



Ann Yerger
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Council of Institutional Investors
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15 October 2012

Dear Mrs Yerger,

Thank you for your letter dated 10 August 2012. Please accept my apologies for the delay in responding to you.

Certain HSBC subsidiary companies are members of panels which make submissions in connection with the setting of London interbank offered rates ('LIBOR'), European interbank offered rates ('EURIBOR') and other interest rates. HSBC and/or its subsidiary companies have been the subject of regulatory requests for information and are cooperating with those requests. In addition, HSBC and other panel banks have been named as defendants in private lawsuits filed in the US with respect to the setting of LIBOR and EURIBOR, including putative class action lawsuits which have been consolidated before the US District Court for the Southern District of New York. We do not know at the moment what the outcome and impact of these regulatory investigations or private lawsuits will be for HSBC. In the meantime, reviews are being undertaken by HSBC's subsidiary companies of issues associated with LIBOR and EURIBOR and the Board and the Group Risk Committee are receiving regular updates.

Yvonne Munday
Simon Robertson
Sir Simon Robertson
Deputy Chairman and Senior Independent non-executive Director

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