Annual Report and Accounts 2015 announcement date	22 February

	2016
ADSs quoted ex-dividend in New York	2 March 2016
Shares quoted ex-dividend in London, Hong Kong, Paris and Bermuda	3 March 2016
Dividend record date in London, Hong Kong, New York, Paris and Bermuda1	4 March 2016
Dividend payment date	20 April 2016

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

Adjusted performance

Adjusted performance is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons.

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

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

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

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

We use the term 'significant items' to collectively describe the group of individual adjustments which are excluded from reported results when arriving at adjusted performance. Significant items, which are detailed in the following table, are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business.

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

Reconciliation of reported to adjusted PBT

	Nine months ended 30 September		Quarter ended 30 September	
	2015	2014	2015	2014

	$m	$m	$m	$m
Revenue	–		–	
Reported	48,028	46,942	15,085	15,775
Currency translation		(3,746)		(1,404)
Significant items	(3,212)	945	(1,041)	330
– debit valuation adjustment ('DVA') on derivative contracts	(416)	278	(251)	123
– fair value movements on non-qualifying hedges	353	341	308	19
– (gain)/loss on sale of several tranches of real estate secured accounts in the US	–	(76)	17	(91)
– gain on sale of shareholding in Bank of Shanghai	–	(428)	–	–
– gain on the partial sale of shareholding in Industrial Bank	(1,372)	–	–	–
– impairment on our investment in Industrial Bank	–	271	–	271
– own credit spread	(1,775)	15	(1,125)	(200)
– (releases)/provisions arising from the ongoing review of compliance with the Consumer Credit Act in the UK	(2)	580	10	213
– (gain) and trading results from disposals and changes in ownership levels	–	(36)	–	(5)
Adjusted	44,816	44,141	14,044	14,701
Loan impairment charges and other credit risk provisions ('LICs')				
Reported	(2,077)	(2,601)	(638)	(760)
Currency translation	–	466	–	205
Significant items	–	–	–	(2)
– trading results from disposals and changes in ownership levels	–	–	–	(2)
Adjusted	(2,077)	(2,135)	(638)	(557)
Operating expenses				
Reported	(28,226)	(29,357)	(9,039)	(11,091)
Currency translation	–	2,474	–	997
Significant items	2,001	2,053	456	1,702
– Brazil disposal costs	54	–	54	–
– charge in relation to settlement agreement with Federal Housing Finance Authority	–	550	–	550
– costs to achieve1	165	–	165	–
– costs to establish UK ring-fenced bank2	28	–	28	–
– regulatory provisions in GPB	154	–	7	–
– restructuring and other related costs	117	150	–	68
– settlements and provisions in connection with legal matters	1,279	378	135	378

– UK customer redress programmes	204	935	67	701
– trading results from disposals and changes in ownership levels	–	40	–	5
Adjusted	(26,225)	(24,830)	(8,583)	(8,392)
Share of profit in associates and joint ventures				
Reported	2,000	1,965	689	685
Currency translation	–	(22)	–	(13)
Adjusted	2,000	1,943	689	672
Profit before tax				
Reported	19,725	16,949	6,097	4,609
Currency translation	–	(828)	–	(215)
Significant items	(1,211)	2,998	(585)	2,030
– revenue	(3,212)	945	(1,041)	330
– LICs	–	–	–	(2)
– operating expenses	2,001	2,053	456	1,702
Adjusted	18,514	19,119	5,512	6,424

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

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

Adjusted PBT by global businesses and geographical regions

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

North America	1,486	1,519	555	481
Latin America	574	435	148	98
	18,514	19,119	5,512	6,424

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

Financial performance commentary

3Q15 compared with 3Q14

- Reported PBT of $6.1bn for the third quarter of 2015 (‘3Q15’) was $1.5bn or 32% higher than in the same period in the prior year (‘3Q14’). This was mainly due to a net favourable movement in significant items. This reflected lower fines, settlements and UK customer redress (together down by $1.4bn from 3Q14) and favourable movements on our own debt designated at fair value from changes in credit spreads of $1.1bn (favourable movements of $0.2bn in 3Q14).

