

Presentation to Investors and Analysts



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. Past performance cannot be relied on as a guide to future performance.

Financial results 2009

Delivering results through the cycle

	2008		2009
Underlying profit before tax, excluding goodwill impairment, strongly up ¹	US\$8.5bn	➔	US\$13.3bn , +56%
Reported profit before tax	US\$9.3bn	➔	US\$7.1bn , -24%
Generated capital in each quarter: Tier 1 ratio (%) ²	8.3%	➔	10.8%
Dividends ³	US\$7.7bn	➔	US\$5.9bn

Notes:

(1) Underlying results eliminate the effects of foreign currency translation differences, acquisitions and disposals of businesses and changes in fair value (FV) of own debt due to credit spread. A reconciliation of underlying results to reported results is provided in the appendix

(2) As at 31 December

(3) Declared in respect of 2008 and 2009

Financial performance in 2009

Financial overview

Summary of reported results

US\$m	2008	2009	% Better / (worse) 2009 vs 2008
Net operating income before loan impairment charges, ex changes in FV of own debt due to credit spread	75,112	72,714	(3)
Loan impairment charges and other credit risk provisions	(24,937)	(26,488)	(6)
Net operating income	50,175	46,226	(8)
Total operating expenses, ex goodwill impairment	(38,535)	(34,395)	11
Associates and joint ventures	1,661	1,781	7
Profit before tax, ex goodwill impairment and changes in FV of own debt due to credit spread	13,301	13,612	2
Goodwill impairment (North America PFS)	(10,564)	-	n/a
Changes in FV of own debt due to credit spread	6,570	(6,533)	n/a
Profit before tax	9,307	7,079	(24)
Tax	(2,809)	(385)	86
Profit after tax	6,498	6,694	3
Profit attributable to ordinary shareholders	5,728	5,834	2
EPS US\$	0.41	0.34	(17)

Financial overview

Significant factors

US\$bn	2008	2009	Better / (worse) 2009 vs 2008
Items excluded from underlying profits			
Changes in FV of own debt due to credit spread	6.6	(6.5)	(13.1)
Gain on sale of French regional banks	2.4	-	(2.4)
Other items			
Goodwill impairment (North America PFS)	(10.6)	-	10.6
Global Banking and Markets write-downs	(5.4)	(0.3)	5.1
Impairment of AFS debt securities	(0.7)	(1.5)	(0.8)
Impairment of AFS equity securities	(1.0)	(0.4)	0.6
Madoff-related charge (in equities business) ¹	(1.0)	(0.1)	0.9

Note:

(1) Charge included in results for Global Banking and Markets

Financial overview

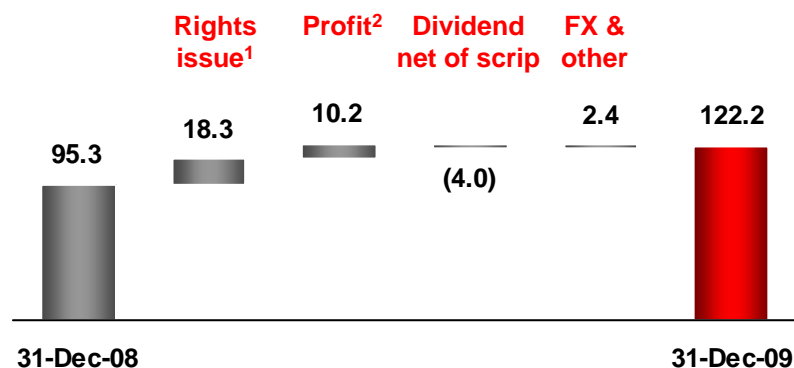
Significant underlying improvement in 2009, excluding goodwill impairment

US\$m	2008	2009	% Better / (worse) 2009 vs 2008
Net operating income before loan impairment charges	66,890	72,357	8
Loan impairment charges and other credit risk provisions	(24,222)	(26,488)	(9)
Net operating income	42,668	45,869	8
Total operating expenses	(35,812)	(34,364)	4
Associates and joint ventures	1,686	1,781	6
Profit before tax	8,542	13,286	56

Capital strength

Enhanced through capital generation and rights issue

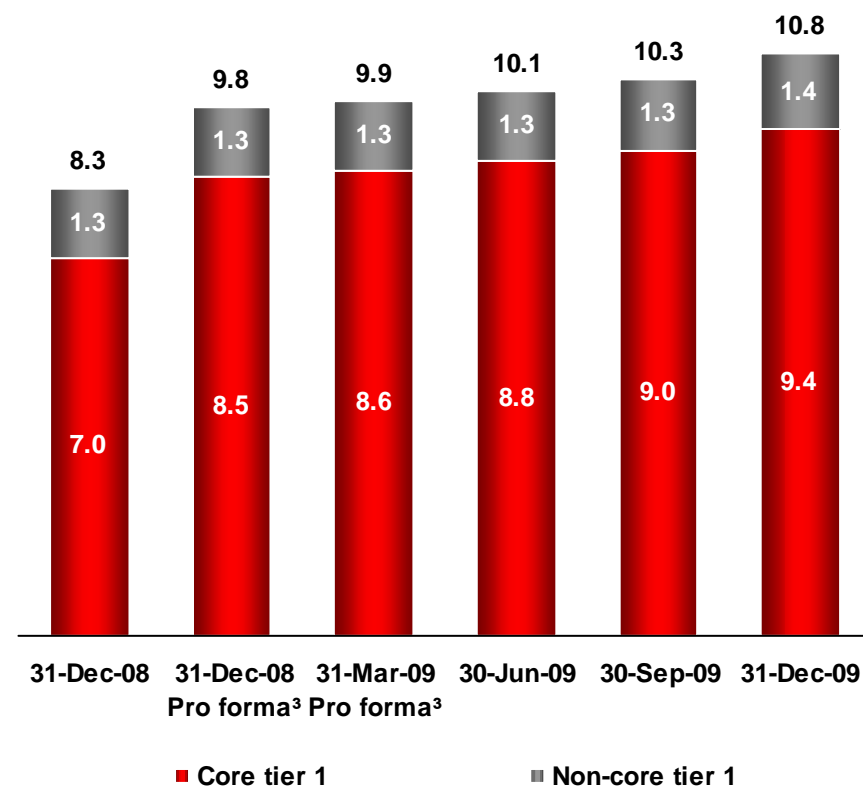
Movement in tier 1 capital, US\$bn



Risk-weighted assets, US\$bn



Tier 1 ratio (%)

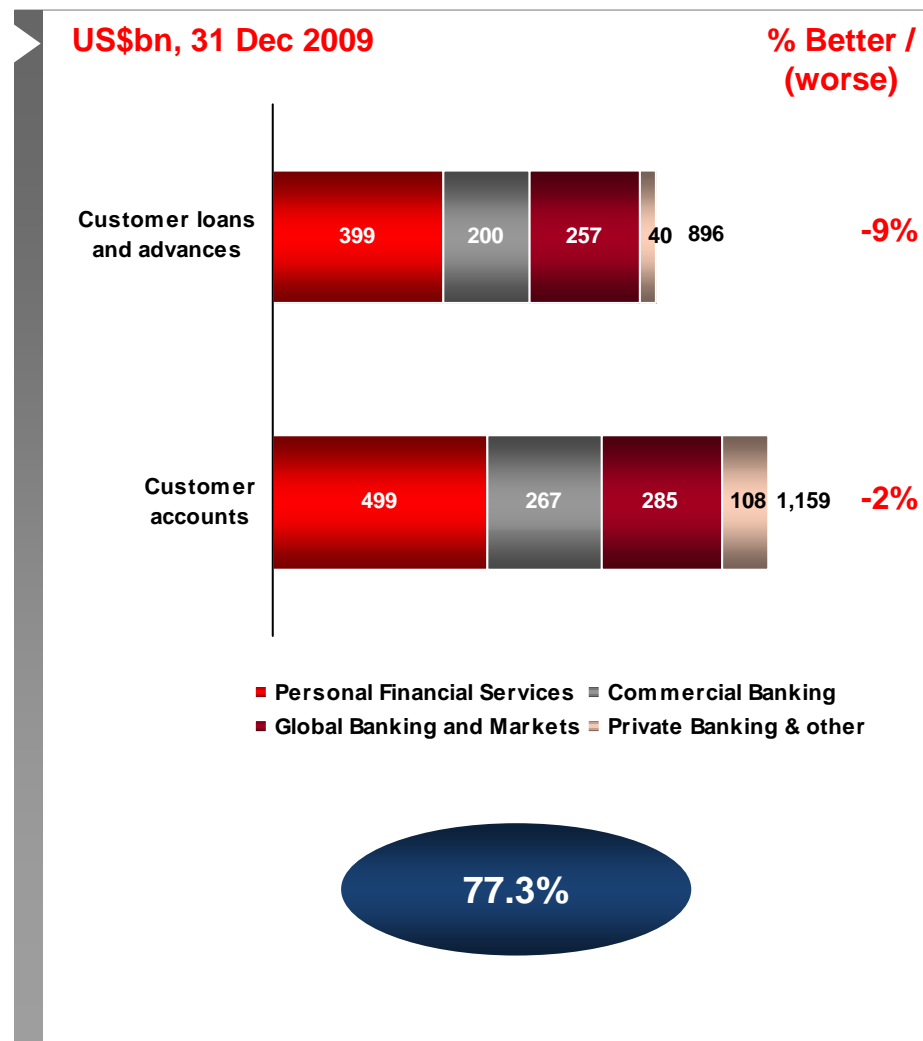
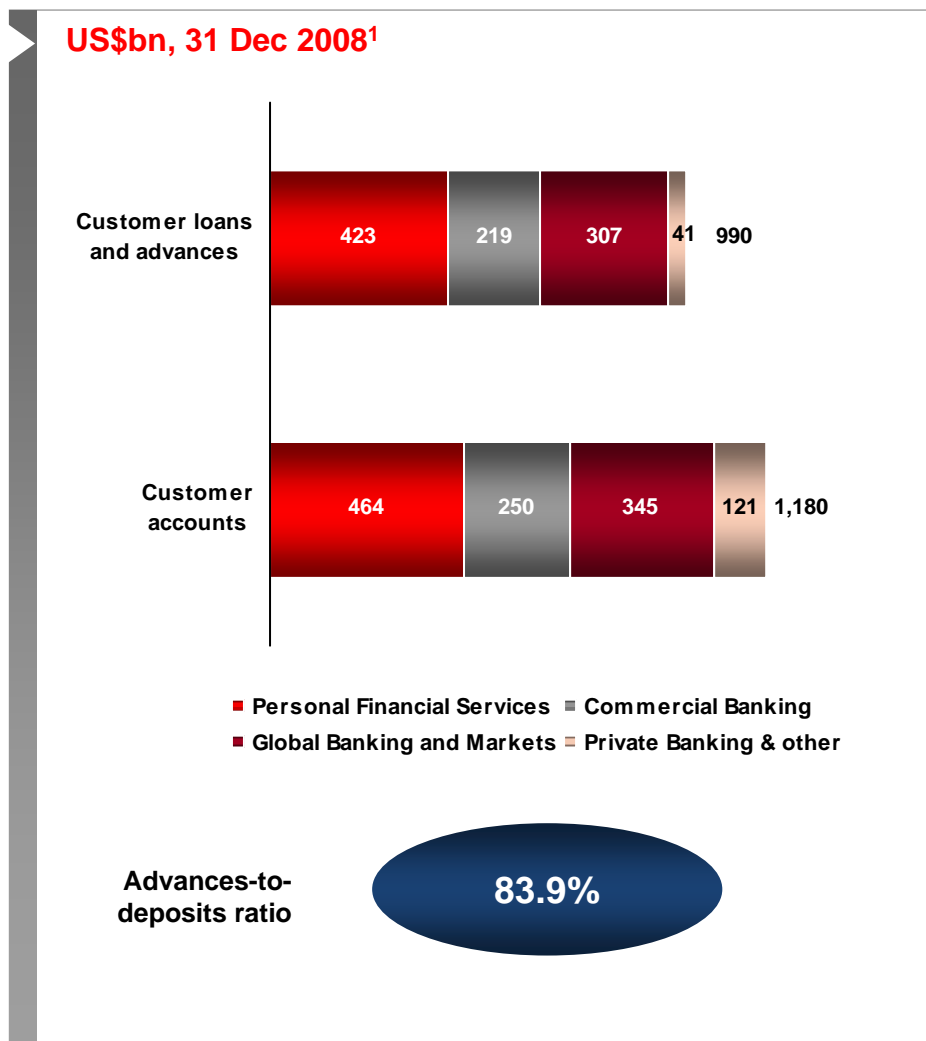


Notes:

- (1) Rights issue excludes US\$493m of losses arising on derivative contracts and certain fees, which are recognised in the income statement
- (2) Attributable profit adjusted for changes in FV of own debt due to credit spread, net of deferred tax
- (3) Pro forma to include rights issue

Funding and liquidity

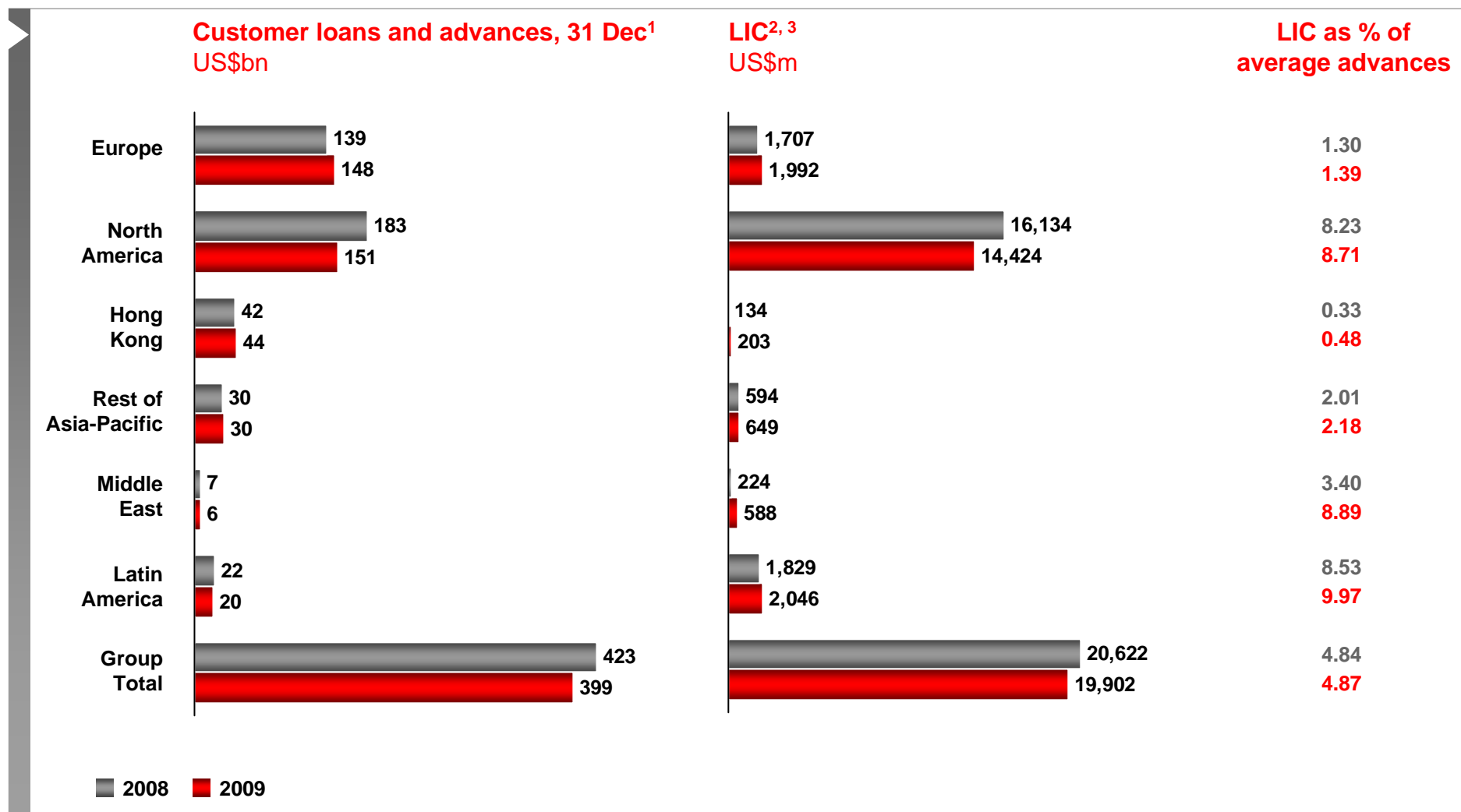
Prudent position maintained with advances-to-deposits ratio at 77.3%



Note:
(1) Underlying basis

Credit quality

Personal Financial Services: Loan impairment charges reduced, driven by the US

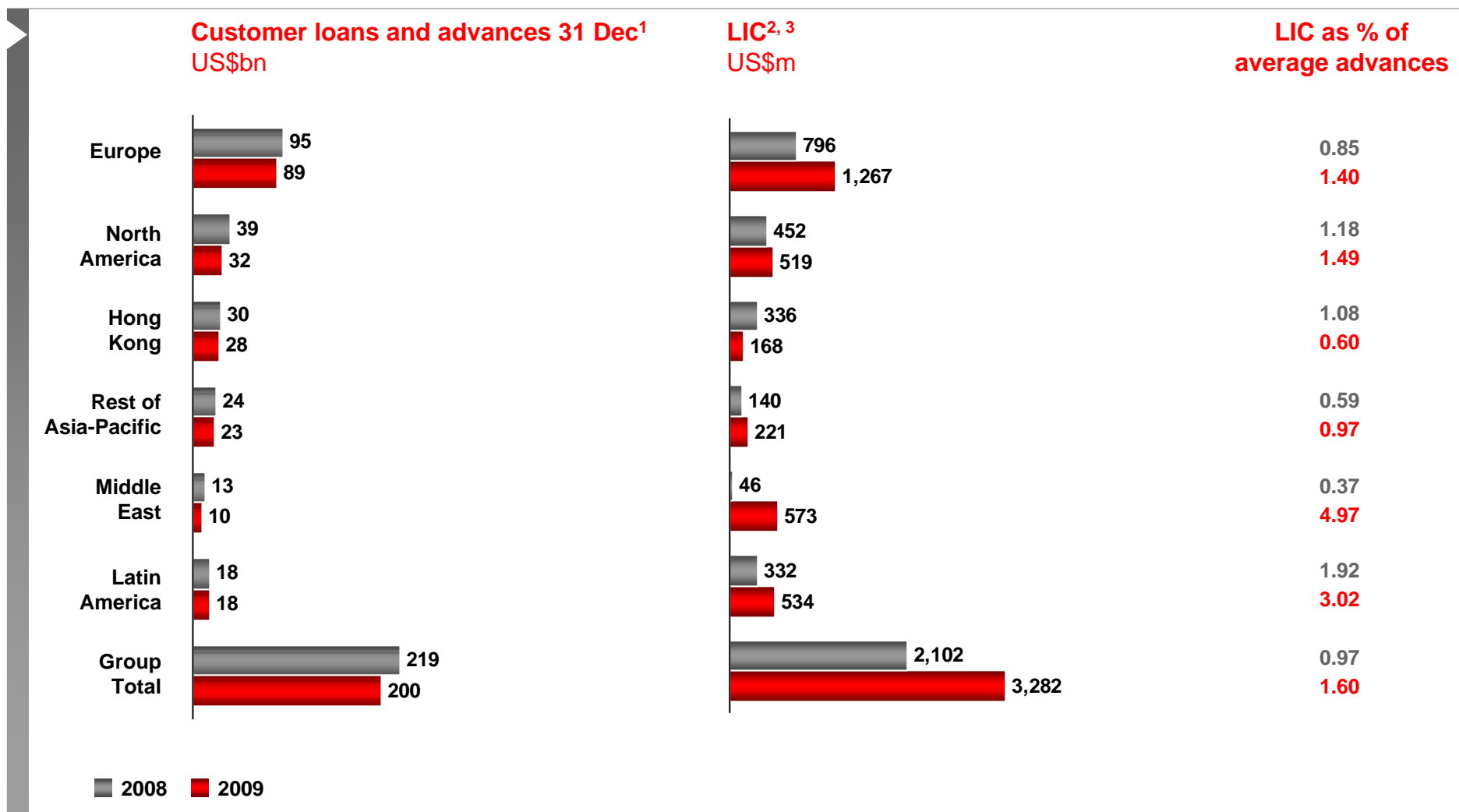


Notes:

- (1) 2008 figures for customer loans and advances are on an underlying basis
- (2) Loan impairment charge and other credit risk provisions
- (3) 2008 figures for LIC are on an underlying basis

Credit quality

Commercial Banking: Loan impairment charges remained elevated through the year



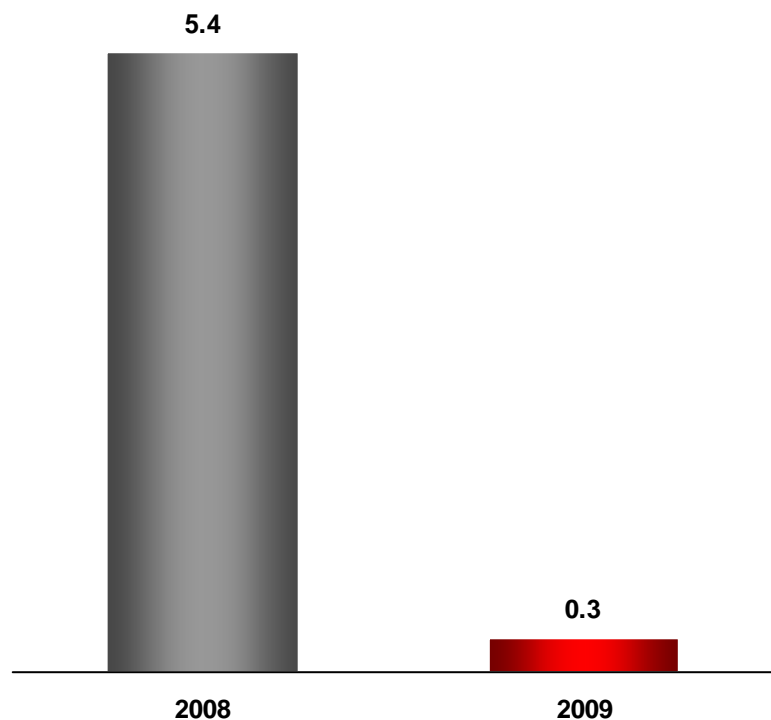
Notes:

- (1) 2008 figures for customer loans and advances are on an underlying basis
- (2) Loan impairment charge and other credit risk provisions
- (3) 2008 figures for LIC are on an underlying basis

