



HSBC HOLDINGS PLC

# Delivering while de-levering

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13 MAY 2008:

## 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.

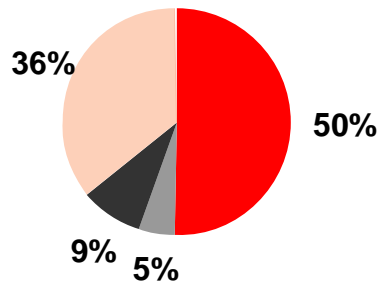
## The challenge for banks in 2008

- Restore trust and transparency
- Redefine business model and prove sustainable returns
- Address volatility in capital requirements and profits
- Engage to avoid disproportionate regulatory / political response

# Results by geography and customer group

## Profit before tax: US\$24.2bn

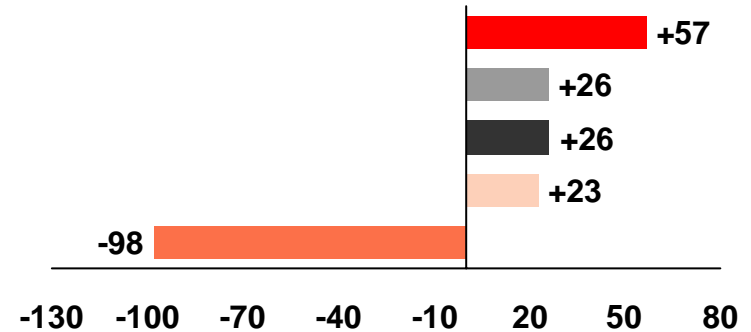
### Geography



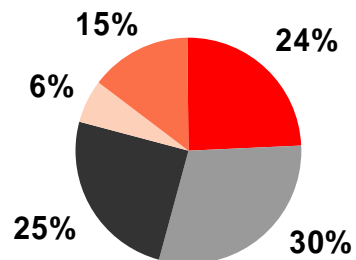
### % share

- Asia Pacific (50%)
- Middle East (5%)
- Latin America (9%)
- Europe (36%)
- North America (0%)