  - On an adjusted basis, PBT of $5.5bn was $0.9bn or 14% lower than in 3Q14.

- Reported revenue was $15.1bn in the quarter, $0.7bn or 4% lower than in 3Q14 as a net favourable movement in significant items was broadly offset by the adverse effects of currency translation between the periods.

- On an adjusted basis, revenue of $14.0bn fell by $0.7bn or 4%, mainly due to lower revenue in RBWM ($0.4bn) and GB&M ($0.2bn). A $0.3bn reduction in revenue in our Principal RBWM business reflected lower Wealth Management income in Hong Kong. This was mainly in our life insurance manufacturing business due to adverse market updates as a result of stock market corrections in Asia in 3Q15. In addition, revenue from overdraft fees fell in the UK. In the US CML portfolio, also part of RBWM, the continued run-off of lending balances led to reduction in revenue of $0.1bn. In GB&M, revenue declined due to a reduction in Rates and Credit reflecting challenging market conditions in 3Q15. Revenue also fell in Foreign Exchange as 3Q14 benefited from higher client flows. By contrast, revenue rose across most other GB&M client-facing businesses. This included Equities partly reflecting strong client flows, and Capital Financing where we recorded gains from hedging activities that help us to manage credit risk across our portfolio.

- Reported LICs of $0.6bn were $0.1bn or 16% lower than 3Q14 reflecting currency translation between the periods. On an adjusted basis, LICs increased by 15%, primarily in North America driven by lower releases in the US CML run-off portfolio, and in MENA notably in the UAE. These factors were partly offset by lower LICs in Latin America, Europe and Asia reflecting improvement in individually assessed charges notably in Brazil, the UK and mainland China respectively.

- Reported operating expenses of $9.0bn were $2.1bn 19% lower than 3Q14. This largely reflected a net favourable movement in significant items compared with 3Q14, principally a reduction in fines, settlements and UK customer redress, as well as the favourable effects of currency translation between the periods.

- On an adjusted basis, operating expenses were $0.2bn or 2% higher than 3Q14. This was driven by inflationary pressures in Latin America and Asia, and higher investment in regulatory programmes and compliance costs, partly offset by lower costs from the US CML run-off portfolio in RBWM and lower performance costs in GB&M.

- However, compared with 2Q15, operating expenses declined by $0.4bn or 4% as 2Q15 included the Financial Services Compensation Scheme levy in the UK. In addition, performance costs were lower in GB&M and RBWM because of lower revenue in 3Q15. Excluding these items, 3Q15 operating expenses were $0.1bn lower than 2Q15, in part reflecting the initial impact of cost saving initiatives.

- The effective tax rate was 10.4% in 3Q15 compared with 21.4% in 3Q14.

9M15 compared with 9M14

- Reported PBT of $19.7bn for the first nine months of 2015 (‘9M15’) was $2.8bn or 16% higher than in the same period in 2014 (‘9M14’). This was mainly due to a net favourable movement in significant items, partly offset by the adverse effects of currency translation between the periods.

- On an adjusted basis, PBT fell by $0.6bn or 3%.

- Reported revenue of $48.0bn in 9M15, was $1.1bn or 2% higher than in 9M14. Revenue was affected by significant items including, in 9M15, a $1.4bn gain on the partial sale of our shareholding in Industrial Bank and favourable movements on our own debt designated at fair value from changes in credit spreads of $1.8bn, compared with minimal movements in 9M14. The overall favourable movement in significant items was substantially offset by the adverse effect of currency translation between the periods.

