

30 October 2017

HSBC HOLDINGS PLC

3Q17 EARNINGS RELEASE – HIGHLIGHTS

Strategic execution

- Completed 71% of the buy-back announced in July 2017, at 26 October
- Further **\$13bn of RWA reductions in 3Q17**, bringing the total reduction since the start of 2015 to \$309bn
- Achieved **annualised run-rate savings of \$5.2bn** since our investor update, and remain committed to delivering positive adjusted jaws for 2017
- Continue to make good progress with actions to deploy capital and invest:
 - Delivered **growth from our international network** with a 7% increase in transaction banking product revenue and a 14% rise in revenue synergies between global businesses compared with 9M16
 - Pivot to Asia** generating returns and driving over 70% of Group adjusted profit in 9M17; 17% lending growth vs. 3Q16
 - Lending **growth in Guangdong** of \$1.1bn vs. 3Q16
 - Maintained **momentum in Asian Insurance and Asset Management**, with annualised new business premiums and AuM up 13% and 17%, respectively, compared with 9M16

Stuart Gulliver, Group Chief Executive, said:

“We maintained good momentum in the third quarter, with higher revenue in our three main global businesses. We also continued to make good progress with the strategic actions we set out in 2015. Our international network continued to deliver strong growth in the third quarter, and our pivot to Asia is driving higher returns and lending growth, particularly in Hong Kong.”

Financial performance

- Reported profit before tax for 9M17** of \$14.9bn was \$4.3bn or 41% higher than for 9M16, in part reflecting favourable movements in significant items, which included a loss on sale and trading results of the operations in Brazil that we sold on 1 July 2016; **adjusted profit before tax** of \$17.4bn was \$1.2bn or 8% higher than in 9M16, reflecting revenue growth, notably in RBWM and GB&M, and lower LICs, which were partly offset by an increase in operating expenses.
- Reported revenue for 9M17** of \$39.1bn was \$0.2bn higher, as growth was partly offset by an adverse impact of foreign currency translation; **adjusted revenue** of \$39.1bn increased by \$1.1bn or 3%, reflecting higher revenue in RBWM and CMB due to higher average deposit balances and wider spreads in Asia, and higher revenue in GB&M across all of our businesses, which were partly offset by lower revenue in Corporate Centre and GPB.
- Reported operating expenses for 9M17** of \$25.0bn were \$2.4bn or 9% lower due to a decrease in significant items; **adjusted operating expenses** of \$22.4bn were \$0.9bn or 4% higher, reflecting an increase in performance-related pay and investments in business growth programmes. The impact of our cost-saving initiatives broadly offset inflation and continuing investment in regulatory and compliance programmes.
- Adjusted jaws for 9M17** was negative 1.3%.
- Reported profit before tax for 3Q17** of \$4.6bn was up \$3.8bn compared with 3Q16, reflecting the net favourable effects of significant items; **adjusted profit before tax** of \$5.4bn fell by \$0.1bn. **Compared with 2Q17, reported and adjusted profit before tax** both fell by \$0.7bn. Lower reported profit before tax reflected higher operating expenses, while the reduction in adjusted profit before tax reflected lower revenue in Corporate Centre and GB&M, as well as an increase in operating expenses.
- Our capital base remained strong, with a **common equity tier 1 ('CET1') ratio** of 14.6% and a **leverage ratio** of 5.7%.

Financial highlights and key ratios

| | Nine months ended 30 Sep | | | Quarter ended 30 Sep | | |
|--|--------------------------|-------------|-------------|----------------------|-------------|-------------|
| | 2017 \$m | 2016 \$m | Change % | 2017 \$m | 2016 \$m | Change % |
| Reported PBT | 14,863 | 10,557 | 41 | 4,620 | 843 | 448 |
| Adjusted PBT | 17,410 | 16,167 | 8 | 5,443 | 5,521 | (1) |
| Return on average ordinary shareholders' equity (annualised) | 8.2% | 4.4% | 86.4 | 7.1% | (1.4)% | |
| Adjusted jaws | (1.3)% | | | (4.9)% | | |

We use adjusted performance to understand the underlying trends in the business. The main differences between reported and adjusted figures are foreign currency translation and significant items, as explained in 'Adjusted performance'.

Capital and balance sheet

| | At | | |
|---|------------------|------------------|------------------|
| | 30 Sep 2017 % | 30 Jun 2017 % | 31 Dec 2016 % |
| Common equity tier 1 ratio ¹ | 14.6 | 14.7 | 13.6 |
| Leverage ratio | 5.7 | 5.7 | 5.4 |
| | \$m | \$m | \$m |
| Loans and advances to customers | 945,168 | 919,838 | 861,504 |
| Customer accounts | 1,337,121 | 1,311,958 | 1,272,386 |
| Risk-weighted assets ¹ | 888,628 | 876,118 | 857,181 |

¹ Unless otherwise stated, risk-weighted assets and capital are calculated and presented on a transitional CRD IV basis as implemented in the UK by the Prudential Regulation Authority.

Table of contents

| | Page | | Page |
|---|-------------|--|-------------|
| Highlights | 1 | Summary information – global businesses | 21 |
| Group Chief Executive's review | 3 | Summary information – geographical regions | 24 |
| Adjusted performance | 4 | Appendix – selected information | 26 |
| Financial performance commentary | 6 | – Reconciliation of reported and adjusted results – global businesses | 26 |
| Cautionary statement regarding forward-looking statements | 14 | – Reconciliation of reported and adjusted risk-weighted assets | 31 |
| Summary consolidated income statement | 15 | – Reconciliation of reported and adjusted results – geographical regions | 32 |
| Summary consolidated balance sheet | 16 | Gross loans and advances by industry sector and geographical region | 37 |
| Capital | 17 | Terms and abbreviations | 38 |
| Risk-weighted assets | 17 | | |
| Leverage | 20 | | |

HSBC Holdings plc – Earnings Release

HSBC Holdings plc 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 07.30am GMT. Details of how to participate in the call and the live audio webcast can be found at www.hsbc.com/investor-relations.

Note to editors

HSBC Holdings plc

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from approximately 3,900 offices in 67 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of \$2,526bn at 30 September 2017, HSBC is one of the world's largest banking and financial services organisations.

Review by Stuart Gulliver, Group Chief Executive

Business performance

Our businesses carried good momentum from the first half of the year into the third quarter. Reported profits were significantly higher than last year's third quarter, in part reflecting the non-recurrence of a number of significant items. Growth in loans and advances translated into higher adjusted revenue in all three main global businesses compared with 3Q16, and our strong year-to-date revenue performance enabled us to accelerate investment in business growth. This contributed to an increase in operating expenses, which kept adjusted profits broadly stable relative to the same period last year.

Retail Banking and Wealth Management had a good quarter, with strong revenue growth from current accounts, savings and deposits, and further growth in loans and deposits in Hong Kong, the UK and Mexico. Commercial Banking benefited from another strong revenue performance from Global Liquidity and Cash Management, particularly in Asia. Global Banking and Markets continued to grow revenue despite a challenging quarter for the industry, demonstrating again the benefit of its differentiated business model. It achieved this largely through growth in Global Liquidity and Cash Management, Equities and Securities Services, which exceeded the impact of subdued market activity on our banking and fixed income businesses.

Our third-quarter costs rose relative to the same period last year as we accelerated investment to grow the business. This aims to reinforce the positive impact of targeted investment in previous quarters, particularly in Retail Banking and Wealth Management. Performance-related compensation also grew in line with profit before tax for the year to date. We remain committed to achieving positive jaws for the full year.

We had completed 71% of our most recent \$2bn equity buy-back as at 26 October, and we expect to finish by the end of 2017.

Strategy execution

With fewer than three months remaining to implement the strategic actions we started in 2015, we continue to make good progress.

We generated a further \$13bn of RWA savings in the quarter, taking us further beyond our initial target. Our RWA reduction programmes have extracted a total of \$309bn of RWAs from the business since the start of 2015.

We remain on track to achieve around \$6bn of annualised cost savings by the end of the year, and removed a further \$0.6bn of costs in the third quarter.

Our international network continued to deliver strong growth in the third quarter, with all of our transaction banking products benefiting from higher balances and interest rate rises.

Our pivot to Asia is driving higher returns and lending growth, particularly in Hong Kong and the Pearl River Delta. Our Insurance and Asset Management businesses in Asia generated higher annualised new business premiums and assets under management, up 13% and 17% respectively for the first nine months of the year.

HSBC was named Best Overall International Bank for the Belt and Road Initiative at the *Asiamoney* New Silk Road Finance Awards in September.

Last week, HSBC became the first foreign bank to be approved as a joint-lead underwriter for Panda bond issuance by offshore non-financial corporates in the mainland China interbank bond market. This enables us to extend our coverage of debt-market products, and reinforces our position as the leading non-Chinese bank in mainland China.

Adjusted performance

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

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

Foreign currency translation differences

Foreign currency translation differences reflect the movements of the US dollar against most major currencies. We exclude them to derive constant currency data, allowing us to assess balance sheet and income statement performance on a like-for-like basis and better understand the underlying trends in the business.

Foreign currency translation differences

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

- the income statement for 9M16 at the average rates of exchange for 9M17;
- the income statement for quarterly periods at the average rates of exchange for 3Q17; and
- the closing prior period balance sheets at the prevailing rates of exchange on 30 September 2017.

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.

Significant items

'Significant items' refers collectively to the items that management and investors would ordinarily identify and consider separately to understand better the underlying trends in the business.

The tables on pages 26 to 36 detail the effects of significant items on each of our global business segments and geographical regions during 9M17, 3Q17 and the respective comparatives in 2016, as well as 2Q17.

Change to presentation from 1 January 2017

Own credit spread

'Own credit spread' includes the fair value movements on our long-term debt attributable to credit spread where the net result of such movements will be zero upon maturity of the debt. This does not include fair value changes due to own credit risk in respect of trading liabilities or derivative liabilities. From 1 January 2017, HSBC adopted, in its consolidated financial statement, the requirements of IFRS 9 'Financial Instruments' relating to the presentation of gains and losses on financial liabilities designated at fair value. As a result, changes in fair value attributable to changes in own credit risk are presented in other comprehensive income with the remainder of the effect presented in profit and loss.

Adjusted performance – foreign currency translation of significant items

The foreign currency translation differences related to significant items are presented as a separate component of significant items. This is considered a more meaningful presentation as it allows better comparison of period-on-period movements in performance.

Global business performance

The Group Chief Executive, supported by the rest of the Group Management Board ('GMB'), is considered to be the Chief Operating Decision Maker ('CODM') for the purposes of identifying the Group's reportable segments.

The Group Chief Executive and the rest of the GMB review operating activity on a number of bases, including by global business and geographical region.

In 2016, we changed our reportable segments from geographical regions to global businesses. This reflected a shift in emphasis of our internal reporting towards the global business basis.

Comparative data has been re-presented accordingly.

Reconciliations of the adjusted global business results to the Group reported results are presented on page 5. Supplementary reconciliations from reported to adjusted results by global business are presented on pages 26 to 31 for information purposes.

Management view of adjusted revenue

Our global business segment commentary includes tables which provide breakdowns of revenue by major product. These reflect the basis on which revenue performance of the businesses is assessed and managed. Adjusted return on average risk-weighted assets ('RoRWA') is used to measure the performance of RBWM, CMB, GB&M and GPB, and is also presented. For GPB, a further measure of business performance is client assets, which is presented on page 23.

Reconciliation of reported and adjusted results

| | Nine months ended | | Quarter ended | | |
|---|-------------------|-----------------|----------------|----------------|----------------|
| | 30 Sep 2017 | 30 Sep 2016 | 30 Sep 2017 | 30 Jun 2017 | 30 Sep 2016 |
| | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | |
| Reported | 39,144 | 38,982 | 12,978 | 13,173 | 9,512 |
| Currency translation | | (1,072) | | 199 | (78) |
| Significant items | (60) | 36 | 53 | 39 | 3,277 |
| – DVA on derivative contracts | 340 | (96) | 65 | 178 | 55 |
| – fair value movements on non-qualifying hedges ¹ | (50) | 385 | (20) | 61 | (12) |
| – gain on disposal of our investment in Vietnam Technological and Commercial Joint Stock Bank | (126) | – | (126) | – | – |
| – gain on disposal of our membership interest in Visa – Europe | – | (584) | – | – | – |
| – gain on disposal of our membership interest in Visa – US | (312) | – | – | (166) | – |
| – own credit spread ² | – | 144 | – | – | 1,370 |
| – portfolio disposals | 163 | 51 | 131 | 42 | 119 |
| – provisions/(releases) arising from the ongoing review of compliance with the UK Consumer Credit Act | 3 | (2) | 3 | – | – |
| – other acquisitions, disposals and dilutions | (78) | – | – | (78) | – |
| – loss and trading results from disposed-of operations in Brazil | – | 273 | – | – | 1,743 |
| – currency translation on significant items | – | (135) | – | 2 | 2 |
| Adjusted | 39,084 | 37,946 | 13,031 | 13,411 | 12,711 |
| Loan impairment charge and other credit risk provisions ('LICs') | | | | | |
| Reported | (1,111) | (2,932) | (448) | (427) | (566) |
| Currency translation | | (59) | | 1 | (1) |
| Significant items | – | 867 | – | – | – |
| – trading results from disposed-of operations in Brazil | – | 748 | – | – | – |
| – currency translation on significant items | – | 119 | – | – | – |
| Adjusted | (1,111) | (2,124) | (448) | (426) | (567) |
| Operating expenses | | | | | |
| Reported | (24,989) | (27,349) | (8,546) | (8,115) | (8,721) |
| Currency translation | | 583 | | (138) | 7 |
| Significant items | 2,607 | 5,301 | 770 | 719 | 1,472 |
| – costs associated with portfolio disposals | 14 | – | 4 | 10 | – |
| – costs associated with the UK's exit from the EU | 12 | – | 8 | 4 | – |
| – costs to achieve | 2,347 | 2,032 | 677 | 837 | 1,014 |
| – costs to establish UK ring-fenced bank | 277 | 147 | 101 | 93 | 53 |
| – impairment of GBP – Europe goodwill | – | 800 | – | – | – |
| – regulatory provisions/(releases) in GBP | – | (46) | – | – | (50) |
| – provisions/(releases) in connection with legal matters | (426) | 723 | (104) | (322) | – |
| – UK customer redress programmes | 383 | 489 | 84 | 89 | 456 |
| – trading results from disposed-of operations in Brazil | – | 1,059 | – | – | – |
| – currency translation on significant items | – | 97 | – | 8 | (1) |
| Adjusted | (22,382) | (21,465) | (7,776) | (7,534) | (7,242) |
| Share of profit in associates and joint ventures | | | | | |
| Reported | 1,819 | 1,856 | 636 | 651 | 618 |
| Currency translation | | (47) | | 17 | 1 |
| Significant items | – | 1 | – | – | – |
| – trading results from disposed-of operations in Brazil | – | 1 | – | – | – |
| – currency translation on significant items | – | – | – | – | – |
| Adjusted | 1,819 | 1,810 | 636 | 668 | 619 |
| Profit before tax | | | | | |
| Reported | 14,863 | 10,557 | 4,620 | 5,282 | 843 |
| Currency translation | | (595) | | 79 | (71) |
| Significant items | 2,547 | 6,205 | 823 | 758 | 4,749 |
| – revenue | (60) | 36 | 53 | 39 | 3,277 |
| – LICs | – | 867 | – | – | – |
| – operating expenses | 2,607 | 5,301 | 770 | 719 | 1,472 |
| – share in profit of associates and joint ventures | – | 1 | – | – | – |
| Adjusted | 17,410 | 16,167 | 5,443 | 6,119 | 5,521 |

¹ Excludes items where there are substantial offsets in the income statement for the same period.

² 'Own credit spread' includes the fair value movements on our long-term debt attributable to credit spread where the net result of such movements will be zero upon maturity of the debt. This does not include fair value changes due to own credit risk in respect of trading liabilities or derivative liabilities. From 1 January 2017, HSBC adopted, in its consolidated financial statements, the requirements of IFRS 9 'Financial Instruments' relating to the presentation of gains and losses on financial liabilities designated at fair value. As a result, changes in fair value attributable to changes in own credit risk are presented in other comprehensive income with the remainder of the effect presented in profit and loss.

Financial performance commentary

Distribution of results by global business

| | Nine months ended | | Quarter ended | | |
|--------------------------------------|-------------------|---------------|---------------|--------------|--------------|
| | 30 Sep | 30 Sep | 30 Sep | 30 Jun | 30 Sep |
| | 2017 | 2016 | 2017 | 2017 | 2016 |
| | \$m | \$m | \$m | \$m | \$m |
| Adjusted profit before tax | | | | | |
| Retail Banking and Wealth Management | 5,058 | 4,076 | 1,703 | 1,578 | 1,533 |
| Commercial Banking | 5,086 | 4,472 | 1,643 | 1,675 | 1,527 |
| Global Banking and Markets | 4,938 | 4,134 | 1,535 | 1,729 | 1,582 |
| Global Private Banking | 198 | 254 | 55 | 73 | 72 |
| Corporate Centre | 2,130 | 3,231 | 507 | 1,064 | 807 |
| Total | 17,410 | 16,167 | 5,443 | 6,119 | 5,521 |

Distribution of results by geographical region

| | Nine months ended | | Quarter ended | | |
|--|-------------------|---------------|---------------|--------------|--------------|
| | 30 Sep | 30 Sep | 30 Sep | 30 Jun | 30 Sep |
| | 2017 | 2016 | 2017 | 2017 | 2016 |
| | \$m | \$m | \$m | \$m | \$m |
| Reported profit/(loss) before tax | | | | | |
| Europe | 522 | (32) | (50) | 778 | (1,617) |
| Asia | 11,659 | 10,815 | 4,029 | 3,536 | 3,660 |
| Middle East and North Africa | 1,168 | 1,308 | 364 | 417 | 329 |
| North America | 1,080 | 116 | 127 | 381 | 66 |
| Latin America | 434 | (1,650) | 150 | 170 | (1,595) |
| Total | 14,863 | 10,557 | 4,620 | 5,282 | 843 |
| Adjusted profit before tax | | | | | |
| Europe | 2,341 | 2,509 | 540 | 1,254 | 865 |
| Asia | 12,115 | 10,948 | 4,009 | 3,825 | 3,791 |
| Middle East and North Africa | 1,190 | 1,182 | 370 | 427 | 320 |
| North America | 1,287 | 1,071 | 361 | 427 | 388 |
| Latin America | 477 | 457 | 163 | 186 | 157 |
| Total | 17,410 | 16,167 | 5,443 | 6,119 | 5,521 |

Adjusted profit before tax by global business and region is presented to support the commentary on adjusted performance on the following pages.

