



HSBC Commercial Banking

Citibank Investor Presentation

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Forward-looking statements

This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional detailed information concerning important factors that could cause actual results to differ materially is available in our Annual Report and Accounts 2011. Past performance cannot be relied on as a guide to future performance.

This presentation contains non-GAAP financial information. Reconciliation of non-GAAP financial information to the most directly comparable measures under GAAP are provided in the 'Reconciliation of reported and underlying profit before tax' supplement available at www.hsbc.com.



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HSBC Group 2011 full year results



2011 financial highlights

Summary financial highlights	2010	2011	% Better/(worse) 2011 vs 2010
Reported PBT (USDbn)	19.0	21.9	15
Underlying PBT (USDbn)	18.9	17.7	(6)
EPS (USD)	0.73	0.92	26
Dividends ¹ (USD)	0.36	0.41	14

Financial targets %	2010	2011
Return on average ordinary shareholders' equity	9.5	10.9
Cost efficiency ratio	55.2	57.5
Advances-to-deposits ratio	78.1	75.0
Core tier 1 ratio	10.5	10.1

Note:

¹ Declared in respect of the year

Global business contribution

CMB represents 45% of total Group's PBT¹

PBT, USDbn	Reported		Underlying		
	2010	2011	2010	2011	% Better/(worse) 2011 vs 2010
Commercial Banking	6.1	7.9	6.1	7.9	30
Global Banking & Markets	9.2	7.0	9.2	7.1	(23)
Retail Banking Wealth Management	3.8	4.3	4.0	4.2	6
Global Private Banking	1.1	0.9	1.1	0.9	(11)
Other	(1.2)	1.8	(1.3)	(2.4)	(81)
Total	19.0	21.9	18.9	17.7	(6)

Note:

¹ Underlying basis

Global Commercial Banking 2011 full year results



2011 Full Year Financial Overview

All key financial metrics trending positively and strongly

		2010		2011
Revenue	<ul style="list-style-type: none">Steady growth	USD13.8bn	+13%	USD15.6bn
PBT	<ul style="list-style-type: none">Strong increase	USD6.1bn	+31%	USD7.9bn
Cost efficiency ratio	<ul style="list-style-type: none">Invested for future revenue growth	49.4%	-3.1pp	46.3%
LIC as % of average advances	<ul style="list-style-type: none">Asset quality continue to improve	0.8%	-16bp	0.7%
Advances-to-deposits ratio	<ul style="list-style-type: none">Self-funded global business	83.7%	+1.9pp	85.6%

Note: All numbers shown on a reported basis

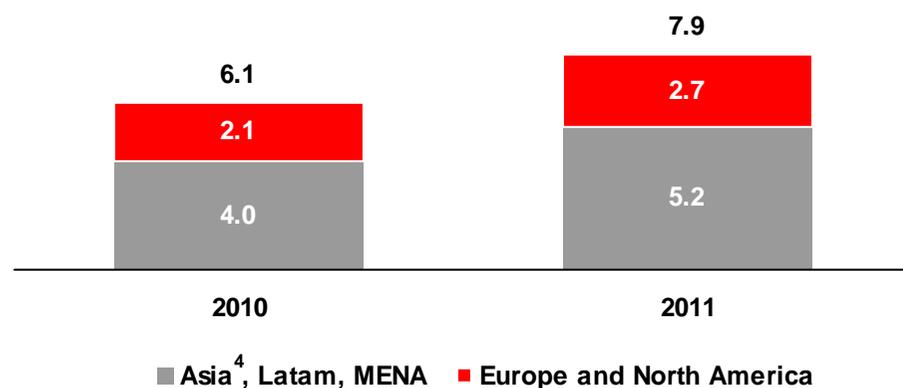
2011 Highlights¹

Record Year PBT

Strengthen our position as the leading international trade and business bank

CMB key financials

(PBT, USDbn)



Metrics	2010	2011
CER (%)	50	46
Period end RWAs ² (USDbn)	334	383
RoRWA ² (%)	2.0	2.2

Achievements and developments

Focus on faster growing regions while connecting with developed markets

- Record year PBT
- Five years' cumulative PBT: USD32.7bn²
- Stronger growth in faster growing regions – revenue up 20%

