

Latin America

**Citigroup Roadshow
March 19th, 2009**



Emilson Alonso CEO HSBC Latin America
Victor Jimenez CFO HSBC Latin America

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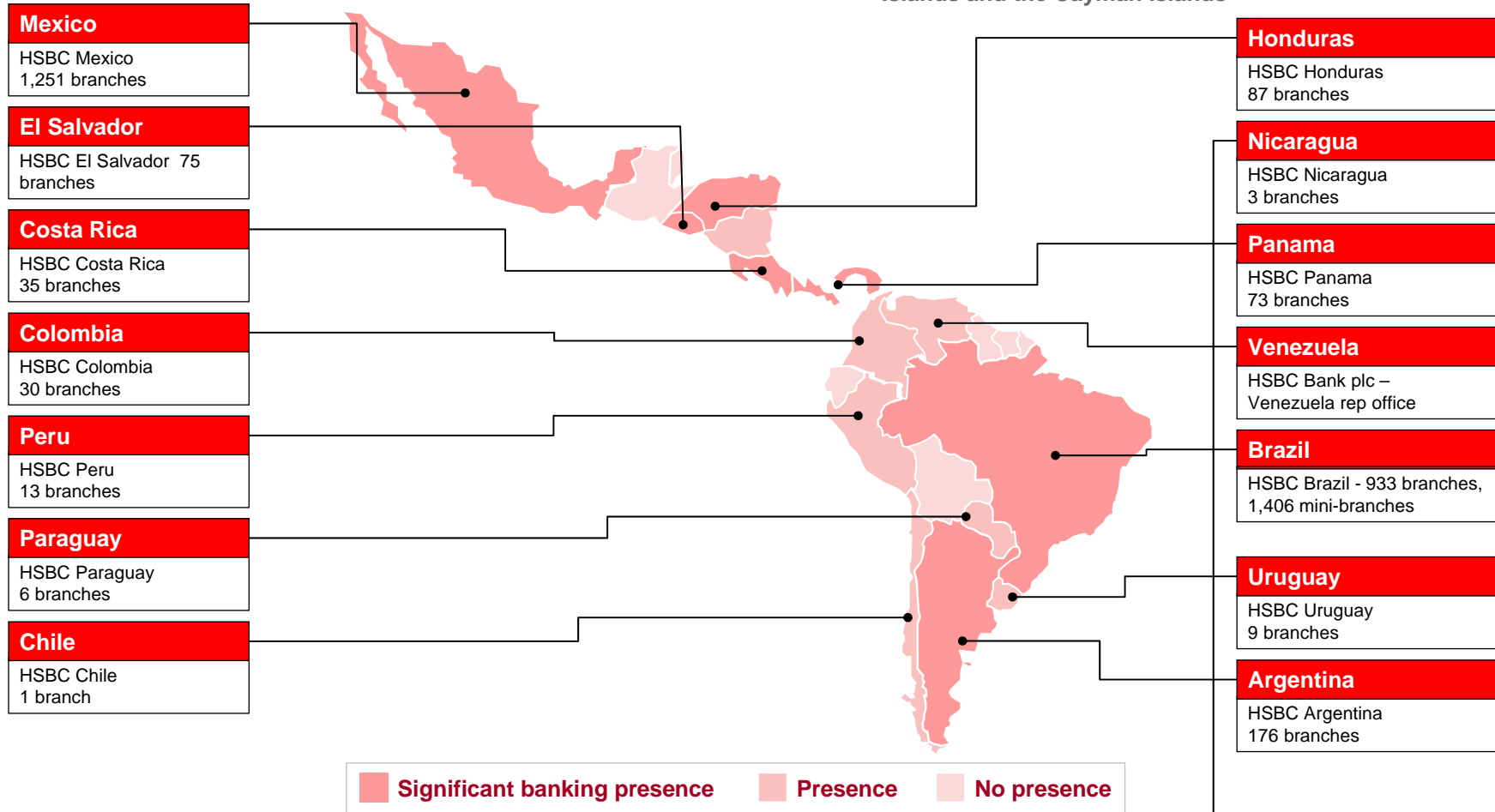
Forward-looking statements

This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of HSBC Holdings plc (HSBC Group). These forward-looking statements represent HSBC 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 HSBC Holdings plc Annual Report and Accounts as well the results submitted by HSBC Group businesses throughout Latin America, including Grupo Financiero HSBC Mexico.



In 2008 HSBC has more than 4,000 branches throughout 16 countries in Latin America

HSBC also has offices in the Bahamas, the British Virgin Islands and the Cayman Islands



Figures as of December 2008



Importance of the region among peers

BBVA

Region	Share of profits
Spain & Portugal	52%
Wholesale Banking and Asset Management	15%
LAM	53%
USA	4%
Corporate Activities	-25%
Total	100%

Santander

Region	Share of profits
Europa	55%
UK	14%
LAM	33%
Financial Management	-3%
Total	100%

HSBC

Region	Share of profits
Europe	117%
Hong Kong	59%
Rest of Asia-Pacific	69%
North America	-167%
LAM	22%
Total HSBC	100%

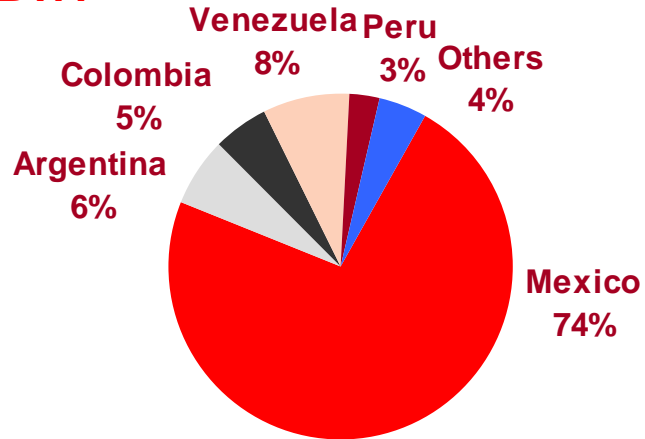
Figures in US\$ m under IFRS

Source: 2008 HSBC Holdings plc Annual Report and Accounts and 4Q08 Press releases of each Financial Group

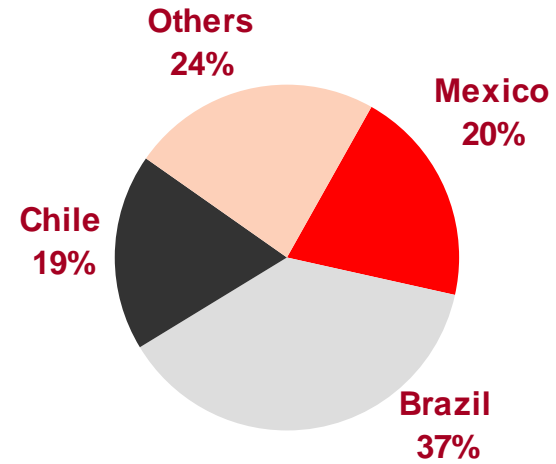


Net Income by main countries

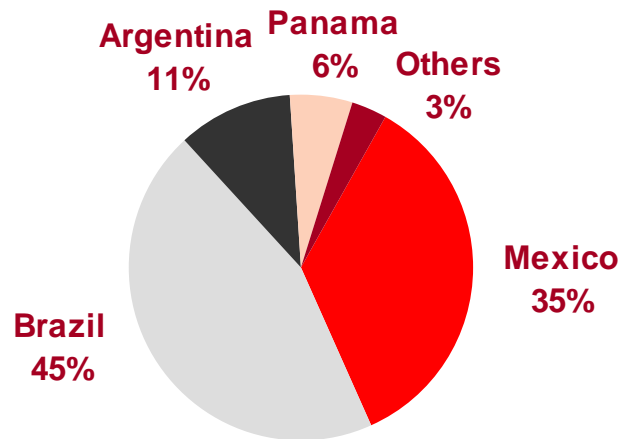
BBVA



Santander



HSBC



Figures in US\$ m under IFRS

Source: 2008 HSBC Holdings plc Annual Report and Accounts and 4Q08 Press Releases of each Financial Group



Latin America is an important contributor to Group earnings

- Latin America contributed 21.9% of HSBC Group PBT in 2008.
- Mexico and Brazil are both in the top 10, and Argentina is in the top 20 countries in terms of geographic profit contribution

Rank	Country	PBT 2008	% total
1	United Kingdom	6,685	71.8%
2	Hong Kong	5,461	58.7%
3	France	2,840	30.5%
4	China	1,605	17.2%
5	Brazil	910	9.8%
6	United Arab Emirates	861	9.3%
7	Canada	839	9.0%
8	Mexico	714	7.7%
9	India	666	7.2%
10	Singapore	597	6.4%
11	Switzerland	553	5.9%
12	Malaysia	369	4.0%
13	South Korea	313	3.4%
14	Saudi Arabia	295	3.2%
15	Germany	225	2.4%
16	Turkey	224	2.4%
17	Argentina	224	2.4%
18	Egypt	223	2.4%
19	Australia	176	1.9%
20	Taiwan	175	1.9%
21	USA	(16,543)	N/A
	Other	1,895	N/A
Total PBT US\$m		9,307	100.0%