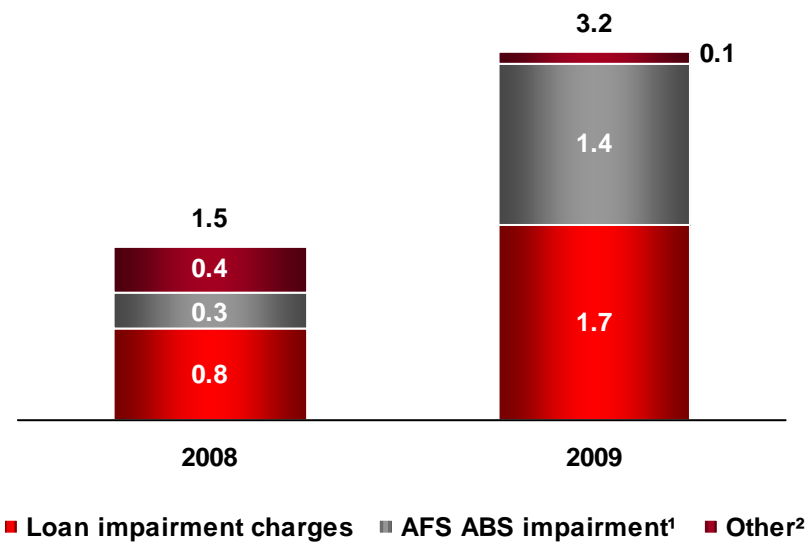
Global Banking and Markets: Managing risk

Lower write-downs partially offset by higher loan impairment charges and AFS ABS impairments

Lower write-downs, US\$bn



Loan impairment charges and other credit risk provisions, US\$bn



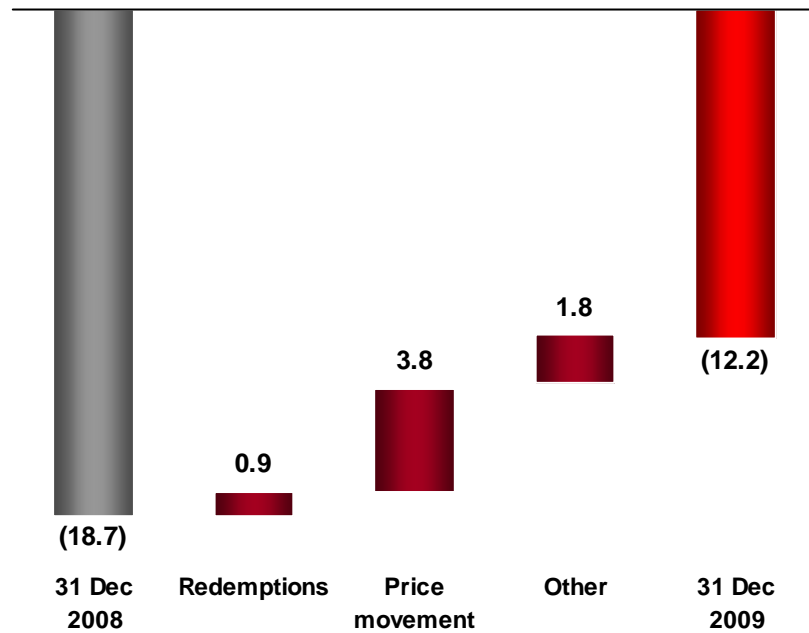
Notes:

- (1) Available-for-sale asset-backed securities ("AFS ABS")
- (2) Other credit risk provisions, ex AFS ABS impairment

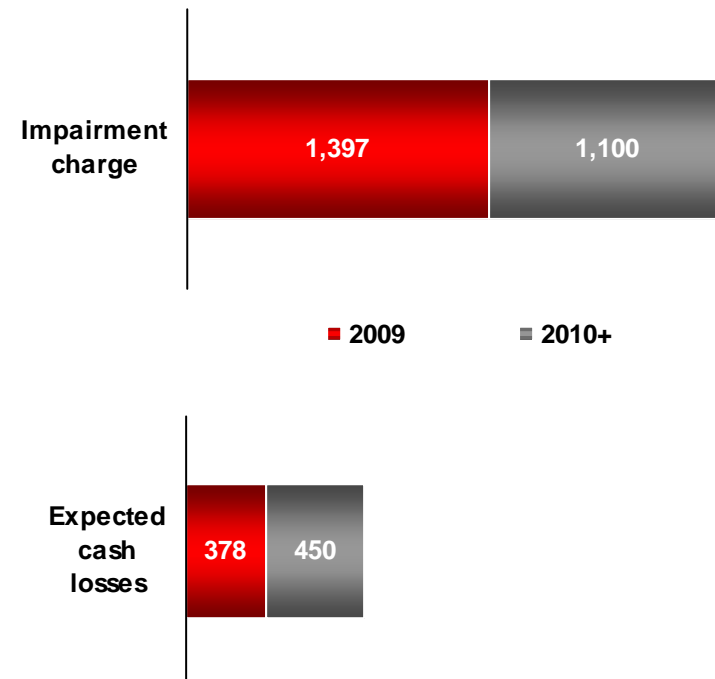
Global Banking and Markets: Managing Risk

Substantial reduction in AFS ABS reserve

AFS ABS reserve¹, 2009
US\$bn



AFS ABS impairment charge and expected losses
US\$m – in line with expectations



Note:

(1) Available-for-sale fair value reserve in respect of asset-backed securities

Business performance in 2009

Business performance in 2009

Diversified business delivering for customers and shareholders



Positive jaws



Global Banking and Markets: sustainable business model and exceptional profits



Building our emerging markets business



Improvement in US consumer finance



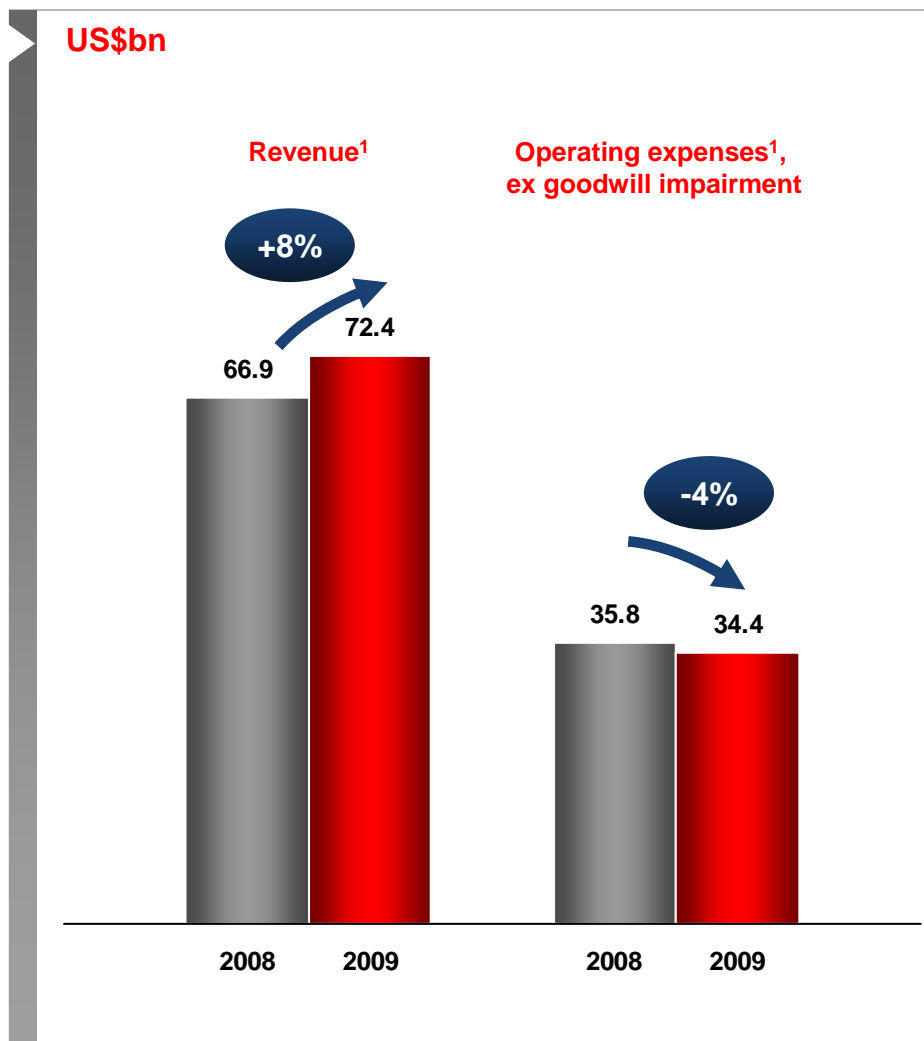
Resilient performance in Europe



Positioning the business for the future

Cost efficiency

Significant positive jaws



Comments

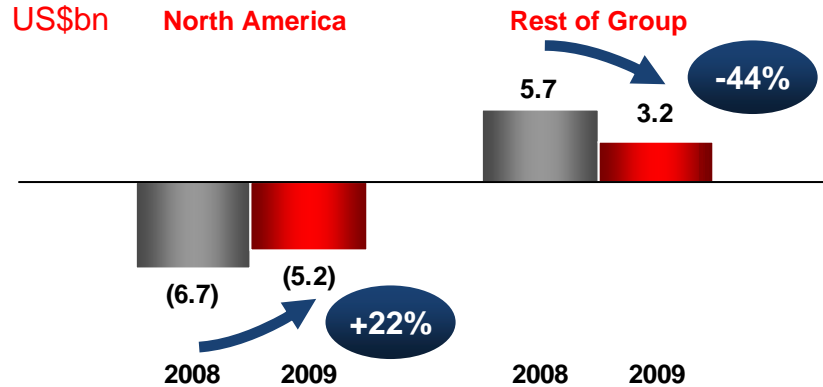
- ▶ FTE staff numbers down by 7%
- ▶ US restructuring
- ▶ One HSBC programme – established regional centres of excellence in 2009
- ▶ Continued transition of customer transactions from labour-intensive channels to automated channels

Note:
(1) Underlying basis

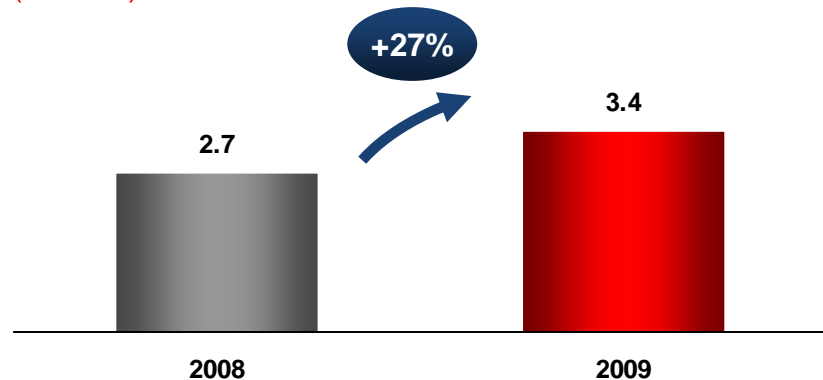
Personal Financial Services

Strengthening our customer base

Profit / (loss) before tax, underlying and ex goodwill impairment



Premier accounts (millions)



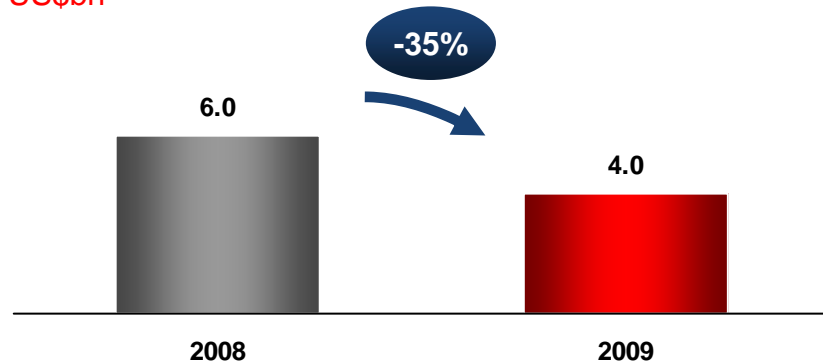
Comments

- ▶ North America benefited from reduced LICs and operating expenses
- ▶ Decline in deposit spreads and increased LICs adversely affected profit outside North America
- ▶ Grew underlying deposits by 7%
- ▶ Premier customers increased by 27% to 3.4 million
- ▶ Launched Advance in January 2010
- ▶ 8% underlying growth in net insurance premium income in Asia

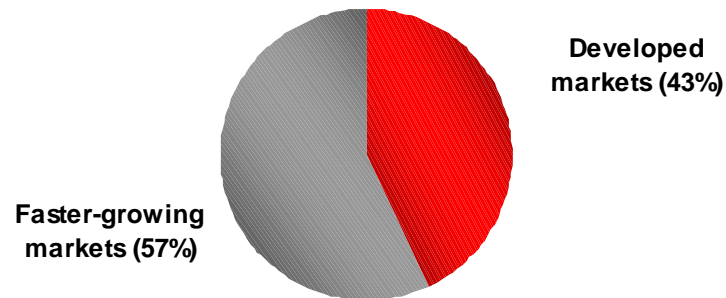
Commercial Banking

Profitable international business strategy

Profit before tax, underlying
US\$bn



Profit before tax, geographic split, 2009



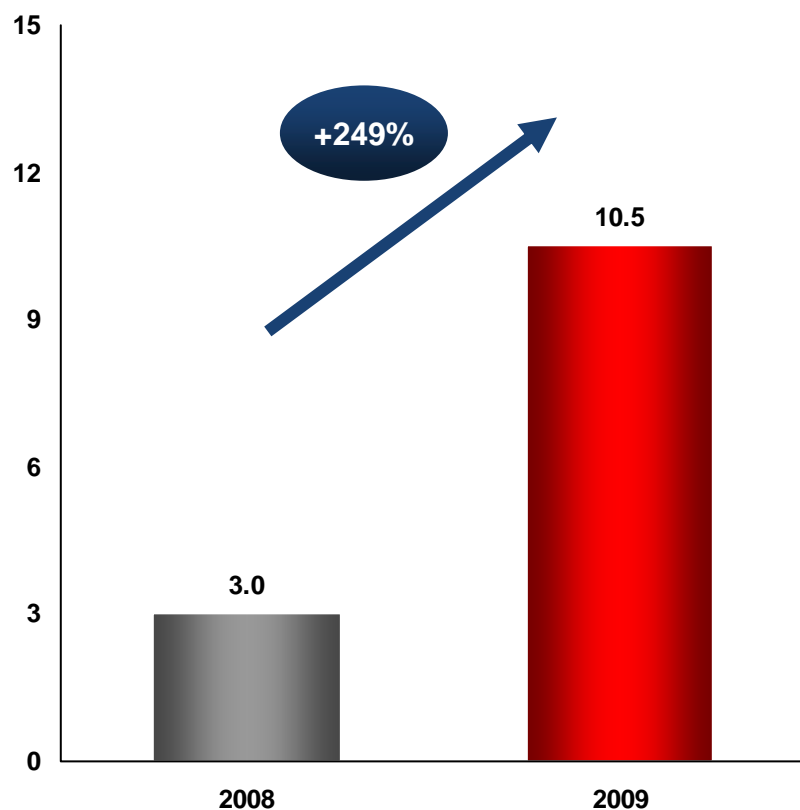
Comments

- ▶ 57% of profits came from faster-growing markets; all regions remained profitable
- ▶ Customer numbers increased 10% to over 3.2 million, with 58% of new customers coming from emerging markets
- ▶ Customer accounts grew 7%, underlying, to US\$267bn
- ▶ International strategy firmly embedded within the business
 - Number of cross-border intra-Group referrals up by 48% with aggregate value of US\$9.0bn
- ▶ Business Banking has emerged as a strong global business with deposits of US\$146bn

Global Banking and Markets

Sustainable business model and exceptional profits

Profit before tax, underlying
US\$bn



The market has recognised our success



► **Euromoney Awards for Excellence 2009:**

- Best Global Bank
- Best Global Debt House
- Best Debt House in Asia
- Best Debt House in Latin America
- Best Debt House in the Middle East
- Best Debt House in Turkey
- Best Debt House in Mexico
- Best Debt House in Portugal
- Best Debt House in Nordic / Baltic region
- Best at Risk Management in Asia
- Best Investment Bank in Saudi Arabia
- Best Cash Management in the Middle East
- Best Global Transaction Banking House
- Best at Project Finance House in Asia



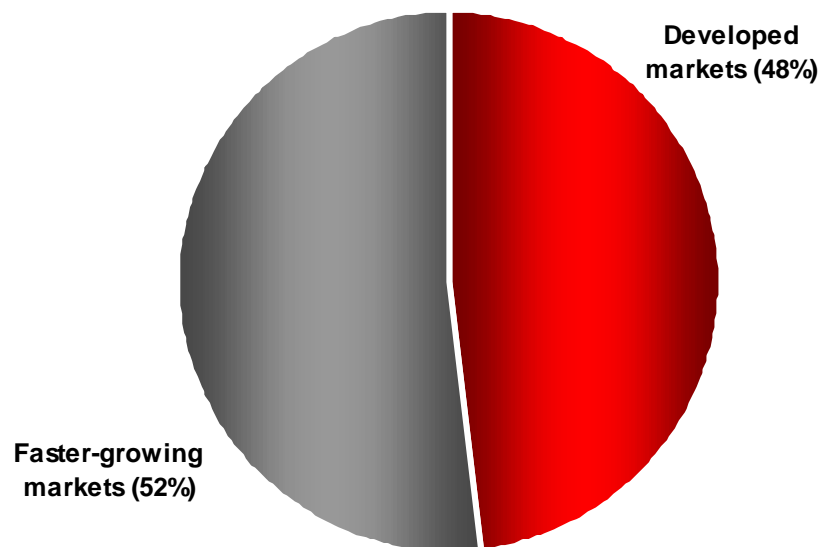
► **Financial News Awards 2009: Excellence in Investment Banking Europe**

- European Banker of the Year – Stuart Gulliver
- European DCM House of the Year
- European Corporate Bond House of the Year
- European Sovereign, Supranational and Agency Bond House of the Year
- European Financial Institutions Bond House of the Year

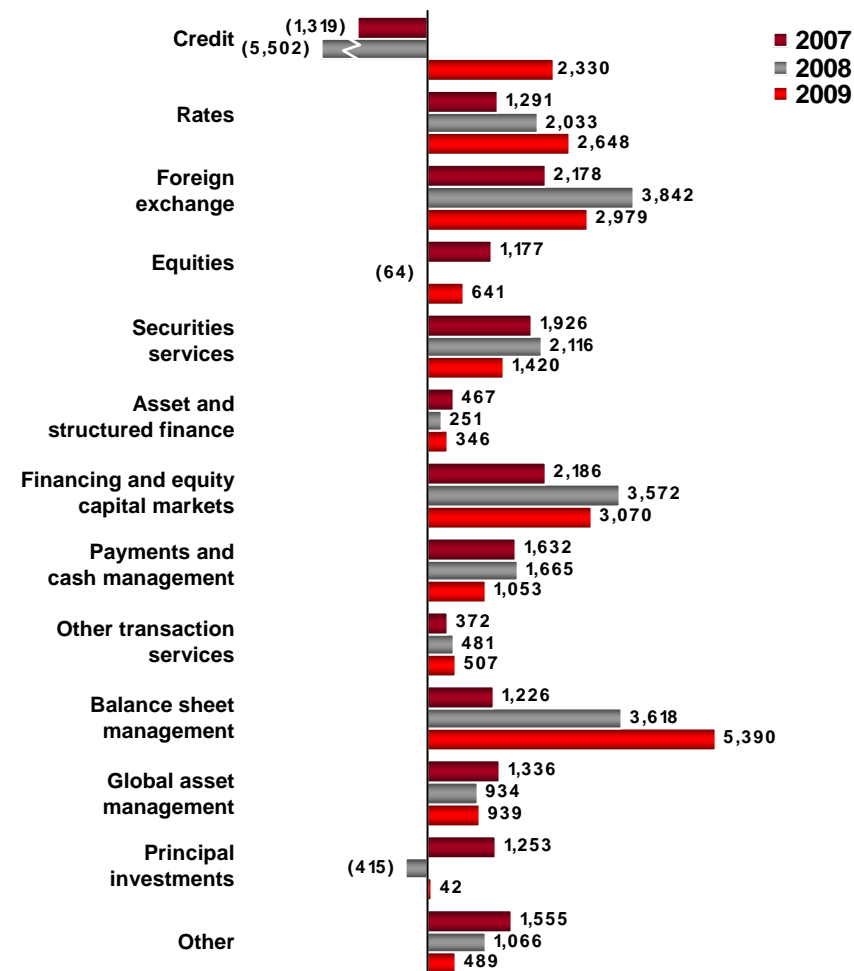
Global Banking and Markets

Broad distribution of profit by geography and products / services

Profit before tax, 2009, US\$10.5bn



Revenue¹, US\$21.8bn

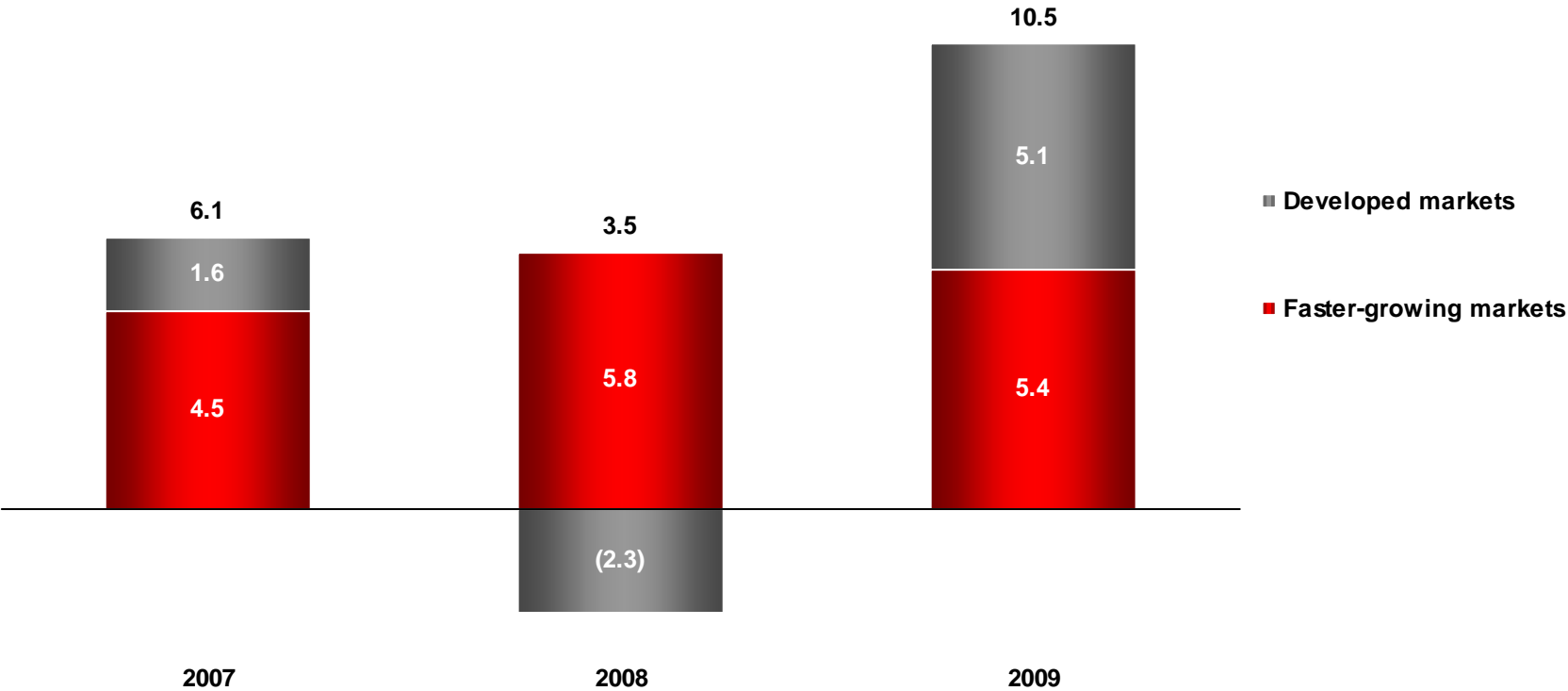


Note:
(1) Management view of total operating income

Global Banking and Markets

Consistent contribution from faster-growing markets

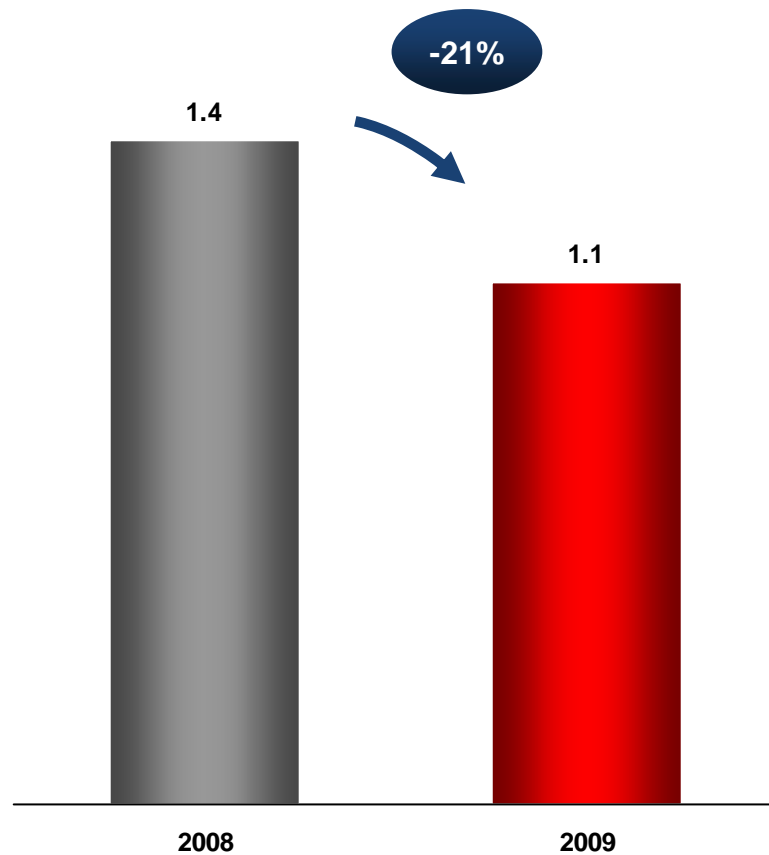
Regional mix, 2007 – 2009
Reported profit / (loss) before tax, US\$bn



