

HSBC HOLDINGS PLC
Form 6-K
November 02, 2015

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

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

the Securities Exchange Act of 1934

For the month of November
HSBC Holdings plc

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

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

Form 20-F Form 40-F

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

Yes..... No

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

2 November 2015

HSBC Holdings plc – Earnings Release

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

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Terms and Abbreviations

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

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

Note to editors

HSBC Holdings plc

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

Highlights

3Q15 results (vs 3Q14)

- Reported PBT up 32% in 3Q15 at \$6,097m compared with \$4,609m in 3Q14. This reflected the impact of a net favourable movement in significant items.
 - Adjusted PBT down 14% in 3Q15 at \$5,512m compared with \$6,424m in 3Q14.
- Adjusted revenue down 4% in 3Q15 at \$14,044m mainly in RBWM (insurance manufacturing) and GB&M (Credit, Rates and Foreign Exchange).
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Adjusted operating expenses up 2% in 3Q15 at \$8,583m in part reflecting investment in regulatory programmes and compliance.

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

9M15 results (vs 9M14)

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

Dividends and capital

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

	Nine months ended 30 September		
	2015 \$m	2014 \$m	Change %
Financial highlights and key ratios			
Reported PBT	19,725	16,949	16
Adjusted PBT	18,514	19,119	(3)
Return on average ordinary shareholders' equity (annualised)	10.7%	9.5%	
Adjusted jaws	(4.1)%		
	At		
	30 Sep	30 Jun	31 Dec
	2015	2015	2014
	%	%	%
Capital and balance sheet			
Common equity tier 1 ratio (end point) ¹	11.8	11.6	11.1
Common equity tier 1 ratio (transitional) ¹	11.8	11.6	10.9
Leverage ratio	5.0	4.9	4.8
	\$m	\$m	\$m

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

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

Group Chief Executive, Stuart Gulliver, commented:

Business performance

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

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

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

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

Strategy execution

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

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

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

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

Fourth interim dividend

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

Annual Report and Accounts 2015 announcement date

22
February

	2016
ADSs quoted ex-dividend in New York	2 March 2016
Shares quoted ex-dividend in London, Hong Kong, Paris and Bermuda	3 March 2016
Dividend record date in London, Hong Kong, New York, Paris and Bermuda ¹	4 March 2016
Dividend payment date	20 April 2016

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

Adjusted performance

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

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

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

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

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

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

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

Reconciliation of reported to adjusted PBT

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

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	\$m	\$m	\$m	\$m
Revenue	–		–	
Reported	48,028	46,942	15,085	15,775
Currency translation		(3,746)		(1,404)
Significant items	(3,212)	945	(1,041)	330
– debit valuation adjustment ('DVA') on derivative contracts	(416)	278	(251)	123
– fair value movements on non-qualifying hedges	353	341	308	19
– (gain)/loss on sale of several tranches of real estate secured accounts in the US	–	(76)	17	(91)
– gain on sale of shareholding in Bank of Shanghai	–	(428)	–	–
– gain on the partial sale of shareholding in Industrial Bank	(1,372)	–		