



HSBC Asia





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 2012 Annual Report and Accounts and 1Q 2013 Interim Management Statement. 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 'constant currency and underlying reconciliations' supplement available at www.hsbc.com.

Financial Results and Highlights

- The Group
- Asia

Strategic Priorities and Progress

- Expand Leadership in Greater China
- Scale in other Priority Growth Markets
- Other Markets: Focus resources and maintain leadership in connectivity

Global Business Performance and Achievements

- Commercial Banking
- Global Banking and Markets
- Retail Banking and Wealth Management



Financial Results and Highlights

HSBC 

Financial highlights¹**Summary financial highlights**

| | 2011 | 2012 | % Better/(worse) | 1Q13 |
|------------------------------|------|------|------------------|------|
| Reported PBT (USDbn) | 21.9 | 20.6 | (6) | 8.4 |
| Underlying PBT (USDbn) | 13.9 | 16.4 | 18 | 7.6 |
| EPS (USD) | 0.92 | 0.74 | (20) | 0.34 |
| Dividends (USD) ² | 0.41 | 0.45 | 10 | 0.10 |

Key ratios %

| | 2011 | 2012 | KPI | 1Q13 |
|--|------|------|-----------------------|------|
| Return on average ordinary shareholders' equity | 10.9 | 8.4 | 12-15 | 14.9 |
| Cost efficiency ratio | 57.5 | 62.8 | 48-52 ⁴ | 50.8 |
| Advances-to-deposits ratio | 75.0 | 74.4 | <90 | 73.3 |
| Core tier 1 ratio | 10.1 | 12.3 | 9.5-10.5 ⁴ | 12.7 |
| Common equity tier 1 ratio ³ | na | 9.0 | 9.5-10.5 ⁴ | 9.7 |
| Common equity tier 1 ratio, post management actions ³ | na | 10.3 | 9.5-10.5 ⁴ | 10.1 |

Notes:

1 All figures are as reported unless otherwise stated

2 Declared in respect of the period

3 Estimated Basel III end point CET1 ratio based on our interpretation of the July 2011 draft CRD IV regulation, supplemented by FSA guidance

4 New KPIs introduced in May 2013 Investor Update: Cost efficiency ratio Mid-50s, Common equity tier 1 ratio > 10%

2012 results

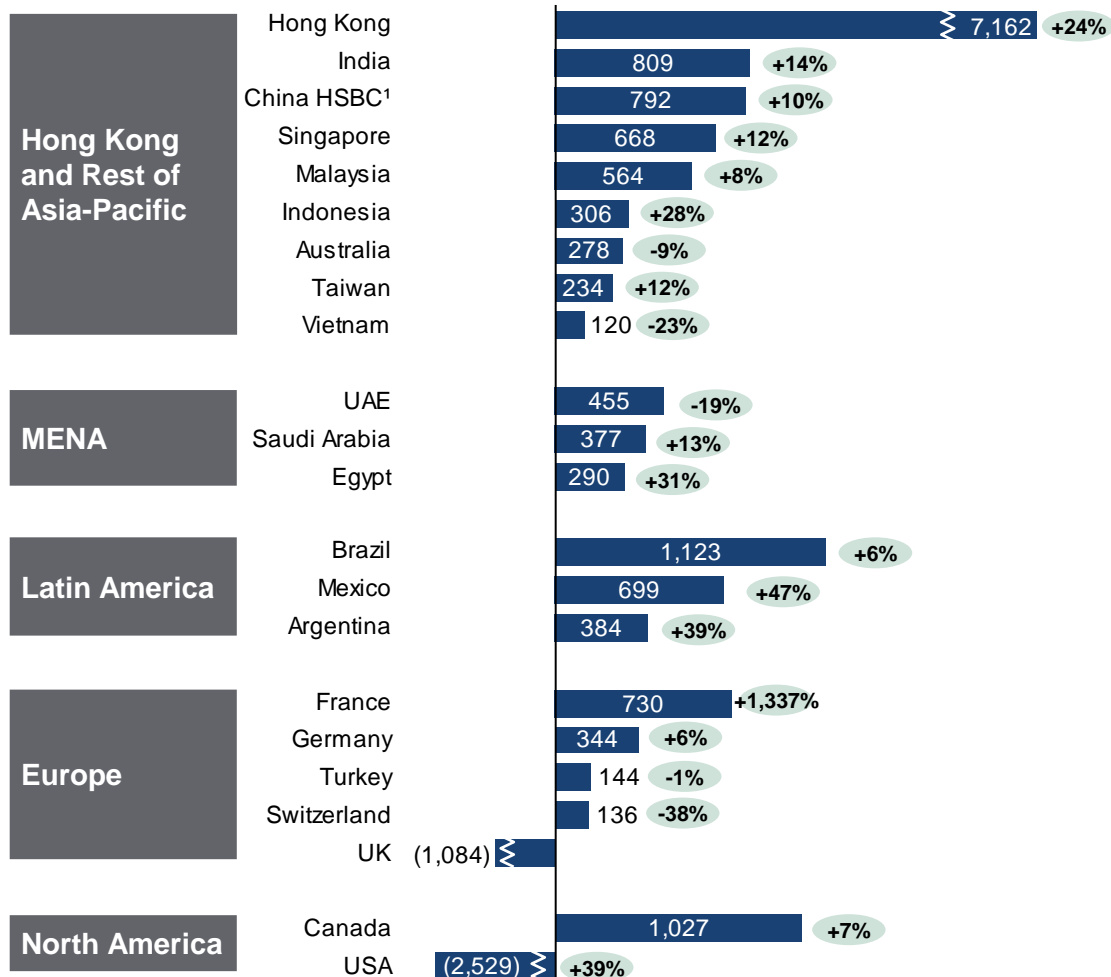
Regional and country profit contributions