Private Banking

Focused on emerging markets growth

Profit before tax, underlying performance
US\$bn



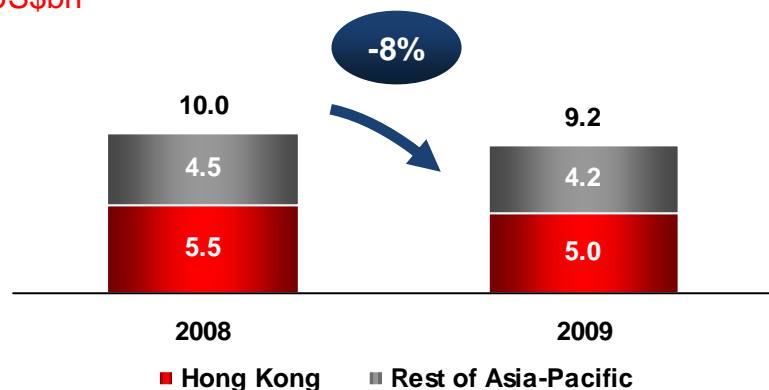
Comments

- ▶ Lower risk appetite affected client activity and fiduciary fees
- ▶ Net client inflows in emerging markets
- ▶ Intra-Group referrals led to inflows of US\$5.8bn in 2009
- ▶ Major awards
 - Outstanding Global Private Bank
Private Banker International
 - Best Global Private Bank
Best Private Bank in Asia
Best Private Bank in the Middle East
The Banker and The Financial Times
 - Ranked Second Global Private Bank
Euromoney

Asia-Pacific

Building the business in the world's fastest-growing region

Profit before tax, underlying performance US\$bn



Strong funding position Hong Kong and Rest of Asia-Pacific, US\$bn

	2008 ¹	2009 ¹	% change
Customer loans and advances	186.1	179.4	-4
Customer accounts	380.3	409.4	+8

Advances-to-deposits ratio

48.9%

43.8%

Comments

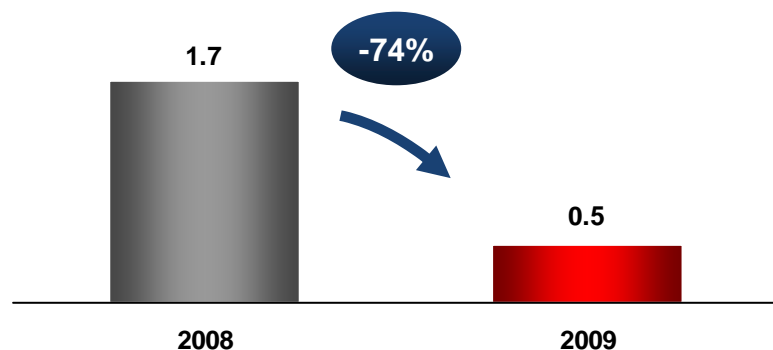
- ▶ Grew underlying customer accounts by 8%
- ▶ Lending activity picked up in 2H09
- ▶ Market leadership in Hong Kong in deposits, cards, residential mortgages and insurance
- ▶ Expanded network in mainland China
- ▶ Expanded operations in rest of region

Note:
(1) Underlying basis

Middle East

A difficult year for the economy

Profit before tax, underlying performance US\$bn



Comments

- ▶ Global recession reflected in significant increase in loan impairment charges
- ▶ Reduced lending portfolios to manage risk and lower level of deposits reflected tighter liquidity
- ▶ Resilient performance from Global Banking and Markets

Reduction in customer balances in the Middle East Lower advances-to-deposits ratio, US\$bn

	2008 ¹	2009 ¹	% change
Customer loans and advances	27.2	22.8	-16
Customer accounts	35.1	32.5	-7

Advances-to-deposits ratio

77.6%

70.2%

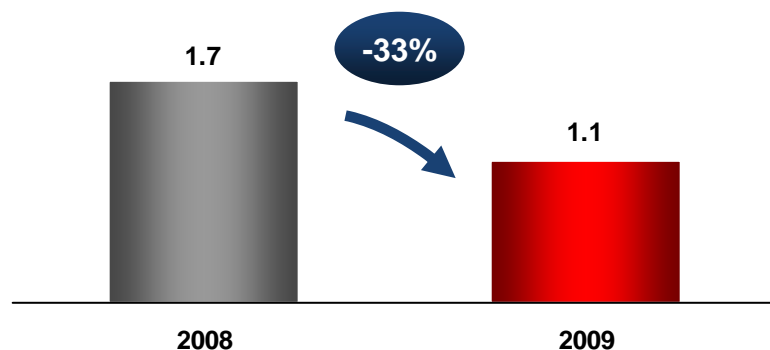
Note:

(1) Underlying basis

Latin America

Improved outlook

Profit before tax, underlying performance US\$bn



Lower advances-to-deposits ratio in Latin America US\$bn

	2008 ¹	2009 ¹	% change
Customer loans and advances	49.1	47.6	-3
Customer accounts	69.9	72.9	+4

Advances-to-deposits ratio

70.2%

65.3%

Comments

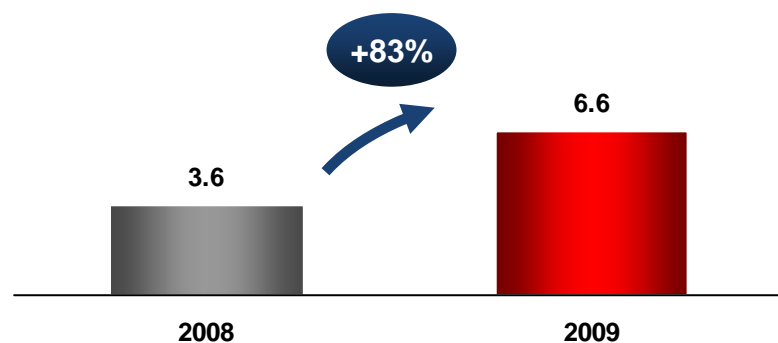
- ▶ Repositioning our retail business in the region
- ▶ Loan impairment charges increased, but improved in the latter part of 2009
- ▶ Underlying expenses broadly flat
- ▶ Strong increase in profit from Global Banking and Markets
- ▶ Opportunity for growth reflected in US\$1.3bn capital injected into the region

Note:
(1) Underlying basis

Europe

Resilient performance

Profit before tax, underlying performance US\$bn



Robust funding position UK, US\$bn

		2008 ¹	2009 ¹	% change
Customer loans and advances	- Global Banking and Markets	154.3	129.9	-16
	- Other	193.3	199.3	+3
	Total	347.6	329.2	-5
Customer accounts	- Global Banking and Markets	163.1	119.8	-27
	- Other	227.6	229.4	+1
	Total	390.7	349.2	-11

Advances-to-deposits ratio

89.0%

94.3%

Comments

- ▶ Met our commitment to make available £15bn of new mortgage lending in the UK
- ▶ Increased market share in Premier personal banking segment – UK customer numbers up by 22%
- ▶ Exceptional performance by Global Banking and Markets
- ▶ Strong performance from France and Turkey
- ▶ Underlying increase in UK retail customer balances offset by declines in Global Banking and Markets
- ▶ Lower customer balances for Global Banking and Markets as wholesale customer behaviour normalised following the return of liquidity to the market

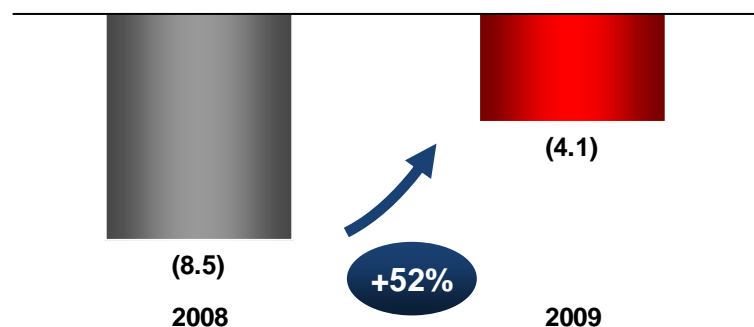
Note:

(1) Underlying basis

North America

Reducing losses

Profit / (loss) before tax, underlying performance and ex goodwill impairment US\$bn



Reduced customer loans and stable deposit base lowers advances-to-deposits ratio US\$bn

	2008 ¹	2009 ¹	% change
Customer loans and advances	263.6	206.9	-22
Customer accounts	149.1	149.2	-

Advances-to-deposits ratio

176.8%

138.7%

Comments

- ▶ US consumer finance business managed down
- ▶ Growth in deposits from Personal Financial Services and Commercial Banking
- ▶ Increased Premier customer numbers by 41%
- ▶ Card business in the US remained profitable in 2009
- ▶ Moved from loss to profit in Global Banking and Markets

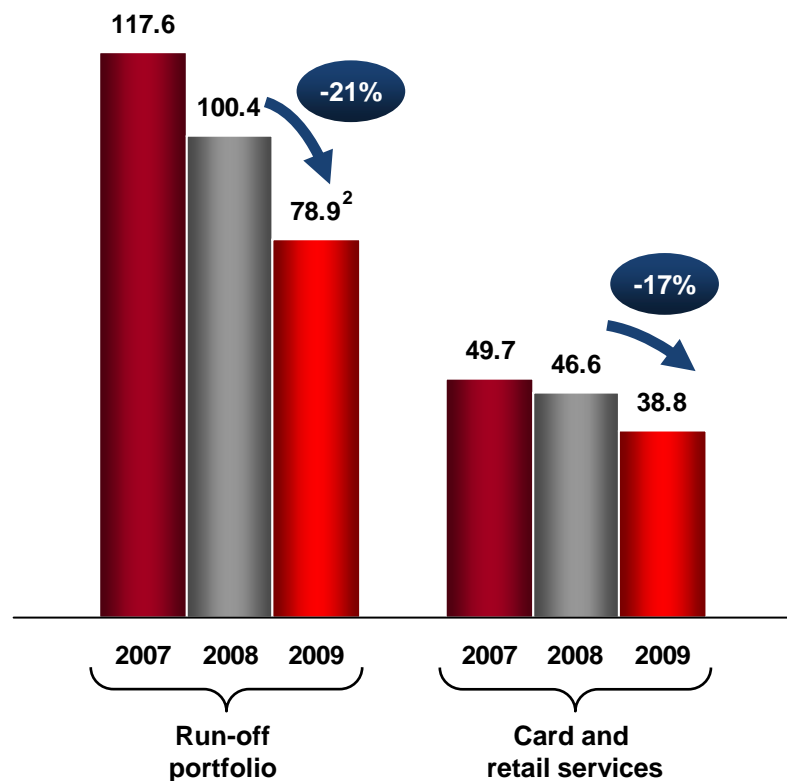
Note:
(1) Underlying basis

US consumer finance

Further progress in run-off book and reduced loan impairment charges

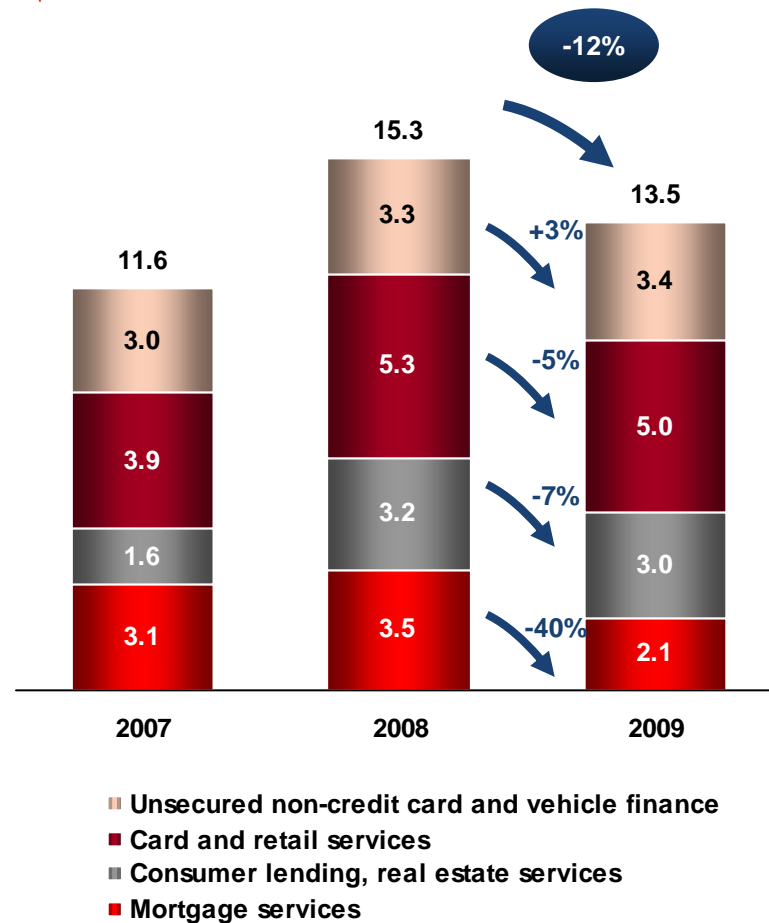
Customer loans and advances¹

US\$bn



Loan impairment charges

US\$bn



Notes:

(1) Gross

(2) Includes US\$3.3bn reduction due to change in write-off period

Benchmarks

Key performance indicators

	Target range	2009
Return on total shareholders' equity ¹	15 – 19% over medium term	9.2%
Cost efficiency ratio ²	48 – 52%	47.5%
Tier 1 ratio (Basel II)	7.5 – 10.0%	10.8%

Note:

- (1) This excludes the changes in FV of own debt due to credit spread
- (2) Underlying basis

Outlook

Positioning the business for the future

Two-speed recovery:

Emerging markets growing faster than developed markets

Macro global trends:

Remain unchanged

Personal Financial Services:

Increasingly focused on wealth

Commercial Banking:

Developing international capabilities and connectivity

Global Banking and Markets:

Strengthening its position as an emerging markets-led and financing-focused business

Private Banking:




























Increasing the connectivity of the Group's global businesses

Taking opportunities in the growth markets of Latin America and Asia, particularly Greater China

HSBC's financial structure and business model positions us strongly and competitively to meet the challenges of the future

Brand and reputation

World's number one banking brand

 <p>The world's most valuable banking brand (2007 – 2009)</p>	 <p>Best Global Bank (2009)</p>	 <p>Best Global Bond House (2009)</p>	 <p>Best Global Transaction Banking House (2009)</p>	 <p>Best Global Private Bank (2009)</p>	 <p>Outstanding Global Private Bank (2009)</p>	
 <p>Best Global Supply Chain Finance Provider (2008 – 2009)</p>	 <p>Best Factoring Institution (2003 – 2009)</p>	 <p>Best Consumer Internet Bank (in 14 countries) (2009)</p>	 <p>Best Online Trade Finance Bank (2007 – 2009)</p>	 <p>Best at Risk Management in Asia (2009)</p>	 <p>Best Debt House in Asia (2009)</p>	 <p>Best Regional Retail Banking Business in Asia (2009)</p>
 <p>Best Project Finance House in Asia (2009)</p>	 <p>European DCM House (2009)</p>	 <p>European Corporate & Financial Institutions Bond House (2009)</p>	 <p>European Sovereign, Supranational and Agency Bond House (2009)</p>	 <p>Best Debt House in Middle East (2009)</p>	 <p>Best Trade Finance Bank in the Middle East & North Africa (2009)</p>	 <p>Best Supply Chain Finance Provider Middle East (2008 – 2009)</p>
 <p>Best Cash Management House Middle East (2009)</p>	 <p>Best Debt House in Latin America (2009)</p>	 <p>Best Bank in Hong Kong (2009)</p>	 <p>Best Trade Finance Provider in HK (2002 – 2009)</p>	 <p>Global Premier Implementation HK (2009)</p>	 <p>Best Bank Mortgage Provider (UK) (2009)</p>	 <p>Best Trade Finance Provider in the UK (2006 – 2009)</p>

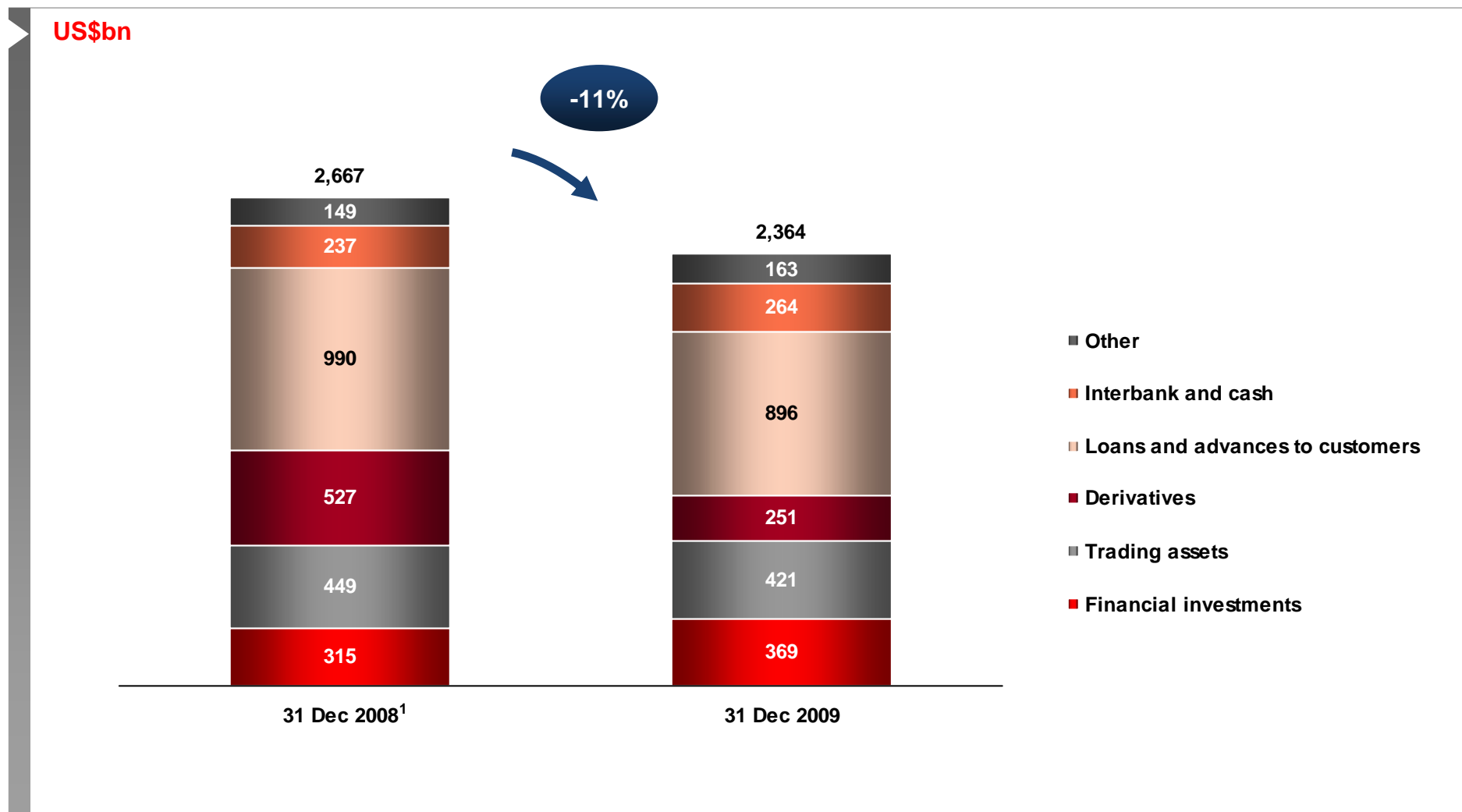
Appendix

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Managing balance sheet risk

Movement in Group consolidated assets



Note:
(1) Underlying basis

Managing balance sheet risk

Overview of Group consolidated assets

2009, US\$bn

Derivatives

49% decrease in fair value
5% increase in notional value
US\$61bn net exposure after offset
2% of total valued on Level 3 basis