The tables on pages 26 to 36 reconcile reported to adjusted results for each of our global business segments and geographical regions.

Group

3Q17 compared with 3Q16 – reported results

Movement in reported profit before tax compared with 3Q16

| | Quarter ended | | | |
|---|---------------|------------|---------------|------------|
| | 30 Sep | 30 Sep | Variance | |
| | 2017 | 2016 | 3Q17 vs. 3Q16 | |
| | \$m | \$m | \$m | % |
| Revenue | 12,978 | 9,512 | 3,466 | 36 |
| LICs | (448) | (566) | 118 | 21 |
| Operating expenses | (8,546) | (8,721) | 175 | 2 |
| Share of profit from associates and JVs | 636 | 618 | 18 | 3 |
| Profit before tax | 4,620 | 843 | 3,777 | 448 |

Reported profit before tax

Reported profit before tax of \$4.6bn in 3Q17 was \$3.8bn higher than in 3Q16. This reflected higher reported revenue (up \$3.5bn), lower reported LICs (down \$0.1bn) and a decrease in reported operating expenses (down \$0.2bn).

Excluding the net favourable effects of significant items of \$3.9bn and net adverse foreign currency translation of \$0.1bn, profit before tax was \$0.1bn or 1% lower.

Reported revenue

Reported revenue of \$13.0bn in 3Q17 was \$3.5bn or 36% higher. This largely reflected a net favourable movement in significant items of \$3.2bn, notably:

- the non-recurrence of a \$1.7bn loss recognised in 3Q16 on our sale of operations in Brazil to Banco Bradesco S.A., which we completed on 1 July 2016; and
- in 3Q16, \$1.4bn of adverse fair value movements on our own debt designated at fair value, reflecting changes in our own credit spread, which are now reported in the statement of other comprehensive income, following our partial early adoption of IFRS 9 ‘Financial Instruments’ on 1 January 2017.

Excluding significant items and an adverse effect of foreign currency translation of \$0.1bn, revenue increased by \$0.3bn or 3%.

Reported LICs

Reported LICs of \$0.4bn were \$0.1bn or 21% lower, reflecting reductions in RBWM and CMB.

Excluding significant items and foreign currency translation, LICs reduced by \$0.1bn or 21%.

Reported operating expenses

Reported operating expenses of \$8.5bn were \$0.2bn or 2% lower and included a decrease in significant items of \$0.7bn. Significant items included:

- costs to achieve of \$0.7bn, compared with \$1.0bn in 3Q16; and

- a provision of \$0.5bn in 3Q16 relating to UK customer redress programmes, compared with \$0.1bn in 3Q17.

Excluding significant items and favourable currency translation differences, operating expenses increased by \$0.5bn or 7%.

Reported income from associates

Reported income from associates of \$0.6bn increased by \$18m or 3%.

Group

3Q17 compared with 3Q16 – adjusted results

Movement in adjusted profit before tax compared with 3Q16

| | Quarter ended | | | |
|---|---------------|--------------|------------------------|------------|
| | 30 Sep 2017 | 30 Sep 2016 | Variance 3Q17 vs. 3Q16 | |
| | \$m | \$m | \$m | % |
| Revenue | 13,031 | 12,711 | 320 | 3 |
| LICs | (448) | (567) | 119 | 21 |
| Operating expenses | (7,776) | (7,242) | (534) | (7) |
| Share of profit from associates and JVs | 636 | 619 | 17 | 3 |
| Profit before tax | 5,443 | 5,521 | (78) | (1) |

Adjusted profit before tax

On an adjusted basis, profit before tax of \$5.4bn fell \$0.1bn, as revenue growth and a reduction in LICs was offset by higher operating expenses.

Adjusted revenue

Adjusted revenue of \$13.0bn was \$0.3bn or 3% higher. The increase notably reflected higher deposit income across our three main global business:

- In RBWM, revenue increased by \$0.3bn. This was primarily in Retail Banking in current accounts, savings and deposits, particularly in Hong Kong, the US and Mexico, as we benefited from increased balances and wider spreads.
- In CMB, revenue increased by \$0.2bn, driven by Global Liquidity and Cash Management ('GLCM'), notably in Asia, as we benefited from wider deposit spreads and grew balances. In the UK, deposit balances grew, but this was more than offset by spread compression, following the base rate reduction in 2016. Revenue also increased to a lesser extent in Credit and Lending ('C&L'), as balance growth in the UK more than offset narrower spreads in Asia.
- In GB&M, revenue increased by \$0.1bn. There was continued momentum in revenue from transaction banking products, notably in GLCM, where we grew balances and benefited from wider spreads, particularly in Asia. In Global Markets, revenue increased in Equities, partly offset by lower revenue in Foreign Exchange and Credit, as a result of lower volatility and narrower spreads. In Global Banking, revenue fell primarily reflecting narrower spreads, notably in Asia.

These increases were partly offset:

- In Corporate Centre, revenue decreased by \$0.2bn, notably reflecting continuing disposals in the US run-off portfolio, reducing revenue by \$0.2bn, and net unfavourable movements in credit and funding valuation adjustments in legacy credit (down \$0.1bn).

Adjusted LICs

Adjusted LICs of \$0.4bn were \$0.1bn or 21% lower. This reflected a reduction in RBWM of \$0.1bn, mainly in Turkey and the US as credit quality improved.

Adjusted operating expenses

Adjusted operating expenses of \$7.8bn increased by \$0.5bn or 7%, primarily reflecting investments in business growth programmes, notably in RBWM, and an increase in performance-related pay. The impact of our cost-saving initiatives broadly offset inflation and investment in our regulatory programmes and compliance.

Adjusted income from associates

Adjusted income from associates of \$0.6bn increased by \$17m or 3%.

Third interim dividend for 2017

On 3 October 2017, the Board announced a third interim dividend for 2017 of \$0.10 per ordinary share.

Group

9M17 compared with 9M16 – reported results

Movement in reported profit before tax compared with 9M16

| | Nine months ended | | | |
|---|-------------------|---------------|------------------------|-----------|
| | 30 Sep 2017 | 30 Sep 2016 | Variance 9M17 vs. 9M16 | |
| | \$m | \$m | \$m | % |
| Revenue | 39,144 | 38,982 | 162 | — |
| LICs | (1,111) | (2,932) | 1,821 | 62 |
| Operating expenses | (24,989) | (27,349) | 2,360 | 9 |
| Share of profit from associates and JVs | 1,819 | 1,856 | (37) | (2) |
| Profit before tax | 14,863 | 10,557 | 4,306 | 41 |

Reported profit before tax

Reported profit before tax of \$14.9bn in 9M17 was \$4.3bn or 41% higher than in 9M16, including net favourable movement in significant items of \$3.7bn, partly offset by the adverse impact of foreign currency translation of \$0.6bn. Excluding these, profit before tax increased by \$1.2bn to \$17.4bn.

Reported revenue

Reported revenue of \$39.1bn was \$0.2bn higher, and included a net favourable movement in significant items of \$0.1bn. Significant items included a loss of \$1.7bn recognised in 9M16 on the sale of our Brazil business to Banco Bradesco S.A., which completed on 1 July 2016. This loss was substantially offset by the reported revenue earned by the Brazil business in 9M16 of \$1.5bn.

Excluding significant items and foreign currency translation, revenue increased by \$1.1bn or 3%.

Reported LICs

Reported LICs of \$1.1bn were \$1.8bn or 62% lower, notably due to reductions in CMB, RBWM and GB&M, as well as the effect of our sale of operations in Brazil (\$0.7bn).

Excluding significant items and a favourable effect of foreign currency translation, LICs were \$1.0bn or 48% lower.

Reported operating expenses

Reported operating expenses of \$25.0bn were \$2.4bn or 9% lower. This reflected a decrease in significant items of \$2.7bn, which reflected:

- in 9M16, a \$0.8bn write-off of goodwill in our GPB business in Europe;
- a net release of \$0.4bn in 9M17 related to settlements and provisions in connection with legal matters compared with charges of \$0.7bn in 9M16; and
- operating expenses of \$1.1bn incurred by our Brazil business prior to its sale.

Earnings Release – 3Q17

These were partly offset by:

- costs to achieve of \$2.3bn, compared with \$2.0bn in 9M16.

Excluding significant items and the favourable effect of foreign currency translation of \$0.6bn, operating expenses increased by \$0.9bn or 4%, mainly reflecting higher performance-related pay and increased investment in growth programmes, primarily in RBWM where investments were partly funded by the proceeds from our sale of Visa shares. The increase also included a \$0.1bn credit in 9M16 related to the 2015 UK bank levy.

Reported income from associates

Reported income from associates of \$1.8bn was \$37m or 2% lower.

Tax expense

The effective tax rate for 9M17 of 22.3% was lower than the 29.3% in 9M16, principally as 9M16 included the non-deductible loss on our sale of operations in Brazil, a non-deductible goodwill impairment and a higher level of charges in respect of prior periods.

Group

9M17 compared with 9M16 – adjusted results

Movement in adjusted profit before tax compared with 9M16

| | Nine months ended | | | |
|---|-------------------|---------------|---------------|----------|
| | 30 Sep | 30 Sep | Variance | |
| | 2017 | 2016 | 9M17 vs. 9M16 | |
| | \$m | \$m | \$m | % |
| Revenue | 39,084 | 37,946 | 1,138 | 3 |
| LICs | (1,111) | (2,124) | 1,013 | 48 |
| Operating expenses | (22,382) | (21,465) | (917) | (4) |
| Share of profit from associates and JVs | 1,819 | 1,810 | 9 | – |
| Profit before tax | 17,410 | 16,167 | 1,243 | 8 |

Adjusted profit before tax

On an adjusted basis, profit before tax of \$17.4bn was \$1.2bn higher than in 9M16, reflecting higher revenue and lower LICs, partly offset by an increase in operating expenses. Adjusted jaws was negative 1.3%, although we achieved positive adjusted jaws in our three main global businesses.

Adjusted revenue

Adjusted revenue of \$39.1bn was \$1.1bn or 3% higher, reflecting increased revenue in RBWM, GB&M and CMB, partly offset by decreases in Corporate Centre and GPB.

- In RBWM, revenue increased by \$1.4bn or 10%, with growth in Wealth Management and Retail Banking. The increase in Wealth Management was mainly in insurance manufacturing (up \$0.5bn) as favourable market impacts compared with adverse market impacts in 9M16, notably in Asia. In addition, investment distribution income increased. Retail Banking revenue also increased, notably from current accounts, savings and deposits, reflecting balance growth and wider spreads in Hong Kong, Mexico and the US. This was partly offset by lower personal lending revenue compared with 9M16.
- In GB&M revenue increased by \$0.7bn or 6%. In Global Markets revenue was higher, notably in Equities reflecting Prime Financing growing its market share. Revenue also increased in GLCM, Securities Services ('HSS') and Global Banking. These increases were partly offset by lower revenue in Foreign Exchange and a net adverse movement on credit and funding valuations adjustments (\$136m).
- In CMB, revenue increased by \$0.3bn or 3%, driven by growth in GLCM. This reflected wider spreads and increased deposit balances in Asia. In the UK, narrower spreads more than offset balance growth.

These increases were partly offset:

- In Corporate Centre, revenue decreased by \$1.1bn, with reductions in the US run-off portfolio (down \$0.5bn), as a result of continuing disposals, and Central Treasury (down \$0.6bn). In Central Treasury, a fall in revenue reflected lower favourable fair value movements (\$0.2bn in 9M17, compared with \$0.5bn in 9M16) relating to the hedging of our long-term debt, higher interest expense on our debt and a fall in Balance Sheet Management ('BSM') revenue.
- In GPB, revenue was \$0.1bn or 4% lower, primarily due to the impact of client repositioning actions. However, in the markets that we have targeted for growth, revenue increased, notably in Hong Kong due to higher investment revenue reflecting increased client activity, and growth in deposit revenue as spreads widened.

Adjusted LICs

Adjusted LICs of \$1.1bn were \$1.0bn or 48% lower, reflecting reductions in:

- CMB (\$0.5bn lower), notably due to lower LICs in North America and the UK, primarily as 9M16 included charges against exposures in the oil and gas sector, and in Spain as 9M16 included charges related to an exposure in the construction sector. In addition, 9M17 included a release of allowances related to the construction sector in the UK. These reductions were partly offset by higher LICs in Hong Kong across various sectors.
- GB&M (\$0.4bn lower) due to a reduction in individually assessed charges, particularly as 9M16 included LICs on exposures in the oil and gas, and mining sectors in the US.

Adjusted operating expenses

Adjusted operating expenses of \$22.4bn were \$0.9bn or 4% higher than in 9M16. This reflected an increase in performance-related pay (\$0.4bn), as well as increased investments in business growth programmes (\$0.2bn), primarily in RBWM where investments were partly funded by the proceeds from our sale of Visa shares. The increase also included a credit of \$0.1bn related to the 2015 UK bank levy recorded in 9M16. The impact of our cost-saving initiatives broadly offset inflation and continued investment in our regulatory programmes and compliance.

Our total investment in regulatory programmes and compliance was \$2.1bn, up \$0.2bn or 9%. This reflected the continued implementation of our Global Standards programme to enhance financial crime risk controls and capabilities, and to meet external commitments.

The number of employees expressed in full time equivalent staff ('FTEs') at 30 September 2017 was 232,346, a decrease of 2,829 from 31 December 2016. This reflected reductions resulting from our transformation programmes, partly offset by investment in Global Standards and our business growth programmes.

Adjusted income from associates

Adjusted income from associates of \$1.8bn was broadly unchanged.

Retail Banking and Wealth Management

9M17 compared with 9M16 – adjusted results

Management view of adjusted revenue

| | Nine months ended | | | | Quarter ended | | |
|--|-------------------|--------|---------------|-----------|---------------|--------|--------|
| | 30 Sep | 30 Sep | Variance | | 30 Sep | 30 Jun | 30 Sep |
| | 2017 | 2016 | 9M17 vs. 9M16 | | 2017 | 2017 | 2016 |
| | \$m | \$m | \$m | % | \$m | \$m | \$m |
| Net operating income¹ | | | | | | | |
| Retail Banking | 9,984 | 9,443 | 541 | 6 | 3,434 | 3,404 | 3,191 |
| – current accounts, savings and deposits | 4,624 | 3,865 | 759 | 20 | 1,612 | 1,582 | 1,300 |
| – personal lending | 5,360 | 5,578 | (218) | (4) | 1,822 | 1,822 | 1,891 |
| – mortgages | 1,750 | 1,914 | (164) | (9) | 599 | 578 | 646 |
| – credit cards | 2,220 | 2,288 | (68) | (3) | 742 | 771 | 771 |
| – other personal lending ² | 1,390 | 1,376 | 14 | 1 | 481 | 473 | 474 |
| Wealth Management | 4,803 | 3,979 | 824 | 21 | 1,583 | 1,590 | 1,542 |
| – investment distribution ³ | 2,491 | 2,218 | 273 | 12 | 894 | 810 | 808 |
| – life insurance manufacturing | 1,538 | 1,025 | 513 | 50 | 425 | 509 | 466 |
| – asset management | 774 | 736 | 38 | 5 | 264 | 271 | 268 |
| Other ⁴ | 439 | 427 | 12 | 3 | 166 | 100 | 158 |
| Total | 15,226 | 13,849 | 1,377 | 10 | 5,183 | 5,094 | 4,891 |
| Adjusted RoRWA (%) ⁵ | 5.8 | 4.8 | | | 5.7 | 5.5 | 5.3 |

For footnotes see page 13

Adjusted profit before tax of \$5.1bn was \$1.0bn or 24% higher, reflecting strong revenue growth from deposits and Wealth Management. We achieved positive adjusted jaws of 4.7% as revenue growth (up 9.9%) exceeded growth in operating expenses (up 5.2%), which included investments in technology and business growth programmes.

Adjusted revenue of \$15.2bn was \$1.4bn or 10% higher, reflecting growth in both Retail Banking, and Wealth Management.

The revenue increase in Retail Banking resulted from:

- growth in current accounts, savings and deposits (up \$0.8bn) due to wider spreads and higher balances in Hong Kong, Mexico and the US.

This was partly offset by:

- lower personal lending revenue (down \$0.2bn) reflecting mortgage spread compression, notably in Hong Kong, the UK and mainland China, which was partly offset by balance growth.

The revenue increase in Wealth Management resulted from:

- growth in insurance manufacturing revenue (up \$0.5bn) including favourable market impacts of \$257m due to

interest rate and equity market movements, notably in Asia and France, compared with adverse market impacts in 9M16 of \$320m, and higher insurance sales in Asia; and

- higher investment distribution revenue (up \$0.3bn), primarily driven by higher sales of mutual funds in Hong Kong, reflecting increased investor confidence.

Adjusted LICs of \$0.8bn were \$0.1bn or 10% lower as a result of decreases in Turkey of \$63m and the US of \$39m, reflecting improved credit quality. This was partly offset in Mexico where higher LICs (\$43m) reflected targeted growth in unsecured lending and associated higher delinquency rates. In the UK, LICs also rose by \$34m as we increased allowances against our mortgages and cards exposures. LICs in the UK remain at historically low levels (c.12bps of the overall portfolio).

Adjusted operating expenses of \$9.4bn were \$0.5bn or 5% higher, mainly from investment in growth initiatives, notably in retail business banking, in our international proposition through the introduction of new products and services, and in mainland China. Operating expense growth also reflected higher staff costs and inflation, however, these factors were substantially offset by transformational and other cost savings.

Commercial Banking

9M17 compared with 9M16 – adjusted results

Management view of adjusted revenue

| | Nine months ended | | | | Quarter ended | | |
|---|-------------------|--------|---------------|----------|---------------|--------|--------|
| | 30 Sep | 30 Sep | Variance | | 30 Sep | 30 Jun | 30 Sep |
| | 2017 | 2016 | 9M17 vs. 9M16 | | 2017 | 2017 | 2016 |
| | \$m | \$m | \$m | % | \$m | \$m | \$m |
| Net operating income¹ | | | | | | | |
| Global Trade and Receivables Finance | 1,363 | 1,385 | (22) | (2) | 464 | 456 | 459 |
| Credit and Lending | 3,738 | 3,750 | (12) | – | 1,297 | 1,259 | 1,279 |
| Global Liquidity and Cash Management | 3,500 | 3,138 | 362 | 12 | 1,231 | 1,179 | 1,061 |
| Markets products, Insurance and Investments, and Other ⁶ | 1,153 | 1,225 | (72) | (6) | 355 | 372 | 384 |
| Total | 9,754 | 9,498 | 256 | 3 | 3,347 | 3,266 | 3,183 |
| Adjusted RoRWA (%) ⁵ | 2.4 | 2.2 | | | 2.2 | 2.3 | 2.2 |

For footnotes see page 13

Earnings Release – 3Q17

Adjusted profit before tax of \$5.1bn was \$0.6bn or 14% higher, reflecting lower LICs and higher revenue. We achieved positive adjusted jaws of 0.3%, as 2.7% revenue growth exceeded a 2.4% increase in operating expenses.