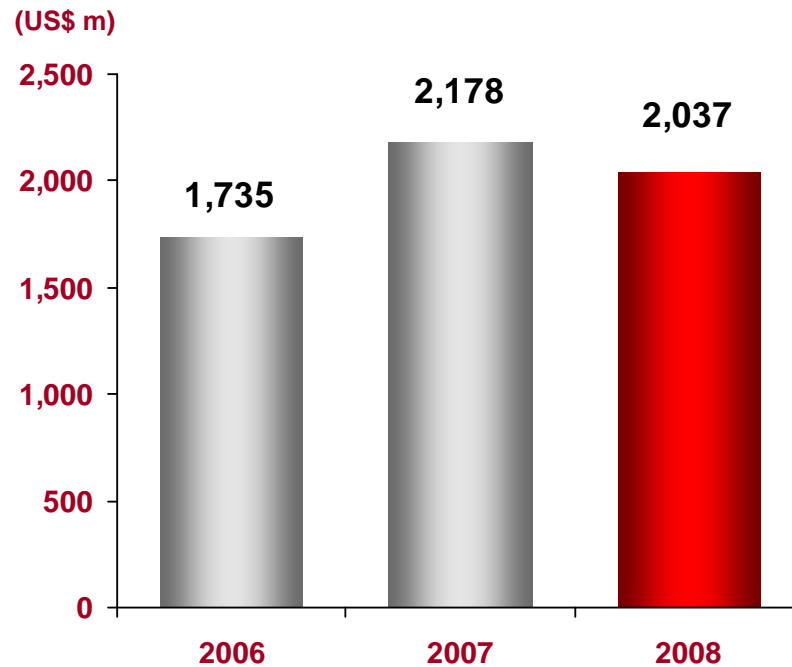
Figures in US\$ m under IFRS

Source: 2008 HSBC Holdings plc Annual Report and Accounts



Latin America – profit before tax

Latin America, profit before tax



- Profit in the region presents a decrease of 6.5%
- Increased revenues were offset by higher loan impairment charges

Figures in US\$ m under IFRS

Source: 2008 HSBC Holdings plc Annual Report and Accounts

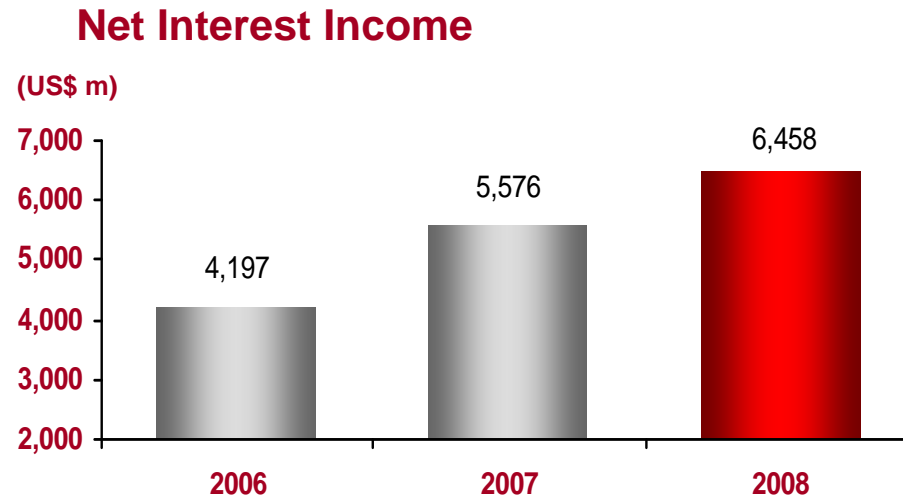


Latin America summary of results

US\$m	2008	2007	% Change vs. 2007
Net Interest Income	6,458	5,576	15.8
Net Fee Income	2,167	2,153	0.7
Trading Income	701	548	27.9
Other Income	1,187	988	20.1
Net operating income before loan impairment charges	10,513	9,265	13.5
Loan impairment charges	(2,492)	(1,697)	46.8
Net operating Income	8,021	7,568	6.0
Total operating expenses	(5,990)	(5,402)	10.9
Profit in associates and joint ventures	6	12	(50.0)
Profit before Tax	2,037	2,178	(6.5)
Share of HSBC's profit before tax	21.9%	9.0%	1,290 bps
Cost efficiency ratio	57.0%	58.3%	130 bps



Latin America Income



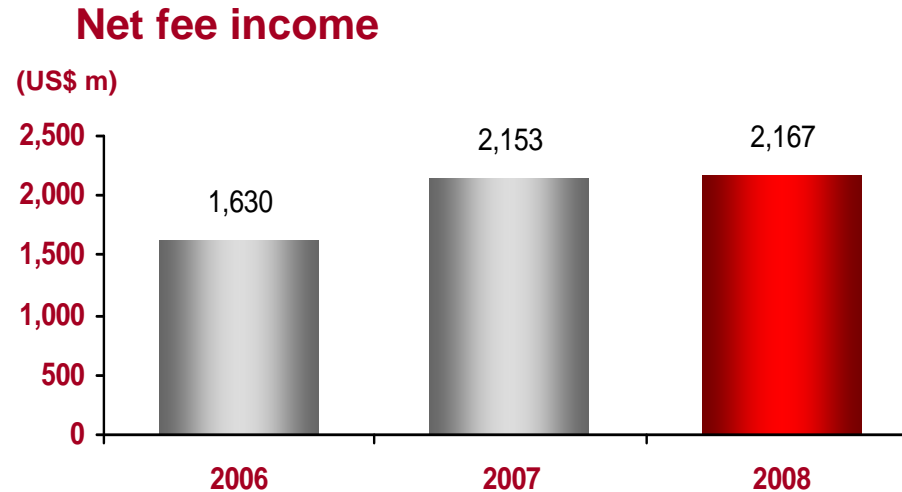
Main Drivers:

- Growth in average vehicle finance and payroll volumes in Brazil
- Increase in commercial loans for working capital and trade finance in Brazil
- Increased lending for medium-sized businesses and real estate sector in Mexico
- Income from time deposits offset by a contraction in deposit spreads
- Re-pricing strategies to mitigate spread compression and credit risk adjustments

Figures in US\$ m under IFRS



Latin America Income

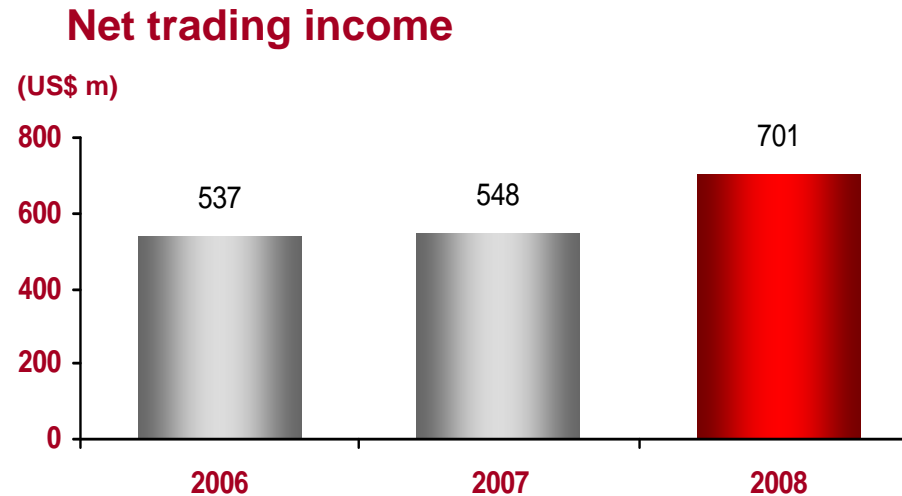


Main Drivers:

- Central Bank of Brazil reduced and eliminated certain fees such as charges on early loan repayments and returned cheques.
- Lower transaction volumes in PFS in Brazil
- Partially offset by:
 - Product re-pricing and introduction of new fees among the region
 - Volume growth in credit cards, personal loans, packaged deposit products and payments & cash management.