Geographical regions

| Underlying PBT (USDbn) | 2011 | 2012 | % Better/(worse) |
|------------------------|-------------|-------------|------------------|
| Hong Kong | 5.8 | 7.2 | 24 |
| Rest of Asia-Pacific | 6.3 | 6.4 | 2 |
| MENA | 1.4 | 1.4 | (3) |
| Latam | 1.9 | 2.2 | 19 |
| Europe | 1.6 | 0.7 | (57) |
| North America | (3.1) | (1.5) | 51 |
| Total | 13.9 | 16.4 | 18 |

Country highlights

(Underlying PBT USDm, 2012 vs 2011)

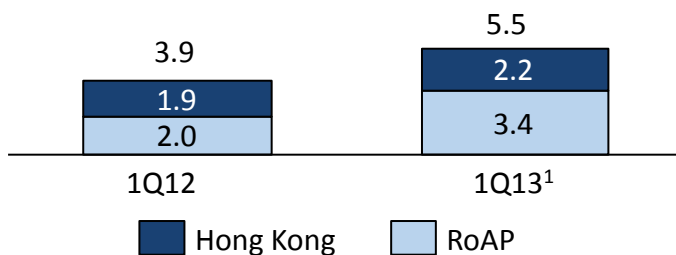


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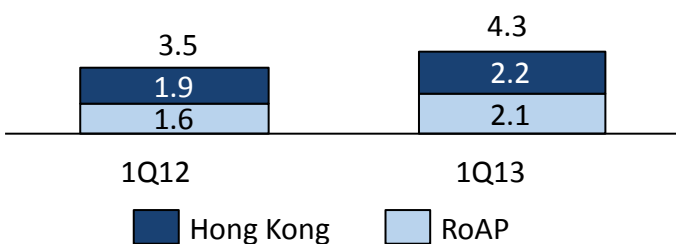
¹ Also excludes mainland China associates and the fair value movements of USD553m on the contingent forward sale contract related to the Ping An sale, the effect of which was offset in 2013 on completion of the transaction

Asia: First Quarter 2013 Results Highlights

Reported PBT (USDbn)



Underlying PBT (USDbn)



Reported CER (%)

| | 1Q12 | 1Q13 |
|-----------|------|------|
| Hong Kong | 39.0 | 35.2 |
| RoAP | 49.8 | 31.7 |

Reported RoRWA(%)

| | 1Q12 | 1Q13 |
|-----------|------|------|
| Hong Kong | 7.3 | 7.6 |
| RoAP | 2.8 | 4.7 |

Global Business Reported PBT (USDbn)

| Hong Kong | 1Q12 | 1Q13 | % Better/ (worse) |
|--------------------------------------|------------|------------|----------------------|
| Commercial Banking | 0.5 | 0.5 | 5 |
| Global Banking and Markets | 0.4 | 0.6 | 34 |
| Retail Banking and Wealth Management | 0.9 | 1.0 | 4 |
| Global Private Banking | 0.1 | 0.1 | 9 |
| Other | (0.0) | - | - |
| Total | 1.9 | 2.2 | 14 |