- On an adjusted basis, revenue of $44.8bn was $0.7bn or 2% higher. The main drivers of revenue movements in our global businesses were as follows:

– in GB&M, revenue of $14.4bn was $0.7bn or 5% higher, reflecting growth of $0.6bn in client-facing GB&M, and an increase of $0.2bn in Balance Sheet Management, in part driven by increased gains on disposal of available-for-sale debt securities. In client-facing GB&M, revenue rose in Equities ($0.5bn) and Foreign Exchange ($0.2bn) reflecting increased volatility in the period. Equities also benefited from higher client flows and favourable movements on own credit spread compared with minimal movements in 9M14. Revenue rose in Securities Services, notably in China, driven by increased client assets and cash balances. By contrast, revenue fell by $0.3bn in Principal Investments reflecting lower gains on disposals than in 9M14 and by $0.1bn in Rates, as client demand was affected by the ECB’s quantitative easing programme. Legacy Credit revenue also fell as we recorded revaluation gains in 9M14.

– in CMB, revenue of $11.2bn was $0.3bn or 3% higher. This was due to higher revenue from both Credit and Lending and Payments and Cash Management, mainly in Hong Kong and the UK. This reflected balance sheet growth, although demand for credit in Hong Kong has slowed in 2015. In addition, revenue rose in the US reflecting strong lending growth in our Large Corporate segment.

These factors were partially offset:

– in RBWM, where revenue of $18.1bn fell by $0.1bn due to lower average balances in the US run-off portfolio (where revenue was down by $0.3bn), which included the impact of portfolio sales. Revenue in Principal RBWM was $0.2bn higher although revenue growth fell from 4% in 1H15 to 1% in 9M15. In Wealth Management, revenue was higher due to growth in Investment Distribution in Asia, notably in 2Q15 following high levels of stock market turnover which more than offset weaker investor sentiment experienced in 3Q15. Life insurance manufacturing revenues were broadly flat as favourable market updates in Europe in 1H15 were mostly offset by adverse market updates in 3Q15 in Asia reflecting stock market corrections. Personal lending revenues were 2% lower than 9M14, with a notable decline in the UK from a reduction in overdraft fees following re-pricing and the introduction of a text message alert service for customers in November 2014. Also in personal lending in the UK, revenue fell due to mortgage spread compression and lower interest income from credit cards.

- in GPB, where revenue of $1.7bn was $0.1bn or 4% lower, reflecting a managed reduction in client assets. This was partly offset by an increase in revenue in Hong Kong during the first 6 months of the year from a rise in client transaction volumes reflecting strong stock market performance. We continued to grow the parts of the business that fit our target model, attracting $12bn in net new money since the end of 2014, mainly in Hong Kong, the UK and the US.

- Reported LICs of $2.1bn were $0.5bn or 20% lower mainly reflecting the favourable effects of foreign currency translation between the periods in Latin America. On an adjusted basis, LICs were $0.1bn or 3% lower as reductions in LICs in Latin America and North America were partly offset by an increase in the Middle East and North Africa.

LICs declined:

- in Latin America, in both Mexico and Brazil. In Mexico, the reduction was in RBWM reflecting lower delinquency rates on personal lending, payroll and card portfolios, and in CMB due to lower individually assessed charges notably on homebuilders. In Brazil, LICs decreased mainly driven by the non-recurrence of an individually assessed impairment charge in GB&M in 3Q14, although this was partly offset by higher LICs in RBWM and CMB, in part reflecting the economic slowdown; and

- in North America, which reflected continued US CML run-off and the non-recurrence of impairment charges recorded in CMB and GB&M in 9M14 following a revision to certain estimates used in our corporate loan impairment calculation.

- These factors were partly offset by adverse movements in:

- the Middle East and North Africa, mainly in the UAE in RBWM, which recorded higher charges, primarily on mortgages in part reflecting higher write offs and a review of the portfolio collateral, and in CMB reflecting individually assessed impairment charges in 9M15, on UAE-related exposures.