Latin America Income



Main Drivers:

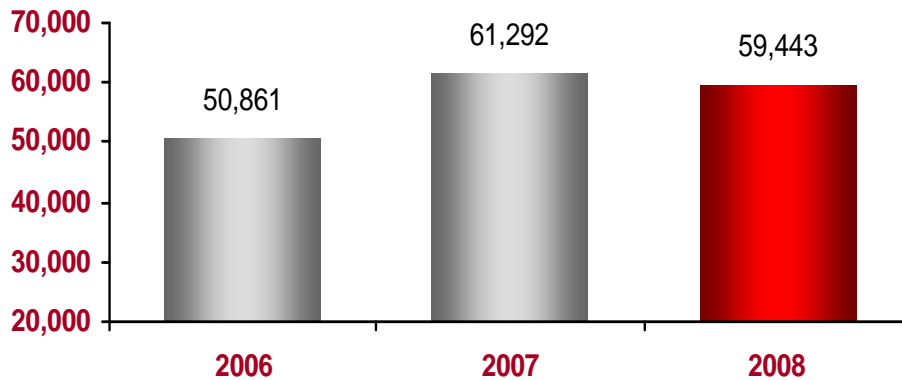
- Favourable positioning against foreign exchange movements and increased foreign exchange sales volumes.
- Losses from defaults on derivative contracts were registered, primarily in Mexico



Latin America Customer Accounts and Loans & Advances

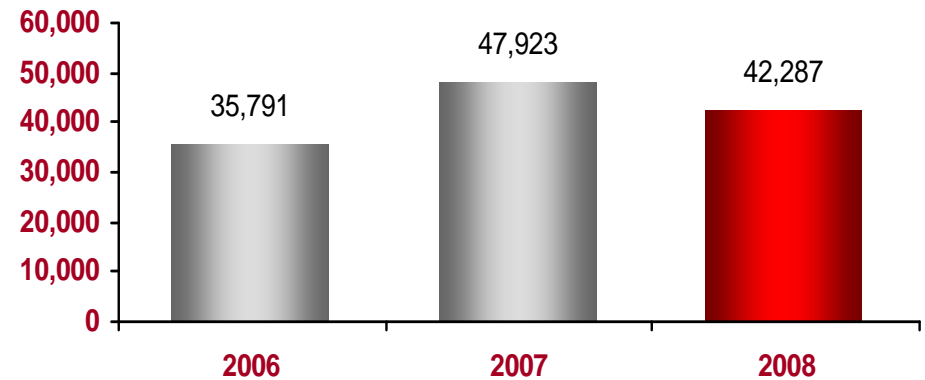
Customer Accounts

(US\$ m)



Loans and Advances

(US\$ m)

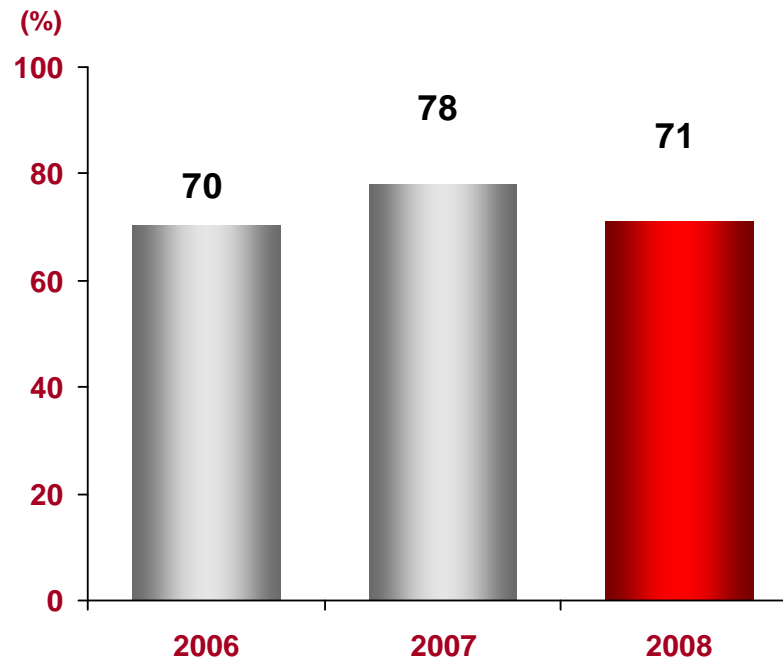


- Balance sheet account volumes affected by devaluation of local currencies along the region, particularly the Mexican Peso and the Brazilian Real.



Latin America advances-to-deposits ratio

Latin America advances-to-deposits ratio



- Continued focus in maintaining strong advance-to-deposit ratio.



Loan Impairment Charges

- Loan impairment charges in the region increased considerably mainly driven by credit cards, particularly in Mexico.
- Personal, vehicle finance and small and medium-sized commercial loan deterioration in Brazil.

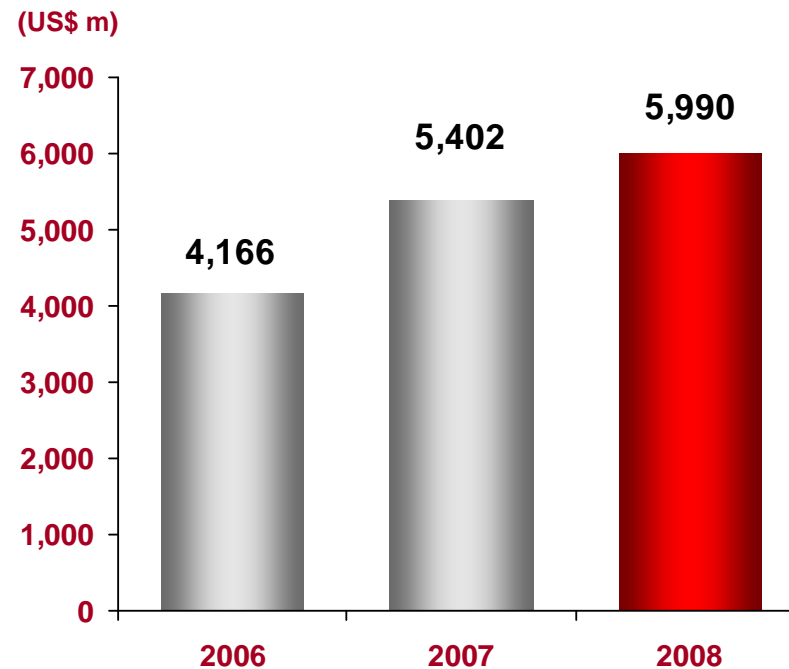
Measures taken:

- Focus on quality improvement of new businesses, based on underwriting experience and relationship management
- Adjustments to underwriting models
- Ensure close control of customer acquisition channels
- Improve collection strategies



Latin America Total Operating Expenses

Latin America Total Operating Expenses



- Increase in staff costs driven by higher salaries from union-agreed pay rises
- Redundancy payments following reduction in staff numbers. Year end staff number in the region have decreased 5,845 FTE with regards to 2007
- Increase in credit card cash-back promotional facility in Mexico, terminated at the end of 2008
- Costs related to operational processes improvements

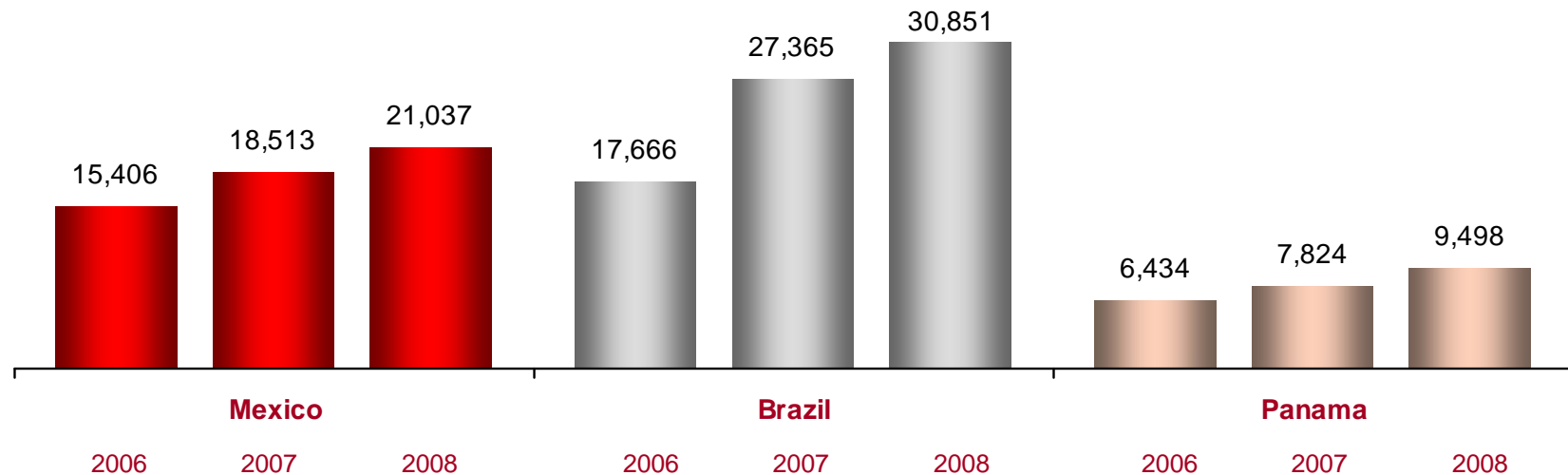


Latin America Capital, Liquidity and RWAs

- Strong Capital adequacy among the region
- Solid liquidity ratios
- Control in RWA's growth

RWAs

(US\$ m)