Adjusted revenue was \$0.3bn or 3% higher, as strong growth in GLCM was partly offset by a small reduction in Global Trade and Receivables Finance ('GTRF') and as C&L remained broadly unchanged.

- In GLCM, revenue increased by \$362m or 12%, notably in Asia, reflecting wider spreads and balance growth, partly achieved through customer deposit retention initiatives. In the UK, average balances increased by 14%, but this was more than offset by narrower spreads following the base rate reduction in 2016.
- In GTRF, revenue was \$22m or 2% lower. While revenue has stabilised in 2017 following a period of decline, mainly from lending growth in Asia and Europe, this was more than offset by a reduction in Middle East and North Africa ('MENA') reflecting the effect of managed customer exits in the UAE.

- In C&L revenue was broadly unchanged. In Asia revenue was lower, as balance growth was more than offset by spread compression, although in the UK revenue increased as lending growth more than offset narrower spreads.

Adjusted LICs of \$0.3bn were \$0.5bn lower, notably due to lower LICs in North America and the UK, primarily as 9M16 included charges against exposures in the oil and gas sector, and in Spain as 9M16 included charges related to an exposure in the construction sector. In addition, 9M17 included a release of allowances related to the construction sector in the UK. These reductions were partly offset by higher LICs in Hong Kong, notably as 9M17 included a small number of individually assessed LICs across various sectors.

Adjusted operating expenses were \$0.1bn or 2% higher as we continued to invest in Global Standards. Salary inflation was offset by our cost-saving initiatives.

Global Banking and Markets

9M17 compared with 9M16 – adjusted results

Management view of adjusted revenue

| | Nine months ended | | | | Quarter ended | | |
|---|-------------------|---------------|------------------------|----------|---------------|--------------|--------------|
| | 30 Sep 2017 | 30 Sep 2016 | Variance 9M17 vs. 9M16 | | 30 Sep 2017 | 30 Jun 2017 | 30 Sep 2016 |
| | \$m | \$m | \$m | % | \$m | \$m | \$m |
| Net operating income¹ | | | | | | | |
| Global Markets | 5,401 | 5,069 | 332 | 7 | 1,679 | 1,815 | 1,689 |
| – FICC | 4,410 | 4,312 | 98 | 2 | 1,348 | 1,484 | 1,425 |
| Foreign Exchange | 1,955 | 2,006 | (51) | (3) | 605 | 733 | 655 |
| Rates | 1,698 | 1,599 | 99 | 6 | 551 | 509 | 544 |
| Credit | 757 | 707 | 50 | 7 | 192 | 242 | 226 |
| – Equities | 991 | 757 | 234 | 31 | 331 | 331 | 264 |
| Global Banking | 2,893 | 2,778 | 115 | 4 | 943 | 1,077 | 995 |
| Global Liquidity and Cash Management | 1,609 | 1,387 | 222 | 16 | 567 | 530 | 475 |
| Securities Services | 1,281 | 1,155 | 126 | 11 | 442 | 441 | 408 |
| Global Trade and Receivables Finance | 532 | 515 | 17 | 3 | 174 | 180 | 175 |
| Principal Investments | 255 | 172 | 83 | 48 | 178 | 50 | 174 |
| Credit and funding valuation adjustments ⁷ | (161) | (25) | (136) | >100 | (66) | (92) | (77) |
| Other ⁸ | (109) | (49) | (60) | >100 | (39) | 7 | (50) |
| Total | 11,701 | 11,002 | 699 | 6 | 3,878 | 4,008 | 3,789 |
| Adjusted RoRWA (%) ⁵ | 2.2 | 1.7 | | | 2.0 | 2.3 | 2.0 |

For footnotes see page 13

Adjusted profit before tax of \$4.9bn was \$0.8bn or 19% higher, reflecting a strong revenue performance and a reduction in LICs of \$0.4bn. We achieved positive adjusted jaws of 2.3%, as our revenue growth (up 6.4%) exceeded an increase in our operating expenses (up 4.1%).

Adjusted revenue increased by \$0.7bn or 6% including a net adverse movement of \$136m on credit and funding valuation adjustments. Excluding these movements, adjusted revenue increased by \$0.8bn or 8%, with growth in all of our businesses:

- Revenue increased from our transaction banking products, notably GLCM (up \$0.2bn) and HSS (up \$0.1bn). In GLCM, balances grew as we won client mandates and deposit spreads widened, notably in Asia and the US.
- Global Markets revenue increased by \$0.3bn, notably in Equities (up \$0.2bn), as we continued to capture market share with Prime Financing products. In Fixed Income, Currencies and Commodities ('FICC'), revenue increased by \$0.1bn as we captured increased client flows and grew market share in Europe in Rates and Credit.

- Global Banking revenue increased by \$0.1bn or 4%, reflecting growth in lending balances and continued momentum in investment banking products, which offset the effects of tightening spreads on lending in Asia. The increase in revenue also included recoveries on restructured facilities in 9M17, compared with write-downs in 9M16.

Adjusted LICs of \$0.1bn decreased by \$0.4bn. This reflected a reduction in individually assessed charges, particularly as the prior year included LICs on exposures in the oil and gas, and mining sectors in the US.

Adjusted operating expenses increased by \$0.3bn or 4%, reflecting higher performance-related pay, and pension and severance costs, as well as strategic investments in GLCM, HSS and Foreign Exchange. Our continued cost management, efficiency improvements and FTE reductions were broadly offset by the effects of inflation.

Global Private Banking

9M17 compared with 9M16 – adjusted results

Management view of adjusted revenue

| | Nine months ended | | | | Quarter ended | | |
|---|-------------------|--------------|---------------|------------|---------------|------------|------------|
| | 30 Sep | 30 Sep | Variance | | 30 Sep | 30 Jun | 30 Sep |
| | 2017 | 2016 | 9M17 vs. 9M16 | | 2017 | 2017 | 2016 |
| | \$m | \$m | \$m | % | \$m | \$m | \$m |
| Net operating income¹ | | | | | | | |
| Investment revenue | 528 | 571 | (43) | (8) | 174 | 180 | 191 |
| Lending | 284 | 316 | (32) | (10) | 98 | 97 | 105 |
| Deposit | 294 | 258 | 36 | 14 | 103 | 103 | 82 |
| Other | 177 | 190 | (13) | (7) | 62 | 58 | 64 |
| Total | 1,283 | 1,335 | (52) | (4) | 437 | 438 | 442 |
| Adjusted RoRWA (%) ⁵ | 1.7 | 2.0 | | | 1.3 | 1.8 | 1.7 |

For footnotes see page 13

Adjusted profit before tax of \$0.2bn was \$56m or 22% lower as revenue decreased, partly offset by a reduction in costs.

Adjusted revenue of \$1.3bn was \$52m or 4% lower, reflecting the impact of client repositioning actions. These actions are largely complete. However, revenue from markets targeted for growth increased by 9%, particularly in Hong Kong as higher investment revenue reflected increased client activity, and deposit revenue benefited from wider spreads.

Adjusted LICs of \$17m compared with net releases of \$10m in 9M16. The figure in 9M17 primarily reflects a charge related to a single client in the UK.

Adjusted operating expenses of \$1.1bn were \$23m or 2% lower, mainly as a result of the managed reduction in FTEs and the impact of our cost-saving initiatives.

Net new money of \$4bn reflected positive inflows of \$13bn in key markets targeted for growth, particularly in Hong Kong. This was partly offset by outflows resulting from the repositioning of the business.

Corporate Centre

9M17 compared with 9M16 – adjusted results

Management view of adjusted revenue

| | Nine months ended | | | | Quarter ended | | |
|---|-------------------|--------------|----------------|-------------|---------------|------------|------------|
| | 30 Sep | 30 Sep | Variance | | 30 Sep | 30 Jun | 30 Sep |
| | 2017 | 2016 | 9M17 vs. 9M16 | | 2017 | 2017 | 2016 |
| | \$m | \$m | \$m | % | \$m | \$m | \$m |
| Net operating income¹ | | | | | | | |
| Central Treasury ⁹ | 1,076 | 1,719 | (643) | (37) | 311 | 431 | 366 |
| Legacy portfolios | 88 | 606 | (518) | (85) | (46) | 106 | 275 |
| – US run-off portfolio | 47 | 570 | (523) | (92) | (28) | 47 | 150 |
| – legacy credit | 41 | 36 | 5 | 14 | (18) | 59 | 125 |
| Other ¹⁰ | (44) | (63) | 19 | (30) | (79) | 68 | (235) |
| Total | 1,120 | 2,262 | (1,142) | (50) | 186 | 605 | 406 |

For footnotes see page 13

Adjusted profit before tax of \$2.1bn was \$1.1bn or 34% lower, due to a reduction in revenue and higher operating expenses. This was partly offset by a reduction in LICs.

Adjusted revenue fell by \$1.1bn or 50%, reflecting a decrease in Central Treasury (\$0.6bn) and continuing disposals in the US run-off portfolio (\$0.5bn). In Central Treasury revenue decreased as a result of:

- lower favourable fair value movements relating to the economic hedging of interest and exchange rate risk on our long-term debt with long-term derivatives of \$0.2bn compared with \$0.5bn in 9M16;
- higher interest on our debt (up \$0.3bn), mainly reflecting the higher costs of debt issued to meet regulatory requirements; and

- a reduction in revenue in BSM reflecting lower reinvestment yields.

Net loan impairment releases of \$92m compared with adjusted LICs of \$34m in 9M16. This reflected lower LICs in the US run-off portfolio together with higher net releases of impairment allowances in our legacy credit portfolio as collateral values improved.

Adjusted operating expenses were \$0.1bn or 14% higher, in part due to a credit booked in 1Q16 relating to the 2015 UK bank levy \$0.1bn. The remainder of the increase related to investment in regulatory programmes and compliance, partly offset by lower costs associated with our US run-off portfolio.

Adjusted income from associates rose by \$26m or 1%.

Balance sheet commentary compared with 30 June 2017

Total assets grew by \$33.8bn or 1.4% on a reported basis. On a constant currency basis, total assets were broadly unchanged.

Loans and advances to customers

Reported loans and advances to customers grew by \$25.3bn or 3%, driven by growth in Asia. This included the following:

- favourable currency translation differences of \$13.3bn; and
- a \$3.8bn increase in corporate overdraft balances in the UK relating to a small number of customers that settled their overdraft and deposit balances on a net basis.

Excluding these factors, loans and advances to customers grew by \$8.2bn or 1%. We continued to grow lending in Asia (up \$8.6bn) across all our global businesses, notably in Hong Kong, where CMB term lending increased, and we grew mortgage balances in RBWM. This reflected our continuing strategic focus on growth in the region.

Lending in Europe increased by \$1.2bn, notably in the UK, as higher balances in RBWM were driven by UK mortgage growth of \$2.8bn. CMB term lending in the UK increased, but this was offset by reductions in GB&M, which reflected a reduction in short-term assets, including overdrafts.

These lending increases were partly offset by a \$1.4bn reduction in GB&M balances in North America, reflecting our active management of overall client returns.

Customer accounts

Customer accounts increased by \$25.2bn or 2% on a reported basis. This included:

- a favourable currency translation effect of \$16.4bn; and
- a \$3.8bn increase in corporate current account balances, in line with the increase in corporate overdrafts.

Excluding these factors, customer accounts increased by \$4.9bn. This reflected increases in Asia in CMB, RBWM and GB&M (\$10.1bn combined), notably in Hong Kong, Singapore and Australia.

By contrast, Europe balances decreased by \$6.8bn, primarily in GB&M and CMB, reflecting outflows of short-term deposits placed by a small number of customers in the UK and France.

Net interest margin

Net interest margin

| | Nine months ended | | Year ended |
|---------------------------------|-----------------------|-----------------------|-----------------------|
| | 30 Sep 2017 \$m | 30 Sep 2016 \$m | 31 Dec 2016 \$m |
| Net interest income | 20,904 | 22,945 | 29,813 |
| Average interest earning assets | 1,711,493 | 1,723,736 | 1,723,702 |
| | % | % | % |
| Gross yield | 2.36 | 2.55 | 2.46 |
| Less: cost of funds | (0.87) | (0.93) | (0.87) |
| Net interest spread | 1.49 | 1.62 | 1.59 |
| Net interest margin | 1.63 | 1.78 | 1.73 |

In 2016, we earned net interest income of \$0.9bn from the operations in Brazil that we sold in that year (9M16: \$0.9bn) from average interest-earning assets of \$25.8bn (9M16: \$25.2bn). Excluding these operations in Brazil, our net interest margin for 2016 was 1.70% (9M16: 1.73%) with a gross yield of 2.34% (9M16: 2.37%) and a cost of funds of 0.76% (9M16: 0.77%).

9M17 vs FY16

Net interest margin ('NIM') of 1.63% fell by 10bps, compared with NIM of 1.73% for 2016. Excluding the effects of the sale of our operations in Brazil (completed on 1 July 2016) and foreign currency translation, NIM fell by 5bps.

The fall in NIM reflected:

- The continuing run-off of our higher-yielding US CML portfolio;
- Pressure on asset yields, notably in Europe, reflecting negative interest rates in continental Europe, market competition and decreased yields on mortgages in the UK, due to a change in portfolio mix towards lower-yielding fixed-rate products, partly offset by the benefits of lending volume growth in Asia and central bank rate rises in Mexico; and
- Higher Group debt costs, affected by the longer maturities and the structural subordination of our new issuance. The cost of debt was also affected by the US dollar rate rises.

These decreases were partly offset by:

- The benefits of US dollar rate rises, notably from increased yields on our surplus liquidity; and
- A lower cost of customer accounts in Europe, reflecting base rate reductions in the UK and negative interest rates in continental Europe, and in Asia reflecting a change in mix towards lower-cost accounts.

9M17 NIM remained broadly unchanged from 1H17.

Notes

- Income statement comparisons, unless stated otherwise, are between the quarter ended 30 September 2017 and the quarter ended 30 September 2016. Balance sheet comparisons, unless otherwise stated, are between balances at 30 September 2017 and the corresponding balances at 30 June 2017.
- 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 194 to 203 of our *Annual Report and Accounts 2016*.
- The Board has adopted a policy of paying quarterly interim dividends on 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.

Footnotes to financial performance commentary

- Net operating income before loan impairment charges and other credit risk provisions, also referred to as revenue.*
- 'Other personal lending' includes personal non-residential closed-end loans and personal overdrafts.*
- '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.*
- 'Other' mainly includes the distribution and manufacturing (where applicable) of retail and credit protection insurance.*
- Adjusted return on average risk-weighted assets ('RoRWA') is used to measure the performance of RBWM, CMB, GB&M and GPB. Adjusted RoRWA is calculated using annualised profit before tax and reported average risk-weighted assets at constant currency adjusted for the effects of significant items.*
- 'Markets products, Insurance and Investments and Other' includes revenue from Foreign Exchange, insurance manufacturing and distribution, interest rate management and Global Banking products.*
- In 3Q17, credit and funding valuation adjustments included an adverse fair value movement of \$126m on the widening of credit spreads on structured liabilities (3Q16: adverse fair value movement of \$160m; 2Q17: adverse fair value movement of \$216m).*
- 'Other' in GB&M includes net interest earned on free capital held in the global business not assigned to products, allocated funding costs and gains resulting from business disposals. Within the management view of total operating income, notional tax credits are allocated to the businesses to reflect the economic benefit generated by certain activities that is not reflected within operating income, such as notional credits on income earned from tax-exempt investments where the economic benefit of the activity is reflected in tax expense. In order to reflect the total operating income on an IFRS basis, the offset to these tax credits is included within 'Other'.*
- Central Treasury includes revenue relating to BSM of \$584m (2Q17: \$643m; 3Q16: \$744m), interest expense of \$331m (2Q17: \$296m; 3Q16: \$293m) and favourable valuation differences on issued long-term debt and associated swaps of \$80m (2Q17: favourable movements of \$125m; 3Q16: favourable movements of \$108m). Revenue relating to BSM includes other internal allocations, including notional tax credits to reflect the economic benefit generated by certain activities that is not reflected within operating income, for example notional credits on income earned from tax-exempt investments where the economic benefit of the activity is reflected in tax expense. In order to reflect the total operating income on an IFRS basis, the offset to these tax credits is included in other Central Treasury.*
- 'Other' in Corporate Centre includes internal allocations relating to legacy credit.*

Cautionary statement regarding forward-looking statements

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

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

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

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement.

These include, but are not limited to:

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

continuing availability of credit and price competition in the market segments we serve;

- changes in government policy and regulation, including the monetary, interest rate and other policies of central banks and other regulatory authorities; initiatives to change the size, scope of activities and interconnectedness of financial institutions in connection with the implementation of stricter regulation of financial institutions in key markets worldwide; revised capital and liquidity benchmarks which could serve to deleverage bank balance sheets and lower returns available from the current business model and portfolio mix; imposition of levies or taxes designed to change business mix and risk appetite; the conduct of business of financial institutions in serving their retail customers, corporate clients and counterparties; the standards of market conduct; the costs, effects and outcomes of product regulatory reviews, actions or litigation, including any additional compliance requirements; expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; changes in bankruptcy legislation in the principal markets in which we operate and the consequences thereof; general changes in government policy that may significantly influence investor decisions; extraordinary government actions as a result of current market turmoil; other unfavourable political or diplomatic developments producing social instability or legal uncertainty which in turn may affect demand for our products and services; and the effects of competition in the markets where we operate including increased competition from non-bank financial services companies, including securities firms; and
- factors specific to HSBC, including our success in adequately identifying the risks we face, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques). Effective risk management depends on, among other things, our ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models we use; our success in addressing operational, legal and regulatory, and litigation challenges, notably compliance with the Deferred Prosecution Agreement with US authorities; and other risks and uncertainties we identify in the 'top and emerging risks' on pages 64 to 67 of the *Annual Report and Accounts 2016*.