Strong partnership with GB&M

- Growth in sales of GB&M products exceeds USD0.5bn

Capture growth in international SMEs

- Trade and receivables finance revenue increased by 22% to USD2.6bn (75% generated from faster growing regions)
- 9%³ market share of bank financed global trade. Financed more than USD0.5trn trade and receivable finance globally in 2011³
- Established £4bn international fund to support UK SMEs trade overseas

Drive efficiency gains through adopting a global operating model

- Consistent business model being rolled out
- Positive jaws, 8%. Invested in business and increased revenues

Notes:

¹ All data on an underlying basis except where otherwise stated

² Data on a reported basis

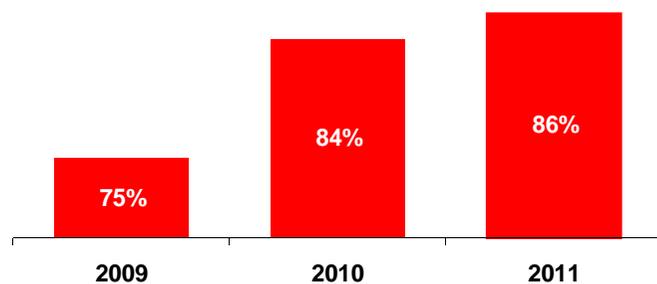
³ Source: Oliver Wyman Global Transaction Banking Survey 2011

⁴ Data for 'Asia' comprises the sum of reported figures for the Hong Kong and Rest of Asia-Pacific geographical regions without the elimination of inter-segments

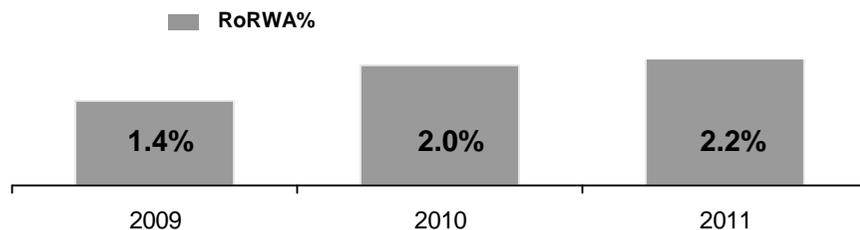
Capital, Liquidity and Portfolio Quality

Strong balance sheet to support lending growth

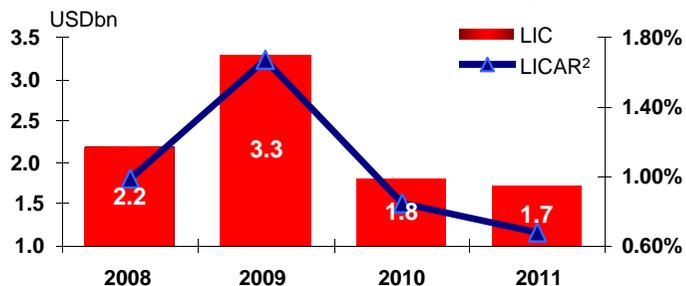
Advances-to-deposits Ratio



Risk Weighted Assets Efficiency



Trend: LICs and LICs as % of Average Assets



Liquidity

- Strong double digit growth in customer loans and advances ... Advances-to-deposits ratio remained below 90%
- PCM is a key funding engine for CMB through raising core liability balances

Capital

- RoRWA on an upward trend....delivering target range
- Five Filter actions underway to improve portfolio returns further

Portfolio Quality

- LICs to Average Advances ratio improved from 0.87%¹ in 2010 to 0.69% in 2011

Notes:

All data on a reported basis except where otherwise stated

- On a constant currency basis
- LICs as a % of average assets

CMB Strategy Update



Progress on Strategy to be the Leading International Trade and Business Bank

1. Focus on Faster Growing Regions

- Revenue from faster growing regions increased by 20% to USD8.5bn, representing 54% of total CMB revenue
- Customer lending grew 12%, almost double that of developed regions
- Brazil, China, India, Malaysia, Mexico and Singapore grew PBT by > 30% YoY
- RORWA of 2.3%

