

Private Banking

London, UK
20 April 2009



HSBC 
The world's local bank



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.

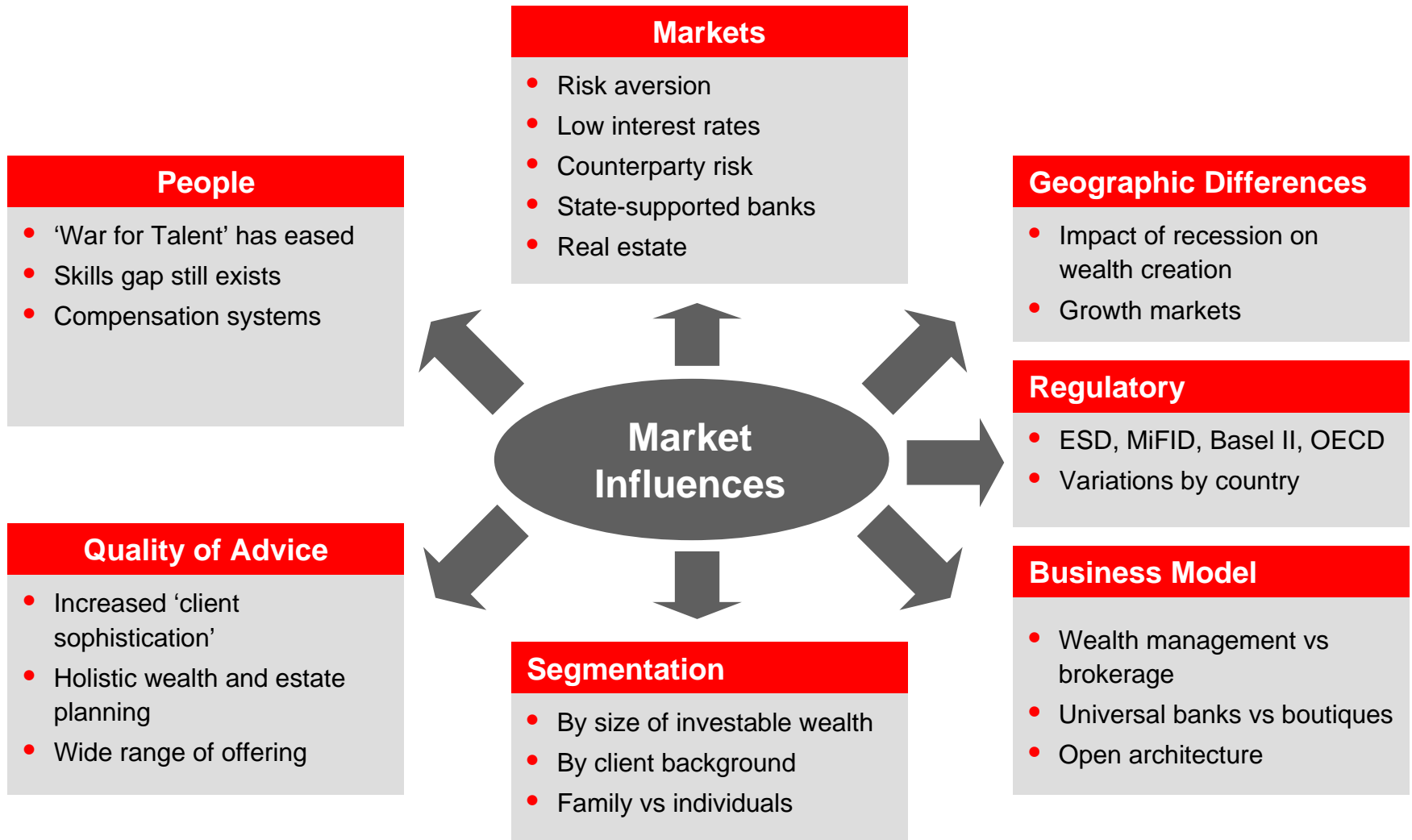


Performance in the Current Market Environment

Chris Meares
CEO
Private Banking



Market environment in the private banking industry

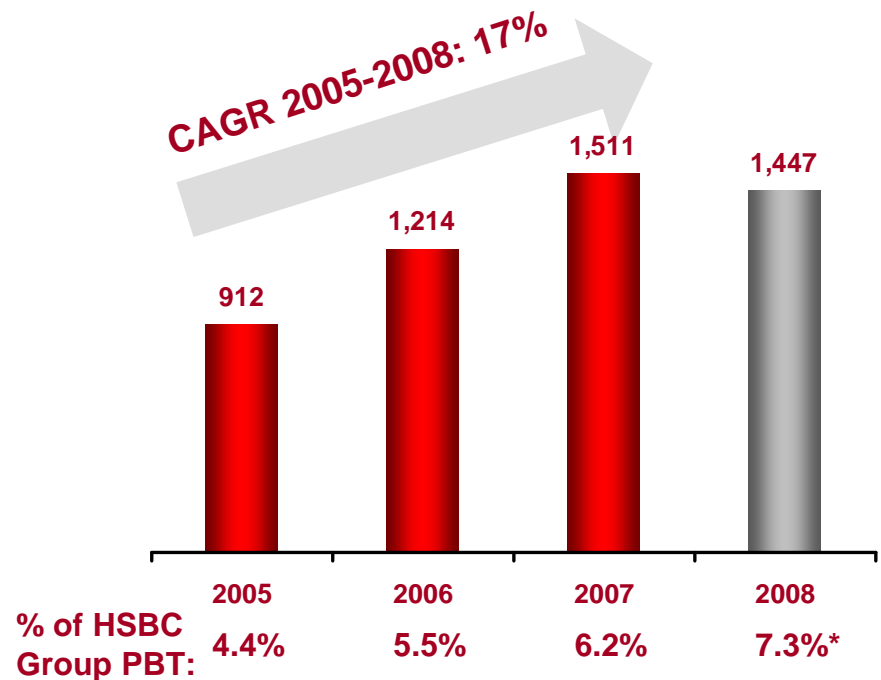




A global business with an increasing contribution to HSBC

- Third largest global private bank by client assets
- Voted second best overall private bank services by *Euromoney* for 2008
- A global network of 96 offices in 43 countries