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Summary consolidated income statement

| | Nine months ended | | Quarter ended | | |
|---|-------------------|----------------|----------------|----------------|----------------|
| | 30 Sep 2017 | 30 Sep 2016 | 30 Sep 2017 | 30 Jun 2017 | 30 Sep 2016 |
| | \$m | \$m | \$m | \$m | \$m |
| Net interest income | 20,904 | 22,945 | 7,127 | 6,990 | 7,185 |
| Net fee income | 9,746 | 9,848 | 3,255 | 3,267 | 3,262 |
| Net trading income | 5,758 | 7,555 | 1,830 | 1,682 | 2,231 |
| Net income/(expense) from financial instruments designated at fair value | 3,048 | (252) | 1,041 | 1,078 | (813) |
| – changes in fair value of long-term debt issued and related derivatives | 752 | (1,402) | 272 | 540 | (1,672) |
| – net income from other financial instruments designated at fair value | 2,296 | 1,150 | 769 | 538 | 859 |
| Gains less losses from financial investments | 1,079 | 1,271 | 388 | 353 | 306 |
| Dividend income | 89 | 78 | 40 | 36 | 14 |
| Net insurance premium income | 7,462 | 7,891 | 2,651 | 2,018 | 2,535 |
| Other operating income/(expense) | 416 | (847) | (110) | 324 | (1,491) |
| Total operating income | 48,502 | 48,489 | 16,222 | 15,748 | 13,229 |
| Net insurance claims and benefits paid and movement in liabilities to policyholders | (9,358) | (9,507) | (3,244) | (2,575) | (3,717) |
| Net operating income before loan impairment charges and other credit risk provisions | 39,144 | 38,982 | 12,978 | 13,173 | 9,512 |
| Loan impairment charges and other credit risk provisions | (1,111) | (2,932) | (448) | (427) | (566) |
| Net operating income | 38,033 | 36,050 | 12,530 | 12,746 | 8,946 |
| Total operating expenses | (24,989) | (27,349) | (8,546) | (8,115) | (8,721) |
| Operating profit | 13,044 | 8,701 | 3,984 | 4,631 | 225 |
| Share of profit in associates and joint ventures | 1,819 | 1,856 | 636 | 651 | 618 |
| Profit before tax | 14,863 | 10,557 | 4,620 | 5,282 | 843 |
| Tax expense | (3,310) | (3,094) | (1,115) | (994) | (803) |
| Profit after tax | 11,553 | 7,463 | 3,505 | 4,288 | 40 |
| Attributable to: | | | | | |
| – ordinary shareholders of the parent company | 9,957 | 5,739 | 2,958 | 3,869 | (617) |
| – preference shareholders of the parent company | 67 | 67 | 22 | 23 | 22 |
| – other equity holders | 722 | 902 | 256 | 153 | 391 |
| – non-controlling interests | 807 | 755 | 269 | 243 | 244 |
| Profit after tax | 11,553 | 7,463 | 3,505 | 4,288 | 40 |
| | \$ | \$ | \$ | \$ | \$ |
| Basic earnings per share | 0.50 | 0.29 | 0.15 | 0.19 | (0.03) |
| Diluted earnings per share | 0.50 | 0.29 | 0.15 | 0.19 | (0.03) |
| 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) | 8.2 | 4.4 | 7.1 | 9.5 | (1.4) |
| Return on average risk-weighted assets ¹ | 2.3 | 1.3 | 2.1 | 2.4 | 0.3 |
| Cost efficiency ratio | 63.8 | 70.2 | 65.8 | 61.6 | 91.7 |

¹ Return on average risk-weighted assets is calculated using annualised profit before tax and reported average risk-weighted assets.

Summary consolidated balance sheet

| | At | | |
|--|-----------------------|-----------------------|-----------------------|
| | 30 Sep 2017 \$m | 30 Jun 2017 \$m | 31 Dec 2016 \$m |
| Assets | | | |
| Cash and balances at central banks | 162,555 | 163,353 | 128,009 |
| Trading assets | 334,283 | 320,037 | 235,125 |
| Financial assets designated at fair value | 28,952 | 27,937 | 24,756 |
| Derivatives | 221,936 | 229,719 | 290,872 |
| Loans and advances to banks | 89,710 | 86,633 | 88,126 |
| Loans and advances to customers | 945,168 | 919,838 | 861,504 |
| Reverse repurchase agreements – non-trading | 184,920 | 196,834 | 160,974 |
| Financial investments | 383,898 | 385,378 | 436,797 |
| Assets held for sale | 669 | 2,301 | 4,389 |
| Other assets | 174,123 | 160,413 | 144,434 |
| Total assets | 2,526,214 | 2,492,443 | 2,374,986 |
| Liabilities and equity | | | |
| Liabilities | | | |
| Deposits by banks | 69,653 | 64,230 | 59,939 |
| Customer accounts | 1,337,121 | 1,311,958 | 1,272,386 |
| Repurchase agreements – non-trading | 122,196 | 145,306 | 88,958 |
| Trading liabilities | 227,961 | 202,401 | 153,691 |
| Financial liabilities designated at fair value | 95,205 | 93,163 | 86,832 |
| Derivatives | 213,269 | 223,413 | 279,819 |
| Debt securities in issue | 59,740 | 63,289 | 65,915 |
| Liabilities of disposal groups held for sale | 1,093 | 620 | 2,790 |
| Liabilities under insurance contracts | 83,770 | 81,147 | 75,273 |
| Other liabilities | 117,462 | 111,130 | 106,805 |
| Total liabilities | 2,327,470 | 2,296,657 | 2,192,408 |
| Equity | | | |
| Total shareholders' equity | 191,013 | 188,396 | 175,386 |
| Non-controlling interests | 7,731 | 7,390 | 7,192 |
| Total equity | 198,744 | 195,786 | 182,578 |
| Total liabilities and equity | 2,526,214 | 2,492,443 | 2,374,986 |
| | % | % | % |
| Loans and advances to customers as a percentage of customer accounts | 70.7 | 70.1 | 67.7 |

Capital

Transitional own funds disclosure

| Ref* | | At | |
|------|--|----------------|----------------|
| | | 30 Sep 2017 | 30 Jun 2017 |
| | | \$m | \$m |
| 6 | Common equity tier 1 capital before regulatory adjustments | 160,966 | 160,026 |
| 28 | Total regulatory adjustments to common equity tier 1 | (31,186) | (31,117) |
| 29 | Common equity tier 1 capital | 129,780 | 128,909 |
| 36 | Additional tier 1 capital before regulatory adjustments | 25,189 | 23,695 |
| 43 | Total regulatory adjustments to additional tier 1 capital | (111) | (110) |
| 44 | Additional tier 1 capital | 25,078 | 23,585 |
| 45 | Tier 1 capital | 154,858 | 152,494 |
| 51 | Tier 2 capital before regulatory adjustments | 32,003 | 31,885 |
| 57 | Total regulatory adjustments to tier 2 capital | (498) | (487) |
| 58 | Tier 2 capital | 31,505 | 31,398 |
| 59 | Total capital (TC = T1 + T2) | 186,363 | 183,892 |
| 60 | Total risk-weighted assets | 888,628 | 876,118 |
| | Capital ratios | % | % |
| 61 | Common equity tier 1 ratio | 14.6 | 14.7 |
| 62 | Tier 1 ratio | 17.4 | 17.4 |
| 63 | Total capital ratio | 21.0 | 21.0 |

* The references identify the lines prescribed in the European Banking Authority ('EBA') template that are applicable and where there is a value.

Capital

Our CET1 capital ratio decreased to 14.6%, mainly as a result of a \$12.5bn rise in RWAs.

CET1 capital increased in the quarter by \$0.9bn, due to:

- \$0.9bn of capital generation through profits, net of dividends and scrip; and
- favourable foreign currency translation differences of \$1.8bn.

These increases were partly offset by the share buy-back of \$2.0bn.

Our 2017 Pillar 2A requirement, as per the PRA's Individual Capital Guidance based on a point in time assessment, is 3.5% of RWAs, of which 2.0% is met by CET1.

Risk-weighted assets

RWAs

RWAs increased by \$12.5bn during the third quarter of the year, including an increase of \$7.6bn due to foreign currency translation differences. The remaining increase of \$4.9bn was mainly due to an increase in asset size of \$16.1bn and changes to methodology and policy of \$2.2bn, less reductions of \$13.0bn due to RWA initiatives.

Asset size

Asset size movements principally derive from:

- corporate lending growth in CMB and GB&M businesses which increased RWAs by \$10.5bn, mainly in Asia and Europe;
- retail lending growth in RBWM, primarily in Asia, which increased RWAs by \$1.5bn; and
- new transactions and changes in parameters which increased counterparty credit risk and market risk RWAs by \$3.3bn, mainly in Europe.

Methodology and policy

Methodology and policy movements arise mainly from changes of \$1.1bn to the treatment of non-performing retail exposures and an increase in the risk weight floors applied by the Hong Kong Monetary Authority to local mortgages of \$0.6bn.

RWA initiatives

Reduced exposures, refined calculations and process improvements reduced RWAs by \$11.8bn, and continued reduction in legacy credit and US run-off portfolios reduced them by a further \$1.2bn.

Earnings Release – 3Q17

Overview of RWAs

| | 30 Sep 2017 | 30 Jun 2017 | 30 Sep 2017 Capital requirement ¹ |
|--|----------------|----------------|---|
| | RWA \$bn | RWA \$bn | \$bn |
| 1 Credit risk (excluding Counterparty credit risk) | 615.9 | 601.9 | 49.3 |
| 2 Standardised approach | 129.8 | 130.2 | 10.4 |
| 3 Foundation IRB (FIRB) approach ² | 27.7 | 26.9 | 2.2 |
| 4 Advanced IRB (AIRB) approach ² | 458.4 | 444.8 | 36.7 |
| 6 Counterparty credit risk | 59.8 | 61.5 | 4.8 |
| 7 Mark to market | 37.2 | 36.7 | 3.0 |
| 10 Internal model method (IMM) | 10.0 | 10.0 | 0.8 |
| 11 Risk exposure amount for contributions to the default fund of a CCP | 0.7 | 0.7 | 0.1 |
| 12 CVA | 11.9 | 14.1 | 0.9 |
| 13 Settlement risk | 0.7 | 0.3 | 0.1 |
| 14 Securitisation exposures in the banking book (after the cap) | 22.8 | 22.7 | 1.8 |
| 15 IRB approach | 20.0 | 19.7 | 1.6 |
| 16 IRB supervisory formula approach (SFA) | 0.2 | 0.2 | – |
| 17 Internal assessment approach (IAA) | 1.5 | 1.6 | 0.1 |
| 18 Standardised approach | 1.1 | 1.2 | 0.1 |
| 19 Market risk | 42.6 | 43.6 | 3.4 |
| 20 Standardised approach | 4.4 | 3.8 | 0.3 |
| 21 Internal models approach (IMA) | 38.2 | 39.8 | 3.1 |
| 23 Operational risk | 98.0 | 98.0 | 7.8 |
| 25 Standardised approach | 98.0 | 98.0 | 7.8 |
| 27 Amounts below the thresholds for deduction (subject to 250% risk weight) | 48.8 | 48.1 | 3.9 |
| 29 Total | 888.6 | 876.1 | 71.1 |

¹ 'Capital requirement' here, and in all tables where the term is used, represents the Pillar 1 capital charge at 8% of the RWAs.

² Internal ratings based.

RWAs by global business

| | RBWM | CMB | GB&M | GPB | Corporate Centre | Total |
|--------------------------|--------------|--------------|--------------|-------------|---------------------|--------------|
| | \$bn | \$bn | \$bn | \$bn | \$bn | \$bn |
| Credit risk | 93.8 | 274.2 | 175.7 | 13.4 | 130.4 | 687.5 |
| Counterparty credit risk | – | – | 57.8 | 0.2 | 2.5 | 60.5 |
| Market risk | – | – | 40.6 | – | 2.0 | 42.6 |
| Operational risk | 27.4 | 24.2 | 30.9 | 2.8 | 12.7 | 98.0 |
| At 30 Sep 2017 | 121.2 | 298.4 | 305.0 | 16.4 | 147.6 | 888.6 |

RWAs by geographical region

| | Europe | Asia | MENA | North America | Latin America | Total |
|--------------------------|--------------|--------------|-------------|------------------|------------------|--------------|
| | \$bn | \$bn | \$bn | \$bn | \$bn | \$bn |
| Credit risk | 231.8 | 278.0 | 47.6 | 104.0 | 26.1 | 687.5 |
| Counterparty credit risk | 30.7 | 15.1 | 1.1 | 12.3 | 1.3 | 60.5 |
| Market risk ¹ | 28.9 | 22.9 | 2.7 | 7.3 | 0.9 | 42.6 |
| Operational risk | 30.9 | 36.6 | 7.5 | 12.8 | 10.2 | 98.0 |
| At 30 Sep 2017 | 322.3 | 352.6 | 58.9 | 136.4 | 38.5 | 888.6 |

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

RWA movement by global businesses by key driver

| | Credit risk, counterparty credit risk and operational risk | | | | | | Total RWAs \$bn |
|---------------------------------------|--|--------------|--------------|-------------|------------------|--------------|--------------------|
| | RBWM | CMB | GB&M | GPB | Corporate Centre | Market risk | |
| | \$bn | \$bn | \$bn | \$bn | \$bn | \$bn | |
| RWAs at 1 Jul 2017 | 116.6 | 289.2 | 265.0 | 16.4 | 145.3 | 43.6 | 876.1 |
| RWA initiatives | – | (3.1) | (7.9) | – | (1.0) | (1.0) | (13.0) |
| Asset size | 2.2 | 7.2 | 6.7 | – | (0.5) | 0.5 | 16.1 |
| Asset quality | – | 0.2 | (1.1) | – | 0.6 | – | (0.3) |
| Model updates | – | – | – | (0.1) | – | – | (0.1) |
| – portfolios moving onto IRB approach | – | – | – | (0.1) | – | – | (0.1) |
| – new/updated models | – | – | – | – | – | – | – |
| Methodology and policy | 1.5 | 1.3 | (0.4) | – | 0.3 | (0.5) | 2.2 |
| – internal updates | 0.9 | 1.3 | (0.4) | – | 0.3 | (0.5) | 1.6 |
| – external updates – regulatory | 0.6 | – | – | – | – | – | 0.6 |
| Foreign exchange movements | 0.9 | 3.6 | 2.1 | 0.1 | 0.9 | – | 7.6 |
| Total RWA movement | 4.6 | 9.2 | (0.6) | – | 0.3 | (1.0) | 12.5 |
| RWAs at 30 Sep 2017 | 121.2 | 298.4 | 264.4 | 16.4 | 145.6 | 42.6 | 888.6 |

RWA movement by geographical region by key driver

| | Credit risk, counterparty credit risk and operational risk | | | | | | Total RWAs \$bn |
|---------------------------------------|--|--------------|--------------|---------------|---------------|--------------|--------------------|
| | Europe | Asia | MENA | North America | Latin America | Market risk | |
| | \$bn | \$bn | \$bn | \$bn | \$bn | \$bn | |
| RWAs at 1 Jul 2017 | 282.3 | 325.5 | 56.4 | 130.6 | 37.7 | 43.6 | 876.1 |
| RWA initiatives | (4.4) | (3.3) | (0.6) | (3.7) | – | (1.0) | (13.0) |
| Asset size | 8.4 | 6.3 | (0.1) | 0.9 | 0.1 | 0.5 | 16.1 |
| Asset quality | 0.8 | (1.5) | 0.5 | (0.3) | 0.2 | – | (0.3) |
| Model updates | (0.1) | – | – | – | – | – | (0.1) |
| – portfolios moving onto IRB approach | (0.1) | – | – | – | – | – | (0.1) |
| – new/updated models | – | – | – | – | – | – | – |
| Methodology and policy | 0.7 | 1.4 | – | 0.6 | – | (0.5) | 2.2 |
| – internal updates | 0.7 | 0.8 | – | 0.6 | – | (0.5) | 1.6 |
| – external updates – regulatory | – | 0.6 | – | – | – | – | 0.6 |
| Foreign exchange movements | 5.7 | 1.3 | – | 1.0 | (0.4) | – | 7.6 |
| Total RWA movement | 11.1 | 4.2 | (0.2) | (1.5) | (0.1) | (1.0) | 12.5 |
| RWAs at 30 Sep 2017 | 293.4 | 329.7 | 56.2 | 129.1 | 37.6 | 42.6 | 888.6 |

RWA flow statements of credit risk exposures under IRB approach¹

| | Three months to | | |
|--|-----------------|--------------|-----------------------------|
| | 30 Sep 2017 | 30 Jun 2017 | 30 Sep 2017 |
| | RWAs \$bn | RWAs \$bn | Capital requirement \$bn |
| 1 RWAs at the beginning of the period | 471.7 | 470.3 | 37.7 |
| 2 Asset size | 6.9 | 0.7 | 0.6 |
| 3 Asset quality | (0.2) | (4.1) | – |
| 4 Model updates | – | 0.7 | – |
| 5 Methodology and policy | 1.4 | (2.5) | 0.1 |
| 6 Acquisitions and disposals | – | (1.5) | – |
| 7 Foreign exchange movements | 6.3 | 8.1 | 0.5 |
| 9 RWAs at the end of the period | 486.1 | 471.7 | 38.9 |

¹ This table includes RWA initiatives of \$5.7bn allocated across the RWA flow layers to which they relate.

Earnings Release – 3Q17

RWA flow statements of counterparty credit risk exposures under the IMM¹

| | Three months to | | |
|--|-----------------|----------------|--------------------------------|
| | 30 Sep 2017 | 30 Jun 2017 | 30 Sep 2017 |
| | RWAs \$bn | RWAs \$bn | Capital requirement \$bn |
| 1 RWAs at the beginning of the period | 14.1 | 14.3 | 1.1 |
| 2 Asset size | (0.3) | 0.7 | – |
| 3 Asset quality | (0.1) | (0.2) | – |
| 4 Model updates | – | – | – |
| 5 Methodology and policy | (0.4) | (0.7) | – |
| 9 RWAs at the end of the period | 13.3 | 14.1 | 1.1 |

¹ This table includes RWA initiatives of \$0.6bn allocated across the RWA flow layers to which they relate.