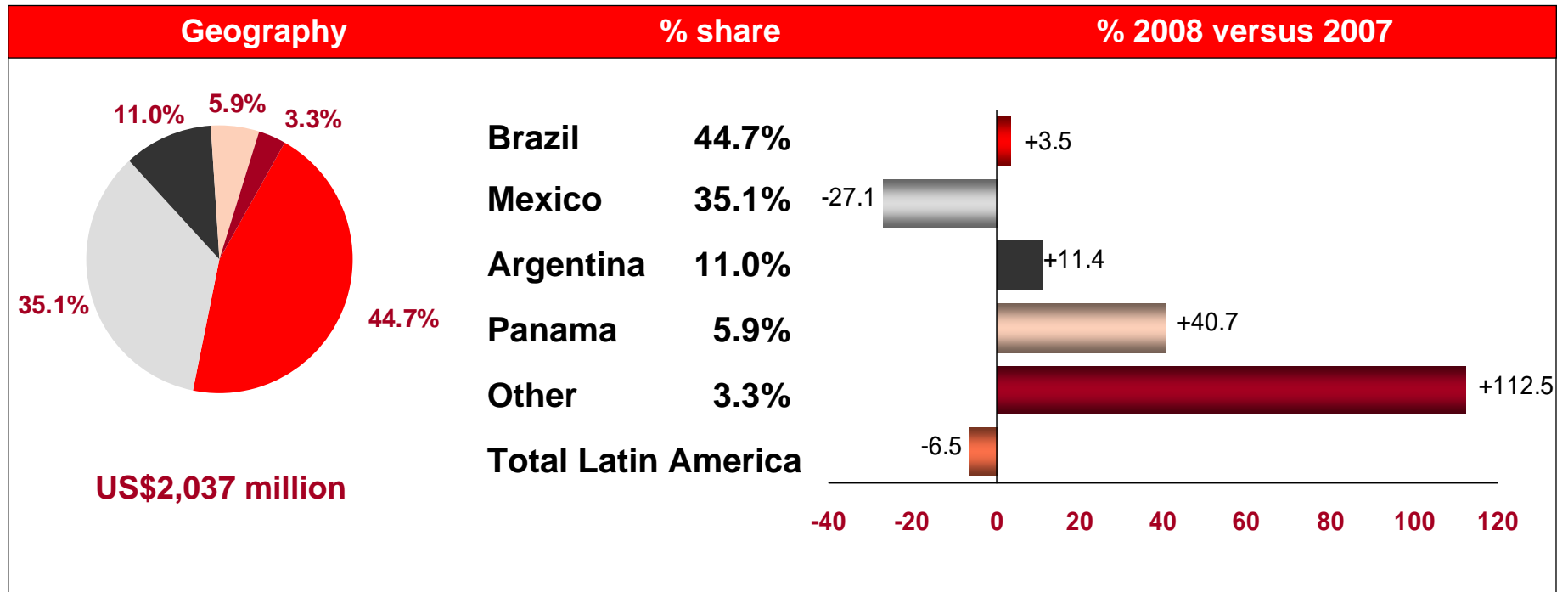


Figures in US\$ m under IFRS

2006 and 2007 Capital and RWA's under Basel I. For 2008 under Basel II



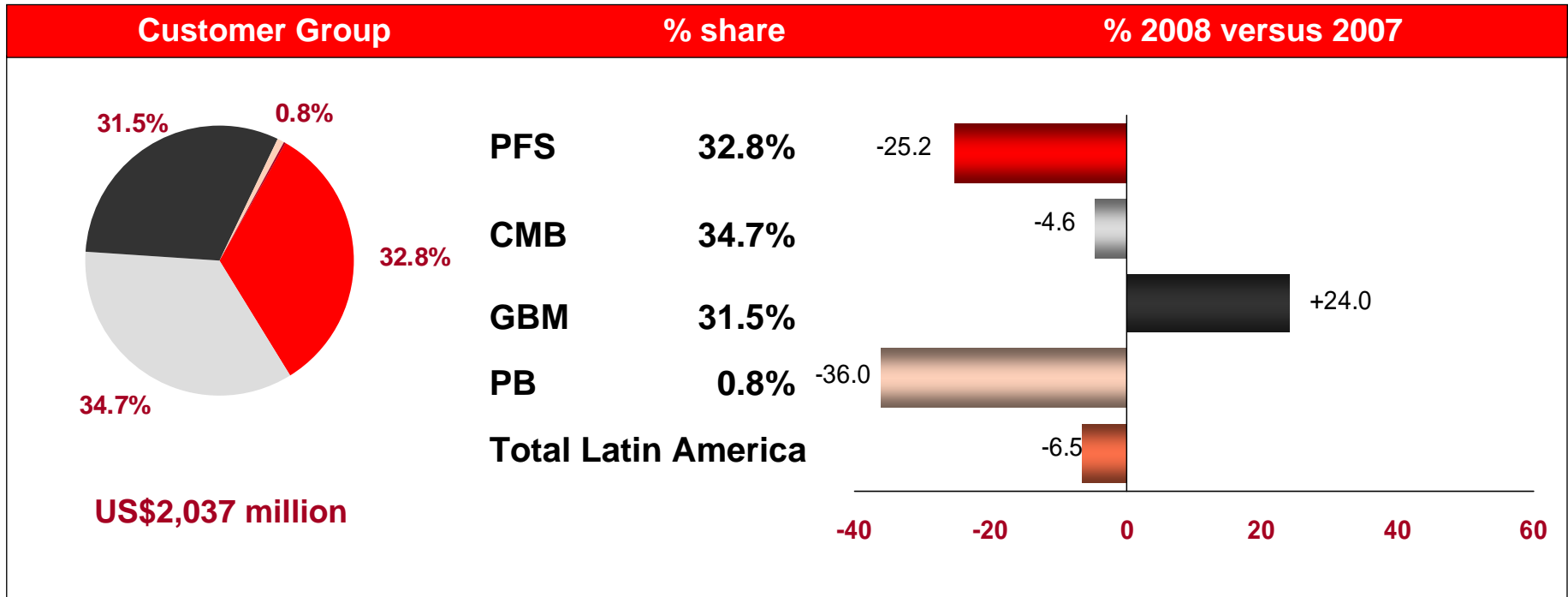
Results by geography Profit before tax



Figures in US\$ m under IFRS



Results by customer group
Profit before tax

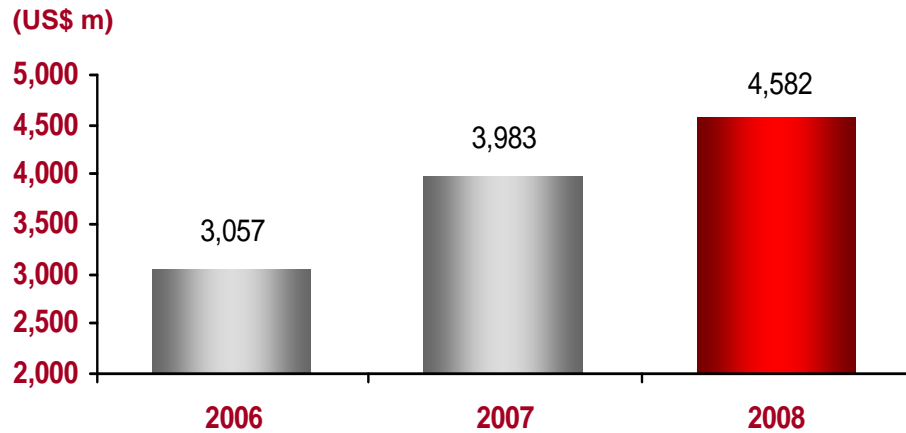


Figures in US\$ m under IFRS

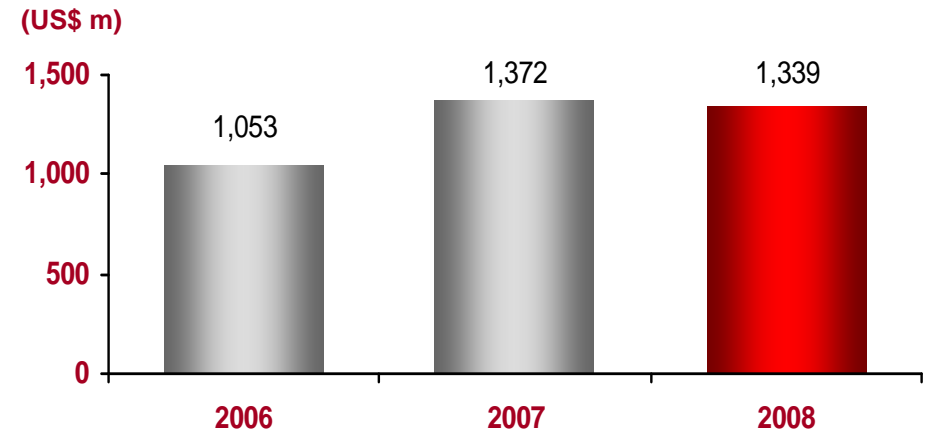


Personal Financial Services Income

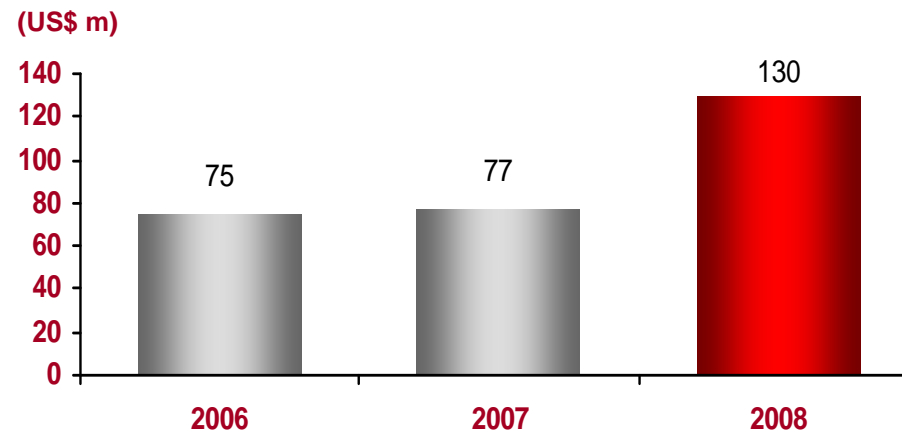
NII



Net fee income



Net trading income

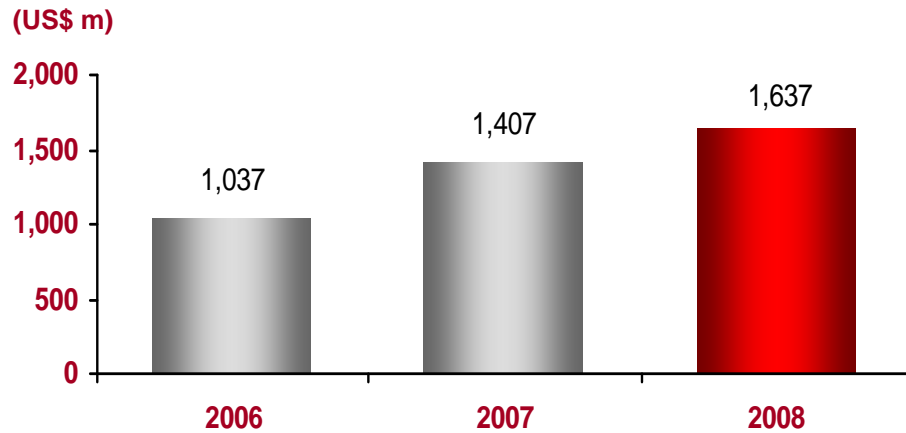


Figures in US\$ m under IFRS

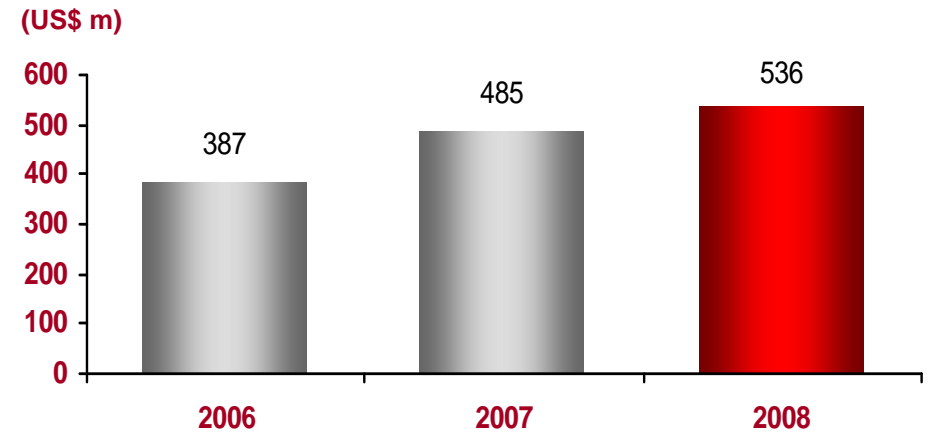


Commercial Banking Income

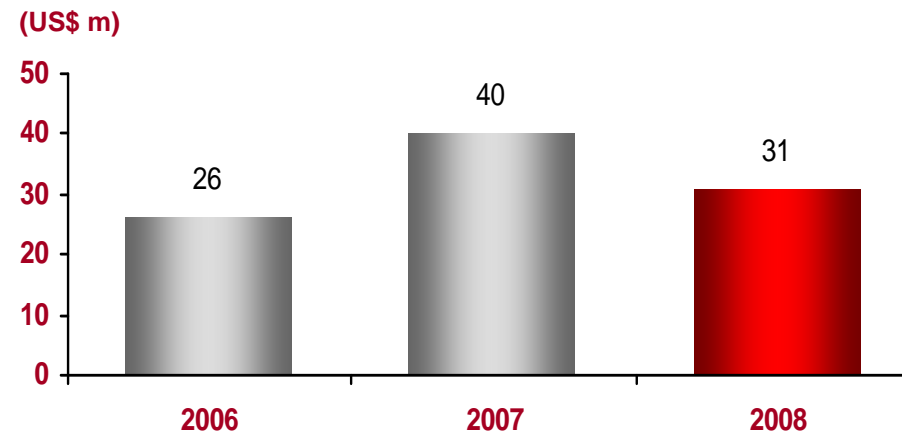
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Net fee income