- Re-branded in Q1 2009 to 'the world's private bank' – aligned with the Group's global brand strategy

Profit before tax (USDm)



* 15.6% of reported PBT, but 7.3% of Group PBT ex. goodwill impairment

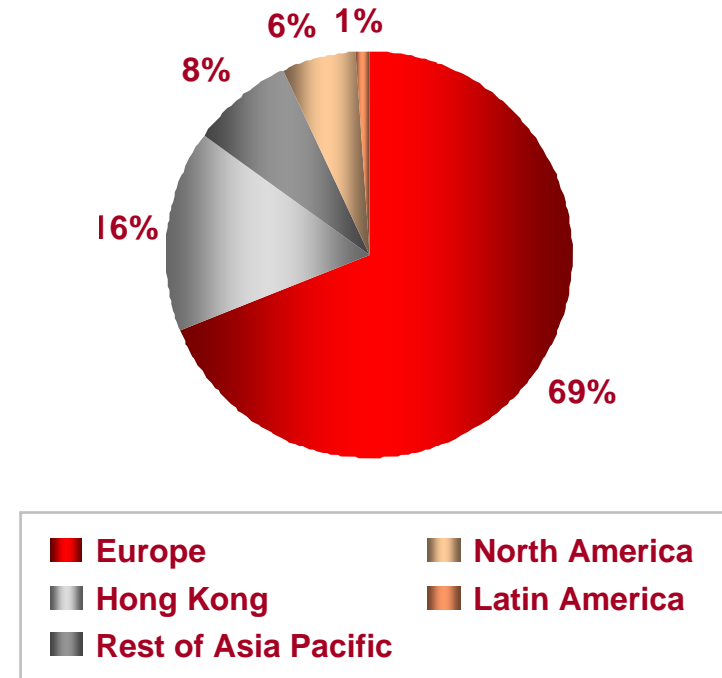


2008 – Resilient performance in a difficult environment

Key financials

	2008 (USDbn)	% change on 2007
Total revenues (USDm)	3,631	2.3%
Profit before tax (USDm)	1,447	(4%)
% of Group PBT	7.3%	+1%*
Cost income ratio	58.3%	+1.2%
Net New Money (USDbn)	30	(17%)
Total Client Assets (USDbn)	433	(12%)