- Reported operating expenses for 9M15 of $28.2bn were $1.1bn or 4% lower than in 9M14. This reduction in reported expenses was driven by the favourable effects of currency translation between the periods. Significant items, which were broadly unchanged included one-off transformation costs to deliver the cost reduction and productivity outcomes outlined in the Investor Update (‘Costs to Achieve’) of $0.2bn.

- On an adjusted basis, operating expenses of $26.2bn were $1.4bn or 6% higher than in 2014 reflecting increases in both run-the-bank and change-the-bank costs.

- Run-the-bank costs totalled $23.6bn for 9M15, an increase of $0.9bn or 4% on 9M14. This was primarily driven by higher staff costs, including salary inflation in Latin America and Asia. In addition, we recruited new staff to support growth in targeted areas as follows:

- in GB&M we invested in Payments and Cash Management in Europe;

- in CMB, we invested in additional revenue generating FTEs in North America and Asia; and

- in RBWM, costs increased due to investment in additional FTEs, mainly in Asia in our branch network and contact centres to support revenue growth.

- Run-the-bank costs associated with regulatory programmes and compliance also increased reflecting our ongoing focus on Global Standards, primarily through the investment in the bank’s financial crime compliance capabilities.

- Change-the-bank costs totalled $2.7bn in 9M15, an increase of $0.5bn or 23% on 9M14. The increase was primarily driven by higher regulatory and compliance costs which included investment in infrastructure changes and systems enhancements for our customer due diligence and sanctions screening. These actions are in line with our strategic target to complete the implementation of Global Standards by the end of 2017.

- Our total spend on regulatory programmes and compliance in 9M15, including both run-the-bank and change-the-bank elements, was $2.2bn, up by $0.5bn or 33% from 9M14.

- Adjusted jaws for 9M15 was negative 4.1% compared with negative 2.9% for 1H15. The movement in jaws primarily reflected the slowdown in revenue growth, down to 1.5% in 9M15 from 4.5% in 1H15. However, cost growth also slowed, down to 5.6% in 9M15 from 7.3% in 1H15.

- The number of employees, expressed in FTEs, at 30 September 2015 was 259,834, an increase of 2,231 FTEs from 31 December 2014. The average number of FTEs adjusted for business disposals increased by 2% compared with 9M14 due to additional FTE requirements for regulatory programmes and compliance.

- The effective tax rate for 9M15 of 18.0% was slightly lower than the UK corporation tax rate of 20.25%, principally due to non-taxable gains arising on the partial disposal of our shareholding in Industrial Bank.

- On 5 October 2015, the Board announced a third interim dividend for 2015 of $0.10 per ordinary share.

Balance sheet commentary compared with 30 June 2015

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

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

- Reported loans and advances to customers decreased by $26.6bn during 3Q15 and included the following items:

  – adverse currency translation movements of $24.8bn; and

  – a $3.6bn decrease in corporate overdraft balances in Europe that did not meet the criteria for netting, with a corresponding rise in customer accounts.

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

- Reported customer accounts decreased by $25.2bn during 3Q15 and included the following items:

  – adverse currency translation movements of $32.0bn; and

  – a $3.6bn decrease in corporate current account balances, in line with the increase in corporate overdrafts.

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

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

Net interest margin

- Net interest margin has remained broadly stable since 2Q15, although it decreased in 9M15 compared with the same period in 2014. This was due to the adverse effects of currency translation and the release in the prior year of a tax accrual on uncertain tax positions although these factors were partly offset by the effect of provisions in the prior year arising from the ongoing review of compliance with the Consumer Credit Act in the UK.

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

Capital and risk-weighted assets

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

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

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

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

RWA Initiatives

The main drivers of these reductions are:

- $10.8bn as a result of reduced exposures principally from a decrease in positions subject to the Incremental Risk Charge, client facility reductions and trade compressions; that was mainly in Traded Risk RWAs.