Net trading income

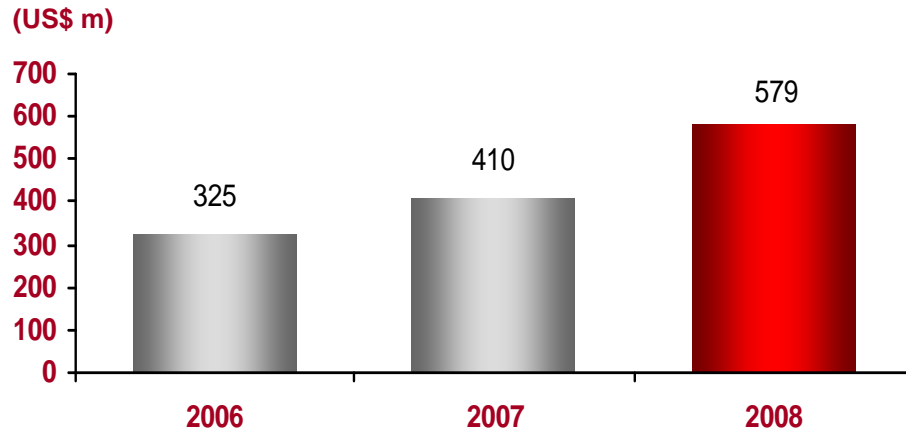


Figures in US\$ m under IFRS

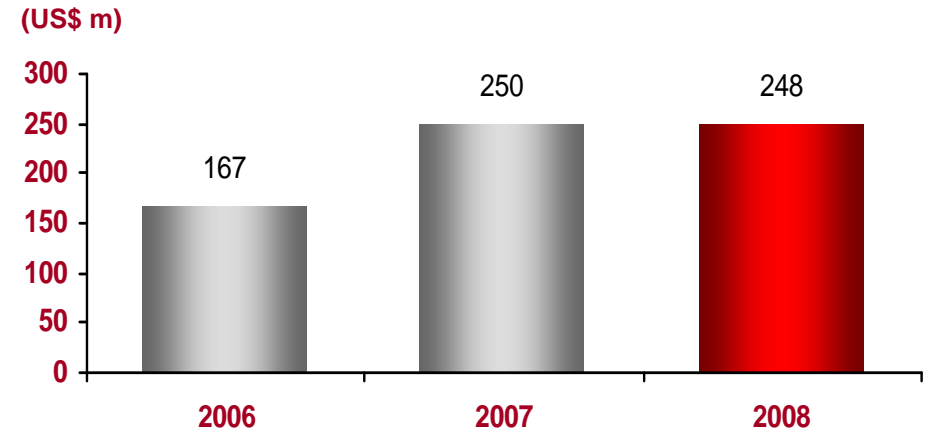


Global Banking and Markets Income

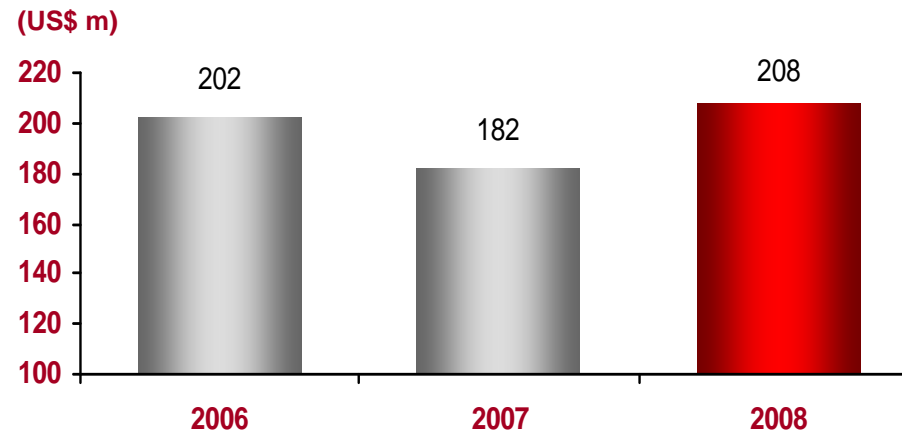
NII



Net fee income



Net trading income



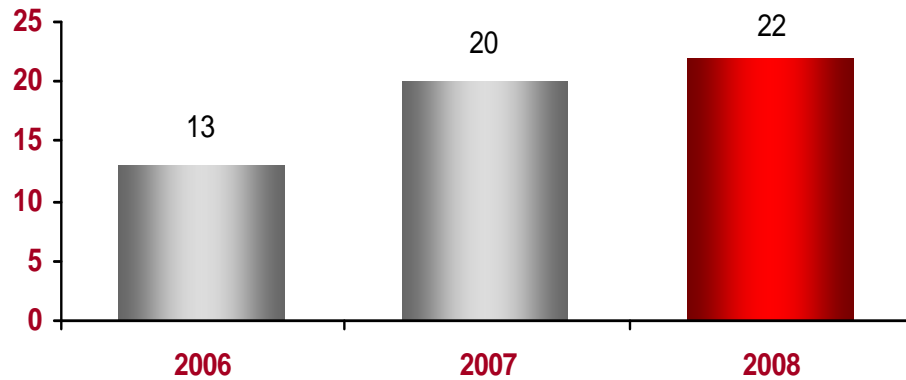
Figures in US\$ m under IFRS



Private Banking Income

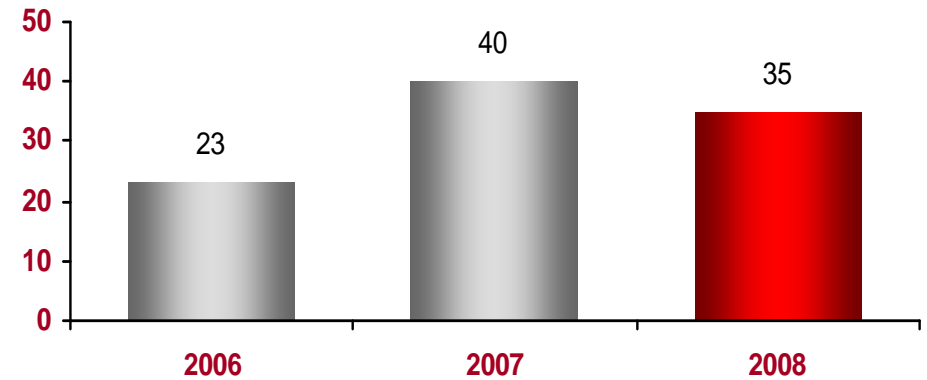
NII

(US\$ m)



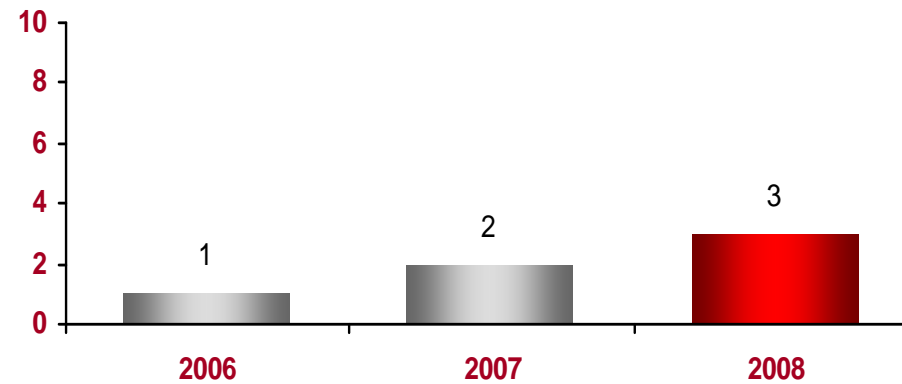
Net fee income

(US\$ m)



Net trading income

(US\$ m)



Figures in US\$ m under IFRS



Countries Highlights

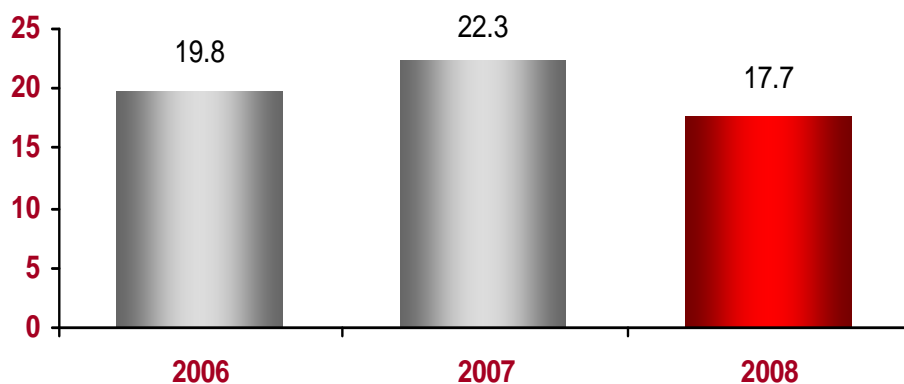


Mexico Key Indicators 2008 versus 2007 as reported

- Net interest income increased driven by growth in credit cards and personal loans. Also, commercial loan volume growth was driven medium-sized businesses and the real state sector.
- Trading income reflect favourable positioning against foreign exchange movements partially offset by loses from defaults on derivative contracts.
- In March 2008 gains from financial investments increased due to VISA IPO.