PBT by region



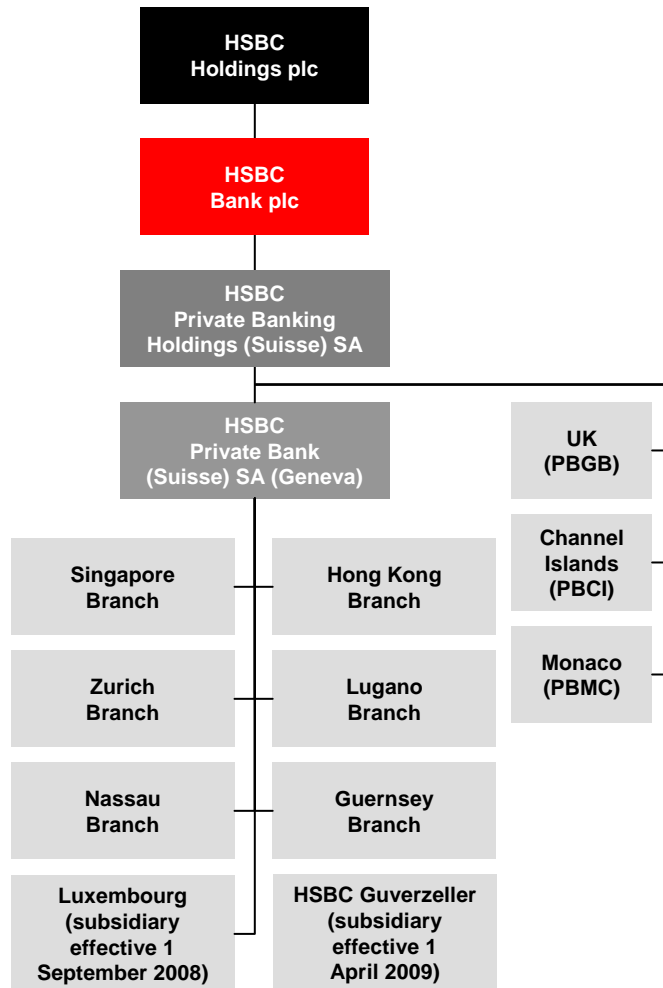
- Europe remains the largest contributor, with Switzerland and Monaco producing very strong results

* Based on Group PBT of USD19.9bn ex. goodwill impairment



Private Banking Holdings (Suisse) SA (PBSU) is a source of strength

PBSU Structure (as at April 2009)



Key Metrics 2008

	PBSU	HSBC Group
ROE	20.3%	4.7%
Capital Ratio	13.7%	11.4%
Advances to Deposits ratio	33%	84%
Ratings (current)		
S&P	AA	AA-
Moody's	A1	Aa2
Fitch	AA	AA

Non-PBSU Entities

- Germany (1992)
- France (2000)
- USA (2000)
- Japan (2002)
- Taiwan (2003)
- Brazil (2004)
- Mexico (2005)
- UAE (2006)
- India (2006)
- Turkey (2006)
- Canada (2007)
- Panama (2007)
- China (2008)
- Russia (2009)