RWA flow statements of market risk exposures under the IMA¹

| | VaR | Stressed VaR | IRC | Other | Total RWA | Capital requirement |
|------------------------------|------------|-----------------|-------------|------------|-------------|------------------------|
| | \$bn | \$bn | \$bn | \$bn | \$bn | \$bn |
| 1 RWAs at 1 Jul 2017 | 8.8 | 14.5 | 11.8 | 4.7 | 39.8 | 3.2 |
| 2 Movement in risk levels | 1.3 | 1.7 | 1.3 | (2.5) | 1.8 | 0.1 |
| 3 Model updates/changes | (0.9) | (0.7) | – | – | (1.6) | (0.1) |
| 4 Methodology and policy | (1.2) | (0.3) | (0.3) | – | (1.8) | (0.1) |
| 8 RWAs at 30 Sep 2017 | 8.0 | 15.2 | 12.8 | 2.2 | 38.2 | 3.1 |
| 1 RWAs at 1 Apr 2017 | 9.5 | 12.3 | 10.1 | 2.2 | 34.1 | 2.7 |
| 2 Movement in risk levels | 0.4 | 1.9 | 1.7 | 2.5 | 6.5 | 0.5 |
| 3 Model updates/changes | (1.6) | (0.2) | – | – | (1.8) | (0.1) |
| 4 Methodology and policy | 0.5 | 0.5 | – | – | 1.0 | 0.1 |
| 8 RWAs at 30 Jun 2017 | 8.8 | 14.5 | 11.8 | 4.7 | 39.8 | 3.2 |

¹ This table includes RWA initiatives of \$1.0bn allocated across the RWA flow layers to which they relate.

Leverage

Leverage ratio

| Ref* | | At | |
|-------|---|------------------------|------------------------|
| | | 30 Sep 2017 \$bn | 30 Jun 2017 \$bn |
| 20 | Tier 1 capital | 146.2 | 144.0 |
| 21 | Total leverage ratio exposure | 2,566.5 | 2,533.0 |
| | | % | % |
| 22 | Leverage ratio | 5.7 | 5.7 |
| EU-23 | Choice on transitional arrangements for the definition of the capital measure | Fully phased in | Fully phased in |
| | UK leverage ratio exposure – quarterly average | 2,378.0 | 2,343.2 |
| | | % | % |
| | UK leverage ratio – quarterly average | 6.1 | 6.0 |
| | UK leverage ratio – quarter end | 6.1 | 6.1 |

* The references identify the lines prescribed in the EBA template.

Our leverage ratio calculated in accordance with CRD IV was 5.7% at 30 September 2017, unchanged from 30 June 2017.

At 30 September 2017, our UK minimum leverage ratio requirement of 3% was supplemented by an additional leverage ratio buffer of 0.4% and a countercyclical leverage ratio buffer of 0.1%. These additional buffers translate into capital values

of \$10.5bn and \$3.5bn, respectively. We comfortably exceeded these leverage requirements.

In October 2017, following the FPC recommendation, the PRA increased the minimum requirement for the UK leverage ratio from 3% to 3.25%. The increase will apply to the Group's reporting and disclosure requirements from 31 December 2017 onwards.

Summary information – global businesses

HSBC adjusted profit before tax

| | Nine months ended 30 Sep 2017 | | | | | |
|---|--------------------------------------|--------------------|----------------------------|------------------------|------------------|---------------|
| | Retail Banking and Wealth Management | Commercial Banking | Global Banking and Markets | Global Private Banking | Corporate Centre | Total |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Net interest income/(expense) | 10,328 | 6,640 | 3,434 | 603 | (98) | 20,907 |
| Net fee income/(expense) | 3,878 | 2,640 | 2,730 | 528 | (30) | 9,746 |
| Net trading income ¹ | 331 | 383 | 4,925 | 140 | 270 | 6,049 |
| Other income ² | 689 | 91 | 612 | 12 | 978 | 2,382 |
| Net operating income before loan impairment charges and other credit risk provisions | 15,226 | 9,754 | 11,701 | 1,283 | 1,120 | 39,084 |
| Loan impairment (charges)/recoveries and other credit risk provisions | (794) | (306) | (86) | (17) | 92 | (1,111) |
| Net operating income | 14,432 | 9,448 | 11,615 | 1,266 | 1,212 | 37,973 |
| Total operating expenses | (9,376) | (4,362) | (6,677) | (1,068) | (899) | (22,382) |
| Operating profit | 5,056 | 5,086 | 4,938 | 198 | 313 | 15,591 |
| Share of profit in associates and joint ventures | 2 | — | — | — | 1,817 | 1,819 |
| Adjusted profit before tax | 5,058 | 5,086 | 4,938 | 198 | 2,130 | 17,410 |
| | % | % | % | % | % | % |
| Share of HSBC's adjusted profit before tax | 29.1 | 29.2 | 28.4 | 1.1 | 12.2 | 100.0 |
| Adjusted cost efficiency ratio | 61.6 | 44.7 | 57.1 | 83.2 | 80.3 | 57.3 |

| | Nine months ended 30 Sep 2016 | | | | | |
|--|-------------------------------|--------------|--------------|------------|--------------|---------------|
| | | | | | | |
| Net interest income | 9,599 | 6,331 | 3,648 | 601 | 996 | 21,175 |
| Net fee income/(expense) | 3,576 | 2,687 | 2,646 | 574 | (91) | 9,392 |
| Net trading income ¹ | 303 | 364 | 4,559 | 144 | 1,959 | 7,329 |
| Other income/(expense) ² | 371 | 116 | 149 | 16 | (602) | 50 |
| Net operating income before loan impairment charges and other credit risk provisions | 13,849 | 9,498 | 11,002 | 1,335 | 2,262 | 37,946 |
| Loan impairment (charges)/recoveries and other credit risk provisions | (880) | (767) | (453) | 10 | (34) | (2,124) |
| Net operating income | 12,969 | 8,731 | 10,549 | 1,345 | 2,228 | 35,822 |
| Total operating expenses | (8,912) | (4,259) | (6,415) | (1,091) | (788) | (21,465) |
| Operating profit | 4,057 | 4,472 | 4,134 | 254 | 1,440 | 14,357 |
| Share of profit in associates and joint ventures | 19 | — | — | — | 1,791 | 1,810 |
| Adjusted profit before tax | 4,076 | 4,472 | 4,134 | 254 | 3,231 | 16,167 |
| | % | % | % | % | % | % |
| Share of HSBC's adjusted profit before tax | 25.2 | 27.6 | 25.6 | 1.6 | 20.0 | 100.0 |
| Adjusted cost efficiency ratio | 64.4 | 44.8 | 58.3 | 81.7 | 34.8 | 56.6 |

¹ Net trading income includes the revenues of internally funding trading assets, while the related costs are reported in net interest income. In our global business results, the total cost of funding trading assets is included within Corporate Centre net trading income as an interest expense. In the statutory presentation, internal interest income and expense are eliminated.

² Other income in this context comprises where applicable net income/(expense) from other financial instruments designated at fair value, gains less losses from financial investments, dividend income, net insurance premium income/(expense) and other operating income less net insurance claims and benefits paid and movement in liabilities to policyholders.

Earnings Release – 3Q17

HSBC adjusted profit before tax (continued)

| | Quarter ended 30 Sep 2017 | | | | | |
|---|--------------------------------------|--------------------|----------------------------|------------------------|------------------|---------------|
| | Retail Banking and Wealth Management | Commercial Banking | Global Banking and Markets | Global Private Banking | Corporate Centre | Total |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Net interest income/(expense) | 3,583 | 2,352 | 1,182 | 209 | (196) | 7,130 |
| Net fee income/(expense) | 1,362 | 866 | 855 | 173 | (1) | 3,255 |
| Net trading income ¹ | 34 | 113 | 1,540 | 45 | 143 | 1,875 |
| Other income ² | 204 | 16 | 301 | 10 | 240 | 771 |
| Net operating income before loan impairment charges and other credit risk provisions | 5,183 | 3,347 | 3,878 | 437 | 186 | 13,031 |
| Loan impairment (charges)/recoveries and other credit risk provisions | (238) | (188) | (45) | (16) | 39 | (448) |
| Net operating income | 4,945 | 3,159 | 3,833 | 421 | 225 | 12,583 |
| Total operating expenses | (3,255) | (1,516) | (2,298) | (366) | (341) | (7,776) |
| Operating profit/(loss) | 1,690 | 1,643 | 1,535 | 55 | (116) | 4,807 |
| Share of profit in associates and joint ventures | 13 | — | — | — | 623 | 636 |
| Adjusted profit before tax | 1,703 | 1,643 | 1,535 | 55 | 507 | 5,443 |
| | % | % | % | % | % | % |
| Share of HSBC's adjusted profit before tax | 31.3 | 30.2 | 28.2 | 1.0 | 9.3 | 100.0 |
| Adjusted cost efficiency ratio | 62.8 | 45.3 | 59.3 | 83.8 | 183.3 | 59.7 |

| | Quarter ended 30 Jun 2017 | | | | | |
|--|---------------------------|---------|---------|-------|-------|---------|
| | | | | | | |
| | | | | | | |
| Net interest income | 3,454 | 2,203 | 1,204 | 207 | 19 | 7,087 |
| Net fee income/(expense) | 1,309 | 882 | 983 | 182 | (33) | 3,323 |
| Net trading income ¹ | 156 | 146 | 1,543 | 48 | 48 | 1,941 |
| Other income ² | 175 | 35 | 278 | 1 | 571 | 1,060 |
| Net operating income before loan impairment charges and other credit risk provisions | 5,094 | 3,266 | 4,008 | 438 | 605 | 13,411 |
| Loan impairment (charges)/recoveries and other credit risk provisions | (266) | (117) | (58) | — | 15 | (426) |
| Net operating income | 4,828 | 3,149 | 3,950 | 438 | 620 | 12,985 |
| Total operating expenses | (3,229) | (1,474) | (2,221) | (365) | (245) | (7,534) |
| Operating profit | 1,599 | 1,675 | 1,729 | 73 | 375 | 5,451 |
| Share of profit/(loss) in associates and joint ventures | (21) | — | — | — | 689 | 668 |
| Adjusted profit before tax | 1,578 | 1,675 | 1,729 | 73 | 1,064 | 6,119 |
| | % | % | % | % | % | % |
| Share of HSBC's adjusted profit before tax | 25.8 | 27.4 | 28.2 | 1.2 | 17.4 | 100.0 |
| Adjusted cost efficiency ratio | 63.4 | 45.1 | 55.4 | 83.3 | 40.5 | 56.2 |

| | Quarter ended 30 Sep 2016 | | | | | |
|--|---------------------------|---------|---------|-------|-------|---------|
| | | | | | | |
| | | | | | | |
| Net interest income | 3,269 | 2,144 | 1,297 | 198 | 195 | 7,103 |
| Net fee income/(expense) | 1,288 | 904 | 944 | 196 | (70) | 3,262 |
| Net trading income ¹ | 120 | 125 | 1,457 | 47 | 519 | 2,268 |
| Other income/(expense) ² | 214 | 10 | 91 | 1 | (238) | 78 |
| Net operating income before loan impairment charges and other credit risk provisions | 4,891 | 3,183 | 3,789 | 442 | 406 | 12,711 |
| Loan impairment (charges)/recoveries and other credit risk provisions | (349) | (242) | (22) | (2) | 48 | (567) |
| Net operating income | 4,542 | 2,941 | 3,767 | 440 | 454 | 12,144 |
| Total operating expenses | (3,013) | (1,414) | (2,185) | (368) | (262) | (7,242) |
| Operating profit | 1,529 | 1,527 | 1,582 | 72 | 192 | 4,902 |
| Share of profit in associates and joint ventures | 4 | — | — | — | 615 | 619 |
| Adjusted profit before tax | 1,533 | 1,527 | 1,582 | 72 | 807 | 5,521 |
| | % | % | % | % | % | % |
| Share of HSBC's adjusted profit before tax | 27.8 | 27.7 | 28.6 | 1.3 | 14.6 | 100.0 |
| Adjusted cost efficiency ratio | 61.6 | 44.4 | 57.7 | 83.3 | 64.5 | 57.0 |

1 Net trading income includes the revenues of internally funding trading assets, while the related costs are reported in net interest income. In our global business results, the total cost of funding trading assets is included within Corporate Centre net trading income as an interest expense. In the statutory presentation, internal interest income and expense are eliminated.

2 Other income in this context comprises where applicable net income/(expense) from other financial instruments designated at fair value, gains less losses from financial investments, dividend income, net insurance premium income/(expense) and other operating income less net insurance claims and benefits paid and movement in liabilities to policyholders.

Global Private Banking – reported client assets¹

| | Quarter ended | | |
|---------------------------------------|---------------|--------|--------|
| | 30 Sep | 30 Jun | 30 Sep |
| | 2017 | 2017 | 2016 |
| | \$bn | \$bn | \$bn |
| Opening balance | 315 | 306 | 317 |
| Net new money | 3 | – | (4) |
| – of which: areas targeted for growth | 6 | 3 | – |
| Value change | 5 | 5 | 6 |
| Disposals | (1) | (2) | – |
| Exchange and other | 5 | 6 | (4) |
| Closing balance | 327 | 315 | 315 |

| | Quarter ended | | |
|--------------------------|---------------|--------|--------|
| | 30 Sep | 30 Jun | 30 Sep |
| | 2017 | 2017 | 2016 |
| | \$bn | \$bn | \$bn |
| Europe | 157 | 154 | 158 |
| Asia | 129 | 119 | 113 |
| North America | 41 | 42 | 41 |
| Latin America | – | – | 3 |
| Middle East ² | – | – | – |
| Closing balance | 327 | 315 | 315 |

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.

² 'Middle East' is an offshore business, therefore client assets are booked across to various regions, primarily in Europe.

Summary information – geographical regions

HSBC reported profit/(loss) before tax

| | Nine months ended 30 Sep 2017 | | | | | | |
|---|-------------------------------|---------------|--------------|-------------------------|-------------------------|----------------------------|---------------|
| | Europe \$m | Asia \$m | MENA \$m | North America \$m | Latin America \$m | Intra-HSBC items \$m | Total \$m |
| Net interest income | 5,286 | 10,331 | 1,312 | 2,593 | 1,547 | (165) | 20,904 |
| Net fee income | 3,204 | 4,267 | 470 | 1,418 | 387 | – | 9,746 |
| Net trading income ¹ | 2,506 | 2,274 | 154 | 374 | 285 | 165 | 5,758 |
| Other income ² | 2,441 | 2,565 | 86 | 530 | 163 | (3,049) | 2,736 |
| Net operating income before loan impairment charges and other credit risk provisions | 13,437 | 19,437 | 2,022 | 4,915 | 2,382 | (3,049) | 39,144 |
| Loan impairment (charges)/recoveries and other credit risk provisions | (152) | (544) | (175) | 158 | (398) | – | (1,111) |
| Net operating income | 13,285 | 18,893 | 1,847 | 5,073 | 1,984 | (3,049) | 38,033 |
| Total operating expenses | (12,791) | (8,663) | (1,037) | (3,997) | (1,550) | 3,049 | (24,989) |
| Operating profit | 494 | 10,230 | 810 | 1,076 | 434 | – | 13,044 |
| Share of profit in associates and joint ventures | 28 | 1,429 | 358 | 4 | – | – | 1,819 |
| Profit before tax | 522 | 11,659 | 1,168 | 1,080 | 434 | – | 14,863 |
| | % | % | % | % | % | | % |
| Share of HSBC's profit before tax | 3.5 | 78.4 | 7.9 | 7.3 | 2.9 | | 100.0 |
| Cost efficiency ratio | 95.2 | 44.6 | 51.3 | 81.3 | 65.1 | | 63.8 |

| | Nine months ended 30 Sep 2016 | | | | | | |
|--|-------------------------------|---------|---------|---------|---------|---------|----------|
| Net interest income | 6,549 | 9,294 | 1,405 | 3,255 | 2,499 | (57) | 22,945 |
| Net fee income | 3,285 | 3,960 | 548 | 1,448 | 607 | – | 9,848 |
| Net trading income ¹ | 4,020 | 2,477 | 304 | 330 | 367 | 57 | 7,555 |
| Other income/(expense) ² | 27 | 2,020 | 80 | 499 | (1,513) | (2,479) | (1,366) |
| Net operating income before loan impairment charges and other credit risk provisions | 13,881 | 17,751 | 2,337 | 5,532 | 1,960 | (2,479) | 38,982 |
| Loan impairment charges and other credit risk provisions | (386) | (552) | (184) | (705) | (1,105) | – | (2,932) |
| Net operating income | 13,495 | 17,199 | 2,153 | 4,827 | 855 | (2,479) | 36,050 |
| Total operating expenses | (13,524) | (7,887) | (1,206) | (4,707) | (2,504) | 2,479 | (27,349) |
| Operating profit/(loss) | (29) | 9,312 | 947 | 120 | (1,649) | – | 8,701 |
| Share of profit/(loss) in associates and joint ventures | (3) | 1,503 | 361 | (4) | (1) | – | 1,856 |
| Profit/(loss) before tax | (32) | 10,815 | 1,308 | 116 | (1,650) | – | 10,557 |
| | % | % | % | % | % | | % |
| Share of HSBC's profit before tax | (0.3) | 102.4 | 12.4 | 1.1 | (15.6) | | 100.0 |
| Cost efficiency ratio | 97.4 | 44.4 | 51.6 | 85.1 | 127.8 | | 70.2 |

¹ Net trading income includes the revenues of internally funding trading assets, while the related costs are reported in net interest income.

² Other income in this context comprises where applicable net income/(expense) from other financial instruments designated at fair value, gains less losses from financial investments, dividend income, net insurance premium income/(expense) and other operating income less net insurance claims and benefits paid and movement in liabilities to policyholders.