### % change 2007 vs 2006



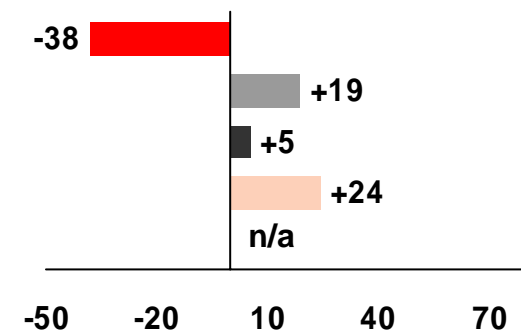
### Customer group



### % share

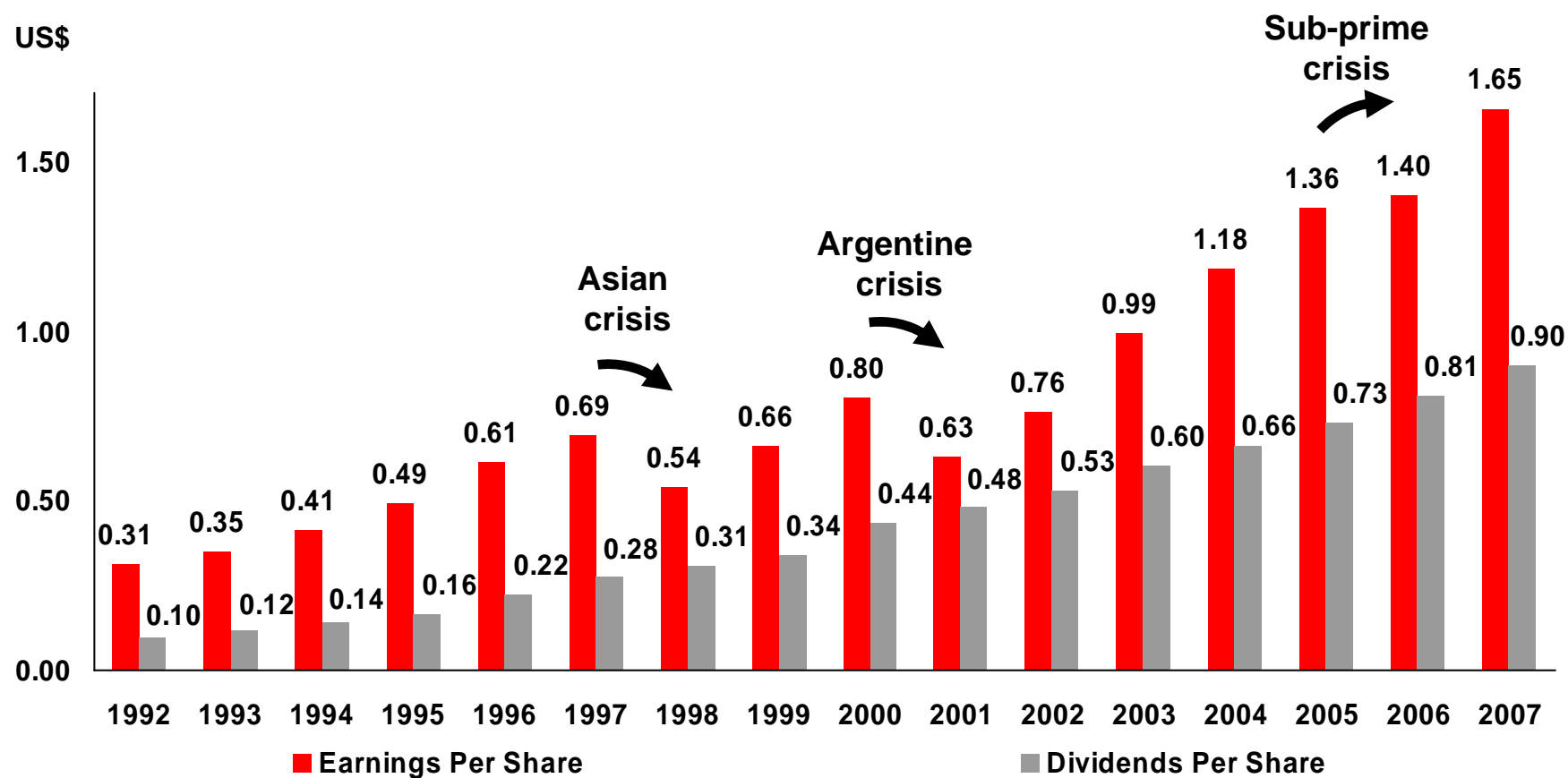
- Personal Financial Services
- Commercial Banking
- Global Banking and Markets
- Private Banking
- Other