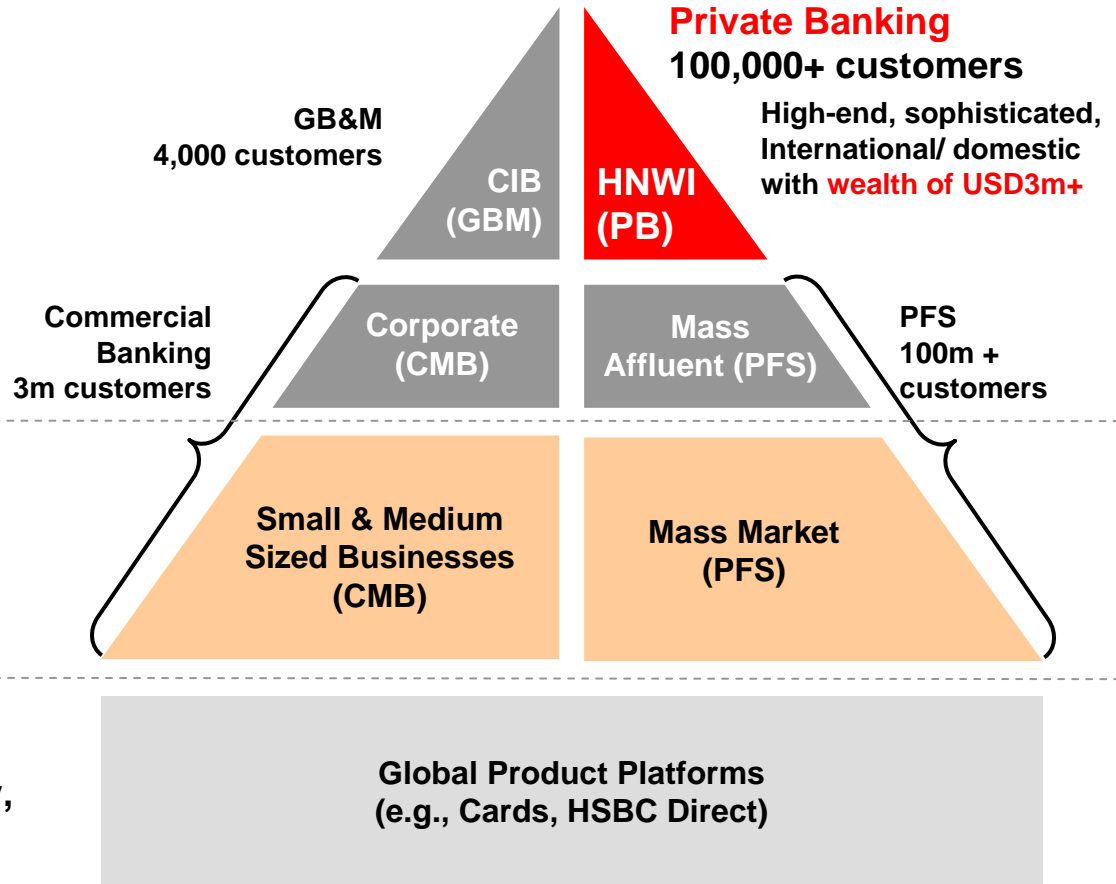
Clear positioning within HSBC

HSBC has identified business models that define our 'right to win'

Businesses with **international customers** where **Emerging Markets connectivity** is critical

Businesses with **local customers** where **efficiency** can be achieved through global scale

Products where **global scale** is critical to **effectiveness**: efficiency, expertise and brand





HSBC Private Bank **is a diversified service provider**

Personal relationship management providing integrated banking, investment & wealth advisory services

Private Banking Services

Deposit Accounts
Credit and Specialist Lending
Treasury
Trading Services
Cash Management
Securities Custody & Clearing

Private Wealth Management

Investment Advisory
Discretionary Portfolio Management
Alternative Investments
(Hedge Funds, Real Estate, and Private Equity)
External Managers Group
(Third Party Funds, Multimanager)
Corporate Finance Solutions
(Co-ordination of corporate finance transactions, equity and debt placements)

Private Wealth Solutions

Trust and Estate Planning
(Planning, Trust & Company Administration, Foundations)
Family Office Advisory
(Succession Planning, Family Governance, Philanthropy, Asset Aggregation)
Financial Planning
Insurance Advisory