RoAP

| | 1Q12 | 1Q13 | % Better/ (worse) |
|--------------------------------------|------------|------------|----------------------|
| Commercial Banking | 0.6 | 0.6 | 2 |
| Global Banking and Markets | 0.9 | 0.8 | (9) |
| Retail Banking and Wealth Management | 0.5 | 0.3 | (44) |
| Global Private Banking | 0.0 | 0.0 | (15) |
| Other | 0.1 | 1.7 | - |
| Total | 2.0 | 3.4 | 66 |

Note:
¹ The 1Q13 Reported PBT numbers are not additive due to rounding

Asia: 2012 Results Highlights

Key Priorities

Progress / Achievements

Growth

- Underlying revenue growth of 13% in Hong Kong, 1% in RoAP
- RBWM underlying PBT growth of 16% in Hong Kong, 17% in RoAP
- CMB underlying PBT growth of 26% in Hong Kong, 12% in RoAP
- GBM underlying PBT growth of 14% in Hong Kong, 11% in RoAP
- Gross loans and advances to customers increased 10% in Hong Kong, 9% in RoAP

Simplifying and restructuring the business

Addressing fragmentation: six filters

- Over US\$4bn net gains recognised since May 2011 following 8 strategic disposals
- 2013: Ping An stake sale completed

Improving organisational efficiency

- Sustainable annual saves of c. USD 390m in 2012
- JAWS: +14% reported, +11% underlying in Hong Kong, +27% reported, -2% underlying in RoAP
- Reduction of 7.3k FTE (6%) to 112.8k since May 11

Financial results

- Hong Kong reported PBT increased 30% to USD 7.6bn
- RoAP reported PBT increased 40% to USD 10.4bn
- RoRWA¹ of 7.0% for Hong Kong and 3.5% for RoAP

Note:
1 Includes disposal gains



Strategic Priorities and Progress

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HSBC Asia Strategic Priorities

Connecting Asia and the world

1

Expand leadership in Greater China

- Maintain leadership in Hong Kong
- Continued leadership as mainland China's top foreign bank¹
- Be the leading international bank for RMB worldwide
- Taiwan as a key component of the Greater China leadership proposition

2

Scale in other priority growth markets

- Focus on ASEAN presence and keep pace with fast moving development of the socio-economic regional integration within the ASEAN region
- Continue to invest to build scale in other priority markets
 - India
 - Singapore
 - Malaysia
 - Indonesia
 - Australia
 - Vietnam

3

Other Markets: Focus resources to maintain leadership in connectivity

- Focus resources in non-priority markets to maintain leadership in intermediating Trade, Capital and Wealth flows
- Reshaped the business by announcing / completing the disposal of a number of non-strategic businesses

Note:
1 Measured by size of network and PBT

① Expand Leadership in Greater China

Maintain leadership in Hong Kong

Continue leadership as mainland China's top foreign bank¹

International connectivity

- Capture the increasing connectivity (in business, trade and investments) between China and the world, including Chinese enterprises “going out” and Hong Kong / international companies “going into China”
- Taiwan as a key component of the Greater China market leadership proposition

Position HSBC as the Leading International RMB Bank

- **Focus on core RMB products:** Advances, Deposits, Bonds, Trade, FX
- **Leverage on first mover advantage and Hong Kong's position as leading offshore RMB centre**
- **Capitalise on international connectivity to increase market share** (e.g. 24% share in 2012 Bloomberg CNH Bond League Table)
- **Leverage global capabilities:** RMB capabilities established in over 50 markets
- **Recognition:** ‘RMB House of the Year’ in the 2012 Asia Risk Awards, ‘Best for overall products/services’ and ‘Most likely RMB products/services provider’ in the 2012 Asiamoney Offshore RMB Services survey

Maintain market leadership

- **Best Commercial Bank in Hong Kong 2012 (FinanceAsia)**
- **Consolidate market position across core products**
 - Market leader in life insurance manufacturing, deposits, MPF, mortgages, credit cards and offshore RMB bond
- **Maintain scale in other strategic businesses**