2. Capture growth in international SMEs

- GTRF revenue grew by 22% to USD2.6bn¹
- 9%² market share of bank financed global trade ... Facilitated more than USD0.5tn trade and receivables finance globally²
- Cross border referrals within CMB up 12% with value exceeding USD20bn
- First international bank to complete RMB trade settlement across 6 continents, with RMB capabilities in 58 countries

3. Collaborate with GBM to capture the mid-market opportunity

- Growth in sales of GB&M product exceeds USD500m, driven primarily by FX products and faster growing regions
- Completed our first global USD-RMB cross currency swap

4. Drive efficiency gains

- Implementing a consistent business model
- Organization Effectiveness Program: Optimize RM Capacity and redeploying resources to key growth markets
- Trade Transformation: Consolidation of core processes from Middle Offices to CoEs for 10 countries
- Distribution and Digital Strategy: iApp downloaded by more than 200,000 customers
- CER improved to 46%; strong positive JAWS of 8%³

Notes:

- 1 2011 GTRF revenues from CMB customers only
- Source: Oliver Wyman Global Transaction Banking Survey 2011
- 3 Underlying basis

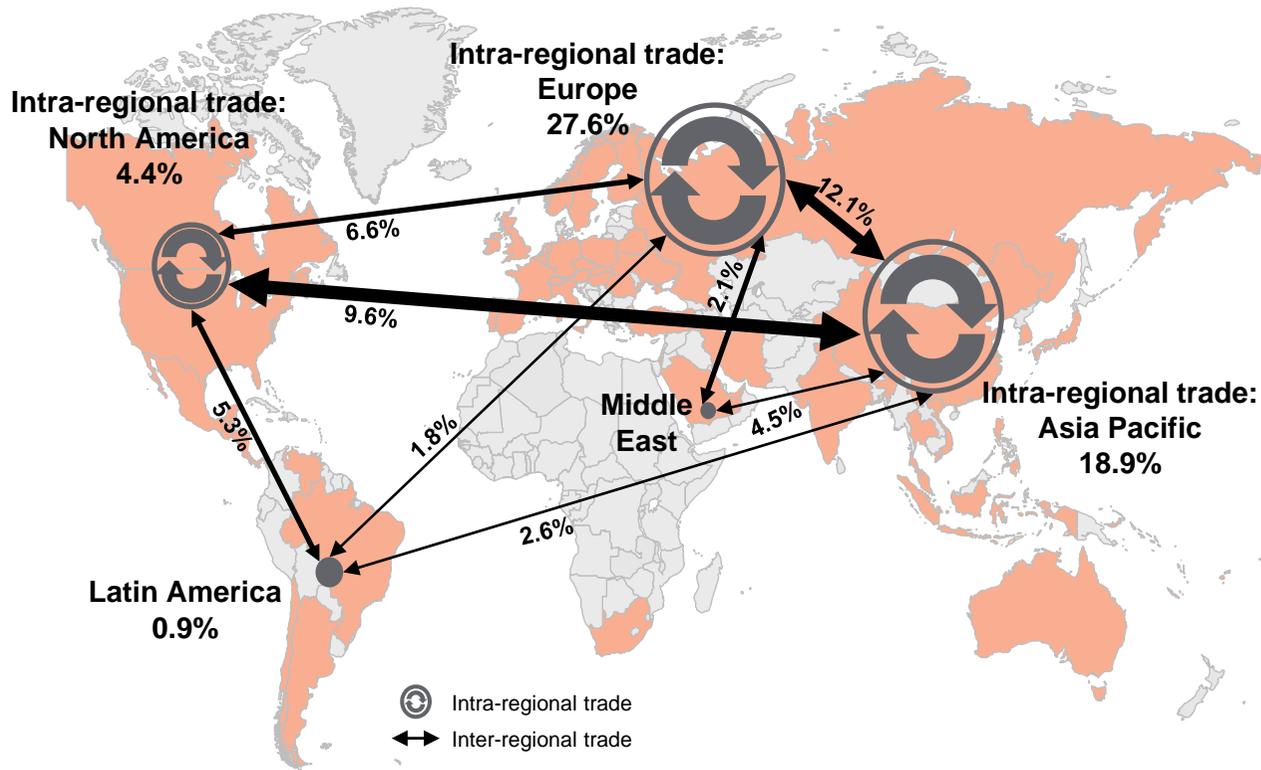
2012: Macro Economic Outlook



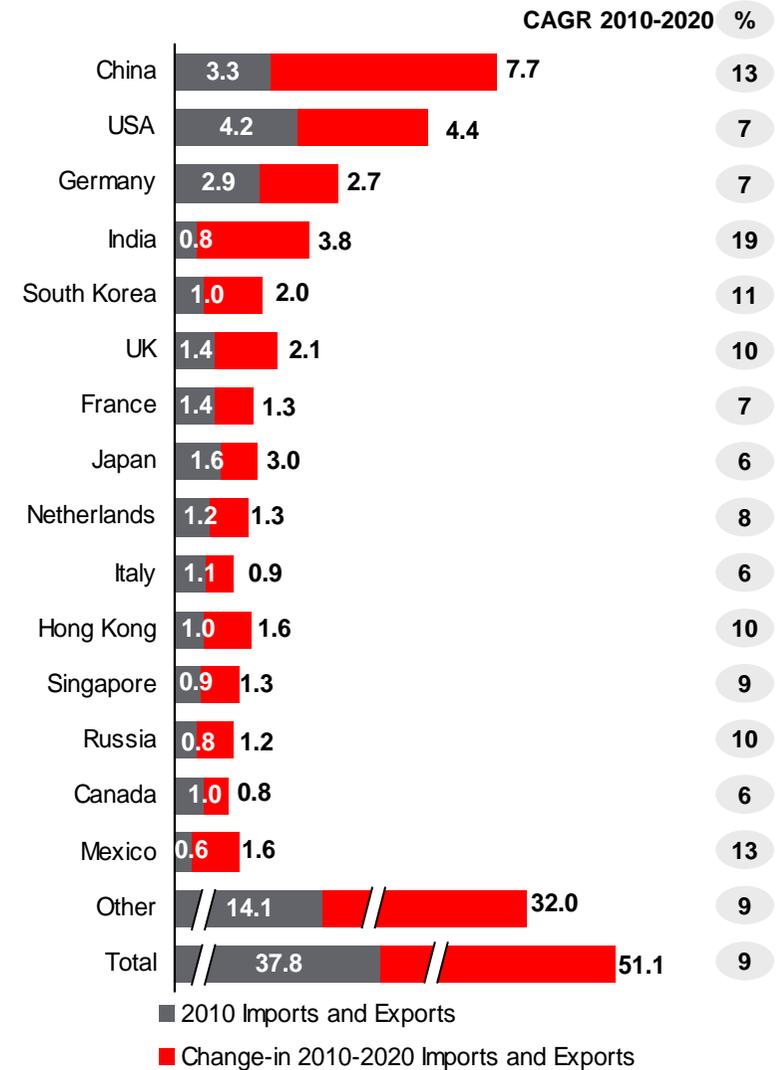
Macro Economic Trends – market opportunities and trade concentration

15 markets will comprise 64% of world trade by 2020, mainly concentrated in Asian and European regional corridors²