- Credit quality deterioration mainly relating to credit cards.

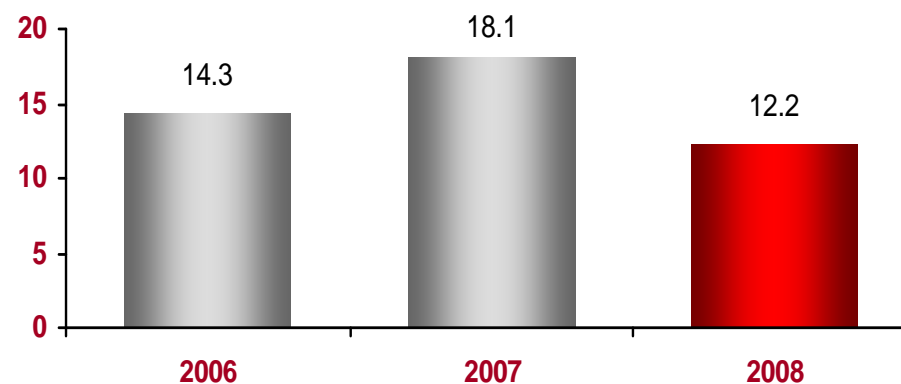
Customer Accounts*

(US\$ billion)



Loan and Advances to customers*

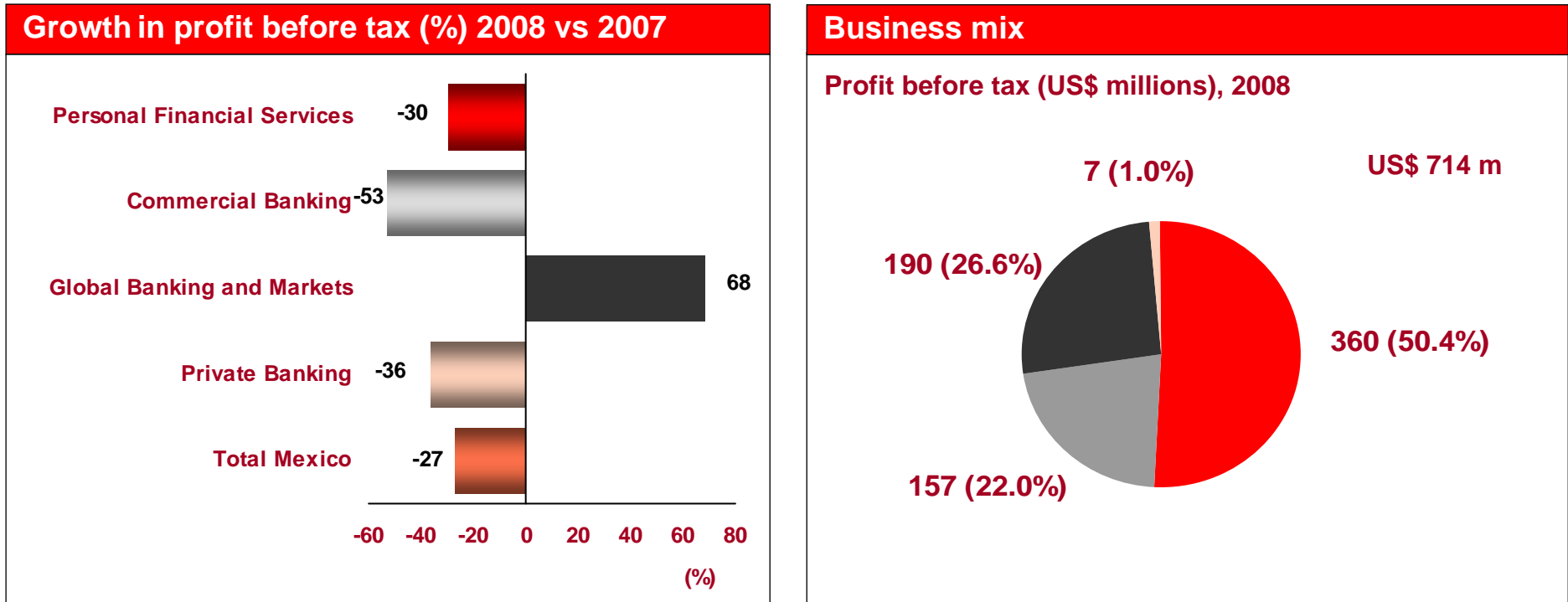
(US\$ billion)



* Volumes affected by Mexican Peso devaluation



HSBC Mexico – Profit before tax by customer segment 2008



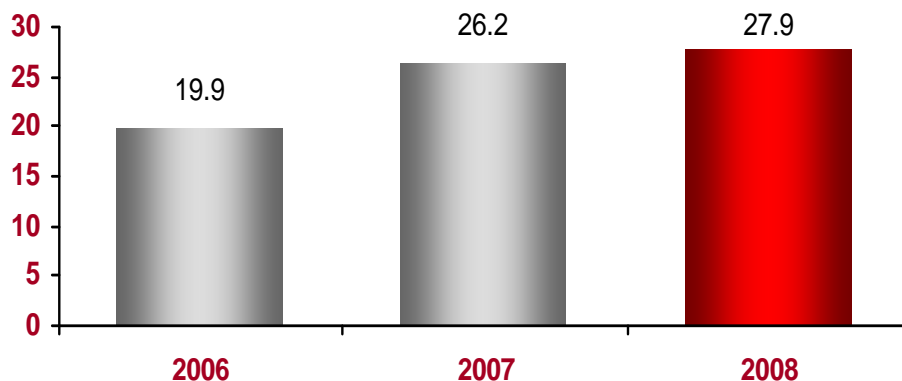


Brazil Key Indicators 2008 versus 2007 as reported

- Net interest income increased driven by vehicle finance and payroll loans. Also loan volume growth as a result of increased lending for working capital and trade finance loans.
- Net fee income decreased due to Brazilian Central Bank ruling to reduce or eliminate certain fees such as charges on early loan repayments and returned checks.
- Re-pricing strategies in some products compensate partially the lower transactions volumes in PFS
- Credit quality deterioration in credit cards, personal, vehicle finance and small & medium-sized commercial loans.