Sustain market presence through network leadership

- **Largest foreign bank in mainland China:**
 - Outlets²: 145 HSBC China, 21 HSBC Rural Bank, 46 Hang Seng
 - ‘Best international Trade Bank in China’ award by Trade Finance Magazine
- **Strategic investments in China associate:**
 - Invested a further USD 1.7bn in 2012 in BoCom to maintain 19.03% stake

Notes:

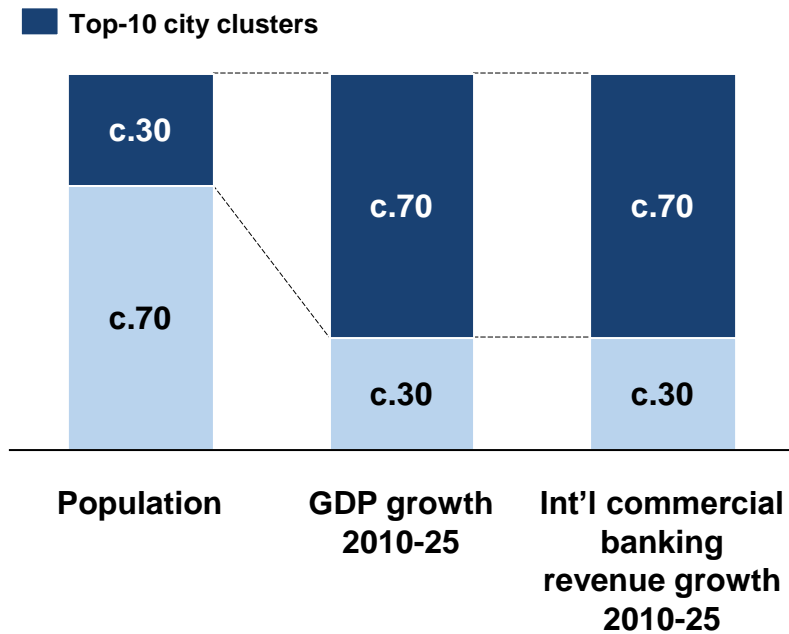
1 Measured by size of network and PBT

2 March 2013

1 In Mainland China c.70% of the international opportunity in the top-10 city clusters

Mainland China city clusters

% of Mainland China total



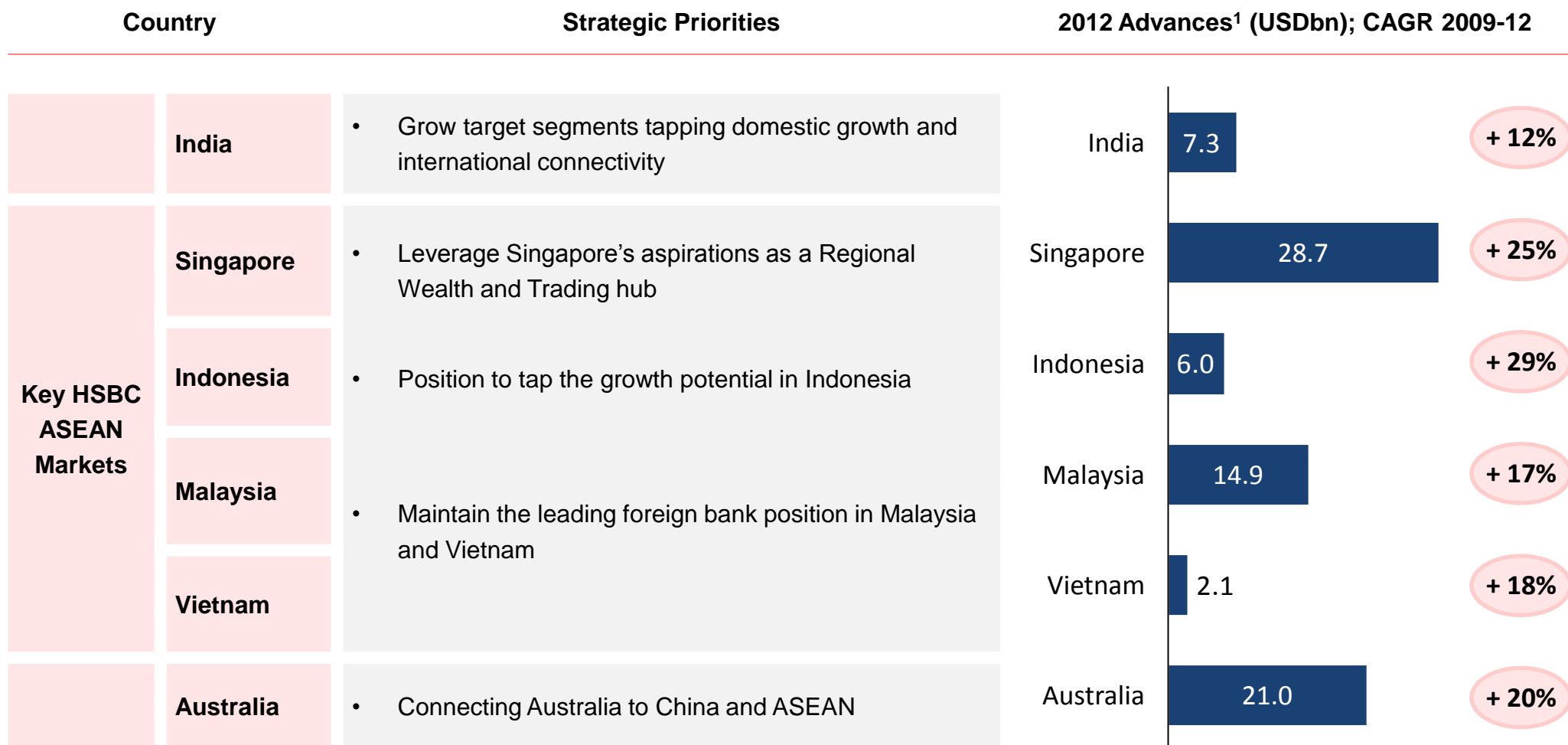
Example: Guangzhou-Shenzhen city cluster

