

A black and white photograph showing the silhouettes of several people in a meeting or conference room. They are positioned behind a window with a prominent grid pattern. The scene is backlit, creating a high-contrast silhouette effect. The entire image is framed by a thick red border.

Competing in the New Normal
Michael Geoghegan
29 September 2009

Forward-looking statements

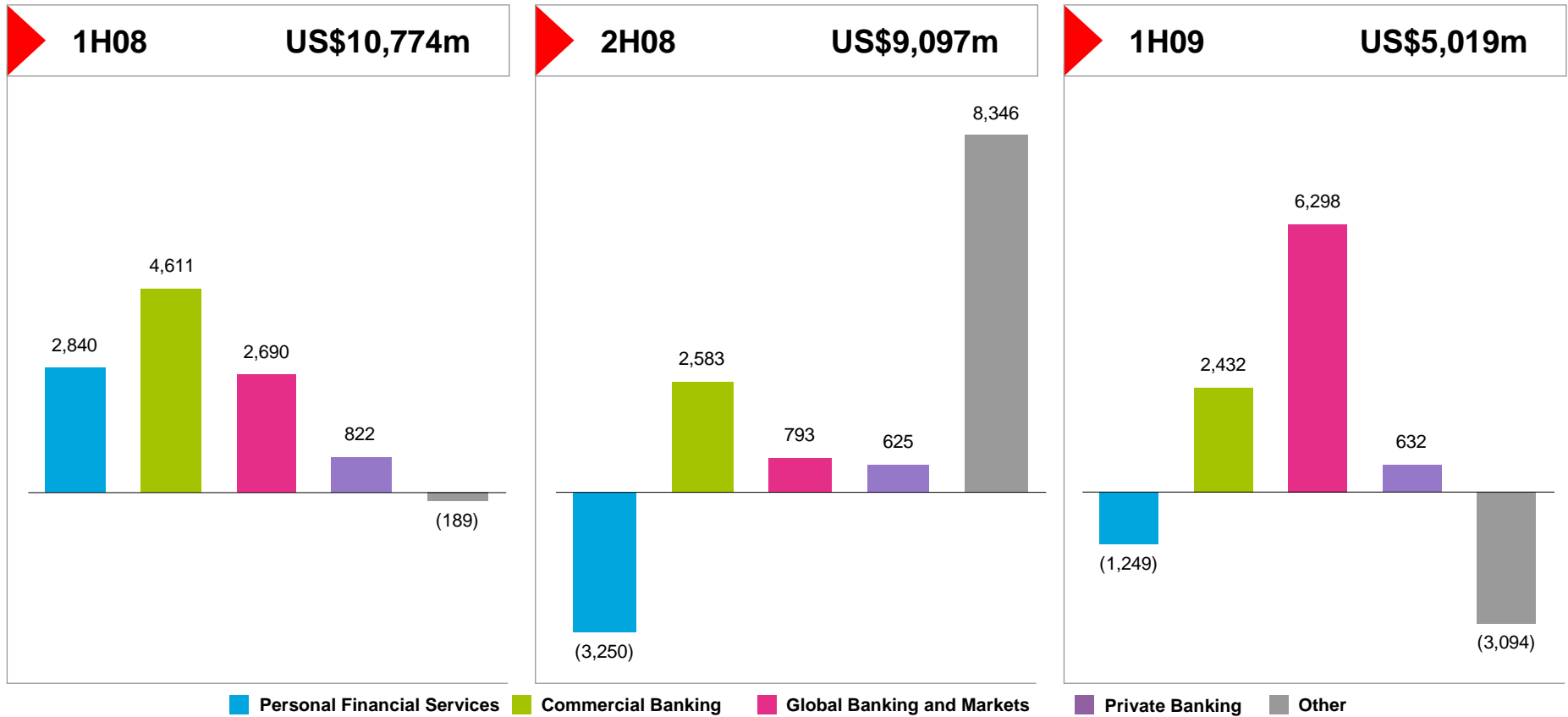
This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known 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 Interim Report. Past performance cannot be relied on as a guide to future performance.