Major trade flows¹ 2010



Top 15 trade countries² Imports and Exports, USDtrn

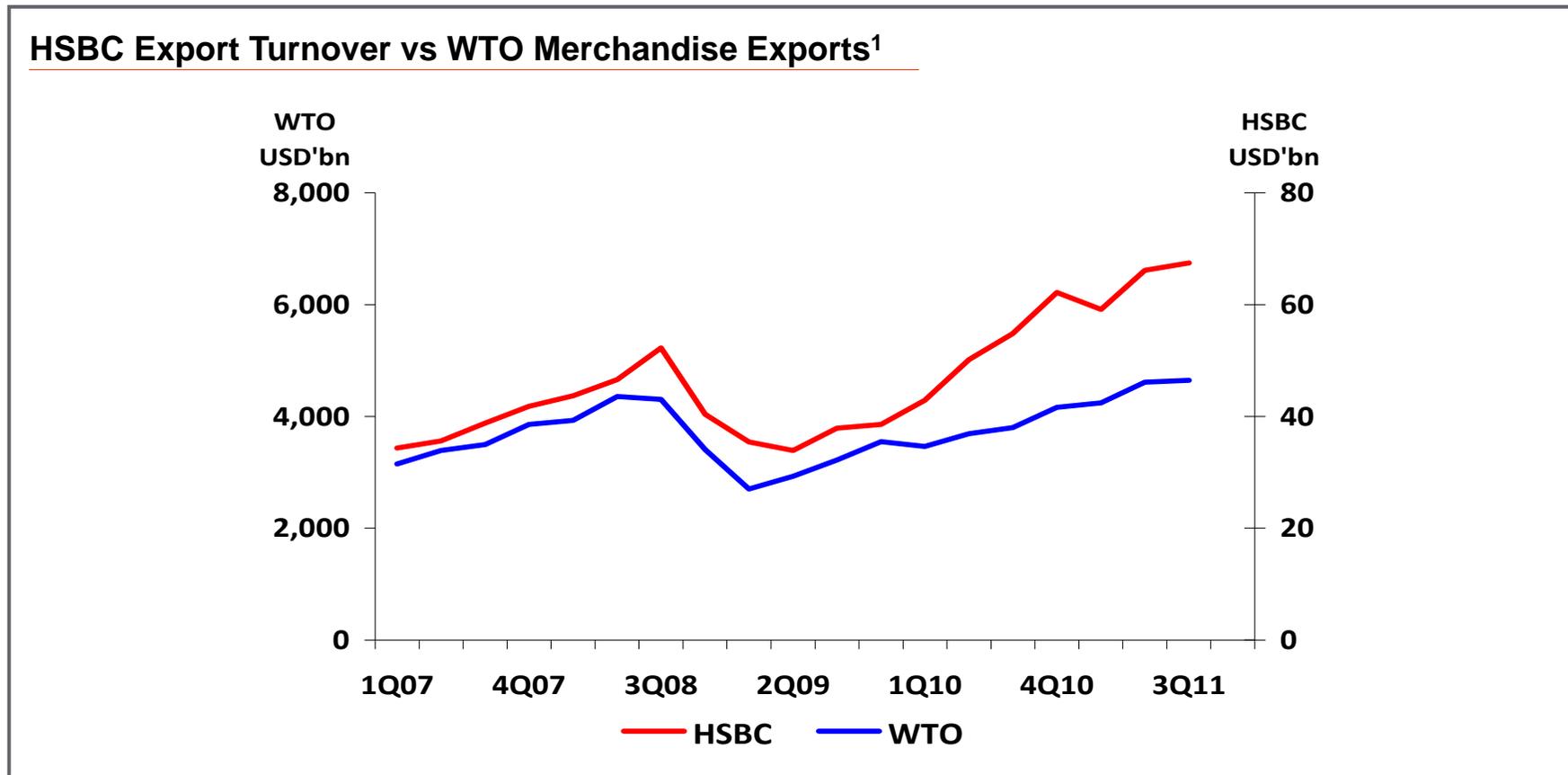


¹ Delta Economics based on trade partners for focus set of 33 countries

² Global Insights. Note: Brazil represents USD0.5tn in 2010 expected to grow to USD0.9tn in 2020

HSBC – leadership in global trade

Export turnover growing faster than the market.....



Notes:

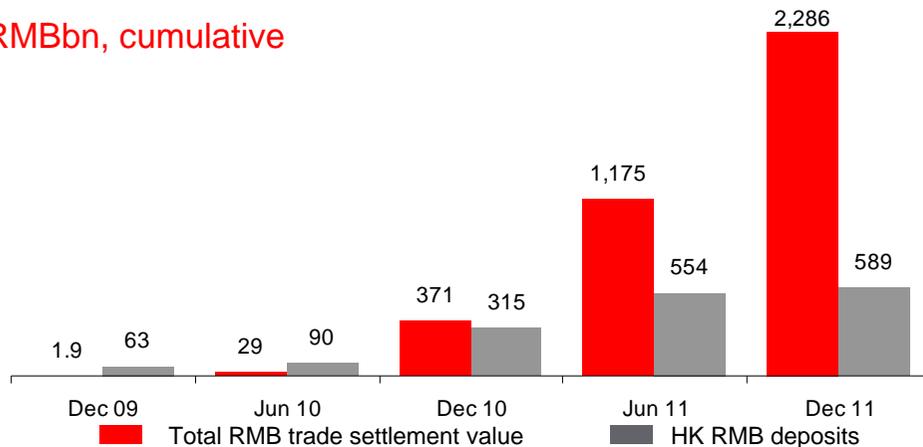
¹ Based on WTO data and Internal Management Information

