HSBC

News Release

March 4, 2012

HSBC HOLDINGS PLC
2012 RESULTS – HIGHLIGHTS

- Reported profit before tax US$20.6bn, down 6% on 2011, including US$5.2bn of adverse fair value movements on own debt;
- Underlying1 profit before tax US$16.4bn, up 18% on 2011;
- Core tier 1 capital ratio 12.3%, up from 10.1% in December 2011;
- Estimated Basel III end point common equity tier 1 ratio ('CET1') 10.3% post-2013 management actions (9.0% at end 2012), providing strong capacity for organic growth;
- Dividends declared in respect of 2012 US$0.45 per ordinary share, up 10% on 2011, with a fourth interim dividend for 2012 of US$0.18 per ordinary share. Total dividends US$8.3bn;
- First three interim dividends for 2013 planned to be US$0.10 per ordinary share, up 11%;
- Continued to execute our strategy to grow, simplify and restructure the Group;
- Record year in Commercial Banking with reported profit before tax of US$8.5bn, up 7%;
- Underlying revenues for the Group US$63.5bn, up 7%; Global Banking and Markets US$18.2bn, up 10%; Commercial Banking US$15.9bn, up 8%; Retail Banking and Wealth Management US$27.7bn, up 6%; More than half of the Group's underlying revenue from faster-growing regions;
- Announced disposal/closure of 26 businesses and non-core investments in 2012, 4 in 2013, 47 since beginning of 2011;
- Underlying cost growth of 11% to US$41.9bn included notable items of US$5.7bn (up from US$2.2bn in 2011) and investment in growth and strengthened compliance;
- Notable items included US$1.9bn of fines and penalties paid as part of the settlement with US authorities and the FSA, and additional provisions of US$1.4bn in respect of UK customer redress in 2012;
- Generated further sustainable cost savings of US$2.0bn, giving an annualised total of US$3.6bn. This surpasses our cumulative target of US$2.5bn to US$3.5bn of sustainable savings since 2011;
- Return on average ordinary shareholders' equity 8.4%, down from 10.9% in 2011, driven by adverse fair value movements on own debt, a higher tax charge and a much stronger equity base;
- Earnings per share US$0.74, down 20% on 2011; and
- Pro-forma post-tax profits allocation 60% was retained, 29% declared in dividends (net of scrip) in respect of the year and 11% in respect of variable pay. Variable pay down from 15% in 2011.

Stuart Gulliver, Group Chief Executive said:
"HSBC made significant progress in 2012. First and foremost, we grew our business. We increased revenues, performed well in most faster-growing markets and enjoyed a

record year in Commercial Banking. We've made the business easier to manage and control by disposing of non-core businesses and surpassed our sustainable savings target. We also agreed a settlement with the US and UK authorities in respect of our past anti-money laundering and sanctions failings. Based on our current understanding of the capital rules we are extremely well-placed with regard to Basel III compliance, re-establishing our position as one of the best capitalised banks in the world. This provides a firm base on which to keep growing the business organically and allows us to increase dividends to US$8.3bn."

HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from over 6,900 offices in more than 80 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US$2,692bn at 31 December 2012, HSBC is one of the world's largest banking and financial services organizations.

«HSBC», HSBC Group means HSBC Holdings plc, the company established in accordance with and regulated by the laws of England and Wales, and/or HSBC Bank plc, the Bank established in accordance with and regulated by the laws of England and Wales, and every company that is a member of the group, controlled by this Bank.OOO HSBC Bank (RR) («HSBC Russia»).