Strong Core Foundations

A diversified business

By customer group

Profit before tax¹

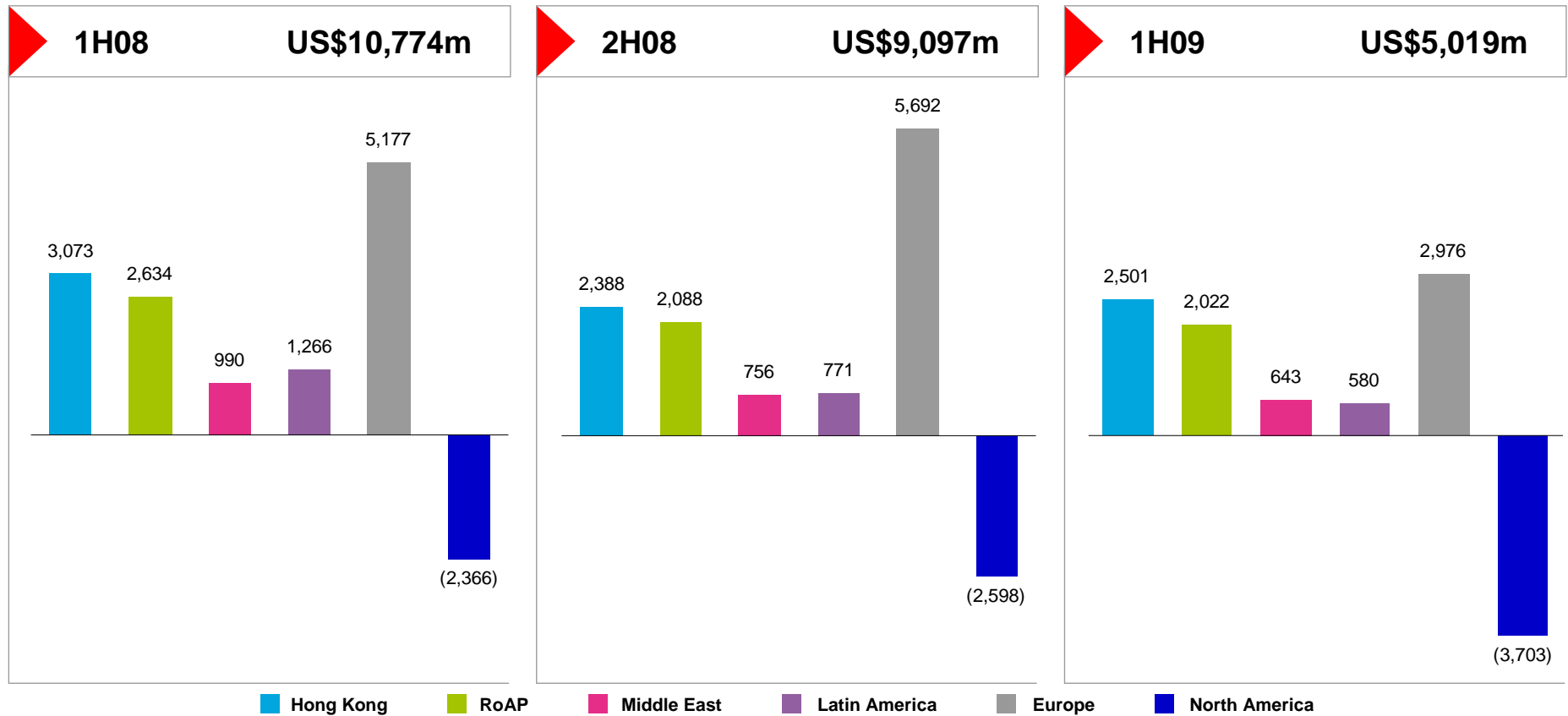


Note:
 (1) Excluding goodwill impairment on North American PFS business

A diversified business

By geography