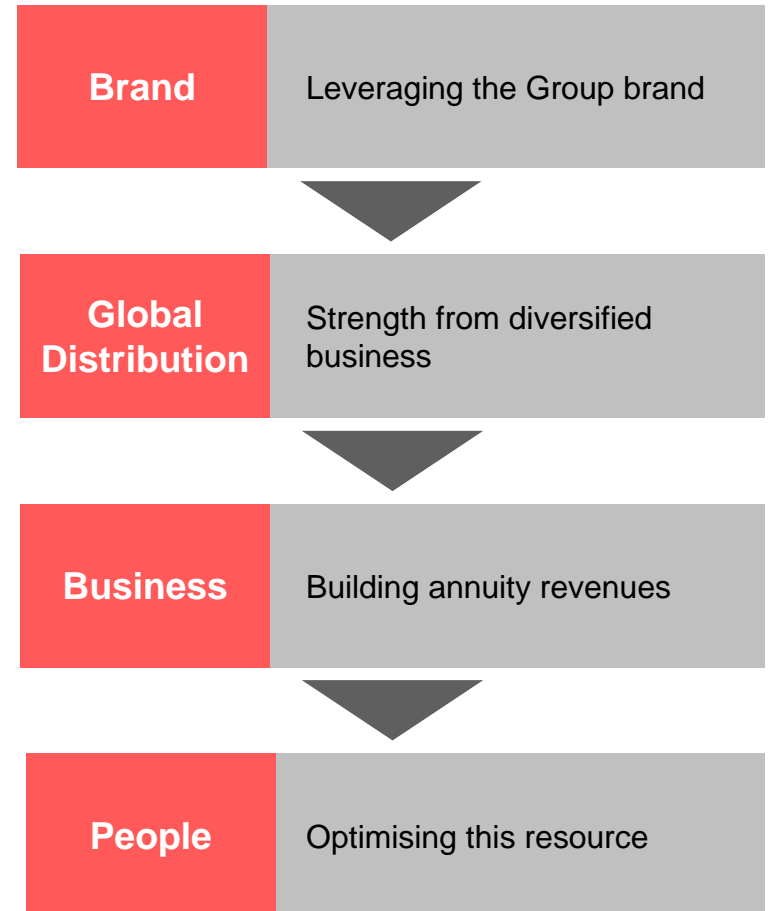


Vision and Key Initiatives

Chris Meares
CEO
Private Banking



Vision





1. OUR BRAND: Deploy the new brand campaign to leverage the Group's financial strength and global connections



Key Messages Developed

HSBC  Private Bank

- Connecting clients' wealth to the world
- Real client stories used
- Closer alignment with HSBC brand
- Brand name changed to **Global** Private Banking to better reflect our capabilities

Recent Awards

- Euromoney:
 - Number 1 in Asia, Middle East, Islamic banking services
 - HSBC Private Bank now ranks number 2 globally for "Best private banking services overall"
- Private Banker International Wealth Management Summit 2008 Awards:
 - Outstanding Private Bank in Middle East
 - Outstanding Global Private Banker

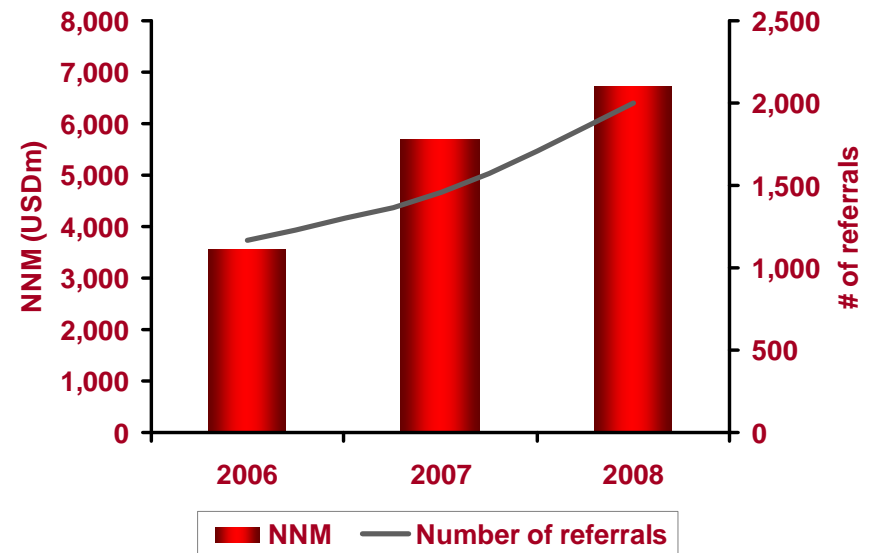


2. OUR GLOBAL DISTRIBUTION: Strength from diversified business

Highlights

- Net new money referred from PFS/CMB in 2008 up 19% from 2007 to US\$6.8bn
- Increased trading volumes transacted with Global Banking and Markets as more systems and processes were connected.
- Source of Liquidity
- Promote HSBC funds in areas of strength (e.g. HSBC Asian Private Equity Fund 6, HSBC Middle East Private Equity LP fund)

Intra Group Referrals and NNM





2ii. OUR GLOBAL DISTRIBUTION: Strength from diversified business

Building domestic businesses in the emerging markets for long-term growth

▶ Ascot	▶ Cardiff	▶ Isle of Man	▶ Montevideo	▶ San Francisco
▶ Athens	▶ Cayman Islands	▶ Istanbul	▶ Montreal	▶ Santiago
▶ Auckland	▶ Chennai	▶ Jersey	▶ Moscow	▶ Sao Paulo
▶ Baden Baden	▶ Chicago	▶ Johannesburg	▶ Mumbai	▶ Shanghai
▶ Bangalore	▶ Cook Islands	▶ Kolkata	▶ Munich	▶ Singapore
▶ Beirut	▶ Curitiba	▶ Kuala Lumpur	▶ Nassau	▶ St Moritz
▶ Belo Horizonte	▶ Dubai	▶ Leeds	▶ Newbury	▶ Stockholm
▶ Berlin	▶ Dublin	▶ London	▶ New Delhi	▶ Stuttgart
▶ Bermuda	▶ Dusseldorf	▶ Lugano	▶ New York	▶ Taipei
▶ Beverly Hills	▶ Edinburgh	▶ Luxembourg	▶ Nice	▶ Tel Aviv
▶ Birmingham	▶ Edmonton	▶ Lyon	▶ Panama	▶ Tokyo
▶ Bordeaux	▶ Frankfurt	▶ Manchester	▶ Paris	▶ Toronto
▶ Brasilia	▶ Geneva	▶ Manila	▶ Porto Alegre	▶ Vancouver
▶ Bristol	▶ Guadalajara	▶ Marseille	▶ Puebla	▶ Wilmington
▶ British Virgin Islands	▶ Guernsey	▶ Mexico City	▶ Pune	▶ Zurich
▶ Buenos Aires	▶ Hamburg	▶ Miami	▶ Punta del Este	
▶ Calgary	▶ Hong Kong	▶ Monaco	▶ Rio de Janeiro	
▶ Campinas	▶ Hyderabad	▶ Monterrey	▶ Salvador	