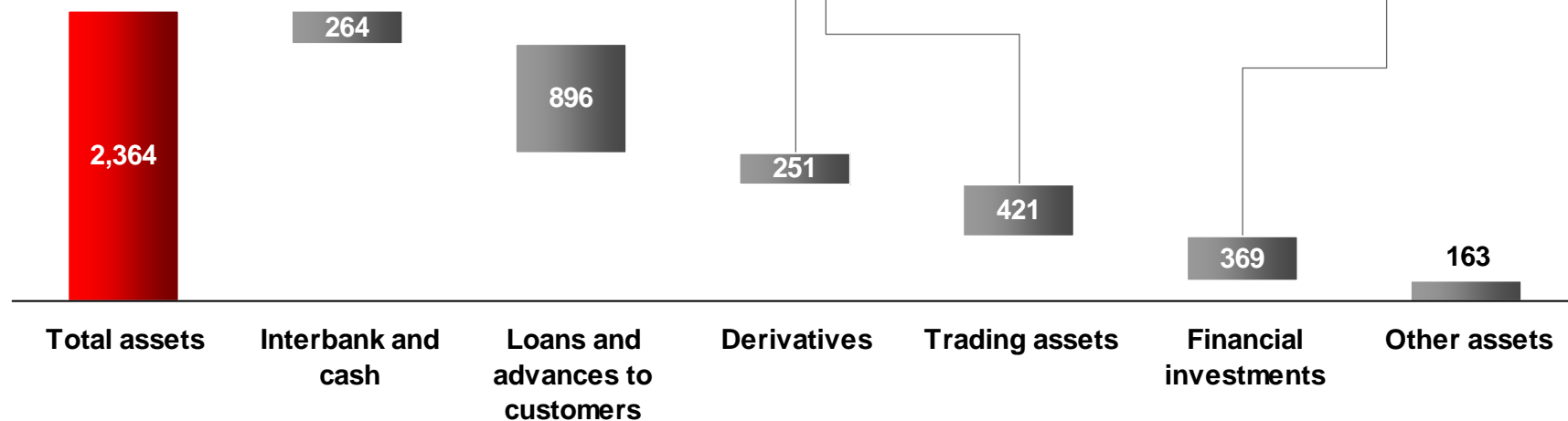
Trading assets

	US\$bn
Reverse repos, settlement accounts, stock borrowing and other loans and advances	162
Governments and Government agencies	135
Corporate and other bonds	84
Equities	35
ABS	5
Total	421

of which 2% valued on Level 3 basis

Financial investments

	US\$bn
Government bills / securities	158
Debt securities issued by banks and other financial institutions:	
Government guaranteed	55
Other	78
AFS asset-backed securities ¹	48
Other investments	30
Total	369



Note:

(1) Includes securities supported by an explicit guarantee issued by the US government

Managing balance sheet risk

Write-downs and impairments in Global Banking and Markets

US\$m	Write-downs			Carrying amount at end		
	2007	2008	2009	2007	2008	2009
Sub-prime mortgage-related assets						
- Loan Securitisation	529	593	236	1,965	1,213	758
- Credit trading	463	815	100	1,700	428	282
Other non sub-prime assets						
- Other ABSs	459	1,813	(93)	9,830	2,201	990
- Leveraged loans	195	278	(131)	7,772	271	196
Derivative transactions with monolines						
- Investment grade counterparts	133	728	(53)	1,209	2,089	897
- Non-investment grade counterparts	214	978	286	-	352	408
Other credit related items	142	194	(14)	446	186	61
Total before impairment	2,135	5,399	331			
Impairment on reclassified assets	-	26	163	-	16,649	15,612
AFS impairment	-	710	1,397			
Total	2,135	6,135	1,891			

Managing balance sheet risk

Global Banking and Markets: Available-for-sale (AFS) asset-backed securities (ABS)

31 Dec 2009, US\$bn

	Carrying value	AFS reserve		First loss protection		
Government agency	11.2	0.2		SICs		US\$2.2bn
Structured Investment Conduits (SICs)	14.0	(4.9)				
Other	20.7	(7.5)				
Total	45.9	(12.2)				
				Sector (US\$bn)	Carrying value	AFS reserve
				RMBS	7.9	(3.2)
				Home Equity Line of Credit (HELOC)	0.3	(0.2)
				CMBS ¹	4.2	(1.3)
				CDO ²	3.5	(0.9)
				Student loans ABS	3.1	(1.4)
				Other	1.7	(0.5)
				Total AFS ABS	20.7	(7.5)

Notes:

(1) Commercial mortgage-backed securities

(2) Collateralised debt obligation

Changes in FV of own debt due to credit spread¹

HSBC Finance

5yr SNR CDS Historical spread², basis points



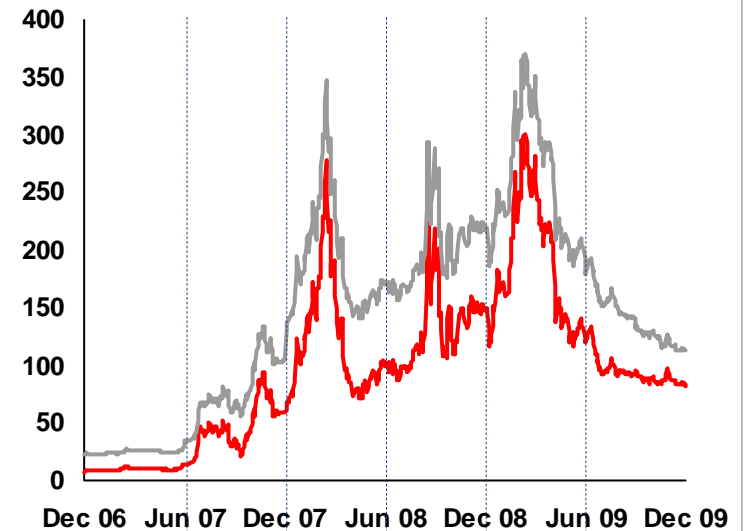
Changes in FV of own debt due to credit spread (US\$m)¹

238	1,378	325	2,795	(1,331)	(2,003)
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— HSBC Finance

HSBC Holdings plc and HSBC Bank Plc

Euro 5yr Sub CDS historical spread², basis points



Changes in FV of own debt due to credit spread (US\$m)

(32)	1,325	434	2,683	(836)	(2,523)
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— HSBC Bank — HSBC Holdings

Notes:

- (1) Excludes movements in fair value on own debt in HSBC USA Inc
- (2) Source: Bloomberg

Group profit before tax

US\$m	Reported		Underlying and ex goodwill impairment		% Better / (worse) 2009 vs 2008	
	2008	2009	2008 ¹	2009 ¹	Reported	Underlying
Net operating income before loan impairment charges, ex changes in FV of own debt due to credit spread	75,112	72,714	66,890	72,357	(3)	8
Loan impairment charges and other credit risk provisions	(24,937)	(26,488)	(24,222)	(26,488)	(6)	(9)
Net operating income	50,175	46,226	42,668	45,869	(8)	8
Total operating expenses, ex goodwill impairment	(38,535)	(34,395)	(35,812)	(34,364)	11	4
Associates and joint ventures	1,661	1,781	1,686	1,781	7	6
Profit before tax, ex goodwill impairment and changes in FV of own debt due to credit spread	13,301	13,612	8,542	13,286	2	56
Goodwill impairment (North America Personal Financial Services)	(10,564)	-			n/a	
Changes in FV of own debt due to credit spread	6,570	(6,533)			n/a	
Profit before tax	9,307	7,079			(24)	

Note:

(1) Underlying basis

Group profit before tax

Reconciliation of reported to underlying and to underlying, excluding goodwill impairment

US\$m	2008 reported	Acquisitions & disposals	Currency translation	2008 underlying	2009 reported	Acquisitions & disposals	2009 underlying	% underlying Better / (worse)
Net operating income before loan impairment charges ex changes in FV of own debt due to credit spread	75,112	(3,248)	(4,974)	66,890	72,714	(357)	72,357	8
Loan impairment charges	(24,937)	6	709	(24,222)	(26,488)	-	(26,488)	(9)
Net operating income	50,175	(3,242)	(4,265)	42,668	46,226	(357)	45,869	8
Total operating expenses (ex goodwill impairment)	(38,535)	68	2,655	(35,812)	(34,395)	31	(34,364)	4
Associates and joint ventures	1,661	-	25	1,686	1,781		1,781	6
Profit before tax, ex goodwill impairment and changes in FV of own debt due to credit spread	13,301	(3,174)	(1,585)	8,542	13,612	(326)	13,286	56
Goodwill impairment	(10,564)			(10,564)	-			n/a
Profit before tax, ex changes in FV of own debt due to credit spread	2,737	(3,174)	(1,585)	(2,022)	13,612	(326)	13,286	n/a
Changes in FV of own debt due to credit spread	6,570				(6,533)			
Profit before tax	9,307				7,079			(24)

Group

Regional contribution

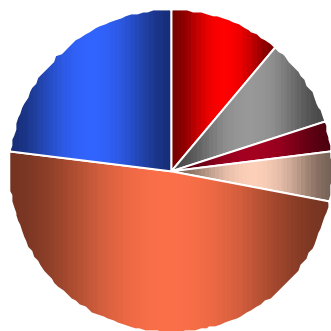
Regional mix, 2009

Profit / (loss) before tax, US\$m

	Reported		Underlying	
	US\$m	% share	US\$m	% share
Hong Kong	5,029	71	5,030	38
Rest of Asia-Pacific	4,200	59	4,157	31
Middle East	455	6	455	3
Latin America	1,124	16	1,124	8
Europe	4,009	57	6,570	50
North America	(7,738)	(109)	(4,050)	(30)
Total	7,079	100	13,286	100

Loans and advances to customers

31 Dec 2009, US\$bn

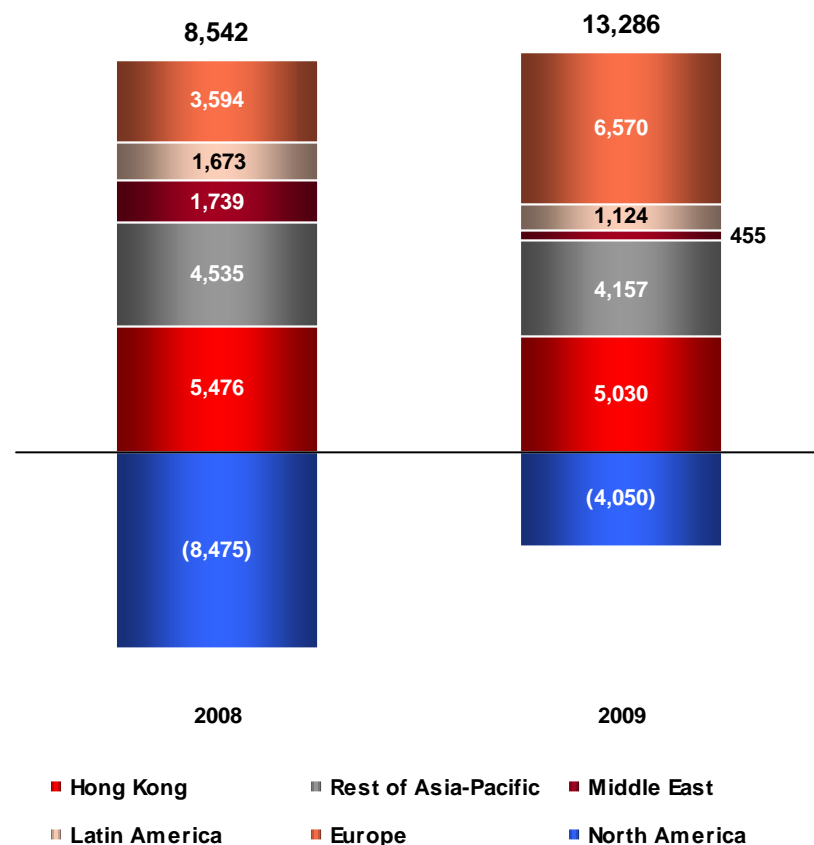


- Hong Kong (99, 11%)
- Rest of Asia-Pacific (80, 9%)
- Middle East (23, 3%)
- Latin America (48, 5%)
- Europe (439, 49%)
- North America (207, 23%)

US\$896.2bn

Regional mix

Profit / (loss) before tax, underlying, ex goodwill impairment, US\$m



Hong Kong

US\$m	Reported		Underlying		% Better / (worse) 2009 vs 2008	
	2008	2009	2008	2009	Reported	Underlying
Net operating income before loan impairment charges	10,154	9,467	10,187	9,468	(7)	(7)
Loan impairment charges and other credit risk provisions	(765)	(500)	(767)	(500)	35	35
Net operating income	9,389	8,967	9,420	8,968	(4)	(5)
Total operating expenses	(3,943)	(3,946)	(3,959)	(3,946)	-	-
Associates and joint ventures	15	8	15	8	(47)	(47)
Profit before tax	5,461	5,029	5,476	5,030	(8)	(8)
Customer loans and advances	100,220	99,381	100,166	99,381	(1)	(1)
Customer accounts	250,517	275,441	250,398	275,441	10	10
Cost efficiency ratio (%)	38.8	41.7	38.9	41.7		

Hong Kong

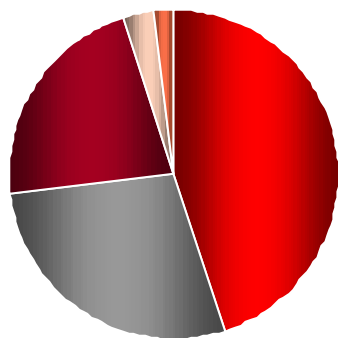
Business mix, 2009

Profit / (loss) before tax, US\$m

	Reported	Underlying	% share underlying
Personal Financial Services	2,728	2,728	54
Commercial Banking	956	956	19
Global Banking and Markets	1,507	1,507	30
Private Banking	197	197	4
Other	(359)	(358)	(7)
Total	5,029	5,030	100

Loans and advances to customers

31 Dec 2009, US\$bn

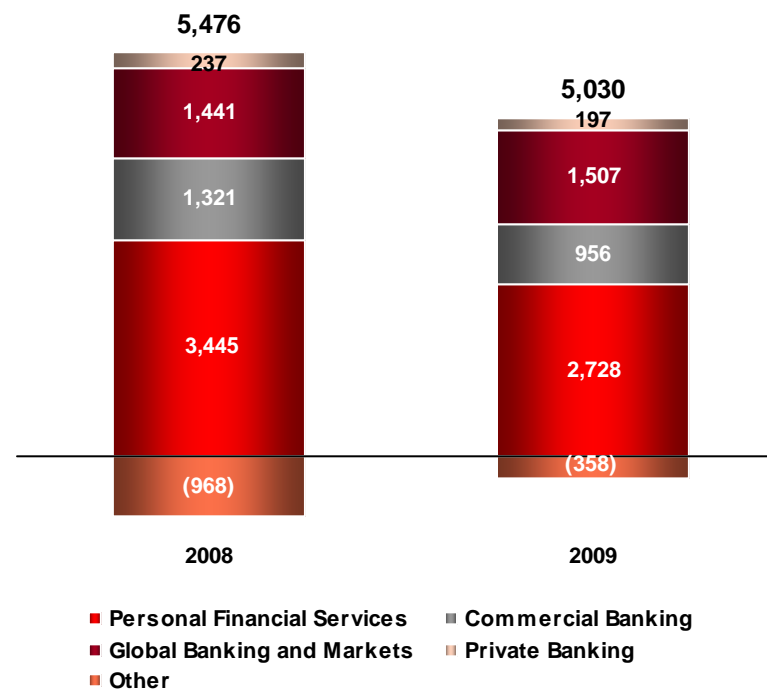


- Personal Financial Services (44, 45%)
- Commercial Banking (28, 28%)
- Global Banking and Markets (22, 22%)
- Private Banking (3, 3%)
- Other (2, 2%)

US\$99.4bn

Business mix

Profit / (loss) before tax, underlying, US\$m



Rest of Asia-Pacific

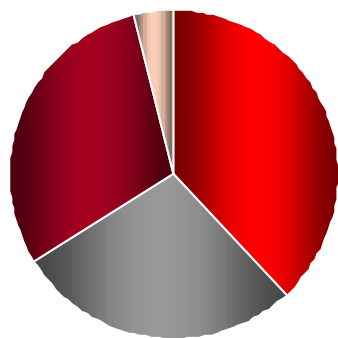
US\$m	Reported		Underlying		% Better / (worse) 2009 vs 2008	
	2008	2009	2008	2009	Reported	Underlying
Net operating income before loan impairment charges	8,981	8,003	8,528	7,929	(11)	(7)
Loan impairment charges and other credit risk provisions	(852)	(896)	(821)	(896)	(5)	(9)
Net operating income	8,129	7,107	7,707	7,033	(13)	(9)
Total operating expenses	(4,704)	(4,450)	(4,496)	(4,419)	5	2
Associates and joint ventures	1,297	1,543	1,324	1,543	19	17
Profit before tax	4,722	4,200	4,535	4,157	(11)	(8)
Customer loans and advances	80,661	80,043	85,981	80,043	(1)	(7)
Customer accounts	124,194	133,999	129,930	133,999	8	3
Cost efficiency ratio (%)	52.4	55.6	52.7	55.7		

Rest of Asia-Pacific

Business mix, 2009 Profit before tax, US\$m

	Reported	Underlying	% share underlying
Personal Financial Services	463	460	11
Commercial Banking	1,064	1,026	25
Global Banking and Markets	2,319	2,314	56
Private Banking	90	90	2
Other	264	267	6
Total	4,200	4,157	100

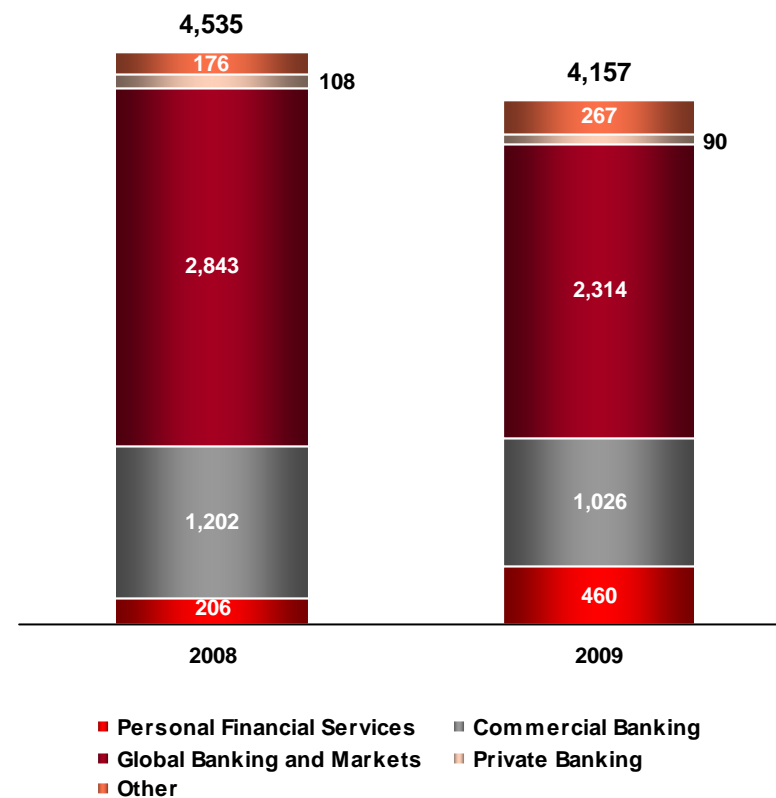
Loans and advances to customers 31 Dec 2009, US\$bn



- Personal Financial Services (30, 38%)
- Commercial Banking (23, 28%)
- Global Banking and Markets (24, 30%)
- Private Banking (3, 4%)

US\$80.0bn

Business mix Profit before tax, underlying, US\$m



Middle East

US\$m	2008		2009	% Better / (worse) 2009 vs 2008	
	Reported	Underlying	Reported and underlying	Reported	Underlying
Net operating income before loan impairment charges	2,668	2,650	2,594	(3)	(2)
Loan impairment charges and other credit risk provisions	(279)	(280)	(1,334)	(378)	(376)
Net operating income	2,389	2,370	1,260	(47)	(47)
Total operating expenses	(959)	(948)	(1001)	(4)	(6)
Associates and joint ventures	316	317	196	(38)	(38)
Profit before tax	1,746	1,739	455	(74)	(74)
Customer loans and advances	27,295	27,226	22,844	(16)	(16)
Customer accounts	35,165	35,089	32,529	(7)	(7)
Cost efficiency ratio (%)	35.9	35.8	38.6		

Middle East

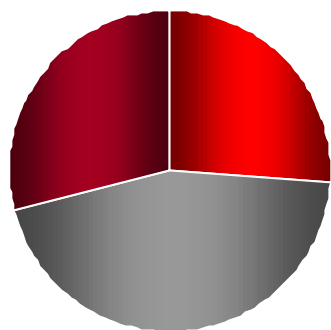
Business mix, 2009

Profit / (loss) before tax, US\$m

	Reported and underlying	% share
Personal Financial Services	(126)	(28)
Commercial Banking	21	5
Global Banking and Markets	467	103
Private Banking	6	1
Other	87	19
Total	455	100

Loans and advances to customers

31 Dec 2009, US\$bn

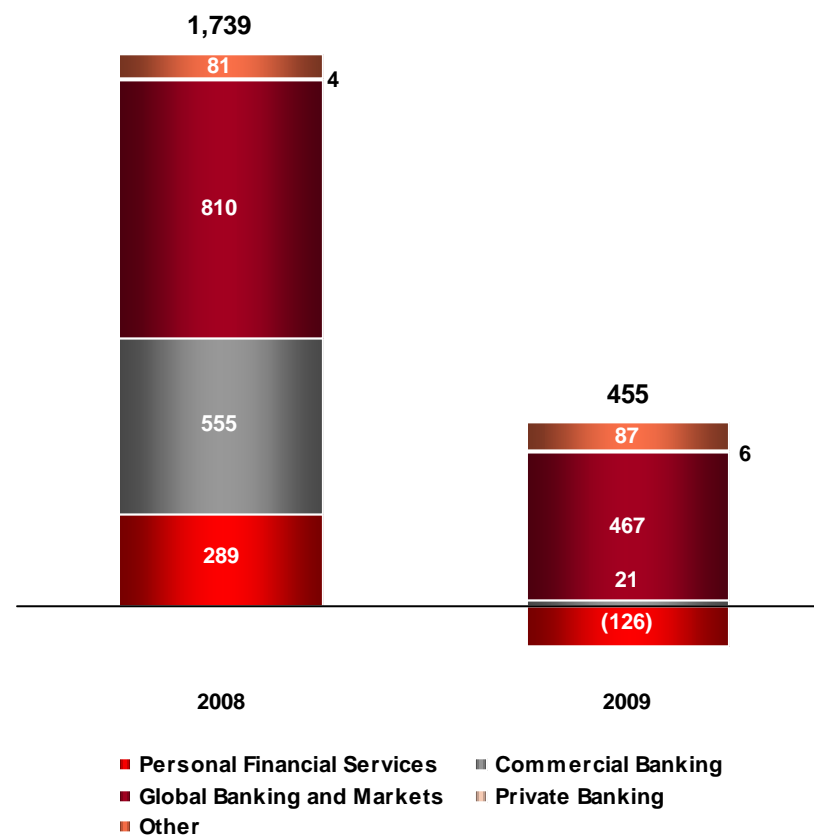


- Personal Financial Services (6, 26%)
- Commercial Banking (10, 45%)
- Global Banking and Markets (7, 29%)