Major cities of cluster



② Scale in other Priority Growth Markets

- Focus on ASEAN presence and keep pace with the socio-economic regional integration within the ASEAN region
- Expansion of customer base, distribution channel, and supply chain penetration with ASEAN, India and Australia



Note:
¹ Gross Loans and Advances to customers

③ Focus resources to maintain leadership in connectivity

Cost Efficiency and Sustainable Cost savings

- Implement consistent business models, streamline IT functions regionally and re-engineer processes globally
- Achieve positive JAWS across global businesses and countries
- Target CER mid-50s%

Five Filters: Reduced fragmentation in Asia-Pacific

| Footprint simplification | Country | Transaction |
|--|--------------|--|
| | Japan | Sale of Japan private banking operations |
| | Thailand | Sale of RBWM operations in Thailand |
| | Japan | Discontinuation of Premier banking in Japan |
| Disposal of non-core businesses | Country | Transaction |
| | Hong Kong | Sale of HSBC general and medical insurance business in Hong Kong |
| | Singapore | Sale of HSBC insurance businesses in Singapore |
| | Hong Kong | Sale of Hang Seng general insurance business in Hong Kong |
| | India | Sale of our non-core investments in banks in India |
| | Philippines | Sale of shareholding in a property company in the Philippines |
| | 11 countries | Sale of 44% shareholding in Global Payments Asia-Pacific |
| | China | Sale of stake in Ping An |



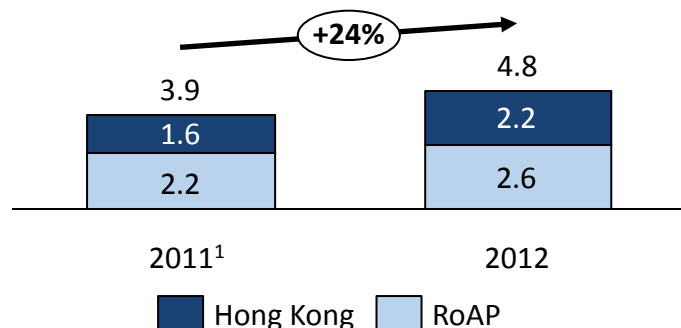
Global Business Performance and Achievements

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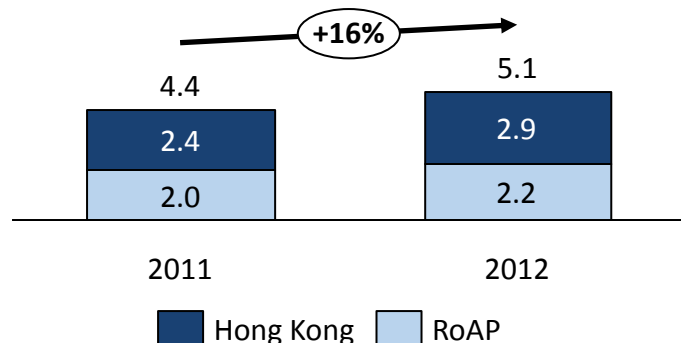
Commercial Banking