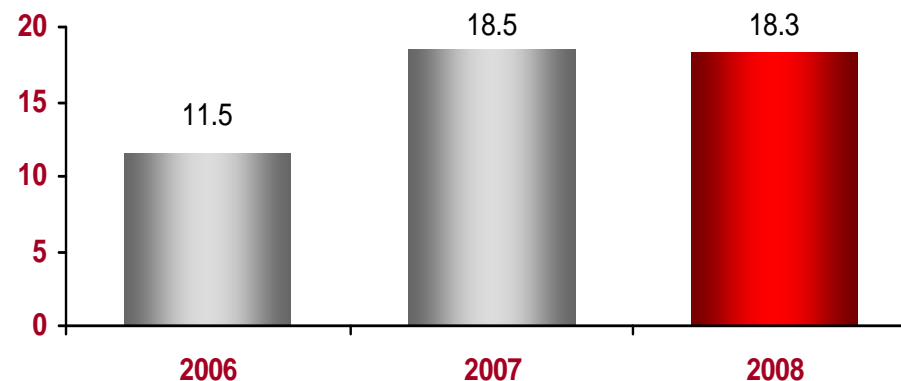
Customer Accounts

(US\$ billion)



Loans and Advances to customers

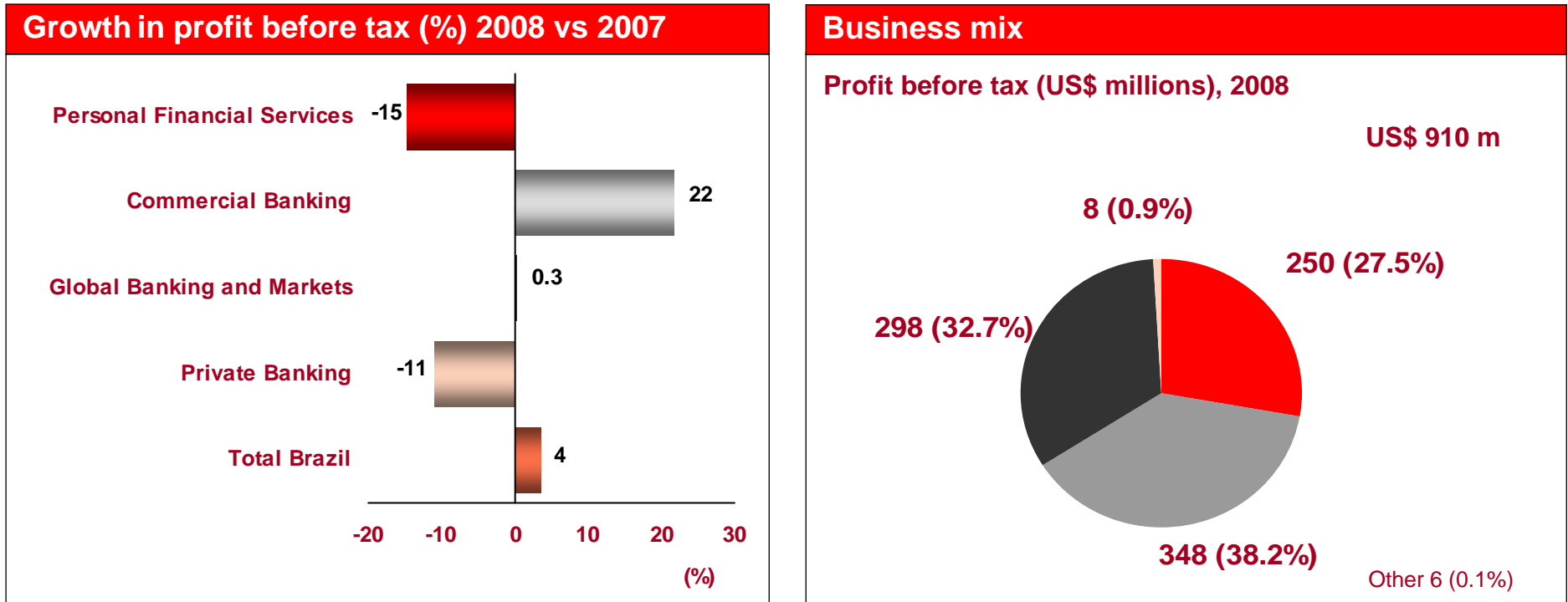
(US\$ billion)



Figures in US\$ billion under IFRS



HSBC Brazil – Profit before tax by customer segment 2008



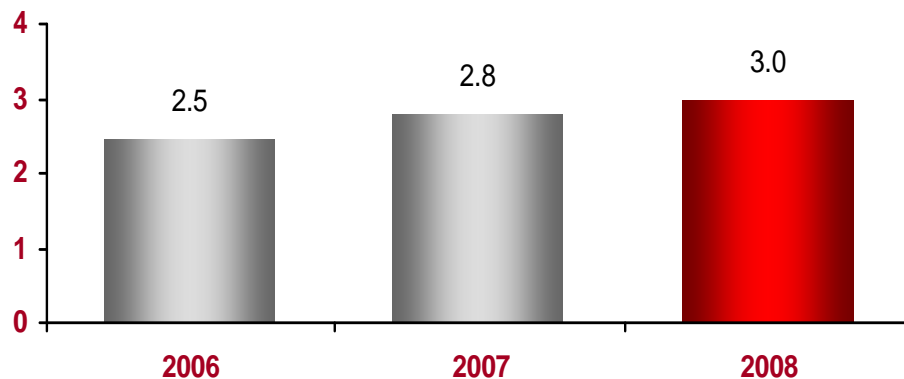


Argentina Key Indicators 2008 versus 2007 as reported

- Spreads on most products widened.
- Net insurance premiums rose driven by higher prices and increased sales.
- Active re-pricing strategies were deployed to mitigate lower transaction level.

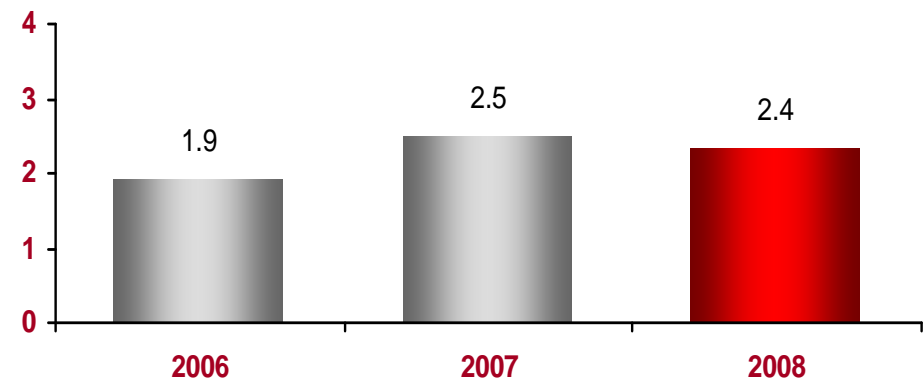
Customer Accounts

(US\$ billion)