US\$22.8bn

Business mix

Profit / (loss) before tax, underlying, US\$m



Latin America

US\$m	2008		2009	% Better / (worse) 2009 vs 2008	
	Reported	Underlying	Reported and underlying	Reported	Underlying
Net operating income before loan impairment charges	10,513	9,148	9,024	(14)	(1)
Loan impairment charges and other credit risk provisions	(2,492)	(2,198)	(2,526)	(1)	(15)
Net operating income	8,021	6,950	6,498	(19)	(7)
Total operating expenses	(5,990)	(5,281)	(5,375)	10	(2)
Associates and joint ventures	6	4	1	(83)	(75)
Profit before tax	2,037	1,673	1,124	(45)	(33)
Customer loans and advances	42,287	49,101	47,629	13	(3)
Customer accounts	59,443	69,920	72,889	23	4
Cost efficiency ratio (%)	57.0	57.7	59.6		

Latin America

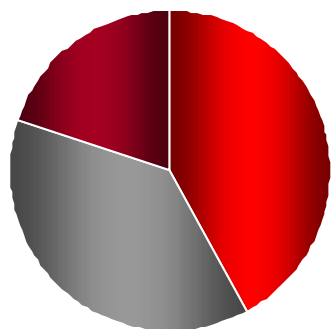
Business mix, 2009

Profit / (loss) before tax, US\$m

	Reported and underlying	% share
Personal Financial Services	(216)	(19)
Commercial Banking	399	35
Global Banking and Markets	931	83
Private Banking	11	1
Other	(1)	-
Total	1,124	100

Loans and advances to customers

31 Dec 2009, US\$bn

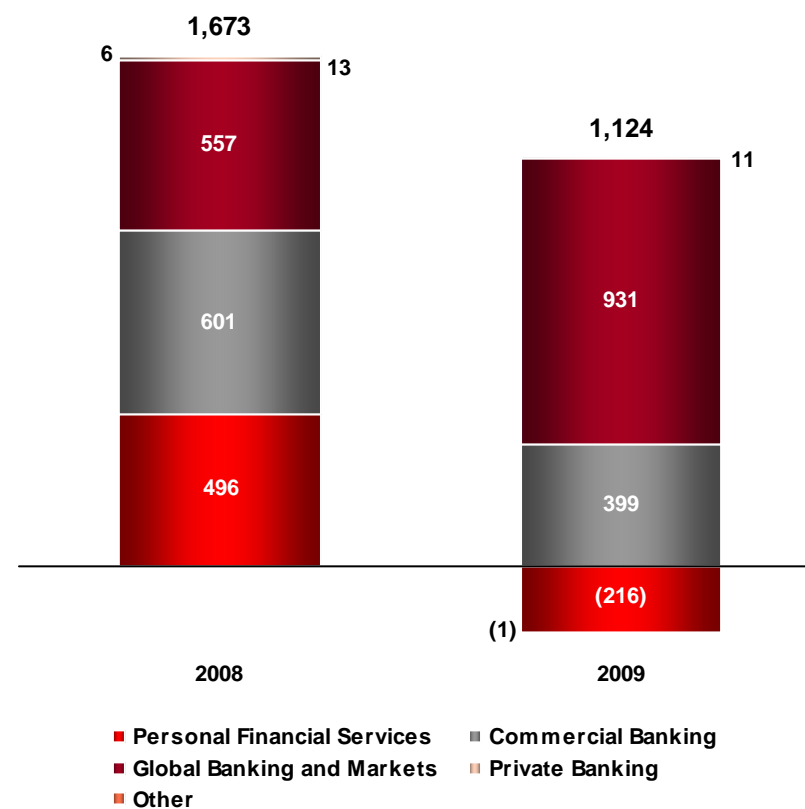


- Personal Financial Services (20, 42%)
- Commercial Banking (18, 38%)
- Global Banking and Markets (10, 20%)

US\$47.6bn

Business mix

Profit / (loss) before tax, underlying, US\$m



North America

US\$m	2008		2009	% Better / (worse) 2009 vs 2008	
	Reported	Underlying	Reported and underlying	Reported	Underlying
Net operating income before loan impairment charges, ex changes in FV of own debt	17,735	17,619	19,993	13	13
Loan impairment charges and other credit risk provisions	(16,795)	(16,803)	(15,664)	7	7
Net operating income	940	816	4,329	361	431
Total operating expenses, ex goodwill impairment charge	(9,359)	(9,301)	(8,391)	10	10
Associates and joint ventures	11	10	12	9	20
Profit before tax, ex goodwill impairment and changes in FV of own debt due to credit spread	(8,408)	(8,475)	(4,050)	52	52
Goodwill impairment charge	(10,564)		-	n/a	
Changes in FV of own debt	3,444		(3,688)	n/a	
Profit before tax, reported	(15,528)		(7,738)	50	
Customer loans and advances	256,214	263,593	206,853	(19)	(22)
Customer accounts	143,532	149,109	149,157	4	-
Cost efficiency ratio (%), ex goodwill impairment	44.2	52.8	51.5		

North America

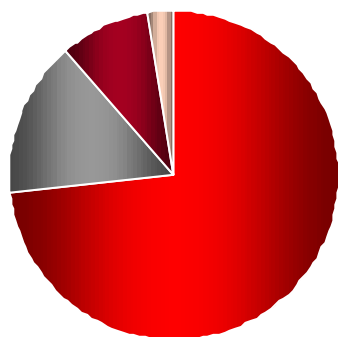
Business mix, 2009

Profit / (loss) before tax, US\$m

	Reported	Underlying	% share underlying
Personal Financial Services	(5,226)	(5,226)	129
Commercial Banking	543	543	(13)
Global Banking and Markets	712	712	(18)
Private Banking	(50)	(50)	1
Other	(3,717)	(29)	1
Total	(7,738)	(4,050)	100

Loans and advances to customers

31 Dec 2009, US\$bn

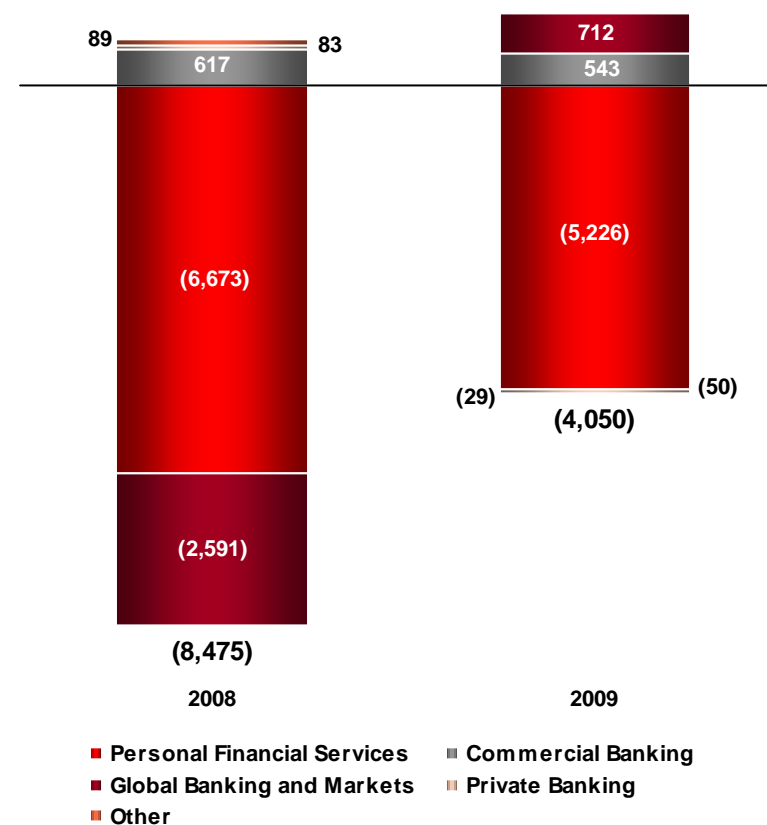


- Personal Financial Services (152, 73%)
- Commercial Banking (31, 15%)
- Global Banking and Markets (19, 9%)
- Private Banking (5, 3%)

US\$206.9bn

Business mix

Profit / (loss) before tax, underlying, ex goodwill impairment, US\$m



Europe

US\$m	Reported		Underlying		% Better / (worse) 2009 vs 2008	
	2008	2009	2008	2009	Reported	Underlying
Net operating income before loan impairment charges, ex changes in FV of own debt	27,561	26,385	21,212	26,105	(4)	23
Loan impairment charges and other credit risk provisions	(3,754)	(5,568)	(3,353)	(5,568)	(48)	(66)
Net operating income	23,807	20,817	17,859	20,537	(13)	15
Total operating expenses	(16,072)	(13,988)	(14,281)	(13,988)	13	2
Associates and joint ventures	16	21	16	21	31	31
Profit before tax, ex changes in FV of own debt	7,751	6,850	3,594	6,570	(12)	83
Changes in FV of own debt	3,118	(2,841)			n/a	
Profit before tax, reported	10,869	4,009			(63)	
Customer loans and advances	426,191	439,481	463,964	439,481	3	(5)
Customer accounts	502,476	495,019	545,359	495,019	(1)	(9)
Cost efficiency ratio (%)	58.3	53.0	67.3	53.6		

Europe

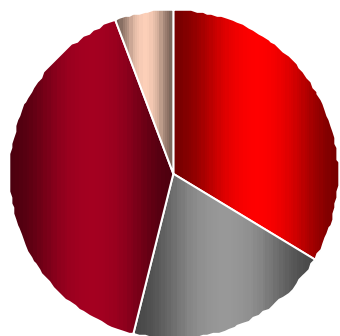
Business mix, 2009

Profit / (loss) before tax, US\$m

	Reported	Underlying	% share underlying
Personal Financial Services	312	312	5
Commercial Banking	1,292	1,012	15
Global Banking and Markets	4,545	4,545	69
Private Banking	854	854	13
Other	(2,994)	(153)	(2)
Total	4,009	6,570	100

Loans and advances to customers

31 Dec 2009, US\$bn

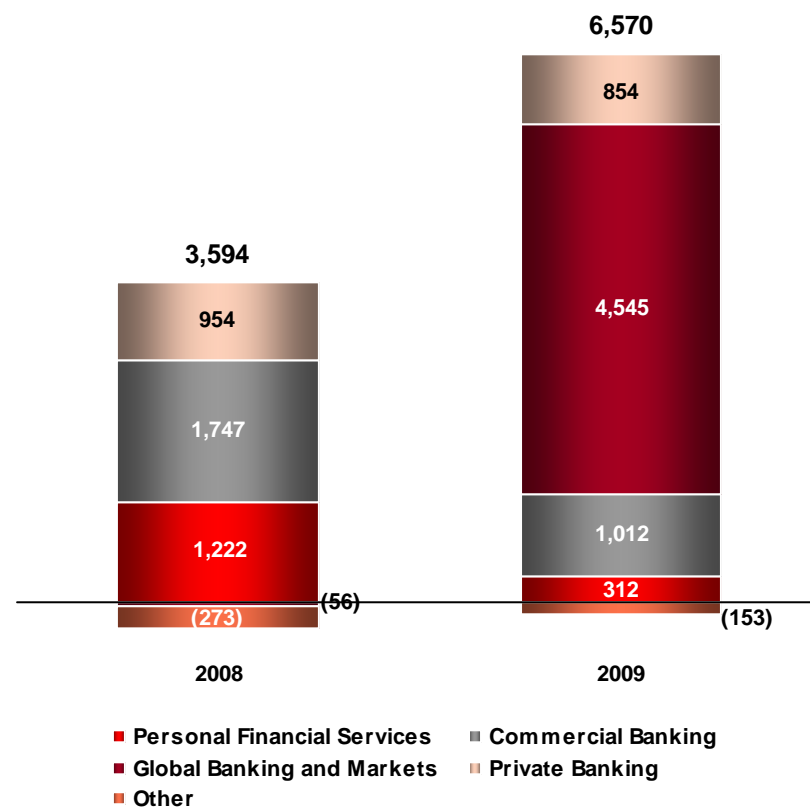


- Personal Financial Services (148, 34%)
- Commercial Banking (89, 20%)
- Global Banking and Markets (176, 40%)
- Private Banking (26, 6%)

US\$439.5bn

Business mix

Profit / (loss) before tax, underlying, US\$m



Profit / (loss) before tax by country / territory

US\$m	Reported, ex changes in FV of own debt due to credit spread and goodwill impairment		
	2008	2009	% Better / (worse) 2009 vs 2008
Hong Kong	5,456	5,030	(8)
Rest of Asia-Pacific	4,719	4,203	(11)
Australia	173	201	16
India	666	374	(44)
Indonesia	121	154	27
Japan	4	(17)	n/a
Total mainland China	1,605	1,632	2
– Mainland China associates	1,286	1,521	18
– Other mainland China	319	111	(65)
Malaysia	369	286	(22)
Singapore	597	542	(9)
South Korea	313	359	15
Taiwan	175	160	(9)
Other Rest of Asia-Pacific	696	512	(26)
Middle East	1,746	455	(74)
– Egypt	223	224	-
– United Arab Emirates	861	(3)	(100)
– Other Middle East	367	41	(89)
Total Middle East (ex Saudi Arabia)	1,451	262	(82)
Total Saudi Arabia	295	193	(35)

Profit / (loss) before tax by country / territory

US\$m	Reported, ex changes in FV of own debt due to credit spread and goodwill impairment		
	2008	2009	% Better / (worse) 2009 vs 2008
Latin America	2,037	1,124	(45)
Argentina	224	232	4
Brazil	910	510	(44)
Mexico	714	272	(62)
Panama	121	148	22
Other Latin America	68	(38)	(156)
North America	(8,408)	(4,050)	52
United States	(9,316)	(4,727)	49
Canada	732	534	(27)
Bermuda	174	141	(19)
Other North America	2	2	-
Europe	7,751	6,850	(12)
United Kingdom	3,635	4,764	31
France	2,772	827	(70)
Germany	225	290	29
Malta	142	100	(30)
Switzerland	553	450	(19)
Turkey	224	261	17
Other Europe	200	158	(21)

Group

Customer group and global business contribution

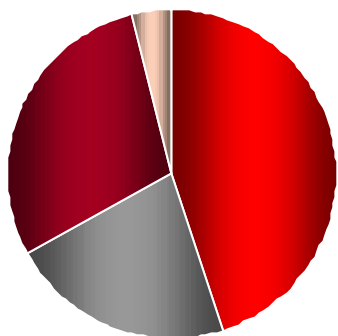
Business mix, 2009

Profit / (loss) before tax, US\$m

	Reported	Underlying	% share underlying
Personal Financial Services	(2,065)	(2,068)	(16)
Commercial Banking	4,275	3,957	30
Global Banking and Markets	10,481	10,476	79
Private Banking	1,108	1,108	8
Other	(6,720)	(187)	(1)
Total	7,079	13,286	100

Loans and advances to customers

31 Dec 2009, US\$bn

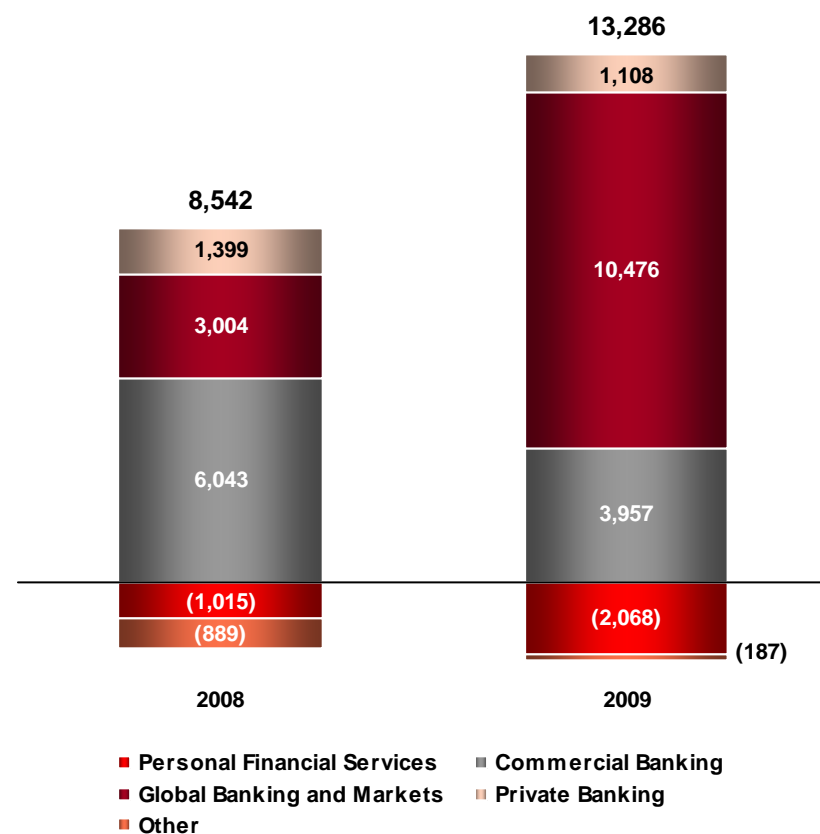


- Personal Financial Services (399, 45%)
- Commercial Banking (200, 22%)
- Global Banking and Markets (257, 29%)
- Private Banking (37, 4%)
- Other (3, 0)

US\$896.2bn

Business mix

Profit / (loss) before tax, underlying, ex goodwill impairment, US\$m



Personal Financial Services

US\$m	Reported		Underlying		% Better / (worse) 2009 vs 2008	
	2008	2009	2008	2009	Reported	Underlying
Net operating income before loan impairment charges	41,489	35,415	38,863	35,411	(15)	(9)
Loan impairment charges and other credit risk provisions	(21,220)	(19,902)	(20,622)	(19,902)	6	3
Net operating income	20,269	15,513	18,241	15,509	(23)	(15)
Total operating expenses, ex goodwill impairment	(21,140)	(18,292)	(19,730)	(18,291)	13	7
Operating profit	(871)	(2,779)	(1,489)	(2,782)	(219)	(87)
Associates and joint ventures	461	714	474	714	55	51
Profit before tax, ex goodwill impairment	(410)	(2,065)	(1,015)	(2,068)	(404)	(104)
Goodwill impairment	(10,564)	-	(10,564)	-	n/a	n/a
Profit before tax	(10,974)	(2,065)	(11,579)	(2,068)	81	82
Customer loans and advances	401,402	399,460	422,520	399,460	-	(5)
Customer accounts	440,338	499,109	464,367	499,109	13	7
Cost efficiency ratio (%)	51.0	51.7	50.8	51.7		

Personal Financial Services

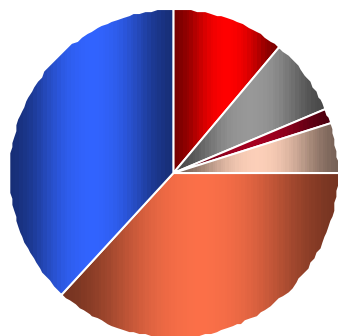
Regional mix, 2009

Profit / (loss) before tax, US\$m

	Reported	Underlying
Hong Kong	2,728	2,728
Rest of Asia-Pacific	463	460
Middle East	(126)	(126)
Latin America	(216)	(216)
Europe	312	312
North America	(5,226)	(5,226)
Total	(2,065)	(2,068)

Loans and advances to customers

31 Dec 2009, US\$bn

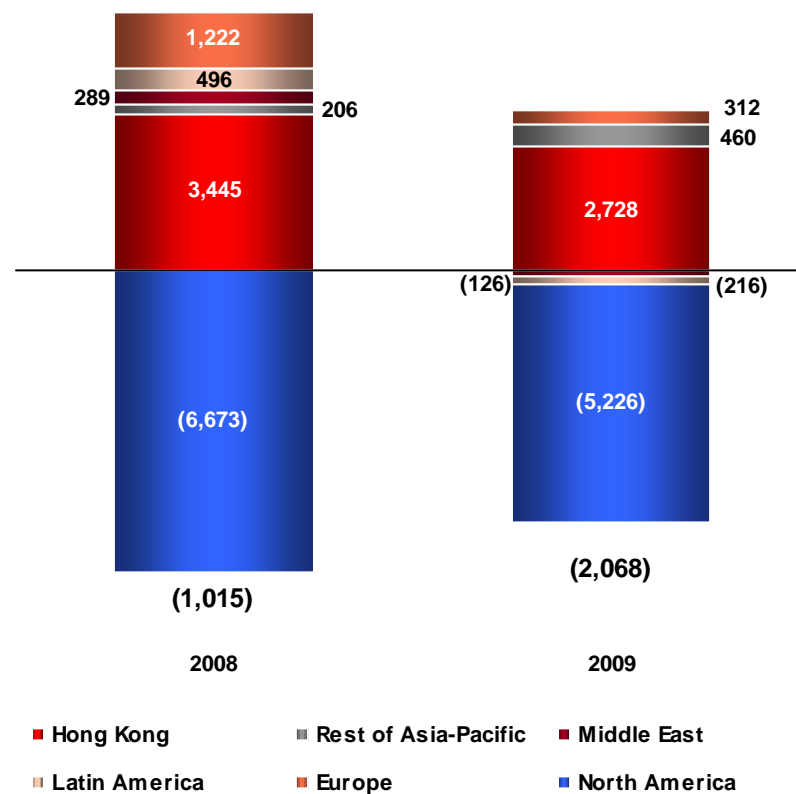


- Hong Kong (44, 11%)
- Rest of Asia-Pacific (30, 8%)
- Middle East (6, 1%)
- Latin America (20, 5%)
- Europe (148, 37%)
- North America (152, 38%)

US\$399.4bn

Regional mix

Profit / (loss) before tax, underlying, ex goodwill impairment, US\$m



Commercial Banking

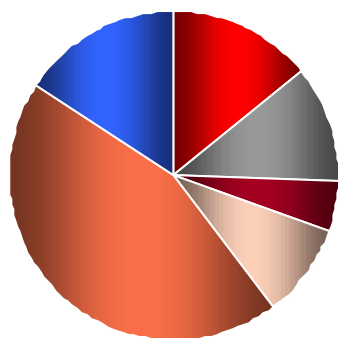
US\$m	Reported		Underlying		% Better / (worse) 2009 vs 2008	
	2008	2009	2008	2009	Reported	Underlying
Net operating income before loan impairment charges	15,317	12,853	13,521	12,508	(16)	(7)
Loan impairment charges and other credit risk provisions	(2,173)	(3,282)	(2,102)	(3,282)	(51)	(56)
Net operating income	13,144	9,571	11,419	9,226	(27)	(19)
Total operating expense	(6,581)	(5,963)	(6,014)	(5,936)	9	1
Operating profit	6,563	3,608	5,405	3,290	(45)	(39)
Associates and joint ventures	631	667	638	667	6	5
Profit before tax	7,194	4,275	6,043	3,957	(41)	(35)
Customer loans and advances	203,949	199,674	218,563	199,674	(2)	(9)
Customer accounts	235,879	267,388	249,780	267,388	13	7
Cost efficiency ratio (%)	43.0	46.4	44.5	47.5		

Commercial Banking

Regional mix, 2009 Profit before tax, US\$m

	Reported	Underlying	% share underlying
Hong Kong	956	956	24
Rest of Asia-Pacific	1,064	1,026	26
Middle East	21	21	1
Latin America	399	399	10
Europe	1,292	1,012	25
North America	543	543	14
Total	4,275	3,957	100