### % change 2007 vs 2006



# Where we have come from

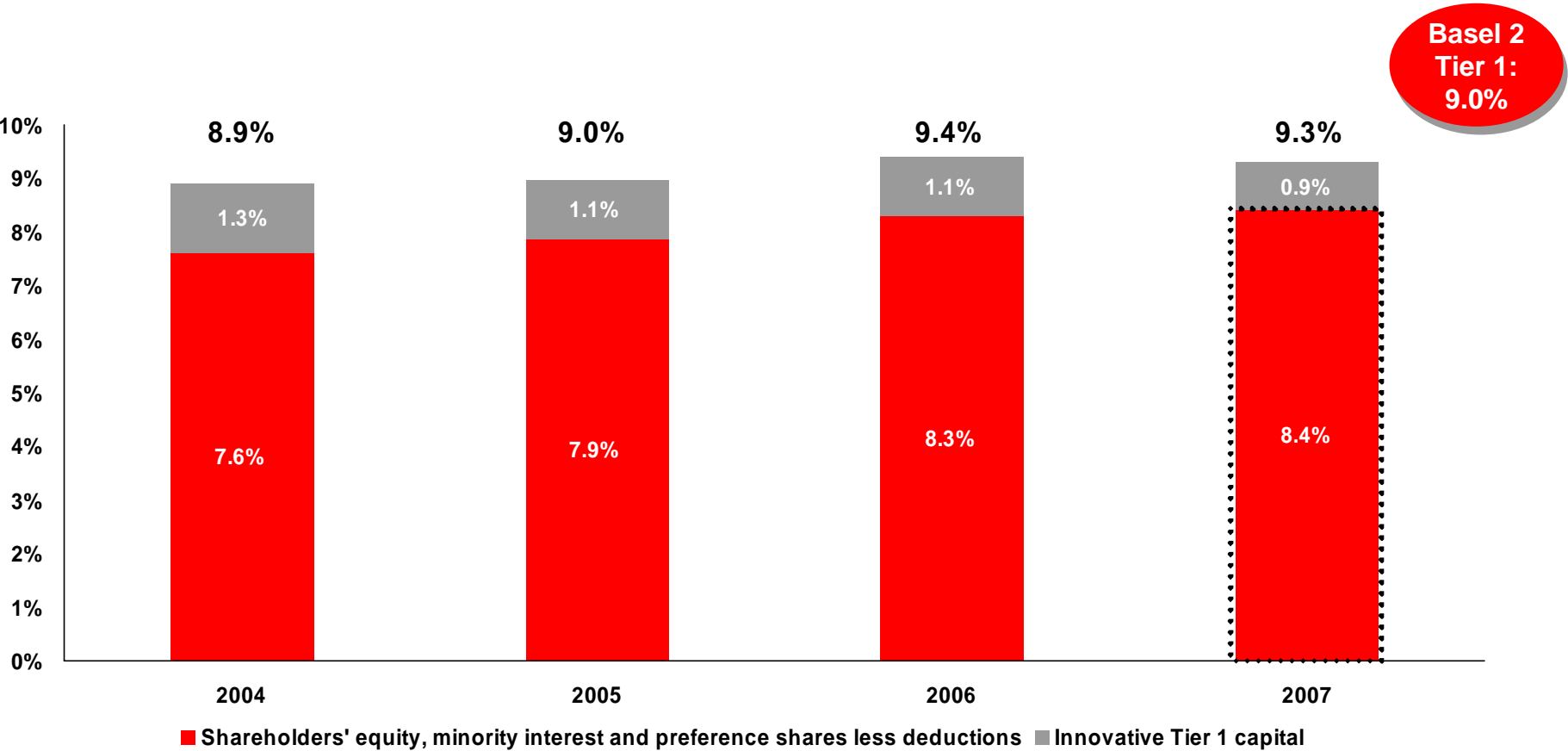
## Financial performance over 15 years



(1) UK gaap to 2003, IFRS basis from 2004