Leading international trade and business bank

CMB Reported PBT (USDbn)



CMB Reported Revenue (USDbn)



| CER (%) | 2011 | 2012 |
|-----------|------|------|
| Hong Kong | 29.7 | 24.8 |
| RoAP | 46.6 | 45.2 |

Strategic Direction and Highlights

Focus on faster-growing markets while connecting revenue and investment flows with developed markets

- HSBC Global Trade Finance market share up from 9% to 10%
- Number one Global Trade Finance Bank in the world²
- Trade-related revenue growth of 10% in Hong Kong in 2012
- Continue build out of Commodities and Structured Trade Finance

Implementing a consistent global operating model to capture growth in international SMEs and corporate businesses, and improve controls

- Globally consistent customer segmentation
- Repositioned Business Banking and global rollout of international SME proposition underway
- Expanded global network of dedicated China desks to cover our top markets representing about half of the world's GDP

Enhance collaboration across all global businesses to provide our customers with access to the full range of the Group's services

- Revenues from the CMB-GBM collaboration increased in 2012, most notably through FX products to our corporate customers

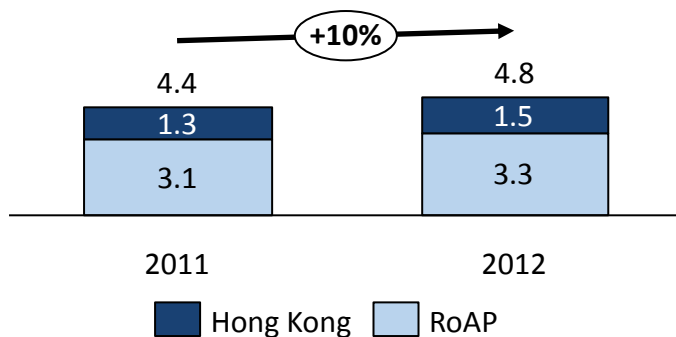
Notes:

- ¹ The 2011 Reported PBT numbers are not additive due to rounding
- ² Oliver Wyman Global Transaction Banking Survey 2012

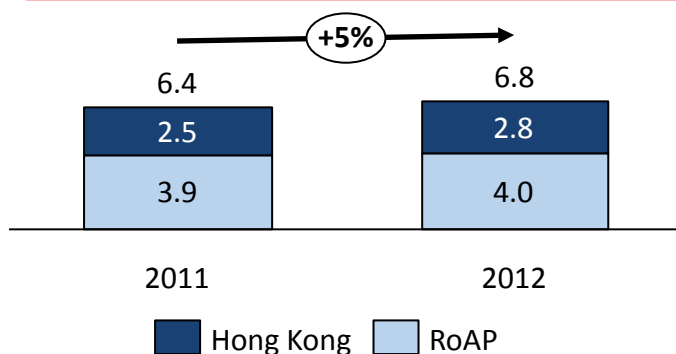
Global Banking and Markets

Connecting clients to global growth opportunities

GBM Reported PBT (USDbn)



GBM Reported Revenue (USDbn)



| CER (%) | 2011 | 2012 |
|-----------|------|------|
| Hong Kong | 49.2 | 45.7 |
| RoAP | 32.8 | 32.0 |

Strategic Direction and Highlights

Reinforce client coverage and client-led solutions for major government, corporate and institutional clients

- Build on leading positions in DCM, ECM and Asian local currency
- Lead the market in HKD bond issuance; leading book runner for corporate high yield bonds in Asia excluding Japan
- Reinforce leading position in offshore RMB products and services

Continue to selectively invest in the business to support the delivery of an integrated suite of products and services

- In Rest of Asia-Pacific, advisory, DCM and credit and lending businesses have been enhanced through senior appointments in the Resources and Energy and the Financial Institutions groups
- RMB capabilities: Enhanced PCM systems, #1 in Dim Sum bonds with 24% market share, first bank to issue RMB bond outside Chinese territory, first ever RMB repo trade
- First foreign bank to gain approval to establish an automated, cross-border pooling structure in mainland China