HSBC reported profit/(loss) before tax

| | Quarter ended 30 Sep 2017 | | | | | | |
|--|---------------------------|--------------|------------|---------------|----------------|------------------|---------------|
| | Europe | Asia | MENA | North America | Latin America | Intra-HSBC items | Total |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Net interest income | 1,816 | 3,566 | 454 | 823 | 537 | (69) | 7,127 |
| Net fee income | 1,029 | 1,448 | 154 | 489 | 135 | – | 3,255 |
| Net trading income ¹ | 816 | 700 | 36 | 100 | 109 | 69 | 1,830 |
| Other income ² | 873 | 937 | 16 | 7 | 52 | (1,119) | 766 |
| Net operating income before loan impairment charges and other credit risk provisions | 4,534 | 6,651 | 660 | 1,419 | 833 | (1,119) | 12,978 |
| Loan impairment (charges)/recoveries and other credit risk provisions | (171) | (96) | (53) | 21 | (149) | – | (448) |
| Net operating income | 4,363 | 6,555 | 607 | 1,440 | 684 | (1,119) | 12,530 |
| Total operating expenses | (4,430) | (3,023) | (364) | (1,314) | (534) | 1,119 | (8,546) |
| Operating profit/(loss) | (67) | 3,532 | 243 | 126 | 150 | – | 3,984 |
| Share of profit in associates and joint ventures | 17 | 497 | 121 | 1 | – | – | 636 |
| Profit/(loss) before tax | (50) | 4,029 | 364 | 127 | 150 | – | 4,620 |
| | % | % | % | % | % | % | % |
| Share of HSBC's profit before tax | (1.1) | 87.3 | 7.9 | 2.7 | 3.2 | – | 100.0 |
| Cost efficiency ratio | 97.7 | 45.5 | 55.2 | 92.6 | 64.1 | – | 65.8 |
| | Quarter ended 30 Jun 2017 | | | | | | |
| Net interest income | 1,766 | 3,433 | 451 | 876 | 522 | (58) | 6,990 |
| Net fee income | 1,132 | 1,413 | 158 | 435 | 129 | – | 3,267 |
| Net trading income ¹ | 646 | 670 | 35 | 160 | 113 | 58 | 1,682 |
| Other income ² | 1,146 | 730 | 65 | 249 | 50 | (1,006) | 1,234 |
| Net operating income before loan impairment charges and other credit risk provisions | 4,690 | 6,246 | 709 | 1,720 | 814 | (1,006) | 13,173 |
| Loan impairment (charges)/recoveries and other credit risk provisions | 14 | (281) | (65) | 31 | (126) | – | (427) |
| Net operating income | 4,704 | 5,965 | 644 | 1,751 | 688 | (1,006) | 12,746 |
| Total operating expenses | (3,933) | (2,946) | (351) | (1,373) | (518) | 1,006 | (8,115) |
| Operating profit | 771 | 3,019 | 293 | 378 | 170 | – | 4,631 |
| Share of profit in associates and joint ventures | 7 | 517 | 124 | 3 | – | – | 651 |
| Profit before tax | 778 | 3,536 | 417 | 381 | 170 | – | 5,282 |
| | % | % | % | % | % | % | % |
| Share of HSBC's profit before tax | 14.8 | 66.9 | 7.9 | 7.2 | 3.2 | – | 100.0 |
| Cost efficiency ratio | 83.9 | 47.2 | 49.5 | 79.8 | 63.6 | – | 61.6 |
| | Quarter ended 30 Sep 2016 | | | | | | |
| Net interest income | 2,033 | 3,153 | 482 | 1,019 | 523 | (25) | 7,185 |
| Net fee income | 1,109 | 1,389 | 163 | 478 | 123 | – | 3,262 |
| Net trading income ¹ | 1,180 | 774 | 73 | 109 | 70 | 25 | 2,231 |
| Other income/(expense) ² | (1,299) | 683 | 7 | (26) | (1,681) | (850) | (3,166) |
| Net operating income/(expense) before loan impairment charges and other credit risk provisions | 3,023 | 5,999 | 725 | 1,580 | (965) | (850) | 9,512 |
| Loan impairment charges and other credit risk provisions | (44) | (208) | (88) | (88) | (138) | – | (566) |
| Net operating income/(expense) | 2,979 | 5,791 | 637 | 1,492 | (1,103) | (850) | 8,946 |
| Total operating expenses | (4,594) | (2,642) | (419) | (1,424) | (492) | 850 | (8,721) |
| Operating profit/(loss) | (1,615) | 3,149 | 218 | 68 | (1,595) | – | 225 |
| Share of profit/(loss) in associates and joint ventures | (2) | 511 | 111 | (2) | – | – | 618 |
| Profit/(loss) before tax | (1,617) | 3,660 | 329 | 66 | (1,595) | – | 843 |
| | % | % | % | % | % | % | % |
| Share of HSBC's profit before tax | (191.8) | 434.2 | 39.0 | 7.8 | (189.2) | – | 100.0 |
| Cost efficiency ratio | 152.0 | 44.0 | 57.8 | 90.1 | (51.0) | – | 91.7 |

¹ Net trading income includes the revenues of internally funding trading assets, while the related costs are reported in net interest income.

² Other income in this context comprises where applicable net income/(expense) from other financial instruments designated at fair value, gains less losses from financial investments, dividend income, net insurance premium income/(expense) and other operating income less net insurance claims and benefits paid and movement in liabilities to policyholders.

Appendix – selected information

Supplementary analysis of significant items by global business is presented below.

Reconciliation of reported and adjusted results – global businesses

| | Nine months ended 30 Sep 2017 | | | | | |
|---|--------------------------------------|--------------------|----------------------------|------------------------|------------------|-----------------|
| | Retail Banking and Wealth Management | Commercial Banking | Global Banking and Markets | Global Private Banking | Corporate Centre | Total |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | | |
| Reported | 15,462 | 9,754 | 11,361 | 1,303 | 1,264 | 39,144 |
| Significant items | (236) | – | 340 | (20) | (144) | (60) |
| – DVA on derivative contracts | – | – | 340 | – | – | 340 |
| – fair value movements on non-qualifying hedges ¹ | – | – | – | – | (50) | (50) |
| – gain on disposal of our investment in Vietnam Technological and Commercial Joint Stock Bank | – | – | – | – | (126) | (126) |
| – gain on disposal of our membership interest in Visa – US | (312) | – | – | – | – | (312) |
| – portfolio disposals | 73 | – | – | (20) | 110 | 163 |
| – provisions arising from the ongoing review of compliance with the UK Consumer Credit Act | 3 | – | – | – | – | 3 |
| – other acquisitions, disposals and dilutions | – | – | – | – | (78) | (78) |
| Adjusted | 15,226 | 9,754 | 11,701 | 1,283 | 1,120 | 39,084 |
| Loan impairment charge and other credit risk provisions ('LICs') | | | | | | |
| Reported | (794) | (306) | (86) | (17) | 92 | (1,111) |
| Adjusted | (794) | (306) | (86) | (17) | 92 | (1,111) |
| Operating expenses | | | | | | |
| Reported | (9,983) | (4,382) | (6,398) | (1,074) | (3,152) | (24,989) |
| Significant items | 607 | 20 | (279) | 6 | 2,253 | 2,607 |
| – costs associated with portfolio disposals | – | – | – | 1 | 13 | 14 |
| – costs associated with the UK's exit from the EU | – | – | 4 | – | 8 | 12 |
| – costs to achieve | 224 | 20 | 143 | 5 | 1,955 | 2,347 |
| – costs to establish UK ring-fenced bank | – | – | – | – | 277 | 277 |
| – provisions/(releases) in connection with legal matters | – | – | (426) | – | – | (426) |
| – UK customer redress programmes | 383 | – | – | – | – | 383 |
| Adjusted | (9,376) | (4,362) | (6,677) | (1,068) | (899) | (22,382) |
| Share of profit in associates and joint ventures | | | | | | |
| Reported | 2 | – | – | – | 1,817 | 1,819 |
| Adjusted | 2 | – | – | – | 1,817 | 1,819 |
| Profit before tax | | | | | | |
| Reported | 4,687 | 5,066 | 4,877 | 212 | 21 | 14,863 |
| Significant items | 371 | 20 | 61 | (14) | 2,109 | 2,547 |
| – revenue | (236) | – | 340 | (20) | (144) | (60) |
| – operating expenses | 607 | 20 | (279) | 6 | 2,253 | 2,607 |
| Adjusted | 5,058 | 5,086 | 4,938 | 198 | 2,130 | 17,410 |

¹ Excludes items where there are substantial offsets in the income statement for the same period.

Reconciliation of reported and adjusted results – global businesses (continued)

| | Nine months ended 30 Sep 2016 | | | | | |
|--|--------------------------------------|--------------------|----------------------------|------------------------|------------------|----------|
| | Retail Banking and Wealth Management | Commercial Banking | Global Banking and Markets | Global Private Banking | Corporate Centre | Total |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | | |
| Reported | 15,674 | 10,364 | 11,692 | 1,372 | (120) | 38,982 |
| Currency translation | (359) | (322) | (300) | (21) | (70) | (1,072) |
| Significant items | (1,466) | (544) | (390) | (16) | 2,452 | 36 |
| – DVA on derivative contracts | – | – | (96) | – | – | (96) |
| – fair value movements on non-qualifying hedges ¹ | 2 | – | – | – | 383 | 385 |
| – gain on the disposal of our membership interest in Visa – Europe | (354) | (230) | – | – | – | (584) |
| – own credit spread ² | – | – | – | – | 144 | 144 |
| – portfolio disposals | – | – | – | – | 51 | 51 |
| – releases arising from the ongoing review of compliance with the UK Consumer Credit Act | – | – | – | (2) | – | (2) |
| – loss and trading results from disposed-of operations in Brazil | (987) | (288) | (268) | (12) | 1,828 | 273 |
| – currency translation on significant items | (127) | (26) | (26) | (2) | 46 | (135) |
| Adjusted | 13,849 | 9,498 | 11,002 | 1,335 | 2,262 | 37,946 |
| LICs | | | | | | |
| Reported | (1,374) | (1,071) | (459) | 9 | (37) | (2,932) |
| Currency translation | (42) | (11) | (10) | 1 | 3 | (59) |
| Significant items | 536 | 315 | 16 | – | – | 867 |
| – trading results from disposed-of operations in Brazil | 462 | 272 | 14 | – | – | 748 |
| – currency translation on significant items | 74 | 43 | 2 | – | – | 119 |
| Adjusted | (880) | (767) | (453) | 10 | (34) | (2,124) |
| Operating expenses | | | | | | |
| Reported | (10,721) | (4,615) | (7,002) | (1,870) | (3,141) | (27,349) |
| Currency translation | 219 | 109 | 205 | 13 | 37 | 583 |
| Significant items | 1,590 | 247 | 382 | 766 | 2,316 | 5,301 |
| – costs to achieve | 229 | 48 | 142 | 6 | 1,607 | 2,032 |
| – costs to establish UK ring-fenced bank | 1 | 1 | – | – | 145 | 147 |
| – impairment of GBP – Europe goodwill | – | – | – | 800 | – | 800 |
| – regulatory provisions/(releases) in GBP | – | – | – | (48) | 2 | (46) |
| – provisions/(releases) in connection with legal matters | – | – | 136 | – | 587 | 723 |
| – UK customer redress programmes | 438 | 23 | 28 | – | – | 489 |
| – trading results from disposed-of operations in Brazil | 805 | 155 | 82 | 8 | 9 | 1,059 |
| – currency translation on significant items | 117 | 20 | (6) | – | (34) | 97 |
| Adjusted | (8,912) | (4,259) | (6,415) | (1,091) | (788) | (21,465) |
| Share of profit in associates and joint ventures | | | | | | |
| Reported | 18 | – | – | – | 1,838 | 1,856 |
| Currency translation | 1 | – | – | – | (48) | (47) |
| Significant items | – | – | – | – | 1 | 1 |
| – trading results from disposed-of operations in Brazil | – | – | – | – | 1 | 1 |
| – currency translation on significant items | – | – | – | – | – | – |
| Adjusted | 19 | – | – | – | 1,791 | 1,810 |
| Profit/(loss) before tax | | | | | | |
| Reported | 3,597 | 4,678 | 4,231 | (489) | (1,460) | 10,557 |
| Currency translation | (181) | (224) | (105) | (7) | (78) | (595) |
| Significant items | 660 | 18 | 8 | 750 | 4,769 | 6,205 |
| – revenue | (1,466) | (544) | (390) | (16) | 2,452 | 36 |
| – LICs | 536 | 315 | 16 | – | – | 867 |
| – operating expenses | 1,590 | 247 | 382 | 766 | 2,316 | 5,301 |
| – share of profit in associates and joint ventures | – | – | – | – | 1 | 1 |
| Adjusted | 4,076 | 4,472 | 4,134 | 254 | 3,231 | 16,167 |

¹ Excludes items where there are substantial offsets in the income statement for the same period.

² 'Own credit spread' includes the fair value movements on our long-term debt attributable to credit spread where the net result of such movements will be zero upon maturity of the debt. This does not include fair value changes due to own credit risk in respect of trading liabilities or derivative liabilities. From 1 January 2017, HSBC adopted, in its consolidated financial statements, the requirements of IFRS 9 'Financial Instruments' relating to the presentation of gains and losses on financial liabilities designated at fair value. As a result, changes in fair value attributable to changes in own credit risk are presented in other comprehensive income with the remainder of the effect presented in profit and loss.

Earnings Release – 3Q17

Reconciliation of reported and adjusted results – global businesses (continued)

| | Quarter ended 30 Sep 2017 | | | | | |
|---|--------------------------------------|--------------------|----------------------------|------------------------|------------------|----------------|
| | Retail Banking and Wealth Management | Commercial Banking | Global Banking and Markets | Global Private Banking | Corporate Centre | Total |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | | |
| Reported | 5,180 | 3,347 | 3,813 | 445 | 193 | 12,978 |
| Significant items | 3 | – | 65 | (8) | (7) | 53 |
| – DVA on derivative contracts | – | – | 65 | – | – | 65 |
| – fair value movements on non-qualifying hedges ¹ | – | – | – | – | (20) | (20) |
| – gain on disposal of our investment in Vietnam Technological and Commercial Joint Stock Bank | – | – | – | – | (126) | (126) |
| – portfolio disposals | – | – | – | (8) | 139 | 131 |
| – provisions arising from the ongoing review of compliance with the UK Consumer Credit Act | 3 | – | – | – | – | 3 |
| Adjusted | 5,183 | 3,347 | 3,878 | 437 | 186 | 13,031 |
| LICs | | | | | | |
| Reported | (238) | (188) | (45) | (16) | 39 | (448) |
| Adjusted | (238) | (188) | (45) | (16) | 39 | (448) |
| Operating expenses | | | | | | |
| Reported | (3,366) | (1,524) | (2,243) | (370) | (1,043) | (8,546) |
| Significant items | 111 | 8 | (55) | 4 | 702 | 770 |
| – costs associated with portfolio disposals | – | – | – | 1 | 3 | 4 |
| – costs associated with the UK's exit from the EU | – | – | 3 | – | 5 | 8 |
| – costs to achieve | 27 | 8 | 46 | 3 | 593 | 677 |
| – costs to establish UK ring-fenced bank | – | – | – | – | 101 | 101 |
| – provisions/(releases) in connection with legal matters | – | – | (104) | – | – | (104) |
| – UK customer redress programmes | 84 | – | – | – | – | 84 |
| Adjusted | (3,255) | (1,516) | (2,298) | (366) | (341) | (7,776) |
| Share of profit in associates and joint ventures | | | | | | |
| Reported | 13 | – | – | – | 623 | 636 |
| Adjusted | 13 | – | – | – | 623 | 636 |
| Profit/(loss) before tax | | | | | | |
| Reported | 1,589 | 1,635 | 1,525 | 59 | (188) | 4,620 |
| Significant items | 114 | 8 | 10 | (4) | 695 | 823 |
| – revenue | 3 | – | 65 | (8) | (7) | 53 |
| – operating expenses | 111 | 8 | (55) | 4 | 702 | 770 |
| Adjusted | 1,703 | 1,643 | 1,535 | 55 | 507 | 5,443 |

¹ Excludes items where there are substantial offsets in the income statement for the same period.

Reconciliation of reported and adjusted results – global businesses (continued)

| Quarter ended 30 Jun 2017 | | | | | | |
|--|--|-----------------------|-------------------------------|---------------------------|---------------------|---------|
| | Retail Banking and Wealth Management | Commercial Banking | Global Banking and Markets | Global Private Banking | Corporate Centre | Total |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | | |
| Reported | 5,200 | 3,216 | 3,759 | 439 | 559 | 13,173 |
| Currency translation | 60 | 50 | 67 | 7 | 15 | 199 |
| Significant items | (166) | – | 182 | (8) | 31 | 39 |
| – DVA on derivative contracts | – | – | 178 | – | – | 178 |
| – fair value movements on non-qualifying hedges ¹ | – | – | – | – | 61 | 61 |
| – gain on disposal of our membership interest in Visa – US | (166) | – | – | – | – | (166) |
| – portfolio disposals | – | – | – | (8) | 50 | 42 |
| – other acquisitions, disposals and dilutions | – | – | – | – | (78) | (78) |
| – currency translation on significant items | – | – | 4 | – | (2) | 2 |
| Adjusted | 5,094 | 3,266 | 4,008 | 438 | 605 | 13,411 |
| LICs | | | | | | |
| Reported | (260) | (121) | (61) | – | 15 | (427) |
| Currency translation | (6) | 4 | 3 | – | – | 1 |
| Adjusted | (266) | (117) | (58) | – | 15 | (426) |
| Operating expenses | | | | | | |
| Reported | (3,341) | (1,460) | (1,910) | (360) | (1,044) | (8,115) |
| Currency translation | (52) | (27) | (32) | (7) | (20) | (138) |
| Significant items | 164 | 13 | (279) | 2 | 819 | 719 |
| – costs associated with portfolio disposals | – | – | – | – | 10 | 10 |
| – costs associated with the UK's exit from the EU | – | – | 1 | – | 3 | 4 |
| – costs to achieve | 72 | 13 | 49 | 2 | 701 | 837 |
| – costs to establish UK ring-fenced bank | – | – | – | – | 93 | 93 |
| – provisions/(releases) in connection with legal matters | – | – | (322) | – | – | (322) |
| – UK customer redress programmes | 89 | – | – | – | – | 89 |
| – currency translation on significant items | 3 | – | (7) | – | 12 | 8 |
| Adjusted | (3,229) | (1,474) | (2,221) | (365) | (245) | (7,534) |
| Share of profit in associates and joint ventures | | | | | | |
| Reported | (20) | – | – | – | 671 | 651 |
| Currency translation | (1) | – | – | – | 18 | 17 |
| Adjusted | (21) | – | – | – | 689 | 668 |
| Profit before tax | | | | | | |
| Reported | 1,579 | 1,635 | 1,788 | 79 | 201 | 5,282 |
| Currency translation | 1 | 27 | 38 | – | 13 | 79 |
| Significant items | (2) | 13 | (97) | (6) | 850 | 758 |
| – revenue | (166) | – | 182 | (8) | 31 | 39 |
| – operating expenses | 164 | 13 | (279) | 2 | 819 | 719 |
| Adjusted | 1,578 | 1,675 | 1,729 | 73 | 1,064 | 6,119 |

¹ Excludes items where there are substantial offsets in the income statement for the same period.