(2) Dividends per share in respect of each year

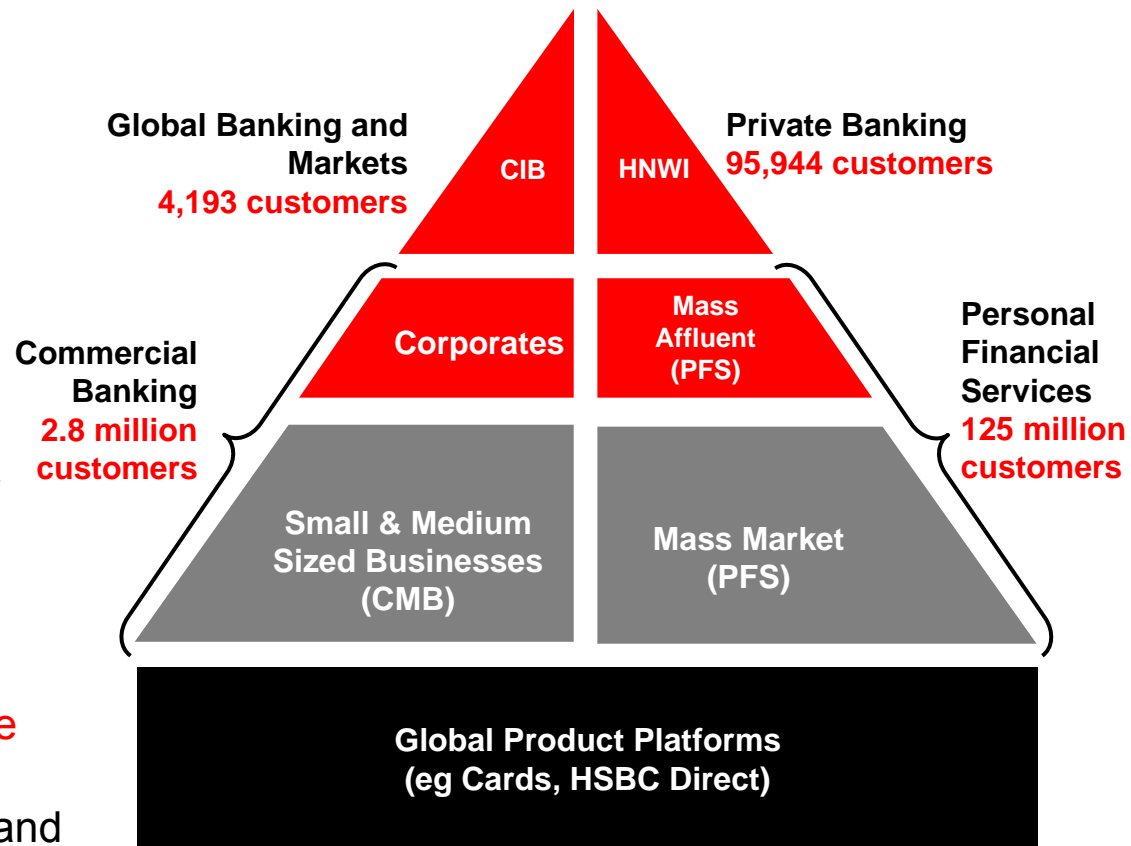
# Signature capital strength: Tier 1 capital ratios (%)