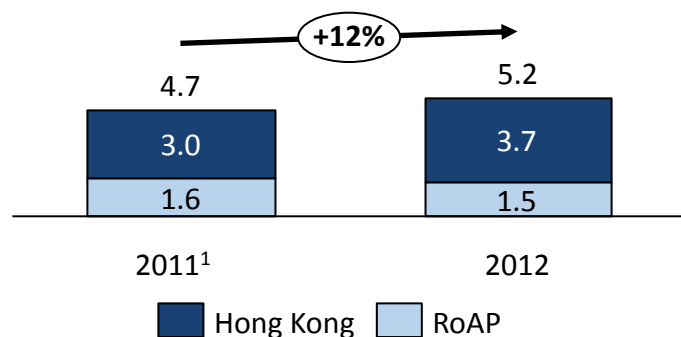
Enhance collaboration with other global businesses, particularly CMB, to appropriately service needs of our international clients

- Revenues from the CMB-GBM collaboration increased in 2012, most notably through FX products to our corporate customers

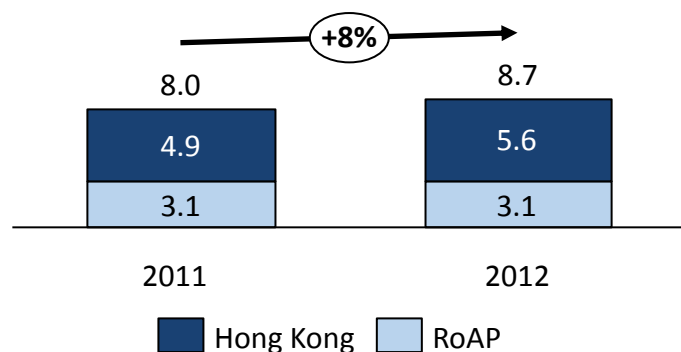
Retail Banking and Wealth Management

Strengthening our position in priority markets

RBWM Reported PBT (USDbn)



RBWM Reported Revenue (USDbn)



| CER (%) | 2011 | 2012 |
|-----------|------|------|
| Hong Kong | 36.9 | 32.7 |
| RoAP | 78.1 | 72.3 |

Strategic Direction and Highlights

Building a consistent, high standard, customer needs-driven wealth management service drawing on Insurance and Asset Management businesses

- Launched three managed solutions in Singapore and Hong Kong, including the Global High Yield Bond Fund (over US\$1bn of subscriptions in 2012)
- Established Global Wealth Incentive Framework (GWIF) in Q1 2013

Leveraging global expertise to improve customer service and productivity, to provide a high standard of banking solutions and efficient customer service

- Infrastructure: Web-enabled foreign currency system, online launch of dual-currency deposits, improved market access for FX trading.
- Tools: Piloted new Wealth Dashboard in Taiwan and Singapore for improved customer service
- Digital banking: First mobile payment solution in Hong Kong (contactless card transactions), mortgage digital sales tools in India and Malaysia.

Simplifying and re-shaping the RBWM portfolio of businesses to focus our capital and resources on key markets

- Exits from RBWM business in Thailand, Japan, our life insurance businesses in Taiwan and South Korea, and our general insurance business in Hong Kong / Macau and Singapore
- Focus on secured lending, with mortgage growth in mainland China, Singapore, Australia and Malaysia
- Market leadership in deposits, mortgages, MPF, life insurance and credit cards in Hong Kong

Note:

¹ The 2011 Reported PBT numbers are not additive due to rounding

HSBC Asia – Breadth, depth and the ability to connect the world

Leadership in
Trade, Capital...

... and Wealth
flows

- Finance Asia: Best Trade Finance Bank in Asia (1997–2011)
- Euromoney: No.1 Cash Management Provider in Asia (2009–2011)
- FX week: “Best Bank for FX in Asia-Pacific” (1993–2010)
- Euromoney: Best Private Bank in Asia (2009–2012)
- Strength in premium banking (1.3m Premier customers +32% vs. 2009)

Network to connect
Asia, and Asia to the
Rest of the World

Asia
20 Markets



Rest of the World
60+ Markets

No.1 brand in Asia

- TNS: No.1 Bank in Asia’s Top 1,000 Brands 2010 survey
- Strong Asian heritage with over 146 years of presence

Well funded
subsidiary model

- Model in-line with possible regulation
- Ability to raise local funding