Earnings Release – 3Q17

Reconciliation of reported and adjusted results – global businesses (continued)

| | Quarter ended 30 Sep 2016 | | | | | |
|--|--|-----------------------|-------------------------------|---------------------------|---------------------|---------|
| | Retail Banking and Wealth Management | Commercial Banking | Global Banking and Markets | Global Private Banking | Corporate Centre | Total |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | | |
| Reported | 4,918 | 3,201 | 3,762 | 440 | (2,809) | 9,512 |
| Currency translation | (27) | (18) | (29) | 2 | (6) | (78) |
| Significant items | – | – | 56 | – | 3,221 | 3,277 |
| – DVA on derivative contracts | – | – | 55 | – | – | 55 |
| – fair value movements on non-qualifying hedges ¹ | 2 | – | – | – | (14) | (12) |
| – own credit spread ² | – | – | – | – | 1,370 | 1,370 |
| – portfolio disposals | – | – | – | – | 119 | 119 |
| – loss on disposal of operations in Brazil | – | – | – | – | 1,743 | 1,743 |
| – currency translation on significant items | (2) | – | 1 | – | 3 | 2 |
| Adjusted | 4,891 | 3,183 | 3,789 | 442 | 406 | 12,711 |
| LICs | | | | | | |
| Reported | (351) | (241) | (20) | (2) | 48 | (566) |
| Currency translation | 2 | (1) | (2) | – | – | (1) |
| Adjusted | (349) | (242) | (22) | (2) | 48 | (567) |
| Operating expenses | | | | | | |
| Reported | (3,592) | (1,436) | (2,243) | (318) | (1,132) | (8,721) |
| Currency translation | 20 | 3 | (3) | (3) | (10) | 7 |
| Significant items | 559 | 19 | 61 | (47) | 880 | 1,472 |
| – costs to achieve | 124 | 11 | 51 | 1 | 827 | 1,014 |
| – costs to establish UK ring-fenced bank | 1 | 1 | – | – | 51 | 53 |
| – regulatory provisions/(releases) in GBP | – | – | – | (48) | (2) | (50) |
| – UK customer redress programmes | 438 | 8 | 10 | – | – | 456 |
| – currency translation on significant items | (4) | (1) | – | – | 4 | (1) |
| Adjusted | (3,013) | (1,414) | (2,185) | (368) | (262) | (7,242) |
| Share of profit in associates and joint ventures | | | | | | |
| Reported | 4 | – | – | – | 614 | 618 |
| Currency translation | – | – | – | – | 1 | 1 |
| Adjusted | 4 | – | – | – | 615 | 619 |
| Profit/(loss) before tax | | | | | | |
| Reported | 979 | 1,524 | 1,499 | 120 | (3,279) | 843 |
| Currency translation | (5) | (16) | (34) | (1) | (15) | (71) |
| Significant items | 559 | 19 | 117 | (47) | 4,101 | 4,749 |
| – revenue | – | – | 56 | – | 3,221 | 3,277 |
| – operating expenses | 559 | 19 | 61 | (47) | 880 | 1,472 |
| Adjusted | 1,533 | 1,527 | 1,582 | 72 | 807 | 5,521 |

¹ Excludes items where there are substantial offsets in the income statement for the same period.

² 'Own credit spread' includes the fair value movements on our long-term debt attributable to credit spread where the net result of such movements will be zero upon maturity of the debt. This does not include fair value changes due to own credit risk in respect of trading liabilities or derivative liabilities. From 1 January 2017, HSBC adopted, in its consolidated financial statements, the requirements of IFRS 9 'Financial Instruments' relating to the presentation of gains and losses on financial liabilities designated at fair value. As a result, changes in fair value attributable to changes in own credit risk are presented in other comprehensive income with the remainder of the effect presented in profit and loss.

Reconciliation of reported and adjusted risk-weighted assets

| | At 30 Sep 2017 | | | | | |
|-----------------------------|---|-----------------------|----------------------------------|---------------------------|---------------------|--------------|
| | Retail Banking and Wealth Management | Commercial Banking | Global Banking and Markets | Global Private Banking | Corporate Centre | Total |
| | \$bn | \$bn | \$bn | \$bn | \$bn | \$bn |
| Risk-weighted assets | | | | | | |
| Reported | 121.2 | 298.4 | 305.0 | 16.4 | 147.6 | 888.6 |
| Disposals | – | (0.1) | – | – | (5.2) | (5.3) |
| – Brazil operations | – | – | – | – | (5.2) | (5.2) |
| – Lebanon operations | – | (0.1) | – | – | – | (0.1) |
| Adjusted | 121.2 | 298.3 | 305.0 | 16.4 | 142.4 | 883.3 |
| | At 30 Jun 2017 | | | | | |
| Risk-weighted assets | | | | | | |
| Reported | 116.6 | 289.2 | 306.1 | 16.4 | 147.8 | 876.1 |
| Currency translation | 0.9 | 3.6 | 2.1 | 0.1 | 0.9 | 7.6 |
| Disposals | – | (0.1) | – | – | (5.2) | (5.3) |
| – Brazil operations | – | – | – | – | (5.2) | (5.2) |
| – Lebanon operations | – | (0.1) | – | – | – | (0.1) |
| Adjusted | 117.5 | 292.7 | 308.2 | 16.5 | 143.5 | 878.4 |
| | At 30 Sep 2016 | | | | | |
| Risk-weighted assets | | | | | | |
| Reported | 120.2 | 282.3 | 307.2 | 16.8 | 177.6 | 904.1 |
| Currency translation | 0.5 | 2.5 | 1.0 | 0.2 | (2.3) | 1.9 |
| Disposals | (4.9) | (1.9) | (0.9) | (0.1) | (0.7) | (8.5) |
| – Brazil operations | (4.7) | (1.5) | (0.9) | (0.1) | (0.2) | (7.4) |
| – Lebanon operations | (0.2) | (0.4) | – | – | (0.5) | (1.1) |
| Adjusted | 115.8 | 282.9 | 307.3 | 16.9 | 174.6 | 897.5 |

Earnings Release – 3Q17

Reconciliation of reported and adjusted results – geographical regions

| | Nine months ended 30 Sep 2017 | | | | | | | |
|---|-------------------------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|
| | Europe | Asia | MENA | North America | Latin America | Total | UK | Hong Kong |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | | | | |
| Reported ¹ | 13,437 | 19,437 | 2,022 | 4,915 | 2,382 | 39,144 | 10,027 | 12,119 |
| Significant items | 30 | – | 1 | (96) | 5 | (60) | 26 | (63) |
| – DVA on derivative contracts | 193 | 110 | 1 | 31 | 5 | 340 | 164 | 38 |
| – fair value movements on non-qualifying hedges ² | (68) | 16 | – | 2 | – | (50) | (63) | 25 |
| – gain on disposal of our investment in Vietnam Technological and Commercial Joint Stock Bank | – | (126) | – | – | – | (126) | – | (126) |
| – gain on disposal of our membership interest in Visa – US | – | – | – | (312) | – | (312) | – | – |
| – portfolio disposals | (20) | – | – | 183 | – | 163 | – | – |
| – provisions arising from the ongoing review of compliance with the UK Consumer Credit Act | 3 | – | – | – | – | 3 | 3 | – |
| – other acquisitions, disposals and dilutions | (78) | – | – | – | – | (78) | (78) | – |
| Adjusted¹ | 13,467 | 19,437 | 2,023 | 4,819 | 2,387 | 39,084 | 10,053 | 12,056 |
| LICs | | | | | | | | |
| Reported | (152) | (544) | (175) | 158 | (398) | (1,111) | (112) | (415) |
| Adjusted | (152) | (544) | (175) | 158 | (398) | (1,111) | (112) | (415) |
| Operating expenses | | | | | | | | |
| Reported ¹ | (12,791) | (8,663) | (1,037) | (3,997) | (1,550) | (24,989) | (10,201) | (4,534) |
| Significant items | 1,789 | 456 | 21 | 303 | 38 | 2,607 | 1,664 | 217 |
| – costs associated with portfolio disposals | 4 | – | – | 10 | – | 14 | – | – |
| – costs associated with the UK's exit from the EU | 12 | – | – | – | – | 12 | 9 | – |
| – costs to achieve | 1,539 | 456 | 21 | 293 | 38 | 2,347 | 1,421 | 217 |
| – costs to establish UK ring-fenced bank | 277 | – | – | – | – | 277 | 277 | – |
| – provisions/(releases) in connection with legal matters | (426) | – | – | – | – | (426) | (426) | – |
| – UK customer redress programmes | 383 | – | – | – | – | 383 | 383 | – |
| Adjusted¹ | (11,002) | (8,207) | (1,016) | (3,694) | (1,512) | (22,382) | (8,537) | (4,317) |
| Share of profit in associates and joint ventures | | | | | | | | |
| Reported | 28 | 1,429 | 358 | 4 | – | 1,819 | 27 | – |
| Adjusted | 28 | 1,429 | 358 | 4 | – | 1,819 | 27 | – |
| Profit/(loss) before tax | | | | | | | | |
| Reported | 522 | 11,659 | 1,168 | 1,080 | 434 | 14,863 | (259) | 7,170 |
| Significant items | 1,819 | 456 | 22 | 207 | 43 | 2,547 | 1,690 | 154 |
| – revenue | 30 | – | 1 | (96) | 5 | (60) | 26 | (63) |
| – operating expenses | 1,789 | 456 | 21 | 303 | 38 | 2,607 | 1,664 | 217 |
| Adjusted | 2,341 | 12,115 | 1,190 | 1,287 | 477 | 17,410 | 1,431 | 7,324 |

¹ Amounts are non-additive across geographical regions due to intra-Group transactions.

² Excludes items where there are substantial offsets in the income statement for the same period.

Reconciliation of reported and adjusted results – geographical regions (continued)

| | Nine months ended 30 Sep 2016 | | | | | | | |
|--|-------------------------------|---------|---------|---------------|---------------|----------|---------|-----------|
| | Europe | Asia | MENA | North America | Latin America | Total | UK | Hong Kong |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | | | | |
| Reported ¹ | 13,881 | 17,751 | 2,337 | 5,532 | 1,960 | 38,982 | 10,369 | 10,700 |
| Currency translation ¹ | (861) | (52) | (326) | 13 | 132 | (1,072) | (875) | (33) |
| Significant items | (67) | (23) | (10) | 64 | 72 | 36 | (5) | (11) |
| – DVA on derivative contracts | (106) | (29) | – | 2 | 37 | (96) | (108) | (29) |
| – fair value movements on non-qualifying hedges ² | 260 | 18 | – | 109 | (2) | 385 | 221 | 25 |
| – gain on disposal of our membership interest in Visa – Europe | (573) | – | (11) | – | – | (584) | (441) | – |
| – own credit spread ³ | 256 | (12) | (2) | (98) | – | 144 | 230 | (7) |
| – portfolio disposals | – | – | – | 51 | – | 51 | – | – |
| – releases arising from the ongoing review of compliance with the UK Consumer Credit Act | (2) | – | – | – | – | (2) | (2) | – |
| – loss and trading results from disposed-of operations in Brazil | – | – | – | – | 273 | 273 | – | – |
| – currency translation on significant items | 98 | – | 3 | – | (236) | (135) | 95 | – |
| Adjusted ¹ | 12,953 | 17,676 | 2,001 | 5,609 | 2,164 | 37,946 | 9,489 | 10,656 |
| LICs | | | | | | | | |
| Reported | (386) | (552) | (184) | (705) | (1,105) | (2,932) | (240) | (231) |
| Currency translation | 32 | – | 20 | (2) | (109) | (59) | 32 | 1 |
| Significant items | – | – | – | – | 867 | 867 | – | – |
| – trading results from disposed-of operations in Brazil | – | – | – | – | 748 | 748 | – | – |
| – currency translation on significant items | – | – | – | – | 119 | 119 | – | – |
| Adjusted | (354) | (552) | (164) | (707) | (347) | (2,124) | (208) | (230) |
| Operating expenses | | | | | | | | |
| Reported ¹ | (13,524) | (7,887) | (1,206) | (4,707) | (2,504) | (27,349) | (9,902) | (4,122) |
| Currency translation ¹ | 551 | 39 | 125 | (8) | (102) | 583 | 549 | 13 |
| Significant items | 2,885 | 217 | 65 | 888 | 1,246 | 5,301 | 1,830 | 85 |
| – costs to achieve | 1,377 | 262 | 75 | 300 | 18 | 2,032 | 1,187 | 132 |
| – costs to establish UK ring-fenced bank | 147 | – | – | – | – | 147 | 147 | – |
| – impairment of GBP – Europe goodwill | 800 | – | – | – | – | 800 | – | – |
| – regulatory provisions/(releases) in GBP | 1 | (47) | – | – | – | (46) | – | (47) |
| – provisions/(releases) in connection with legal matters | 136 | – | – | 587 | – | 723 | 72 | – |
| – UK customer redress programmes | 489 | – | – | – | – | 489 | 489 | – |
| – trading results from disposed-of operations in Brazil | – | – | – | – | 1,059 | 1,059 | – | – |
| – currency translation on significant items | (65) | 2 | (10) | 1 | 169 | 97 | (65) | – |
| Adjusted ¹ | (10,088) | (7,631) | (1,016) | (3,827) | (1,360) | (21,465) | (7,523) | (4,024) |
| Share of profit in associates and joint ventures | | | | | | | | |
| Reported | (3) | 1,503 | 361 | (4) | (1) | 1,856 | (4) | 19 |
| Currency translation | 1 | (48) | – | – | – | (47) | 1 | – |
| Significant items | – | – | – | – | 1 | 1 | – | – |
| – trading results from disposed-of operations in Brazil | – | – | – | – | 1 | 1 | – | – |
| – currency translation on significant items | – | – | – | – | – | – | – | – |
| Adjusted | (2) | 1,455 | 361 | (4) | – | 1,810 | (3) | 19 |
| Profit/(loss) before tax | | | | | | | | |
| Reported | (32) | 10,815 | 1,308 | 116 | (1,650) | 10,557 | 223 | 6,366 |
| Currency translation | (277) | (61) | (181) | 3 | (79) | (595) | (293) | (19) |
| Significant items | 2,818 | 194 | 55 | 952 | 2,186 | 6,205 | 1,825 | 74 |
| – revenue | (67) | (23) | (10) | 64 | 72 | 36 | (5) | (11) |
| – LICs | – | – | – | – | 867 | 867 | – | – |
| – operating expenses | 2,885 | 217 | 65 | 888 | 1,246 | 5,301 | 1,830 | 85 |
| – share of profit in associates and joint ventures | – | – | – | – | 1 | 1 | – | – |
| Adjusted | 2,509 | 10,948 | 1,182 | 1,071 | 457 | 16,167 | 1,755 | 6,421 |

¹ Amounts are non-additive across geographical regions due to intra-Group transactions.

² Excludes items where there are substantial offsets in the income statement for the same period.

³ 'Own credit spread' includes the fair value movements on our long-term debt attributable to credit spread where the net result of such movements will be zero upon maturity of the debt. This does not include fair value changes due to own credit risk in respect of trading liabilities or derivative liabilities. From 1 January 2017, HSBC adopted, in its consolidated financial statements, the requirements of IFRS 9 'Financial Instruments' relating to the presentation of gains and losses on financial liabilities designated at fair value. As a result, changes in fair value attributable to changes in own credit risk are presented in other comprehensive income with the remainder of the effect presented in profit and loss.

Earnings Release – 3Q17

Reconciliation of reported and adjusted results – geographical regions (continued)

| | Quarter ended 30 Sep 2017 | | | | | | | |
|---|---------------------------|----------------|--------------|----------------|---------------|----------------|----------------|----------------|
| | Europe | Asia | MENA | North America | Latin America | Total | UK | Hong Kong |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | | | | |
| Reported ¹ | 4,534 | 6,651 | 660 | 1,419 | 833 | 12,978 | 3,468 | 4,160 |
| Significant items | 32 | (121) | – | 142 | – | 53 | 33 | (119) |
| – DVA on derivative contracts | 57 | 5 | – | 3 | – | 65 | 50 | 2 |
| – fair value movements on non-qualifying hedges ² | (20) | – | – | – | – | (20) | (20) | 5 |
| – gain on disposal of our investment in Vietnam Technological and Commercial Joint Stock Bank | – | (126) | – | – | – | (126) | – | (126) |
| – portfolio disposals | (8) | – | – | 139 | – | 131 | – | – |
| – provisions arising from the ongoing review of compliance with the UK Consumer Credit Act | 3 | – | – | – | – | 3 | 3 | – |
| Adjusted¹ | 4,566 | 6,530 | 660 | 1,561 | 833 | 13,031 | 3,501 | 4,041 |
| LICs | | | | | | | | |
| Reported | (171) | (96) | (53) | 21 | (149) | (448) | (144) | (27) |
| Adjusted | (171) | (96) | (53) | 21 | (149) | (448) | (144) | (27) |
| Operating expenses | | | | | | | | |
| Reported ¹ | (4,430) | (3,023) | (364) | (1,314) | (534) | (8,546) | (3,542) | (1,584) |
| Significant items | 558 | 101 | 6 | 92 | 13 | 770 | 521 | 49 |
| – costs associated with portfolio disposals | 2 | – | – | 2 | – | 4 | – | – |
| – costs associated with the UK's exit from the EU | 8 | – | – | – | – | 8 | 5 | – |
| – costs to achieve | 467 | 101 | 6 | 90 | 13 | 677 | 435 | 49 |
| – costs to establish UK ring-fenced bank | 101 | – | – | – | – | 101 | 101 | – |
| – provisions/(releases) in connection with legal matters | (104) | – | – | – | – | (104) | (104) | – |
| – UK customer redress programmes | 84 | – | – | – | – | 84 | 84 | – |
| Adjusted¹ | (3,872) | (2,922) | (358) | (1,222) | (521) | (7,776) | (3,021) | (1,535) |
| Share of profit in associates and joint ventures | | | | | | | | |
| Reported | 17 | 497 | 121 | 1 | – | 636 | 16 | 12 |
| Adjusted | 17 | 497 | 121 | 1 | – | 636 | 16 | 12 |
| Profit/(loss) before tax | | | | | | | | |
| Reported | (50) | 4,029 | 364 | 127 | 150 | 4,620 | (202) | 2,561 |
| Significant items | 590 | (20) | 6 | 234 | 13 | 823 | 554 | (70) |
| – revenue | 32 | (121) | – | 142 | – | 53 | 33 | (119) |
| – operating expenses | 558 | 101 | 6 | 92 | 13 | 770 | 521 | 49 |
| Adjusted | 540 | 4,009 | 370 | 361 | 163 | 5,443 | 352 | 2,491 |

¹ Amounts are non-additive across geographical regions due to intra-Group transactions.