- $8.4bn as a result of refined calculations including further application of the small and medium-sized enterprise ('SME') supporting factor, a more refined application of credit conversion factors and movement of certain exposures from residual to cash flow weighted maturity. In addition, some Project Finance and Business Banking portfolios moved from the standardised to an IRB approach.

- $7.1bn from process improvements such as better linking of collateral and guarantees to facilities and the use of more granular data resulting in lower credit conversion factors for off balance sheet items.

- $3.7bn through the continued reduction in GB&M Legacy Credit and US Run off portfolios.

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

Business Growth

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

- CMB from higher term lending to corporate customers, principally in Europe, $6.9bn.

- Our associates Bank of Communications and Saudi British Bank $4.1bn.

- Partially offset by reduced institutional exposures in Asia of $1.6bn.

Goodwill

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

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

Domicile

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

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

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

Notes

- Income statement comparisons, unless stated otherwise, are between the quarter ended 30 September 2014 and the quarter ended 30 September 2015, or between the nine months ended 30 September 2015 and the corresponding nine months in 2014. Balance sheet comparisons, unless otherwise stated, are between balances at 30 September 2015 and the corresponding balances at 30 June 2015.

- The financial information on which this Earnings Release is based and the data set out in the appendix to this statement are unaudited and have been prepared in accordance with HSBC's significant accounting policies as described on pages 345 to 353 of the Annual Report and Accounts 2014.

- The Board has adopted a policy of paying quarterly interim dividends on the ordinary shares. Under this policy, it is intended to have a pattern of three equal interim dividends with a variable fourth interim dividend. Dividends are declared in US dollars and, at the election of the shareholder, paid in cash in one of, or in a combination of, US dollars, sterling and Hong Kong dollars or, subject to the Board's determination that a scrip dividend is to be offered in respect of that dividend, may be satisfied in whole or in part by the issue of new shares in lieu of a cash dividend.

Cautionary statement regarding forward-looking statements

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

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

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

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

- changes in general economic conditions in the markets in which we operate, such as continuing or deepening recessions and fluctuations in employment beyond those factored into consensus forecasts; changes in foreign exchange rates and interest rates; volatility in equity markets; lack of liquidity in wholesale funding markets; illiquidity and downward price pressure in national real estate markets; adverse changes in central banks' policies with respect to the provision of liquidity support to financial markets; heightened market concerns over sovereign creditworthiness in over-indebted countries; adverse changes in the funding status of public or private defined benefit pensions; and consumer perception as to the continuing availability of credit and price competition in the market segments we serve;

- changes in government policy and regulation, including the monetary, interest rate and other policies of central banks and other regulatory authorities; initiatives to change the size, scope of activities and interconnectedness of financial institutions in connection with the implementation of stricter regulation of financial institutions in key markets worldwide; revised capital and liquidity benchmarks which could serve to deleverage bank balance sheets and lower returns available from the current business model and portfolio mix; imposition of levies or taxes designed to change business mix and risk appetite; the conduct of business of financial institutions in serving their retail customers, corporate clients and counterparties; the standards of market conduct; the costs, effects and outcomes of product regulatory reviews, actions or litigation, including any additional compliance requirements; expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; changes in bankruptcy legislation in the principal markets in which we operate and the consequences thereof; general changes in government policy that may significantly influence investor decisions; extraordinary government actions as a result of current market turmoil; other unfavourable political or diplomatic developments producing social instability or legal uncertainty which in turn may affect demand for our products and services; and the effects of competition in the markets where we operate including increased competition from non-bank financial services companies, including securities firms; and

- factors specific to HSBC, including our success in adequately identifying the risks we face, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques). Effective risk management depends on, among other things, our ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models we use; and our success in addressing operational, legal and regulatory, and litigation challenges, notably compliance with the Deferred Prosecution Agreement with US authorities.