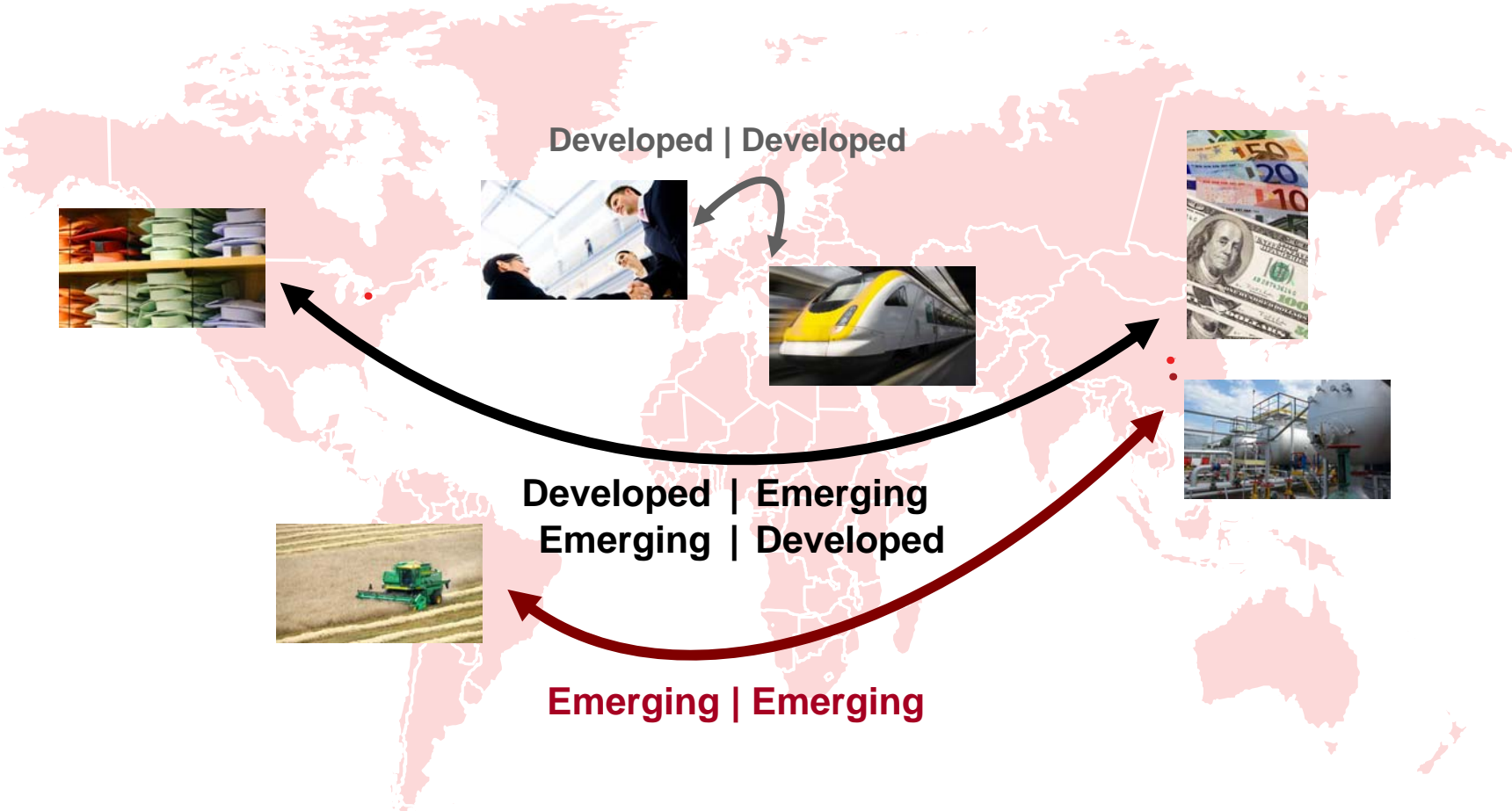
# Capital allocated focussed

## Business models which define our 'right to win'

- 1 Businesses with international customers where **Emerging Markets connectivity** is critical
- 2 Businesses with local customers where **efficiency** can be achieved through global scale
- 3 Products where **global scale** is critical to **effectiveness**: efficiency, expertise and brand