² Excludes items where there are substantial offsets in the income statement for the same period.

Reconciliation of reported and adjusted results – geographical regions (continued)

| | Quarter ended 30 Jun 2017 | | | | | | | |
|--|---------------------------|---------|-------|---------------|---------------|---------|---------|-----------|
| | Europe | Asia | MENA | North America | Latin America | Total | UK | Hong Kong |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | | | | |
| Reported ¹ | 4,690 | 6,246 | 709 | 1,720 | 814 | 13,173 | 3,541 | 3,852 |
| Currency translation ¹ | 152 | 24 | 3 | 25 | — | 199 | 87 | (14) |
| Significant items | 53 | 77 | 1 | (96) | 4 | 39 | 53 | 34 |
| – DVA on derivative contracts | 85 | 69 | 1 | 19 | 4 | 178 | 71 | 26 |
| – fair value movements on non-qualifying hedges ² | 54 | 6 | — | 1 | — | 61 | 60 | 8 |
| – gain on disposal of our membership interest in Visa – US | — | — | — | (166) | — | (166) | — | — |
| – portfolio disposals | (8) | — | — | 50 | — | 42 | — | — |
| – other acquisitions, disposals and dilutions | (78) | — | — | — | — | (78) | (78) | — |
| – currency translation on significant items | — | 2 | — | — | — | 2 | — | — |
| Adjusted ¹ | 4,895 | 6,347 | 713 | 1,649 | 818 | 13,411 | 3,681 | 3,872 |
| LICs | | | | | | | | |
| Reported | 14 | (281) | (65) | 31 | (126) | (427) | 16 | (233) |
| Currency translation | 2 | (1) | — | 3 | (3) | 1 | 2 | 1 |
| Adjusted | 16 | (282) | (65) | 34 | (129) | (426) | 18 | (232) |
| Operating expenses | | | | | | | | |
| Reported ¹ | (3,933) | (2,946) | (351) | (1,373) | (518) | (8,115) | (3,113) | (1,557) |
| Currency translation ¹ | (111) | (16) | (1) | (17) | 2 | (138) | (65) | 6 |
| Significant items | 379 | 189 | 7 | 131 | 13 | 719 | 321 | 93 |
| – costs associated with portfolio disposals | 2 | — | — | 8 | — | 10 | — | — |
| – costs associated with the UK's exit from the EU | 4 | — | — | — | — | 4 | 4 | — |
| – costs to achieve | 509 | 188 | 7 | 121 | 12 | 837 | 455 | 93 |
| – costs to establish UK ring-fenced bank | 93 | — | — | — | — | 93 | 93 | — |
| – provisions/releases in connection with legal matters | (322) | — | — | — | — | (322) | (322) | — |
| – UK customer redress programmes | 89 | — | — | — | — | 89 | 89 | — |
| – currency translation on significant items | 4 | 1 | — | 2 | 1 | 8 | 2 | — |
| Adjusted ¹ | (3,665) | (2,773) | (345) | (1,259) | (503) | (7,534) | (2,857) | (1,458) |
| Share of profit in associates and joint ventures | | | | | | | | |
| Reported | 7 | 517 | 124 | 3 | — | 651 | 6 | (19) |
| Currency translation | 1 | 16 | — | — | — | 17 | 1 | — |
| Adjusted | 8 | 533 | 124 | 3 | — | 668 | 7 | (19) |
| Profit/(loss) before tax | | | | | | | | |
| Reported | 778 | 3,536 | 417 | 381 | 170 | 5,282 | 450 | 2,043 |
| Currency translation | 44 | 23 | 2 | 11 | (1) | 79 | 25 | (7) |
| Significant items | 432 | 266 | 8 | 35 | 17 | 758 | 374 | 127 |
| – revenue | 53 | 77 | 1 | (96) | 4 | 39 | 53 | 34 |
| – operating expenses | 379 | 189 | 7 | 131 | 13 | 719 | 321 | 93 |
| Adjusted | 1,254 | 3,825 | 427 | 427 | 186 | 6,119 | 849 | 2,163 |

¹ Amounts are non-additive across geographical regions due to intra-Group transactions.

² Excludes items where there are substantial offsets in the income statement for the same period.

Earnings Release – 3Q17

Reconciliation of reported and adjusted results – geographical regions (continued)

| | Quarter ended 30 Sep 2016 | | | | | | | |
|--|---------------------------|---------|-------|---------------|---------------|---------|---------|-----------|
| | Europe | Asia | MENA | North America | Latin America | Total | UK | Hong Kong |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Revenue | | | | | | | | |
| Reported ¹ | 3,023 | 5,999 | 725 | 1,580 | (965) | 9,512 | 1,919 | 3,639 |
| Currency translation ¹ | 29 | (20) | (106) | 15 | (2) | (78) | (24) | (27) |
| Significant items | 1,346 | 43 | 4 | 138 | 1,746 | 3,277 | 1,291 | 11 |
| – DVA on derivative contracts | 4 | 34 | – | 15 | 2 | 55 | (8) | (4) |
| – fair value movements on non-qualifying hedges ² | (17) | 5 | – | – | – | (12) | (18) | 9 |
| – own credit spread ³ | 1,359 | 4 | 3 | 4 | – | 1,370 | 1,317 | 6 |
| – portfolio disposals | – | – | – | 119 | – | 119 | – | – |
| – loss on disposal of operations in Brazil | – | – | – | – | 1,743 | 1,743 | – | – |
| – currency translation on significant items | – | – | 1 | – | 1 | 2 | – | – |
| Adjusted ¹ | 4,398 | 6,022 | 623 | 1,733 | 779 | 12,711 | 3,186 | 3,623 |
| LICs | | | | | | | | |
| Reported | (44) | (208) | (88) | (88) | (138) | (566) | 21 | (88) |
| Currency translation | (2) | – | 7 | (1) | (5) | (1) | – | 1 |
| Adjusted | (46) | (208) | (81) | (89) | (143) | (567) | 21 | (87) |
| Operating expenses | | | | | | | | |
| Reported ¹ | (4,594) | (2,642) | (419) | (1,424) | (492) | (8,721) | (3,692) | (1,362) |
| Currency translation ¹ | (28) | 6 | 44 | (10) | 1 | 7 | 10 | 11 |
| Significant items | 1,136 | 102 | 42 | 180 | 12 | 1,472 | 1,020 | 23 |
| – costs to achieve | 628 | 148 | 47 | 179 | 12 | 1,014 | 513 | 70 |
| – costs to establish UK ring-fenced bank | 53 | – | – | – | – | 53 | 53 | – |
| – regulatory provisions/releases in GBP | (3) | (47) | – | – | – | (50) | – | (47) |
| – UK customer redress programmes | 456 | – | – | – | – | 456 | 456 | – |
| – currency translation on significant items | 2 | 1 | (5) | 1 | – | (1) | (2) | – |
| Adjusted ¹ | (3,486) | (2,534) | (333) | (1,254) | (479) | (7,242) | (2,662) | (1,328) |
| Share of profit in associates and joint ventures | | | | | | | | |
| Reported | (2) | 511 | 111 | (2) | – | 618 | (2) | 7 |
| Currency translation | 1 | – | – | – | – | 1 | 1 | (1) |
| Adjusted | (1) | 511 | 111 | (2) | – | 619 | (1) | 6 |
| Profit/(loss) before tax | | | | | | | | |
| Reported | (1,617) | 3,660 | 329 | 66 | (1,595) | 843 | (1,754) | 2,196 |
| Currency translation | – | (14) | (55) | 4 | (6) | (71) | (13) | (16) |
| Significant items | 2,482 | 145 | 46 | 318 | 1,758 | 4,749 | 2,311 | 34 |
| – revenue | 1,346 | 43 | 4 | 138 | 1,746 | 3,277 | 1,291 | 11 |
| – operating expenses | 1,136 | 102 | 42 | 180 | 12 | 1,472 | 1,020 | 23 |
| Adjusted | 865 | 3,791 | 320 | 388 | 157 | 5,521 | 544 | 2,214 |

¹ Amounts are non-additive across geographical regions due to intra-Group transactions.

² Excludes items where there are substantial offsets in the income statement for the same period.

³ 'Own credit spread' includes the fair value movements on our long-term debt attributable to credit spread where the net result of such movements will be zero upon maturity of the debt. This does not include fair value changes due to own credit risk in respect of trading liabilities or derivative liabilities. From 1 January 2017, HSBC adopted, in its consolidated financial statements, the requirements of IFRS 9 'Financial Instruments' relating to the presentation of gains and losses on financial liabilities designated at fair value. As a result, changes in fair value attributable to changes in own credit risk are presented in other comprehensive income with the remainder of the effect presented in profit and loss.

Gross loans and advances by industry sector and by geographical region

| | Europe \$m | Asia \$m | MENA \$m | North America \$m | Latin America \$m | Total \$m | As a % of total gross loans |
|--|----------------|----------------|---------------|-------------------------|-------------------------|------------------|-----------------------------------|
| At 30 Sep 2017 | | | | | | | |
| Personal | 165,134 | 146,008 | 7,114 | 41,936 | 6,984 | 367,176 | 35.2 |
| – first lien residential mortgages | 123,002 | 106,956 | 2,452 | 36,629 | 2,346 | 271,385 | 26.0 |
| – other personal | 42,132 | 39,052 | 4,662 | 5,307 | 4,638 | 95,791 | 9.2 |
| Wholesale | | | | | | | |
| Corporate and commercial | 179,873 | 241,223 | 21,063 | 55,208 | 12,457 | 509,824 | 48.9 |
| – manufacturing | 29,321 | 33,190 | 2,804 | 14,220 | 3,088 | 82,623 | 7.9 |
| – international trade and services | 64,206 | 82,899 | 8,746 | 10,259 | 2,989 | 169,099 | 16.2 |
| – commercial real estate | 24,926 | 36,560 | 726 | 8,789 | 1,685 | 72,686 | 7.0 |
| – other property-related | 7,764 | 43,002 | 1,988 | 8,049 | 456 | 61,259 | 5.9 |
| – government | 3,731 | 5,310 | 1,307 | 379 | 515 | 11,242 | 1.1 |
| – other commercial | 49,925 | 40,262 | 5,492 | 13,512 | 3,724 | 112,915 | 10.8 |
| Financial | 56,177 | 81,749 | 8,325 | 14,943 | 4,168 | 165,362 | 15.9 |
| – non-bank financial institutions | 38,455 | 25,050 | 1,204 | 10,332 | 609 | 75,650 | 7.3 |
| – banks | 17,722 | 56,699 | 7,121 | 4,611 | 3,559 | 89,712 | 8.6 |
| Total wholesale | 236,050 | 322,972 | 29,388 | 70,151 | 16,625 | 675,186 | 64.8 |
| Total gross loans and advances at 30 Sep 2017 | 401,184 | 468,980 | 36,502 | 112,087 | 23,609 | 1,042,362 | 100.0 |
| | % | % | % | % | % | % | |
| Percentage of total gross loans and advances | 38.5 | 44.9 | 3.5 | 10.8 | 2.3 | 100.0 | |
| At 30 Jun 2017 | | | | | | | |
| Personal | 157,466 | 142,566 | 7,333 | 40,693 | 6,862 | 354,920 | 35.0 |
| – first lien residential mortgages | 116,741 | 104,115 | 2,473 | 35,317 | 2,296 | 260,942 | 25.7 |
| – other personal | 40,725 | 38,451 | 4,860 | 5,376 | 4,566 | 93,978 | 9.3 |
| Wholesale | | | | | | | |
| Corporate and commercial | 172,228 | 234,098 | 21,642 | 55,677 | 12,825 | 496,470 | 49.0 |
| – manufacturing | 28,945 | 33,343 | 3,107 | 14,392 | 3,083 | 82,870 | 8.2 |
| – international trade and services | 61,038 | 79,206 | 9,013 | 10,929 | 3,369 | 163,555 | 16.2 |
| – commercial real estate | 24,014 | 34,849 | 800 | 8,601 | 1,638 | 69,902 | 6.9 |
| – other property-related | 7,928 | 41,805 | 1,659 | 7,883 | 470 | 59,745 | 5.9 |
| – government | 3,404 | 4,997 | 1,220 | 373 | 480 | 10,474 | 1.0 |
| – other commercial | 46,899 | 39,898 | 5,843 | 13,499 | 3,785 | 109,924 | 10.8 |
| Financial | 53,243 | 81,265 | 8,738 | 15,288 | 4,112 | 162,646 | 16.0 |
| – non-bank financial institutions | 37,802 | 25,706 | 1,185 | 10,529 | 789 | 76,011 | 7.5 |
| – banks | 15,441 | 55,559 | 7,553 | 4,759 | 3,323 | 86,635 | 8.5 |
| Total wholesale | 225,471 | 315,363 | 30,380 | 70,965 | 16,937 | 659,116 | 65.0 |
| Total gross loans and advances at 30 Jun 2017 | 382,937 | 457,929 | 37,713 | 111,658 | 23,799 | 1,014,036 | 100.0 |
| | % | % | % | % | % | % | |
| Percentage of total gross loans and advances | 37.8 | 45.2 | 3.7 | 11.0 | 2.3 | 100.0 | |
| At 31 Dec 2016 | | | | | | | |
| Personal | 146,499 | 134,700 | 7,744 | 44,956 | 5,899 | 339,798 | 35.5 |
| – first lien residential mortgages | 108,008 | 98,072 | 2,535 | 39,239 | 1,924 | 249,778 | 26.1 |
| – other personal | 38,491 | 36,628 | 5,209 | 5,717 | 3,975 | 90,020 | 9.4 |
| Wholesale | | | | | | | |
| Corporate and commercial | 161,653 | 212,848 | 22,078 | 58,276 | 10,972 | 465,827 | 48.6 |
| – manufacturing | 27,005 | 32,564 | 2,941 | 15,348 | 2,785 | 80,643 | 8.4 |
| – international trade and services | 55,875 | 72,166 | 8,448 | 11,035 | 2,518 | 150,042 | 15.6 |
| – commercial real estate | 21,460 | 32,798 | 724 | 7,849 | 1,340 | 64,171 | 6.7 |
| – other property-related | 7,025 | 37,628 | 1,856 | 8,823 | 306 | 55,638 | 5.8 |
| – government | 3,009 | 2,919 | 1,619 | 354 | 541 | 8,442 | 0.9 |
| – other commercial | 47,279 | 34,773 | 6,490 | 14,867 | 3,482 | 106,891 | 11.2 |
| Financial | 43,666 | 79,254 | 10,370 | 14,823 | 3,742 | 151,855 | 15.9 |
| – non-bank financial institutions | 31,307 | 19,517 | 2,599 | 9,750 | 556 | 63,729 | 6.7 |
| – banks | 12,359 | 59,737 | 7,771 | 5,073 | 3,186 | 88,126 | 9.2 |
| Total wholesale | 205,319 | 292,102 | 32,448 | 73,099 | 14,714 | 617,682 | 64.5 |
| Total gross loans and advances at 31 Dec 2016 | 351,818 | 426,802 | 40,192 | 118,055 | 20,613 | 957,480 | 100.0 |
| | % | % | % | % | % | % | |
| Percentage of total gross loans and advances | 36.7 | 44.6 | 4.2 | 12.3 | 2.2 | 100.0 | |

Terms and abbreviations

| | |
|-------------------|---|
| 3Q17 | Third quarter of 2017 |
| 2Q17 | Second quarter of 2017 |
| 3Q16 | Third quarter of 2016 |
| 9M17 | Nine months to 30 September 2017 |
| 9M16 | Nine months to 30 September 2016 |
| BoCom | Bank of Communications Co., Limited, one of China's largest banks |
| Bps | Basis points. One basis point is equal to one-hundredth of a percentage point |
| C&L | Credit and Lending |
| CET1 | Common equity tier 1 |
| CMB | Commercial Banking, a global business |
| CML | Consumer and Mortgage Lending (US) |
| Corporate Centre | In December 2016, certain functions were combined to create a Corporate Centre. These include Balance Sheet Management, legacy businesses and interests in associates and joint ventures. The Corporate Centre also includes the results of our financing operations, central support costs with associated recoveries and the UK bank levy |
| Costs to achieve | Transformation costs to deliver the cost reduction and productivity outcomes outlined in the Investor Update in June 2015 |
| CRD IV | Capital Requirements Directive IV |
| CRR | Capital Requirements Regulation |
| DVA | Debit valuation adjustment |
| EBA | European Banking Authority |
| FICC | Fixed Income, Currencies and Commodities |
| FTEs | Full-time equivalent staff |
| FX | Foreign exchange |
| GB&M | Global Banking and Markets, a global business |
| GLCM | Global Liquidity and Cash Management |
| GPB | Global Private Banking, a global business |
| Group | HSBC Holdings together with its subsidiary undertakings |
| GTRF | Global Trade and Receivables Finance |
| IFRSs | International Financial Reporting Standards |
| IMA | Internal Models Approach |
| IRB | Internal ratings based |
| Jaws | The difference between the rate of growth of revenue and the rate of growth of costs. Positive jaws is where the revenue growth rate exceeds the cost growth rate. We calculate this on an adjusted basis |
| JV | Joint venture |
| Legacy credit | A portfolio of assets comprising Solitaire Funding Limited, securities investment conduits, asset-backed securities trading portfolios, credit correlation portfolios and derivative transactions entered into directly with monoline insurers |
| LICs | Loan impairment charges and other credit risk provisions |
| MENA | Middle East and North Africa |
| MREL | Minimum requirement for own funds and eligible liabilities |
| NIM | Net interest margin |
| Own credit spread | Fair value movements on our long-term debt designated at fair value resulting from changes in credit spread |
| Panda bond | Renminbi-denominated bond issued in mainland China by a non-Chinese issuer |
| PBT | Profit before tax |
| PRA | Prudential Regulation Authority (UK) |
| Revenue | Net operating income before LICs |
| RBWM | Retail Banking and Wealth Management, a global business |
| RoRWA | Return on average risk-weighted assets |
| RWAs | Risk-weighted assets |
| \$m/\$bn | United States dollar millions/billions |
| VaR | Value at risk |