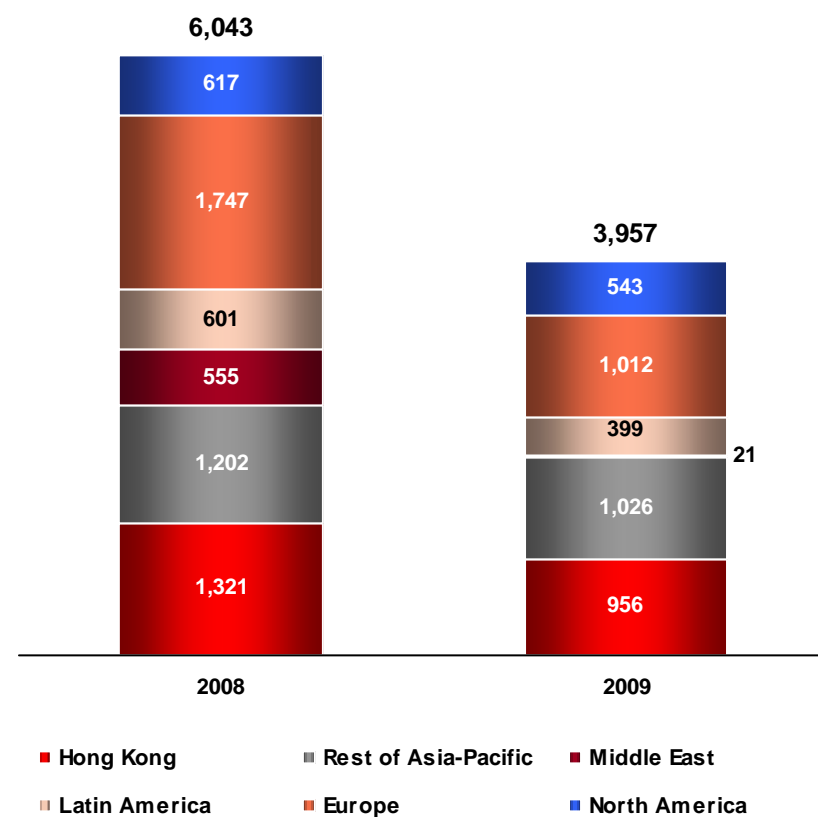
Loans and advances to customers 31 Dec 2009, US\$bn



- Hong Kong (28, 14%)
- Rest of Asia-Pacific (23, 11%)
- Middle East (10, 5%)
- Latin America (18, 9%)
- Europe (89, 45%)
- North America (31, 16%)

US\$199.5bn

Regional mix Profit before tax, underlying, US\$m



Global Banking and Markets

US\$m	Reported		Underlying		% Better / (worse) 2009 vs 2008	
	2008	2009	2008	2009	Reported	Underlying
Net operating income before loan impairment charges	13,518	21,820	12,245	21,812	61	78
Loan impairment charges and other credit risk provisions	(1,471)	(3,168)	(1,426)	(3,168)	(115)	(122)
Net operating income	12,047	18,652	10,819	18,644	55	72
Total operating expense	(9,092)	(8,537)	(8,349)	(8,534)	6	(2)
Operating profit	2,955	10,115	2,470	10,110	242	309
Associates and joint ventures	528	366	534	366	(31)	(31)
Profit before tax	3,483	10,481	3,004	10,476	201	249
Cost efficiency ratio (%)	67.3	39.1	68.2	39.1		

Global Banking and Markets

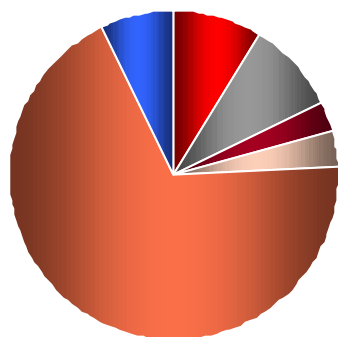
Regional mix, 2009, US\$m

Profit / (loss) before tax

	Reported	Underlying	% share underlying
Hong Kong	1,507	1,507	14
Rest of Asia-Pacific	2,319	2,314	22
Middle East	467	467	5
Latin America	931	931	9
Europe	4,545	4,545	43
North America	712	712	7
Total	10,481	10,476	100

Loans and advances to customers

31 Dec 2009, US\$bn

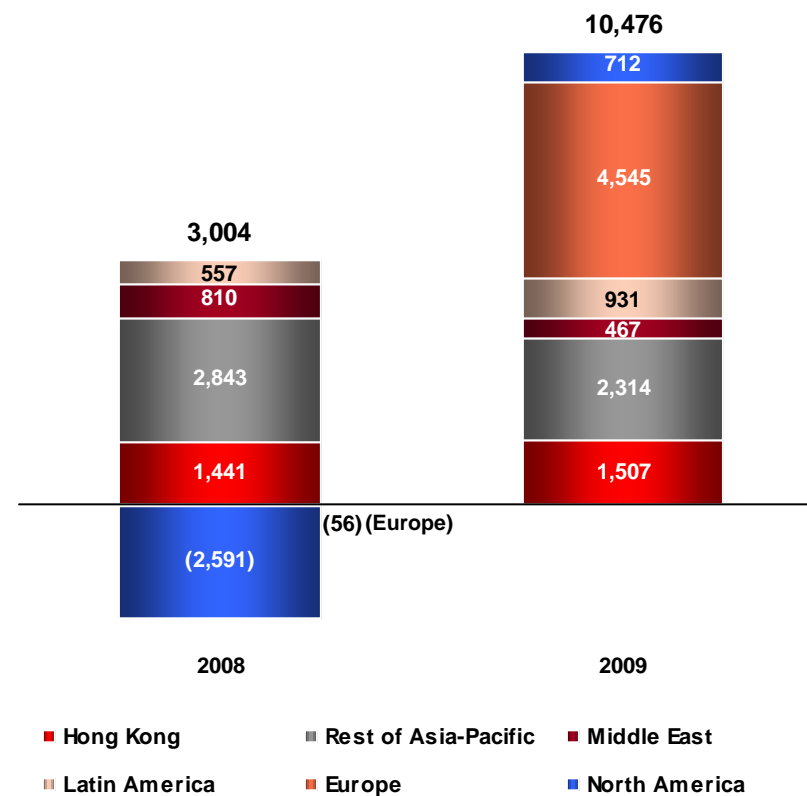


- Hong Kong (22, 9%)
- Rest of Asia-Pacific (24, 9%)
- Middle East (7, 3%)
- Latin America (10, 4%)
- Europe (176, 68%)
- North America (19, 7%)

US\$256.9bn

Regional mix

Profit / (loss) before tax, underlying, US\$m



Global Banking and Markets

Management view of total operating income

US\$m	2007	2008	2009	% Better / (worse) 2009 vs 2008
Credit	(1,319)	(5,502)	2,330	n/a
Rates	1,291	2,033	2,648	30
Foreign exchange	2,178	3,842	2,979	(22)
Equities	1,177	(64)	641	n/a
Securities services	1,926	2,116	1,420	(33)
Asset and structured finance	467	251	346	38
Global Markets	5,720	2,676	10,364	287
Financing and equity capital markets	2,186	3,572	3,070	(14)
Payments and cash management	1,632	1,665	1,053	(37)
Other transaction services	372	481	507	5
Global Banking	4,190	5,718	4,630	(19)
Balance sheet management	1,226	3,618	5,390	49
Global asset management	1,336	934	939	1
Principal investments	1,253	(415)	42	n/a
Other	1,555	1,066	489	(54)
Total operating income	15,280	13,597	21,854	61

Private Banking

US\$m	2008		2009 ¹	% Better / (worse) 2009 vs 2008	
	Reported	Underlying	Reported	Reported	Underlying
Net operating income before loan impairment charges	3,631	3,527	3,112	(14)	(12)
Loan impairment charges and other credit risk provisions	(68)	(66)	(128)	(88)	(94)
Net operating income	3,563	3,461	2,984	(16)	(14)
Total operating expense	(2,116)	(2,062)	(1,884)	11	9
Operating profit	1,447	1,399	1,100	(24)	(21)
Associates and joint ventures	-	-	8	n/a	n/a
Profit before tax	1,447	1,399	1,108	(23)	(21)
Client assets, US\$bn					
At 1 January	421		352	(16)	
Net new money	24		(7)	n/a	
Value change	(71)		27	n/a	
Exchange and other	(22)		(5)	n/a	
At 31 December	352		367	4	
Cost efficiency ratio (%)	58.3		60.5		

Note:
(1) Also underlying

Private Banking

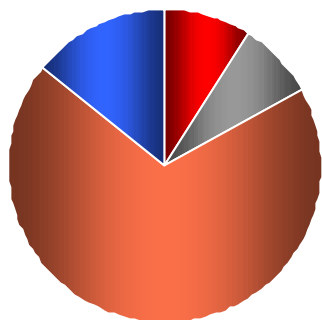
Regional mix, 2009

Profit / (loss) before tax, US\$m

	Reported and underlying	% share
Hong Kong	197	18
Rest of Asia-Pacific	90	8
Middle East	6	1
Latin America	11	1
Europe	854	77
North America	(50)	(5)
Total	1,108	100

Loans and advances to customers

31 Dec 2009, US\$bn

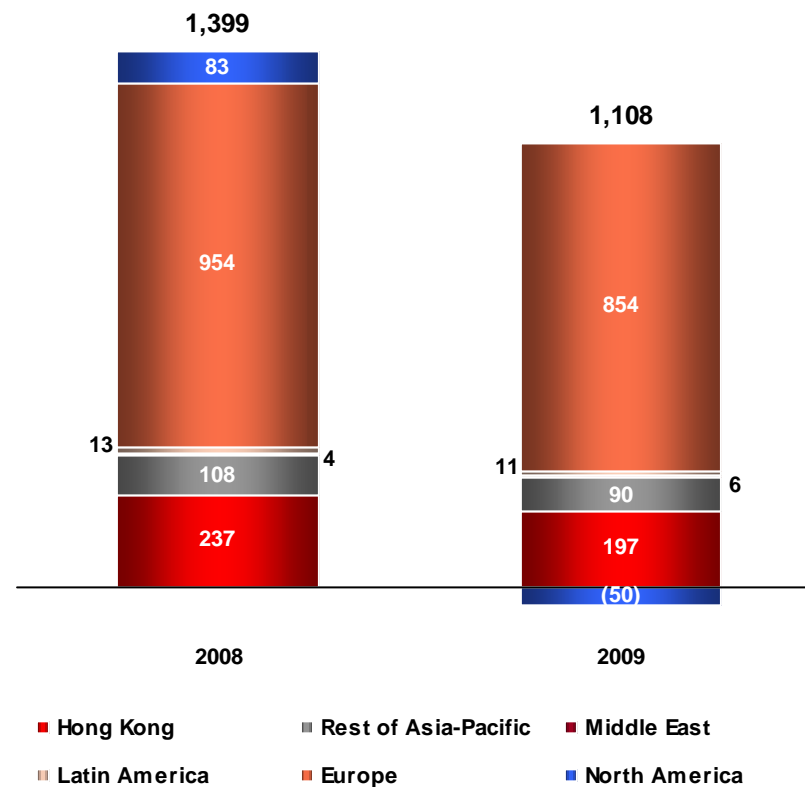


- Hong Kong (3, 9%)
- Rest of Asia-Pacific (3, 8%)
- Europe (26, 69%)
- North America (5, 14%)

US\$37.0bn

Regional mix

Profit / (loss) before tax, underlying, US\$m



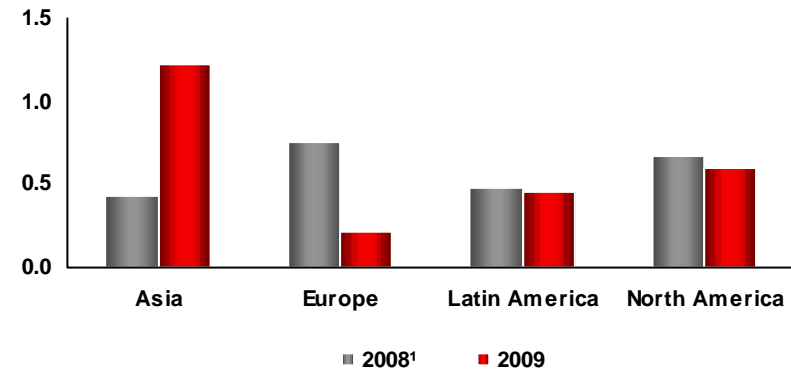
Bancassurance

Executing on emerging markets strategy

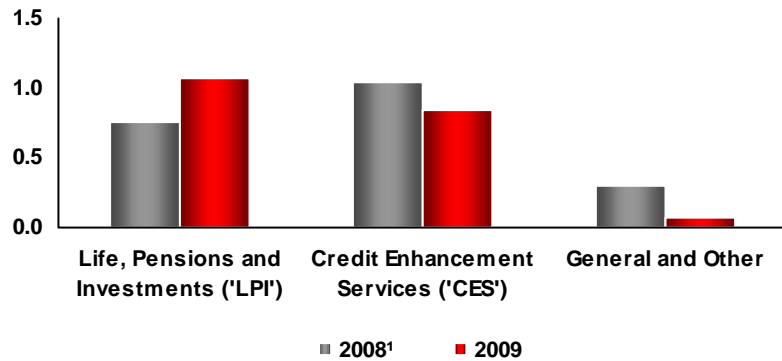
Profit before tax, 2009

Insurance contributed US\$2.5bn, an increase of 6%¹, representing 18% of Group profit²

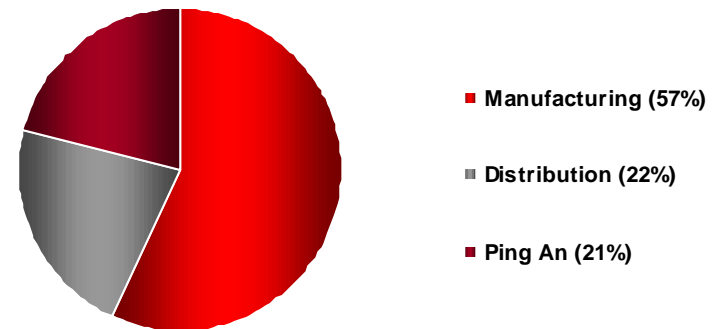
Profit before tax by region, US\$bn



Profit before tax³ by product category, US\$bn



Profit before tax by type of business, 2009



Notes:

- (1) 2008 adjusted for constant currency
- (2) Group profit before tax excludes changes in FV of own debt due to credit spread
- (3) Excludes Ping An

HSBC Finance Corporation

2009 Financial Results

US\$m	2008	2009	% Better / (worse) 2009 vs 2008
Net operating income before loan impairment charges ex changes in FV of own debt due to credit spread	13,738	12,484	(9)
Loan impairment charges and other credit risk provisions	(15,347)	(13,545)	12
Total operating expenses, ex goodwill impairment	(4,526)	(3,574)	21
Loss before tax from continuing operations	(6,135)	(4,635)	24
Customer loans and advances (as at 31 December) ^{1,2}	147,015	117,944	(20)

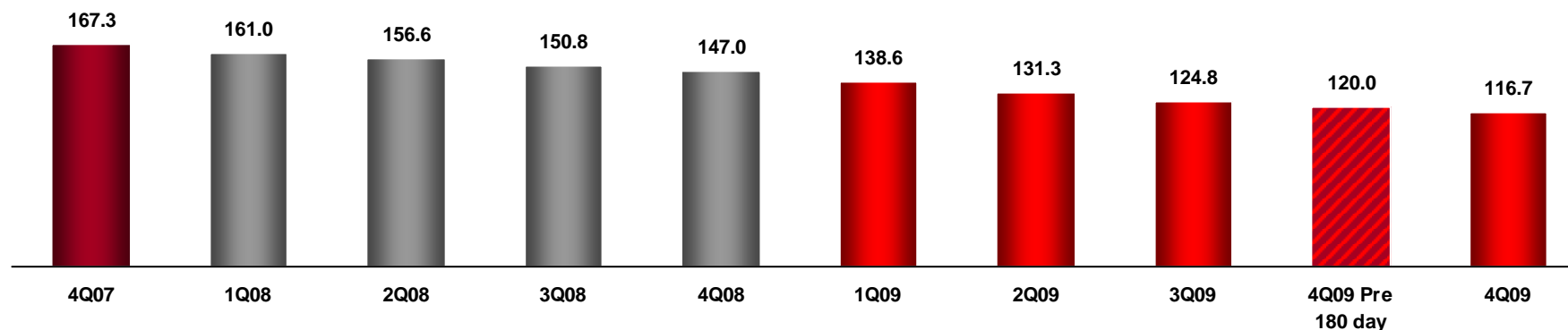
Notes:

- (1) The figures are presented on an IFRS management basis. See note 24 of 'Business Segments', form 10-K for the period ended 31 Dec 2009 for reconciliation of IFRS to US GAAP
(2) Customer loans and advances included reverse repo balances of US\$1,300m at 31 Dec 2009 (nil at 31 Dec 2008)

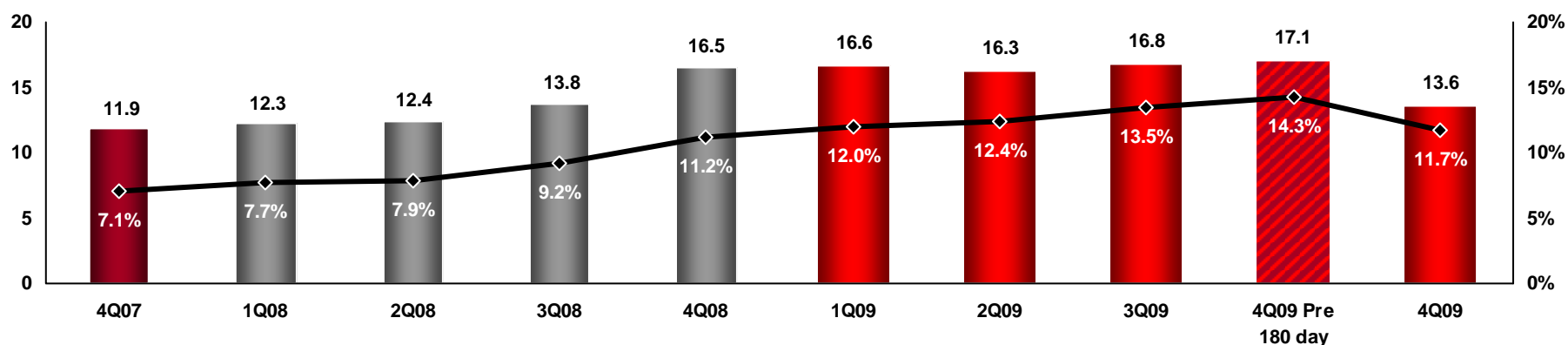
HSBC Finance Corporation

Continued reduction of balance sheet in the US

Customer loans¹, US\$bn



2+ Delinquency^{1, 2}, US\$bn



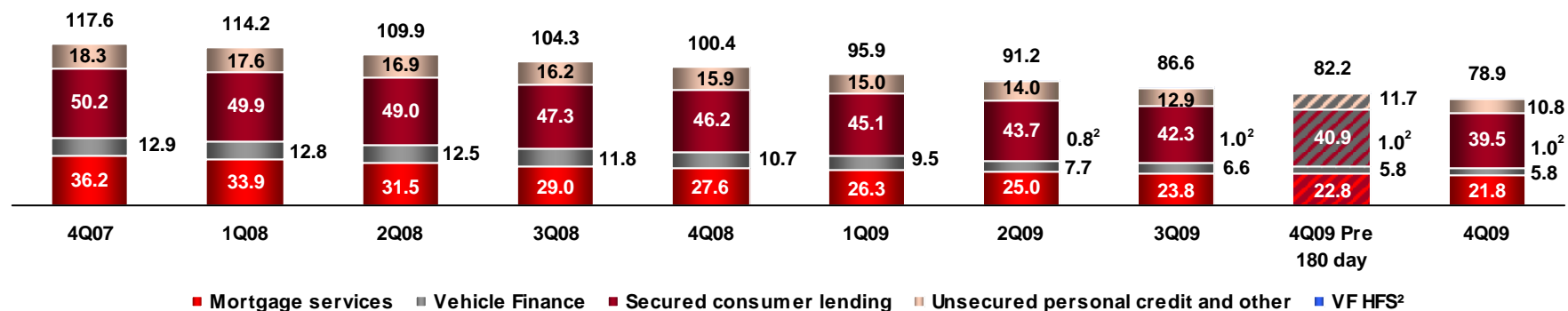
Notes:

- (1) Excludes reverse repo balances and vehicle finance loans held for sale
- (2) 2+ Delinquency ratio as a percentage of end-of-period customer loans

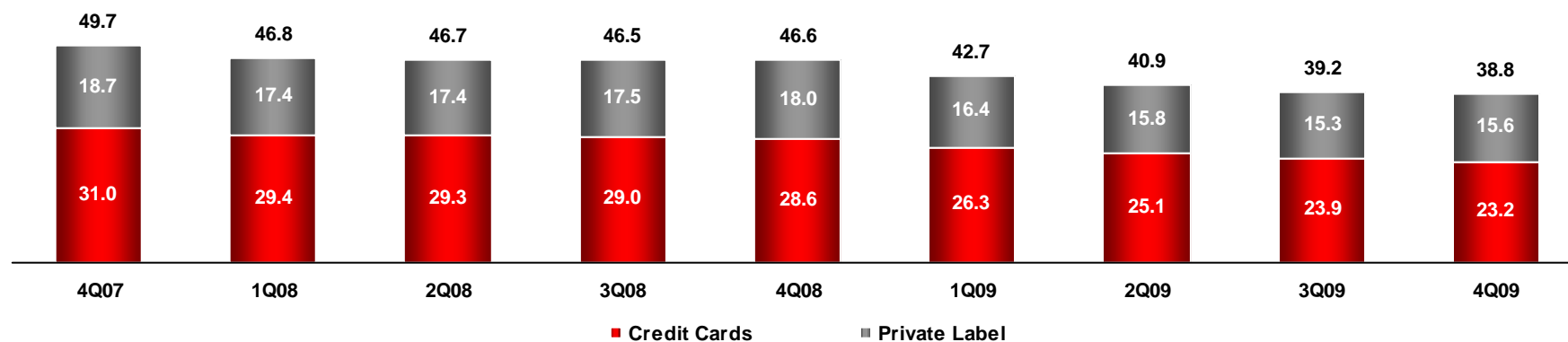
HSBC Finance Corporation

US customer loans – Run-off portfolio: Down 21% from December 2008

Customer loans¹
Run-off portfolio, US\$bn



Customer loans¹
Core portfolio, US\$bn



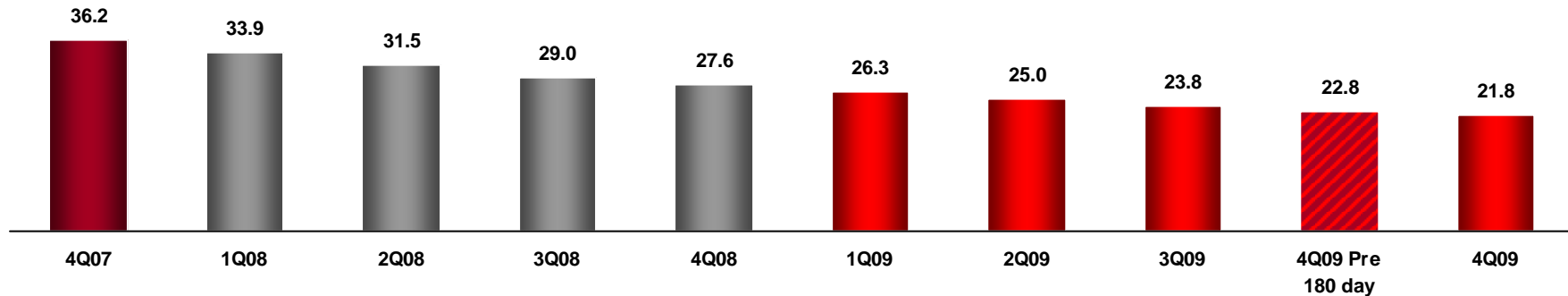
Notes:

- (1) Excludes reverse repo balances
- (2) Vehicle finance loans held for sale

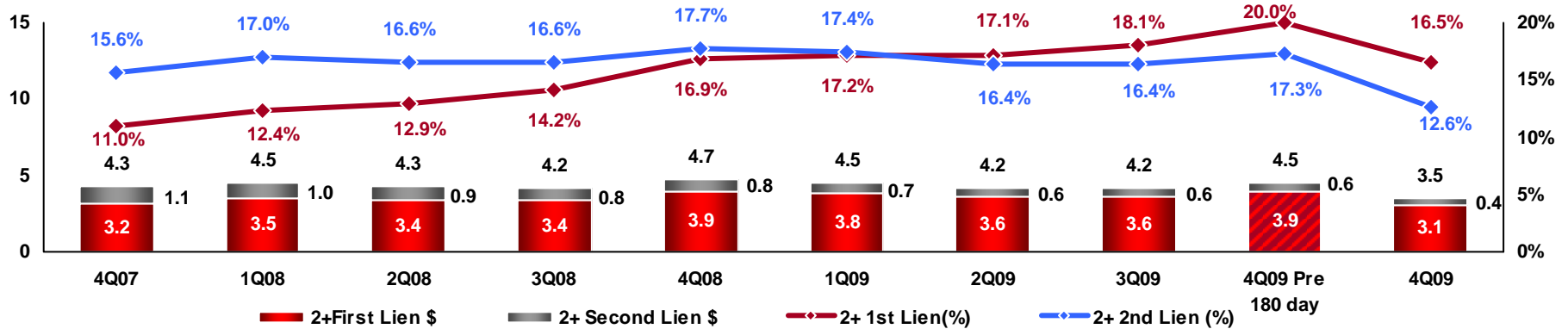
HSBC Finance Corporation

US Mortgages: Continuing to shrink the Mortgage Services portfolio

Mortgages Services
Customer loans, US\$bn



Mortgages Services
2+ Delinquency¹, US\$bn

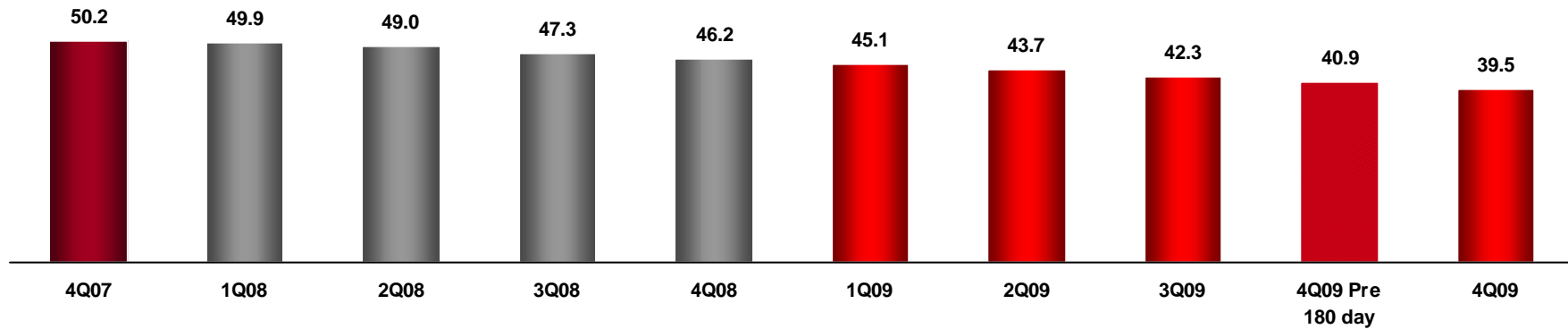


Note:
(1) 2+ Delinquency ratio as a percentage of end-of-period customer loans

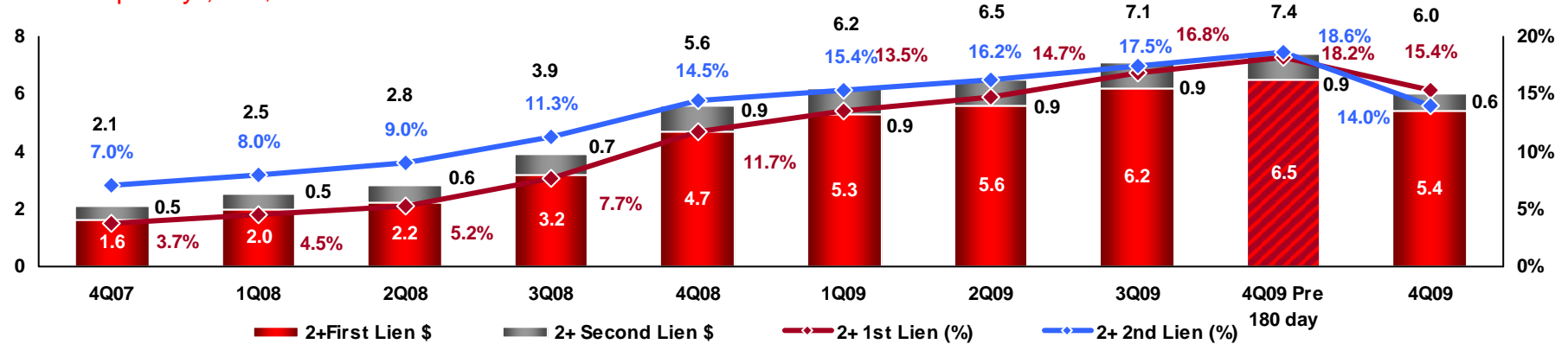
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US Mortgages: Continuing to shrink the Consumer Lending mortgage portfolio

Consumer Lending
Customer loans, US\$bn



Consumer Lending
2+ Delinquency¹, US\$bn



Note:

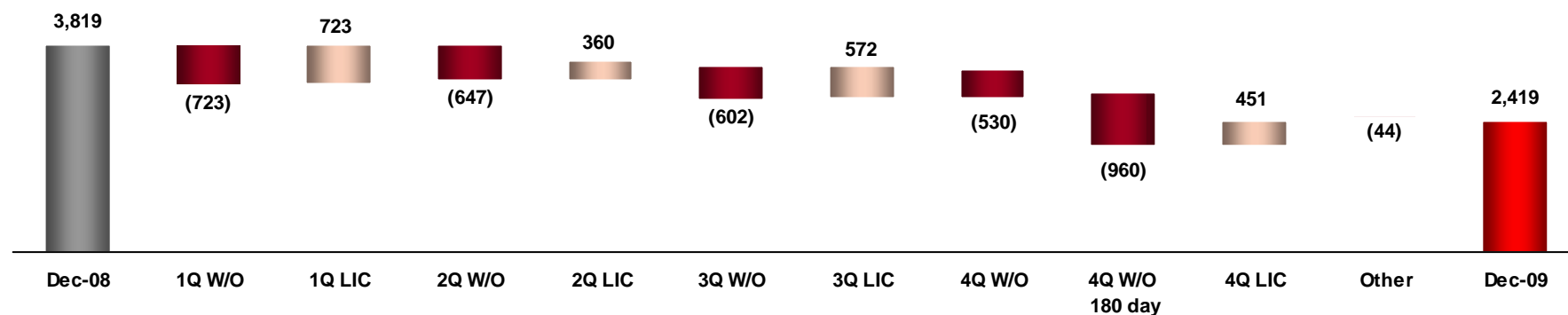
(1) 2+ Delinquency ratio as a percentage of end-of-period customer loans

HSBC Finance Corporation

Impairment allowance

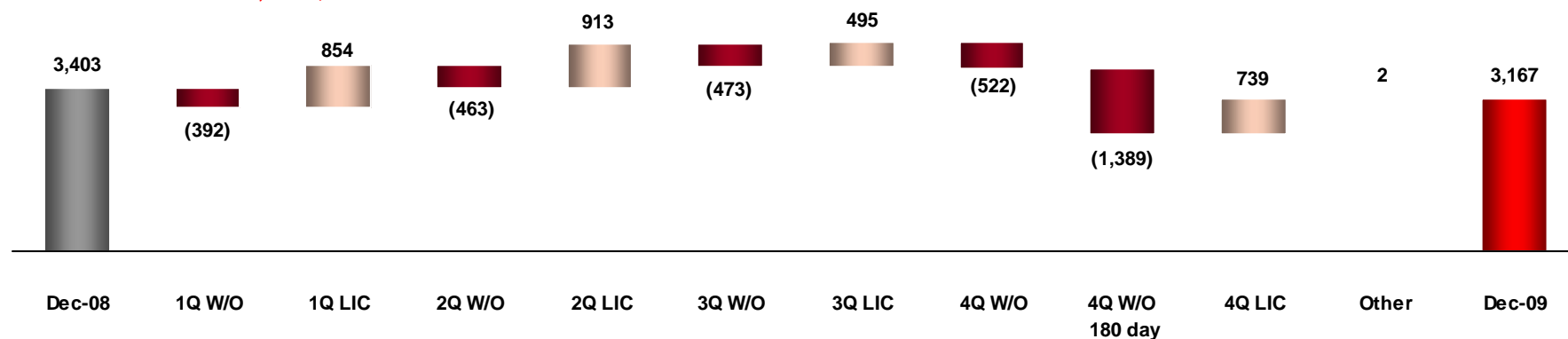
Mortgage Services

Real Estate Secured, US\$m



Consumer Lending

Real Estate Secured, US\$m

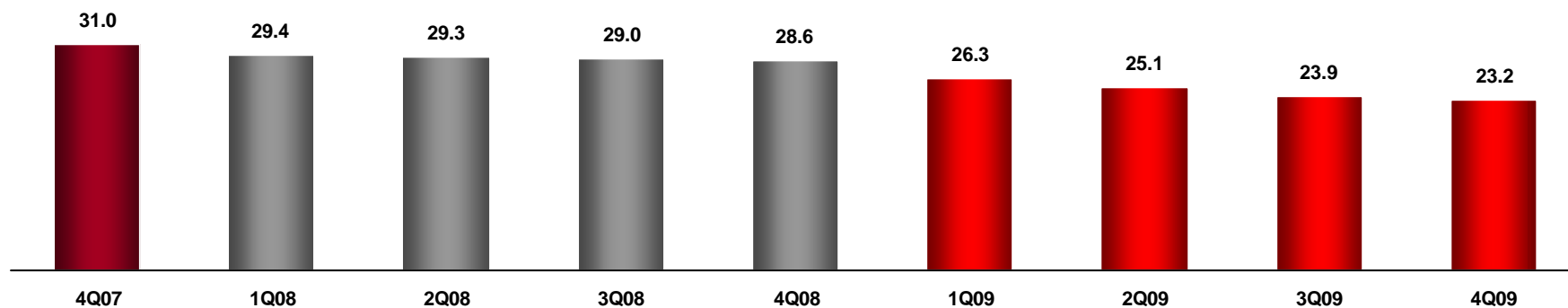


HSBC Finance Corporation

Managing risk in cards: Credit Card

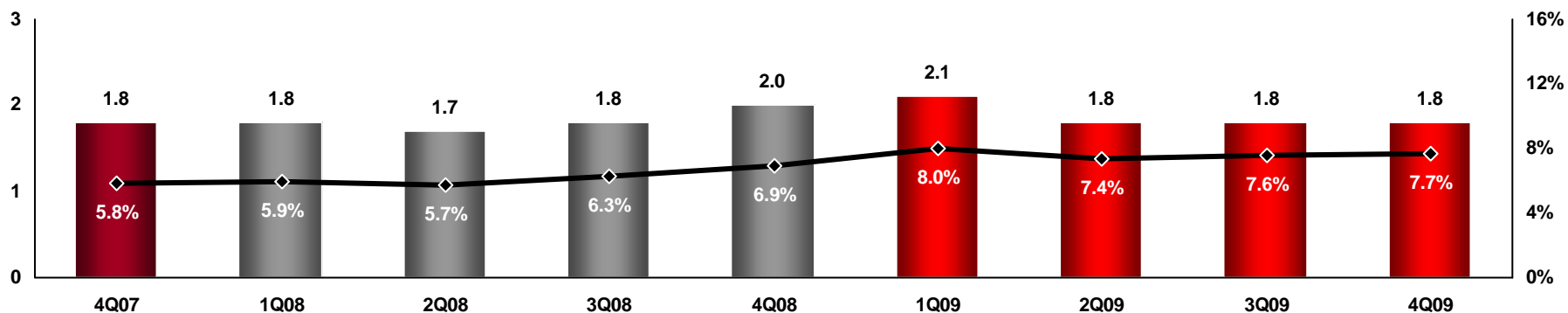
Credit Card

Customer Loans, US\$bn



Credit Card

2+ Delinquencies¹, US\$bn



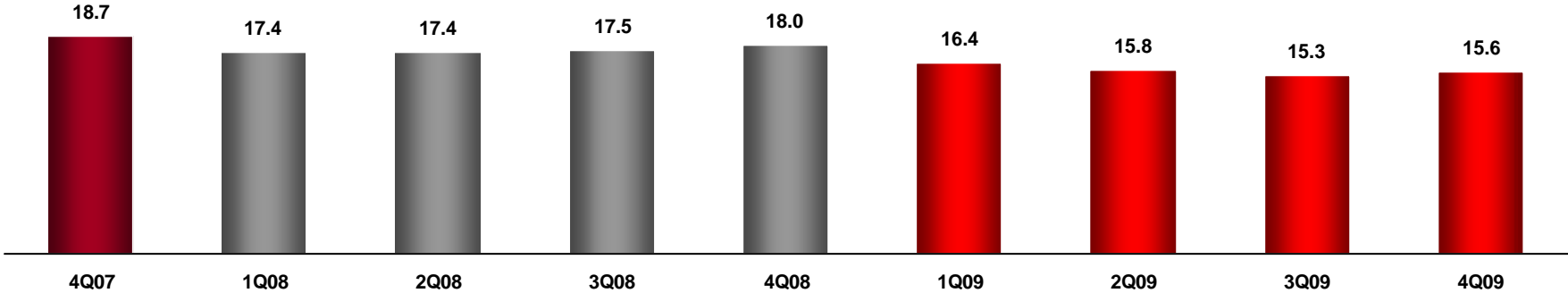
Note:

(1) 2+ Delinquency ratio as a percentage of end-of-period customer loans

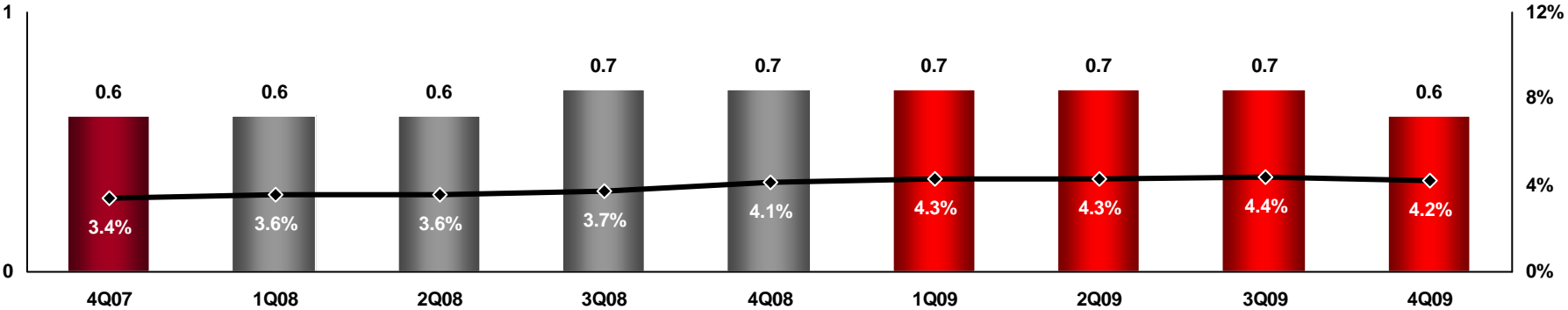
HSBC Finance Corporation

Managing risk in cards: Private Label

Private Label
Customer Loans, US\$bn



Private Label
2+ Delinquencies¹, US\$bn

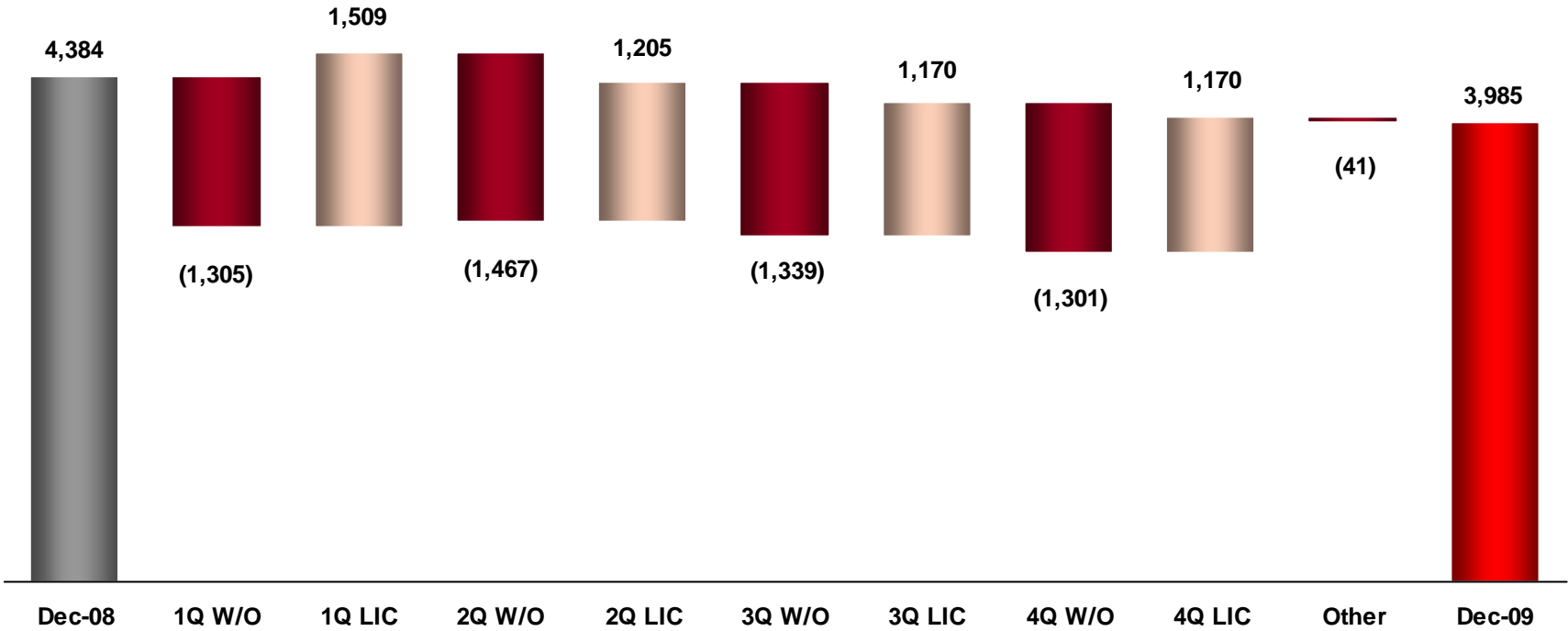


Note:
(1) 2+ Delinquency ratio as a percentage of end-of-period customer loans

HSBC Finance Corporation

Impairment allowance

Credit Card and Private Label, US\$m

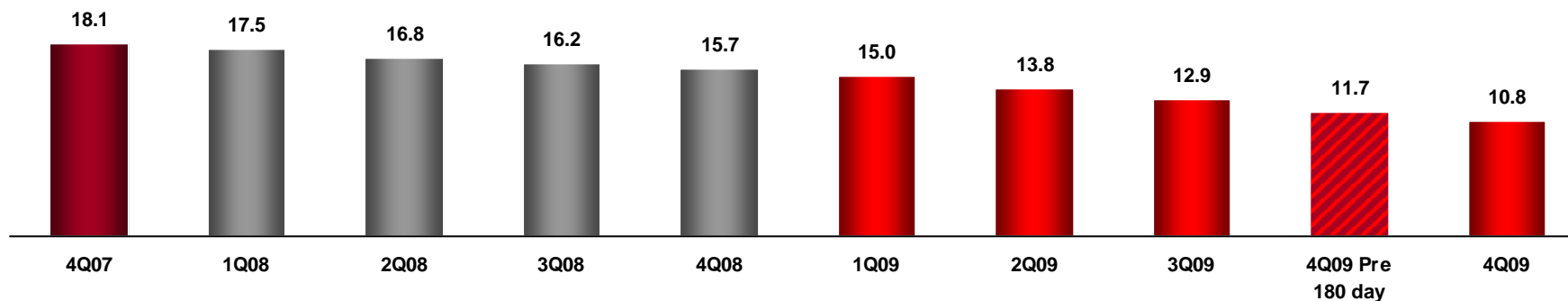


Note:
 (1) 2+ Delinquency ratio as a percentage of end-of-period customer loans

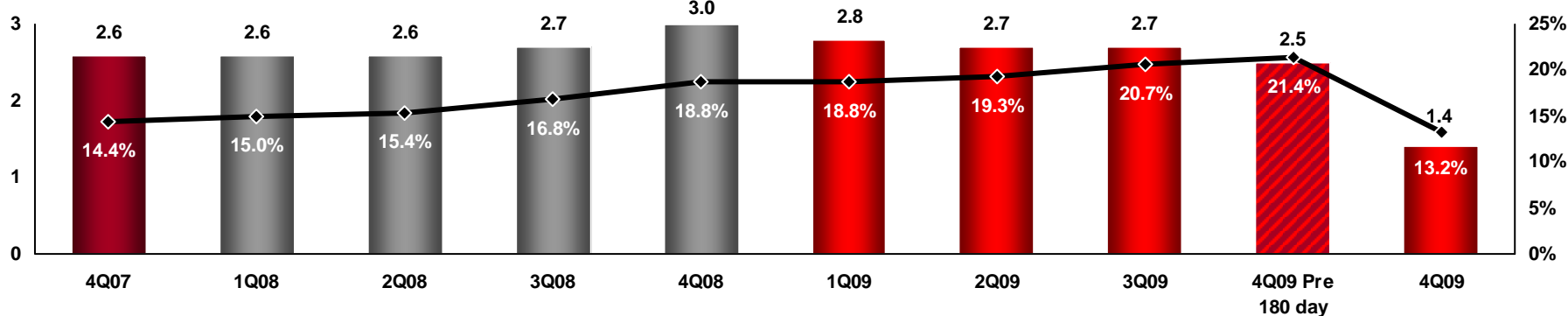
HSBC Finance Corporation

Manage personal non-credit card run-off

Personal Non-Credit Card and Other Unsecured Customer Loans, US\$bn



Personal Non-Credit Card and Other Unsecured 2+ Delinquencies¹, US\$bn

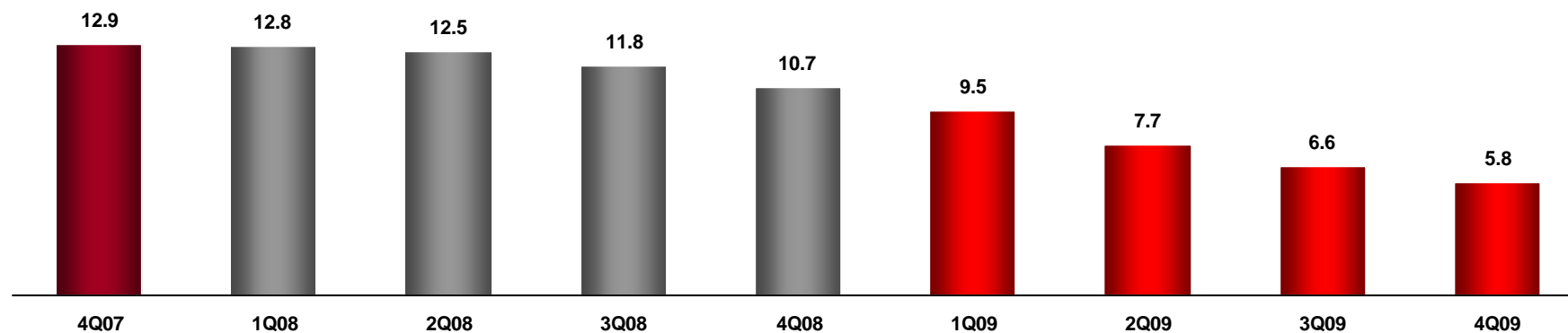


Note:
 (1) 2+ Delinquency ratio as a percentage of end-of-period customer loans

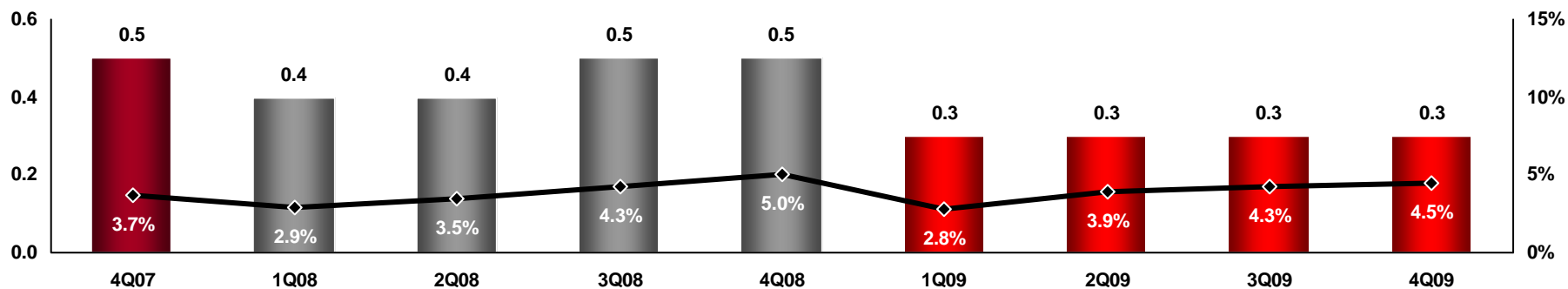
HSBC Finance Corporation

Manage vehicle finance run-off¹

Vehicle Finance
Customer Loans, US\$bn



Vehicle Finance¹
2+ Delinquencies², US\$bn



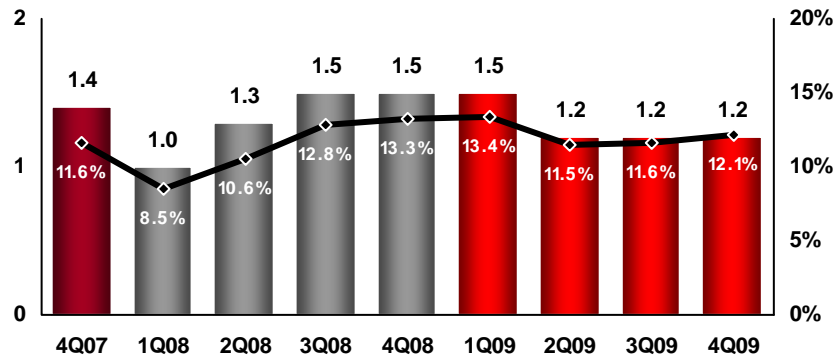
Notes:

- (1) Vehicle Finance data excludes US\$972m of customer loans and US\$44m of delinquency for loans held for sale in 4Q09
- (2) 2+ Delinquency ratio as a percentage of end-of-period customer loans

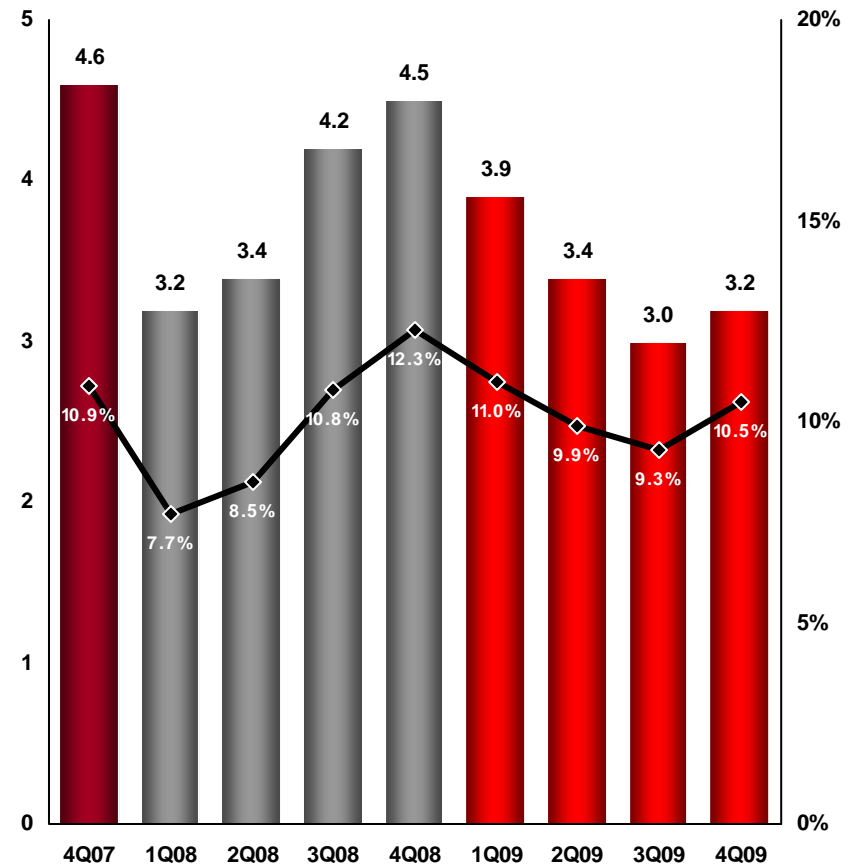
HSBC Finance Corporation

Loan impairment charges^{1,2}

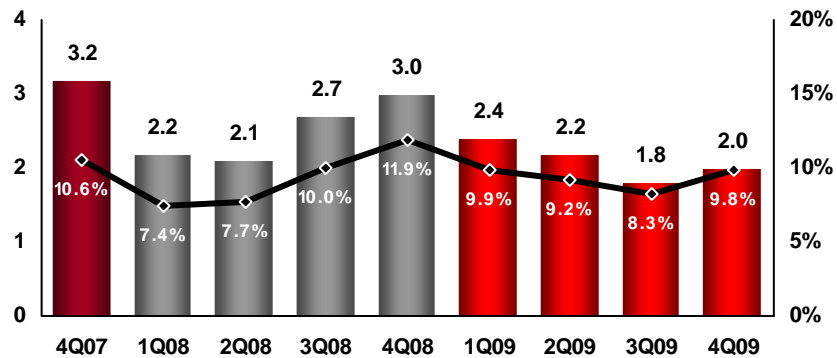
Core Portfolio, US\$bn



Total HSBC Finance Corp, US\$bn



Run-off Portfolio, US\$bn



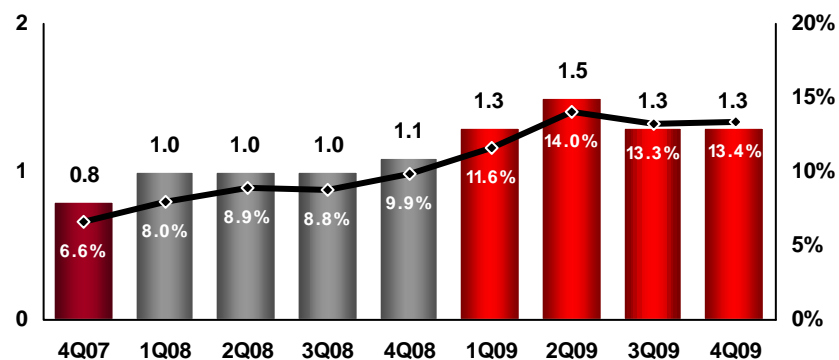
Notes:

- (1) Excludes reverse repo balances
- (2) Loan impairment charge ratio as a percentage of average total loans (quarter annualised)

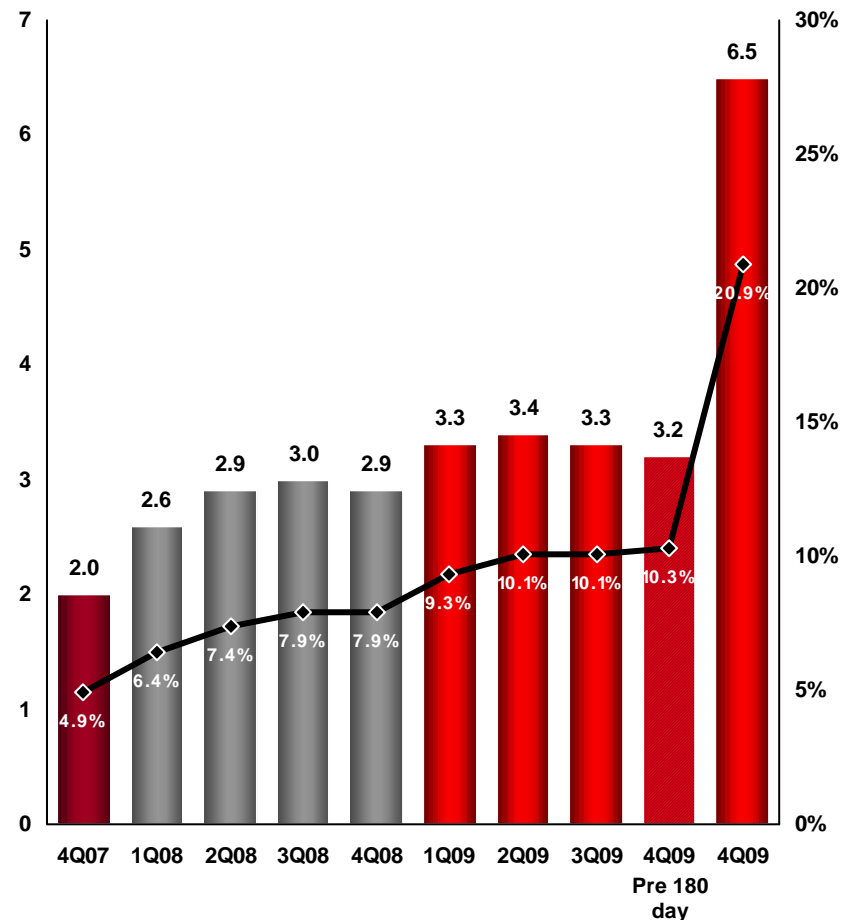
HSBC Finance Corporation

Amount written-off ^{1,2}

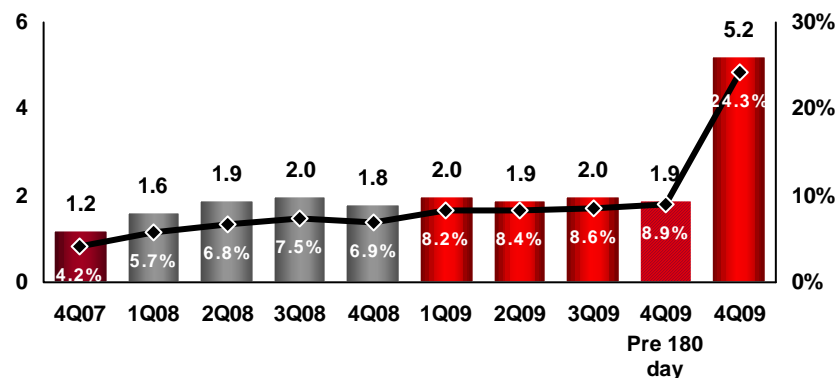
Core Portfolio, US\$bn



Total HSBC Finance Corp, US\$bn



Run-off Portfolio, US\$bn



Notes:

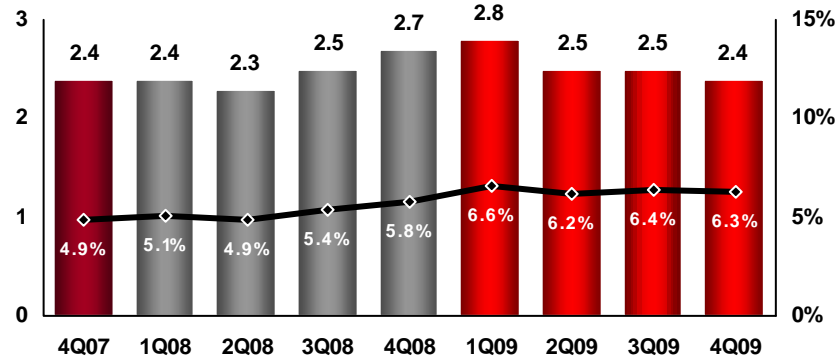
(1) Excludes reverse repo balances

(2) Loan impairment charge ratio as a percentage of average total loans (quarter annualised)

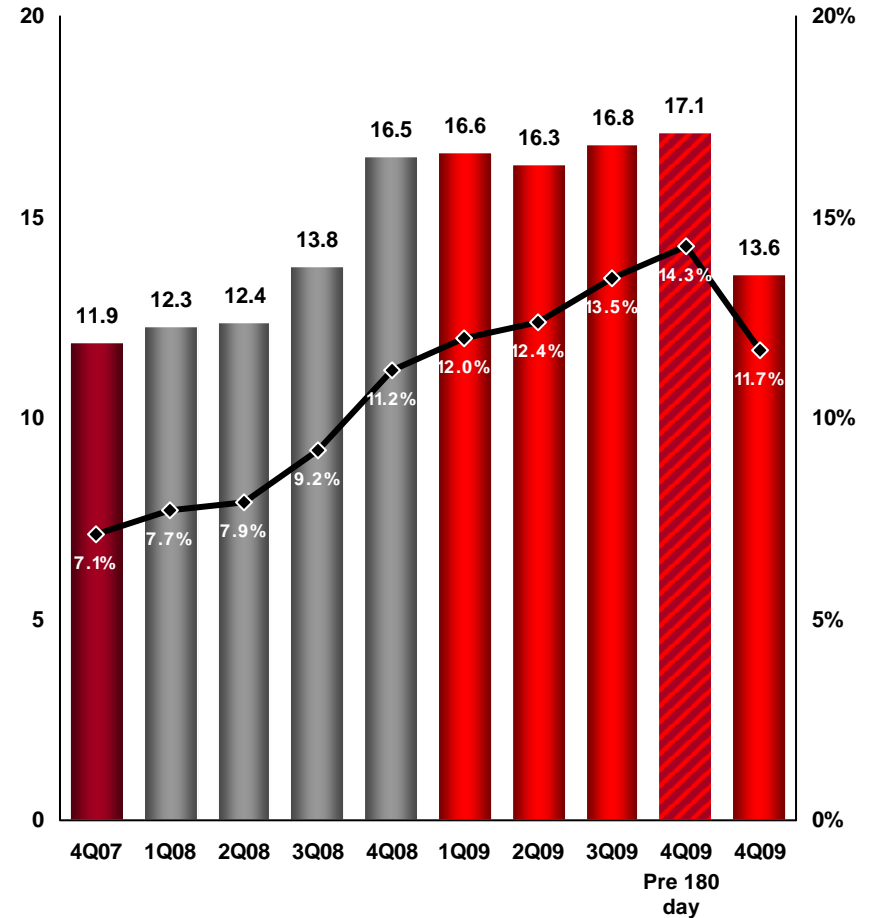
HSBC Finance Corporation

2+ Delinquency^{1,2}

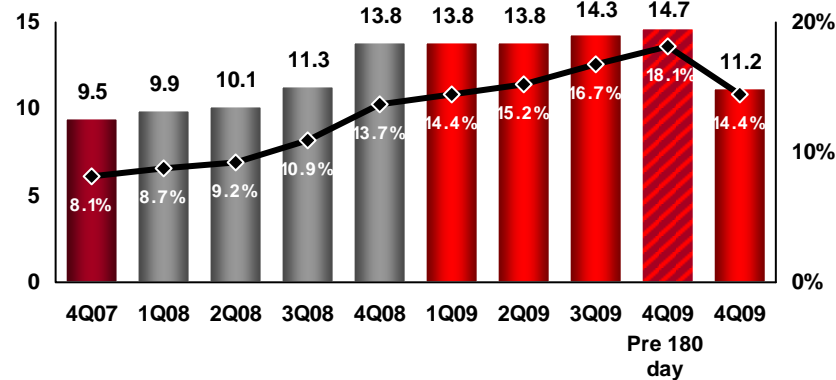
Core Portfolio, US\$bn



Total HSBC Finance Corp, US\$bn



Run-off Portfolio, US\$bn



Notes:

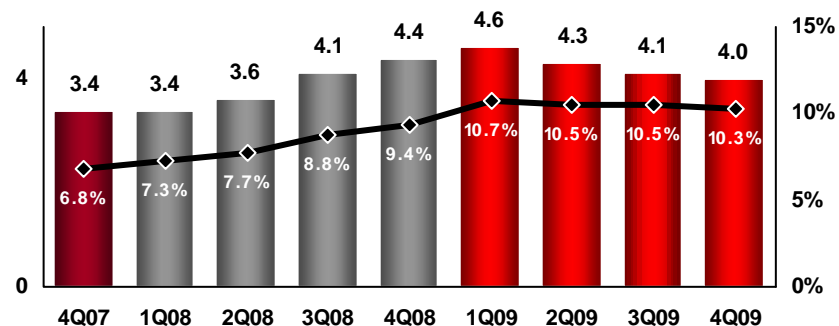
(1) Excludes reverse repo balances

(2) 2+ Delinquency ratio as a percentage of end-of-period customer loans

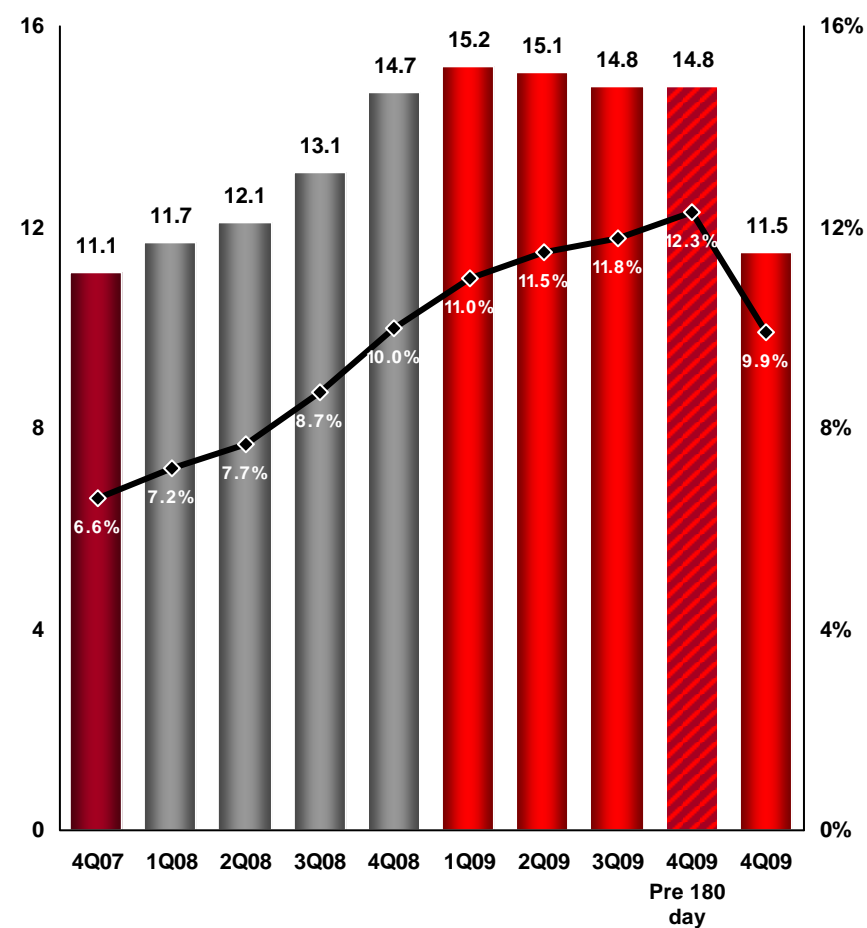
HSBC Finance Corporation

Impairment allowance^{1,2}

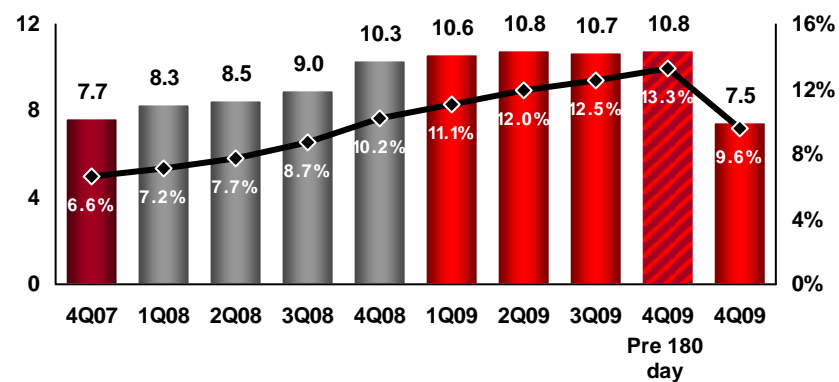
Core Portfolio, US\$bn



Total HSBC Finance Corp, US\$bn



Run-off Portfolio, US\$bn



Notes:

(1) Excludes reverse repo balances

(2) Impairment allowance ratio as a percentage of end-of-period total loans, excluding vehicle finance loans classified as held for sale