# Inter-connectivity is increasing... being at both ends matters

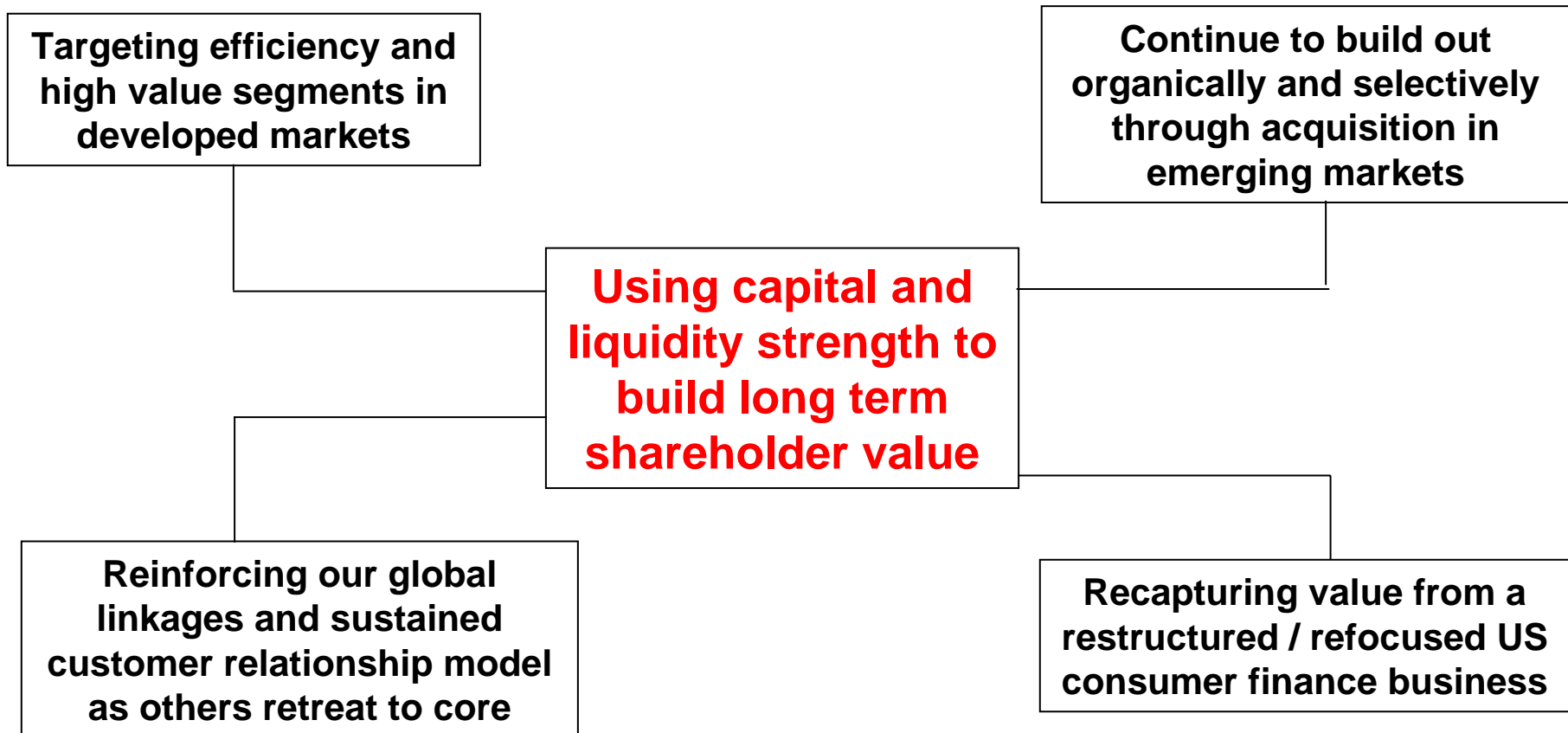




## Backdrop to 2008

The World	HSBC
<ul style="list-style-type: none"><li>• Emerging markets; increasingly strong long term drivers for growth</li></ul>	<ul style="list-style-type: none"><li>• Emphasis on Emerging Markets gives us a better position compared to many of our competitors</li></ul>
<ul style="list-style-type: none"><li>• US economy likely to get worse before it gets better</li></ul>	<ul style="list-style-type: none"><li>• We are underway in reconfiguring our US business to dovetail fully with our Group strategy</li></ul>
<ul style="list-style-type: none"><li>• De-leveraging of the financial system</li></ul>	<ul style="list-style-type: none"><li>• Conservative balance sheet with strong capital base</li></ul>
<ul style="list-style-type: none"><li>• Continuing illiquidity in financial services</li></ul>	<ul style="list-style-type: none"><li>• Strong asset-liability position and conservative advance-deposit ratio</li></ul>
<ul style="list-style-type: none"><li>• World economic growth and continued trends in globalisation and trade flows</li></ul>	<ul style="list-style-type: none"><li>• Leadership in servicing trade based on unique international connectivity</li></ul>

# Delivering in a de-leveraging world



## Building on HSBC's heritage

Our strategy is focused on delivering superior growth and earnings over time



## Financial targets: range

Return on total shareholders'  
equity (through the cycle)

**15-19%**

Cost efficiency  
ratio

**48-52%**

Tier 1 capital  
(Basel 2)

**7.5-9.0%**

Total shareholder return

**Above peer  
group average**

**HSBC Group**

**We are the world's local bank**

**Largest international emerging markets bank**

**Widespread international network**

**Uniquely international customer base**

**Signature financial strength**