Loans and Advances to customers

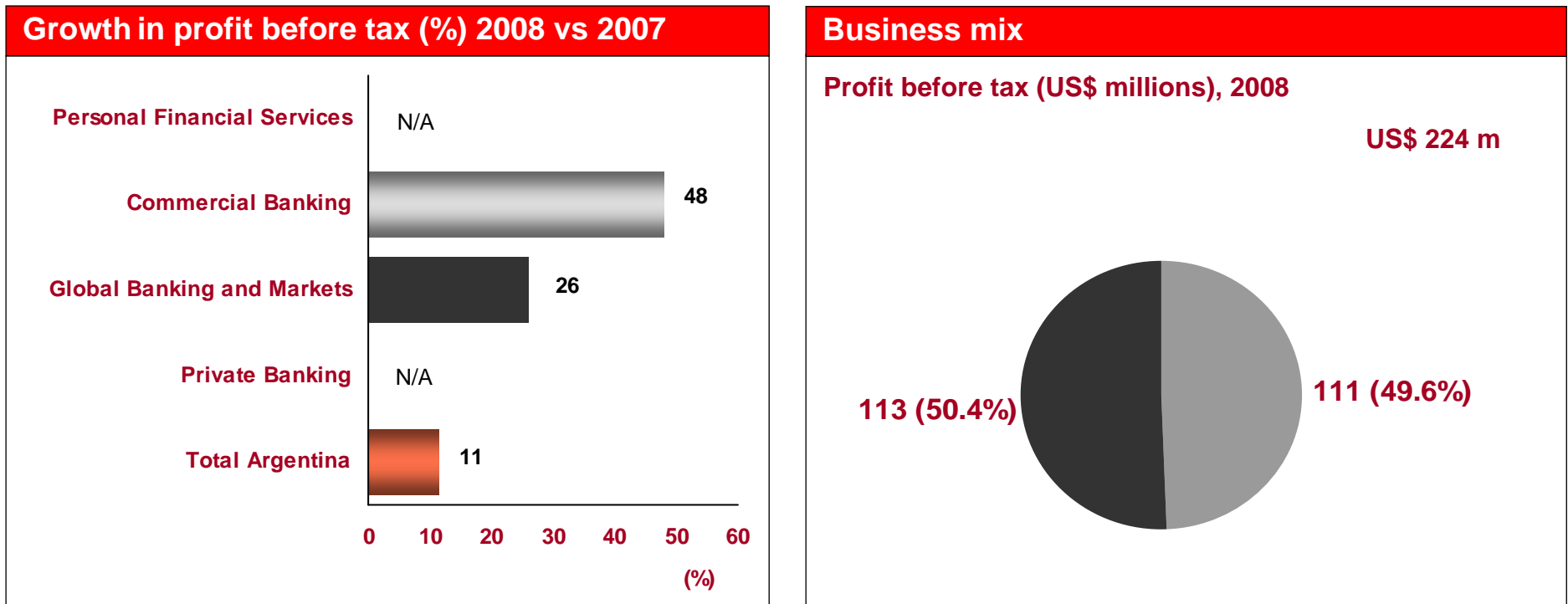
(US\$ billion)



Figures in US\$ billion under IFRS



HSBC Argentina – Profit before tax by customer segment 2008



Figures in US\$ Millions under IFRS

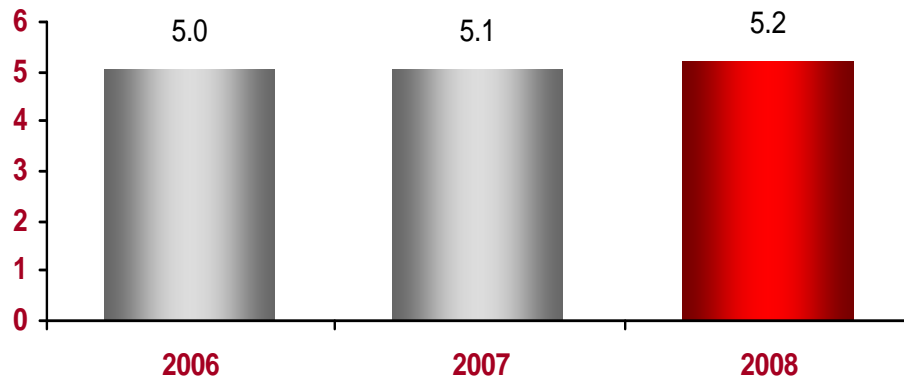


Panama Key Indicators 2008 versus 2007 as reported

- Buoyant economy with Panama Canal expansion fully financed.
- Strong performance in Commercial Banking and Global Banking and Markets
- Deposits and Loans stand in similar levels as previous years with a modest annual growth.

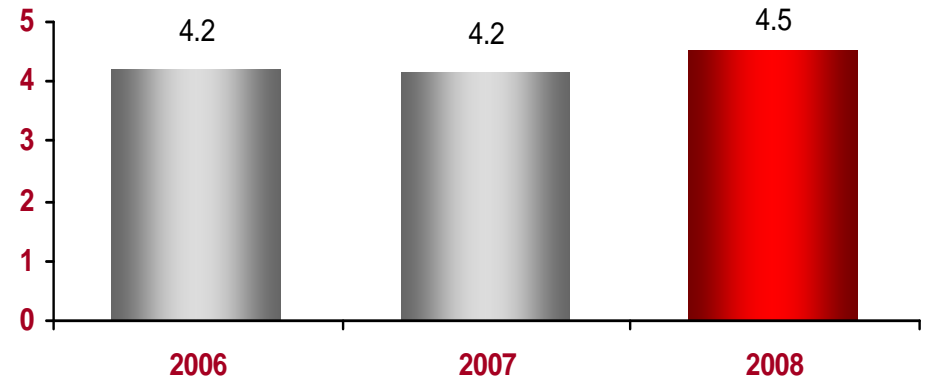
Customer Accounts

(US\$ billion)



Loans and Advances to Customers

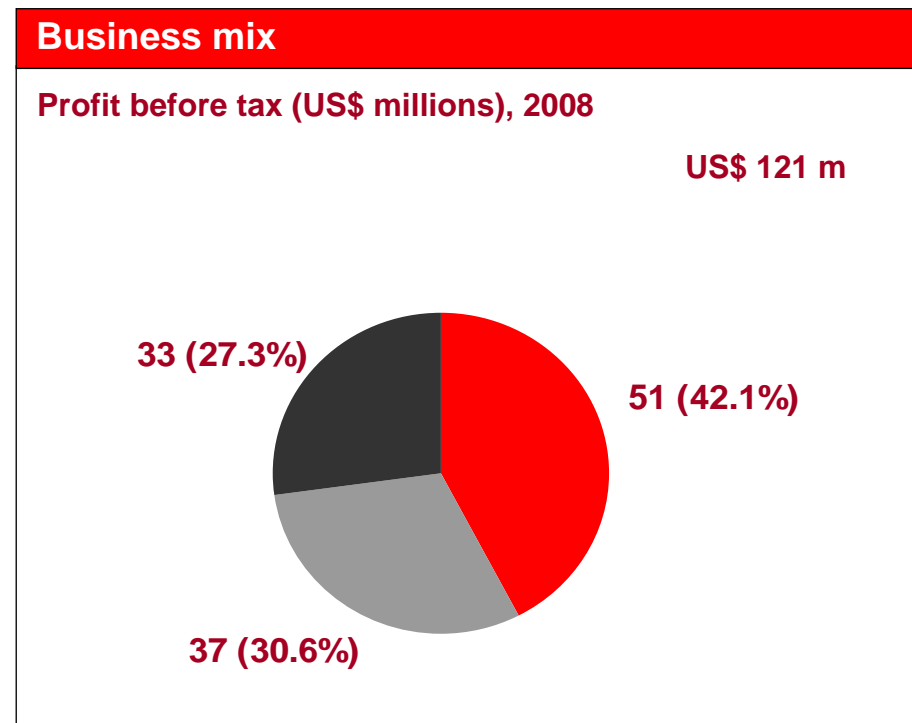
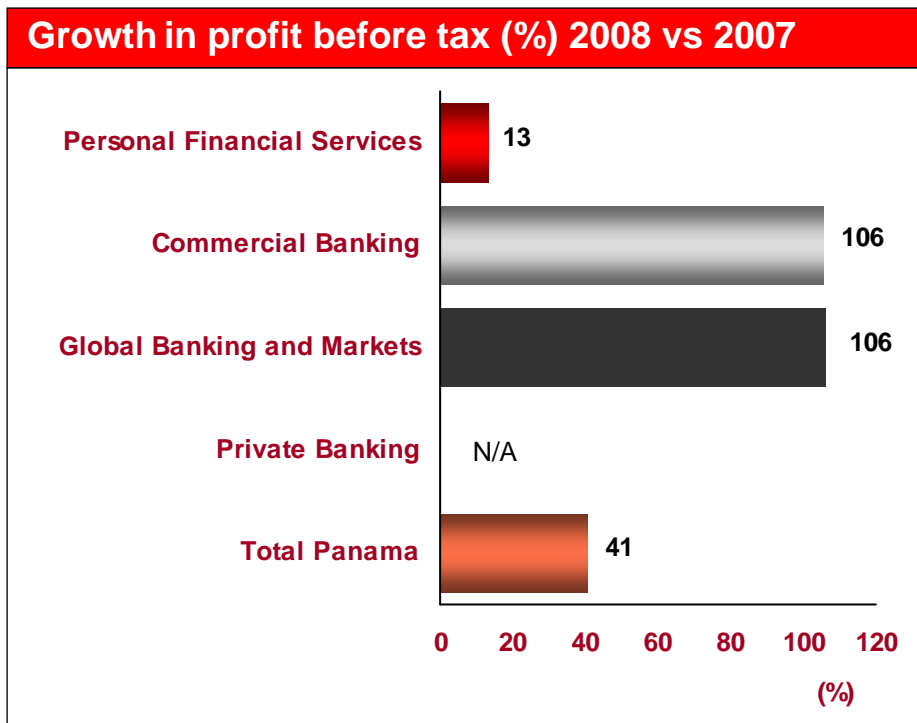
(US\$ billion)



Figures in US\$ billion under IFRS



HSBC Panama – Profit before tax by customer segment 2008



Figures in US\$ Millions under IFRS



Q&A

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