For further information contact:

Investor Relations		Media Relations
UK	USA	Heidi Ashley
Tel: +44 (0) 20 7991 3643	Tel: +1 224 880 7979	Tel: +44 (0) 20 7992 2045
Hong Kong		Gareth Hewett
Tel: +852 2822 4908		Tel: +852 2822 4929

Summary consolidated income statement

	Nine months ended		Quarter ended		
	30 Sep 2015 $m	30 Sep 2014 $m	30 Sep 2015 $m	30 Jun 2015 $m	30 Sep 2014 $m
Net interest income	24,472	26,158	8,028	8,170	8,753
Net fee income	11,234	12,239	3,509	4,041	4,062
Net trading income	7,315	5,570	2,742	1,990	2,295
Changes in fair value of long-term debt issued and related derivatives	1,947	476	623	1,034	38
Net income from other financial instruments designated at fair value	(165)	1,440	(1,507)	36	218
Net income from financial instruments designated at fair value	1,782	1,916	(884)	1,070	256
	2,048	915	174	1,227	(31)

Gains less losses from financial investments					
Dividend income	96	289	28	51	201
Net earned insurance premiums	8,100	9,316	2,493	2,628	3,179
Other operating income	1,107	861	271	498	323
Total operating income	56,154	57,264	16,361	19,675	19,038
Net insurance claims and benefits paid and movement in liabilities to policyholders	(8,126)	(10,322)	(1,276)	(2,624)	(3,263)
Net operating income before loan impairment charges and other credit risk provisions	48,028	46,942	15,085	17,051	15,775
Loan impairment charges and other credit risk provisions	(2,077)	(2,601)	(638)	(869)	(760)
Net operating income	45,951	44,341	14,447	16,182	15,015
Total operating expenses	(28,226)	(29,357)	(9,039)	(10,342)	(11,091)
Operating profit	17,725	14,984	5,408	5,840	3,924
Share of profit in associates and joint ventures	2,000	1,965	689	729	685
Profit before tax	19,725	16,949	6,097	6,569	4,609
Tax expense	(3,541)	(3,009)	(634)	(1,540)	(987)
Profit after tax	16,184	13,940	5,463	5,029	3,622
Profit attributable to shareholders of the parent company	14,847	13,177	5,229	4,359	3,431
Profit attributable to non-controlling interests	1,337	763	234	670	191
	$	$	$	$	$
Basic earnings per ordinary share	0.73	0.67	0.25	0.22	0.17
Diluted earnings per ordinary share	0.72	0.67	0.25	0.22	0.17
Dividend per ordinary share (in respect of the period)	0.30	0.30	0.10	0.10	0.10
	%	%	%	%	%
Return on average ordinary shareholders' equity (annualised)	10.7	9.5	10.9	9.7	7.2
Pre-tax return on average risk-weighted assets (annualised)1	2.2	1.9	2.1	2.2	1.5

Cost efficiency ratio	58.8	62.5	59.9	60.7	70.3

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

Summary consolidated balance sheet

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

Capital

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

	Common equity tier 1 capital $bn	RWAs $bn
CRD IV end point basis at 1 July 2015	138.1	1,193.2
Capital generation from profit	1.9	
– consolidated profits attributable to shareholders of the parent company (including regulatory adjustments)	3.8	
– third interim dividend1 net of planned scrip	(1.7)	
– second interim dividend scrip take-up lower than plan	(0.2)	
RWA initiatives		(32.4)
Business growth		9.6
Foreign currency translation differences	(4.2)	(27.9)
Othermovements	(0.5)	1.0
CRD IV end point basis at 30 September 2015	135.3	1,143.5