Existing major
Hong Kong
UK & CI
Switzerland
Monaco
Singapore
USA
France
Germany

Recent additions
Japan (2002)
Taiwan (2003)
Bermuda (2004)
Brazil (2004)
Mexico (2005)
UAE (2006)
India (2006)
Turkey (2006)
Canada (2007)
Panama (2007)

2008/09
China
Russia



3. OUR BUSINESS: Building annuity revenues through product leadership

Raise “Actively Managed Share” through building product leadership in areas such as credit, hedge funds, emerging markets, investment advice and estate planning

- Continue to strengthen our advisory & discretionary portfolio solutions
- In Alternatives we are a market leader, and continue to add private equity and real estate solutions to hedge funds
- Build on Private Wealth Solutions, one of the world’s largest trust and estate planning business
- Leverage HSBC’s strengths in F/X and Emerging Markets to provide interesting investment ideas (e.g. BRIC, Private Equity)
- Use credit expertise and balance sheet strength to maintain a high quality credit portfolio

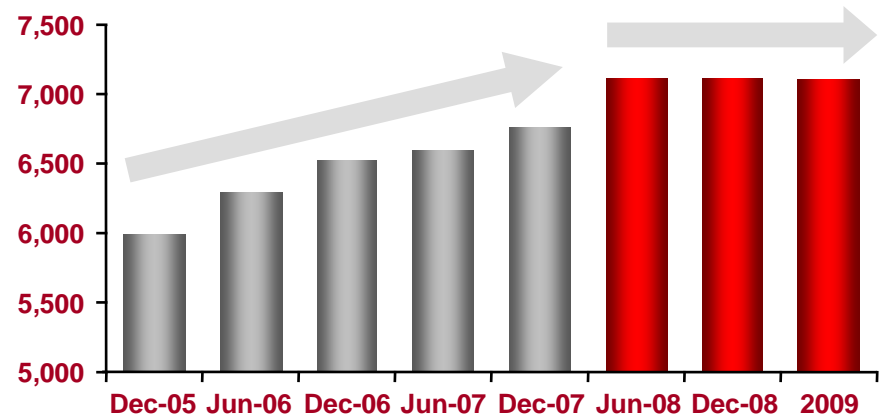




4. OUR PEOPLE: Selective hiring and optimising this resource

- Merger of private banks in Switzerland
- Some rightsizing in developed markets
- HSBC's PBT/employee remains one of the best in class for 2008
- Continue well-planned successions
- Remuneration is well-aligned with long-term sustainability

Headcount to remain flat in 2009





Concluding Remarks

Chris Meares
CEO
Global Private Banking



Concluding Remarks

Major external factors

1

Damage to industry image from financial crisis (e.g. Madoff) and collapse of financial institutions (Lehmans, AIG)

2

Regulatory and political agenda

3

Reduced client risk appetite and asset values impacting trading volumes and fee income

4

Weakened competitors may dispose of 'non-core' private banking/wealth management units

5

Emerging markets continue to grow faster than developed markets, but differentiation emerging between countries

Our strategic response

- Risk management, due diligence, customer service excellence, and emphasis on long-term sustainability
- Use our financial strength and new brand campaign to win new business and make selective hires
- Maintain high standards of operation & compliance, and continue to strengthen domestic businesses
- Use the 'Troika' model to strengthen relationships with clients, improve lending margins, reduce costs
- Focus on organic growth but target desirable assets, continue to leverage financial strength
- We have established operations in the highest potential emerging markets (e.g. BRIC) - focus now is on consolidating and growing these operations