Macroeconomic Trends

HSBC – a leading international RMB bank

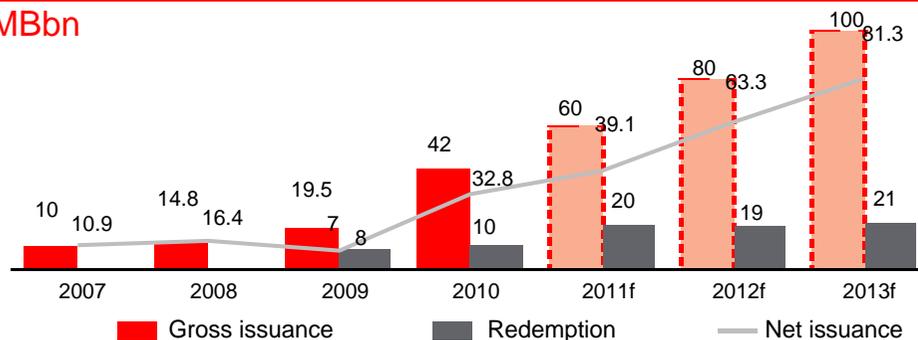
Hong Kong RMB deposits vs. RMB trade settlement¹

RMBbn, cumulative



CNH bond new issuance forecast²

RMBbn



Potential for growth

Capitalising on international connectivity

- HSBC was number 1 offshore RMB bond issuer in 2011; also awarded “Best Offshore RMB Bond House” and “Dim Sum Bond House of the Year” by FinanceAsia and IFR.
- HSBC RMB trade services available in over 50 markets across all 6 continents

Leveraging on first mover advantage

- Joint Lead Arranger on HK’s first RMB IPO
- First RMB structured deposits. Launched RMB insurance, RMB Bond Fund
- Pioneered Offshore RMB (CNH) Bond Index
- First international bank to launch RMB business card in HK

¹ HKMA

² Bloomberg, HSBC

Macroeconomic Trends

Opportunities From Growth in Developed and Faster Growing Regions

Macro economic environment

Key Trends

- Developed markets play a vital role in Global Trade:
 - 5 largest trade hubs in 2010 are USA, China, Germany, France and UK
 - 5 most important trade flows in 2010 are intra-regional Europe, intra-regional Asia, between Asia and Europe, between Asia and North America and between Europe and North America
- Faster growing markets GDP growing 2.5x faster than developed, share of global trade growing to 56% by 2020¹
- Trade corridors between developed and faster growing regions open up new customer pools and allow companies to diversify supply chains to drive improved returns
- 20 priority markets for CMB represent 63% of global trade¹ by 2020

Implications

- CMB already present in most markets that matter for future economic and trade growth
- Our underlying core strategy focus on International connectivity across both developed and faster growing regions ... macro trends play to our strength
- International target customer segment expected to grow faster than pure Domestic
- CMB has a suite of competitive banking products that facilitates international trade and finance

¹ Global Insights, updated June 2011

² HSBC internal analysis performed for target markets

Summary



Summary

Sustainable, profitable growth ... Continued strong performance on all financial KPIs across our regions, products and segments despite macro-economic challenges

Implementing a consistent global business model ... improve organizational effectiveness, enhance capital deployment and deliver cost efficiency

Benefiting from the engines of global growth ... Well positioned in faster growing markets and across international trade flows to connect revenue and investment flows with developed markets

Connecting our customers to global opportunities and collaborating between our international network of businesses