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

Composition of regulatory capital

	At 30 Sep 2015 $m	30 Jun 2015 $m	31 Dec 2014 $m
Common equity tier 1 capital			
Shareholders' equity per balance sheet1	192,495	192,427	190,447
Non-controlling interests	3,424	3,579	4,640
Regulatory adjustments to the accounting basis	(31,036)	(27,713)	(27,386)
Deductions	(29,573)	(30,213)	(31,748)
Common equity tier 1 capital on an end point basis	135,310	138,080	135,953
Tier 1 and tier 2 capital on a transitional basis			
Common equity tier 1 capital on an end point basis	135,310	138,080	135,953
Transitional adjustments	–	–	(2,753)
Unrealised gains arising from revaluation of property	–	–	(1,375)
Unrealised gains in available-for-sale debt and equities	–	–	(1,378)
Common equity tier 1 capital on a transitional basis	135,310	138,080	133,200
Other tier 1 capital before deductions	22,645	21,449	19,687
Deductions	(103)	(103)	(148)

Tier 1 capital on a transitional basis	157,852	159,426	152,739
Total qualifying tier 2 capital before deductions	37,291	35,924	38,213
Total deductions other than from tier 1 capital	(240)	(240)	(222)
Total regulatory capital on a transitional basis	194,903	195,110	190,730
Total risk-weighted assets	1,143,479	1,193,154	1,219,765
Capital ratios2	%	%	%
CRD IV end point			
Common equity tier 1 ratio	11.8	11.6	11.1
CRD IV transitional			
Common equity tier 1 ratio	11.8	11.6	10.9
Tier 1 ratio	13.8	13.4	12.5
Total capital ratio	17.0	16.3	15.6

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

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

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

		At	
	30 Sep 2015 $m	30 Jun 2015 $m	31 Dec 2014 $m
Common equity tier 1 capital on a transitional basis	135,310	138,080	133,200
Unrealised gains arising from revaluation of property	–	–	1,375
Unrealised gains in available-for-sale debt and equities	–	–	1,378
Common equity tier 1 capital on an end point basis	135,310	138,080	135,953
Additional tier 1 capital on a transitional basis	22,542	21,346	19,539
Grandfathered instruments:			
Preference share premium	(1,015)	(1,015)	(1,160)
Preference share non-controlling interests	(1,711)	(1,711)	(1,955)
Hybrid capital securities	(9,120)	(9,127)	(10,007)
Transitional provisions:			
Allowable non-controlling interest in AT1	(1,377)	(1,282)	(487)
Unconsolidated investments	103	103	148
Additional tier 1 capital end point basis	9,422	8,314	6,078
Tier 1 capital on an end point basis	144,732	146,394	142,031

Tier 2 capital on a transitional basis	37,051	35,684	37,991
Grandfathered instruments:			
Perpetual subordinated debt	(1,941)	(1,941)	(2,218)
Term subordinated debt	(19,034)	(19,033)	(21,513)
Transitional provisions:			
Non-controlling interest in tier 2 capital	–	–	(240)
Allowable non-controlling interest in tier 2	21	14	396
Unconsolidated investments	(103)	(103)	(148)
Tier 2 capital on an end point basis	15,994	14,621	14,268
Total regulatory capital on an end point basis	160,726	161,015	156,299

Risk-weighted assets

RWAs by risk type

		At	
	30 Sep 2015 $bn	30 Jun 2015 $bn	31 Dec 2014 $bn
Credit risk	898.7	935.1	955.3
Counterparty credit risk	77.5	83.7	90.7
Market risk	49.5	56.6	56.0
Operational risk	117.8	117.8	117.8
	1,143.5	1,193.2	1,219.8

RWAs by global business1

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

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

RWAs by geographical region1

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

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

Credit risk exposure – RWAs by geographical region

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

Credit risk exposure – RWAs by global business

	Principal RBWM1 $bn	US run-off portfolio $bn	Total RBWM $bn	CMB1 $bn	GB&M $bn	GPB $bn	Other $bn	Total $bn

IRB approach	60.8	40.1	100.9	222.5	220.2	9.0	10.8	563.4
– IRB advanced approach	60.8	40.1	100.9	204.0	213.2	8.9	9.7	536.7
– IRB foundation approach	–	–	–	18.5	7.0	0.1	1.1	26.7
Standardised approach	57.2	4.4	61.6					