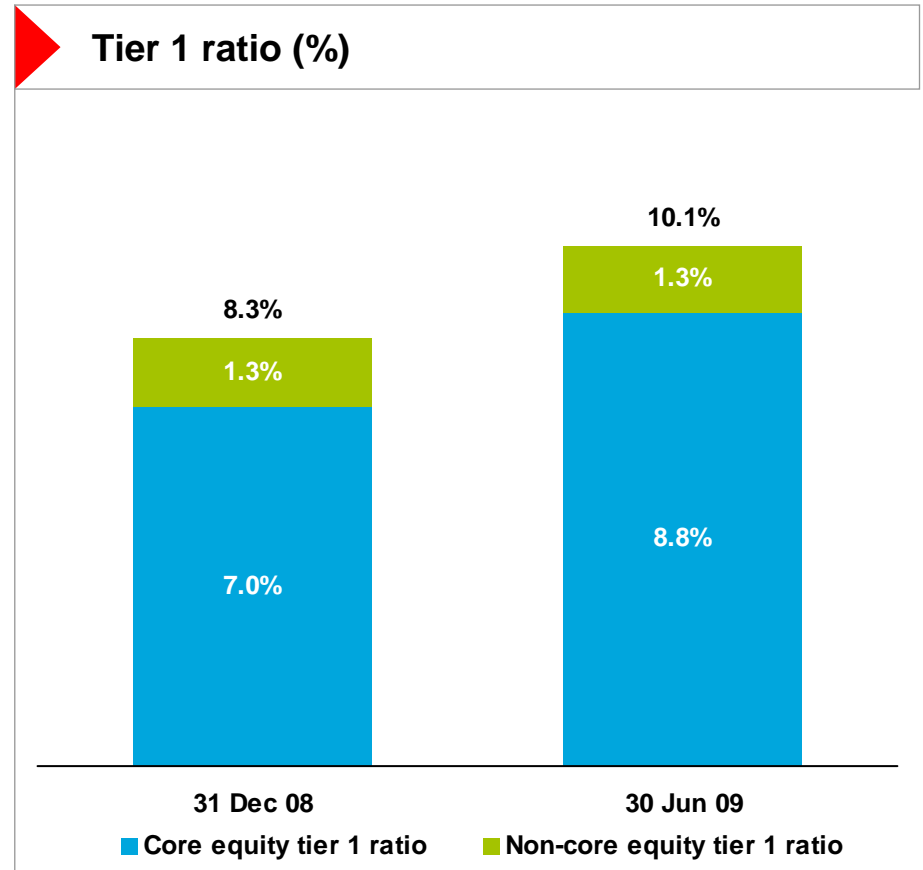
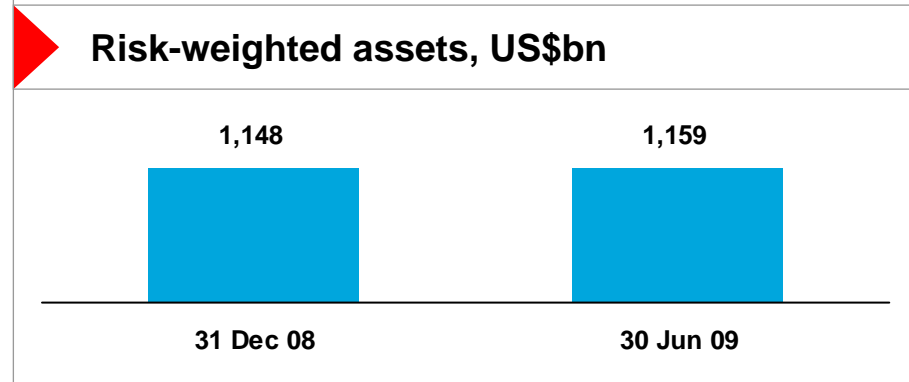
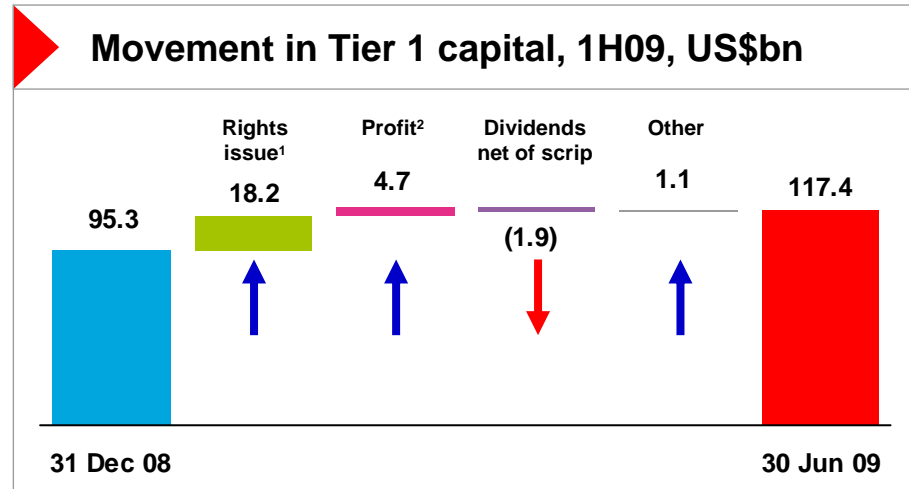
Profit before tax¹



Note:
 (1) Excluding goodwill impairment on North American PFS business

Financial strength

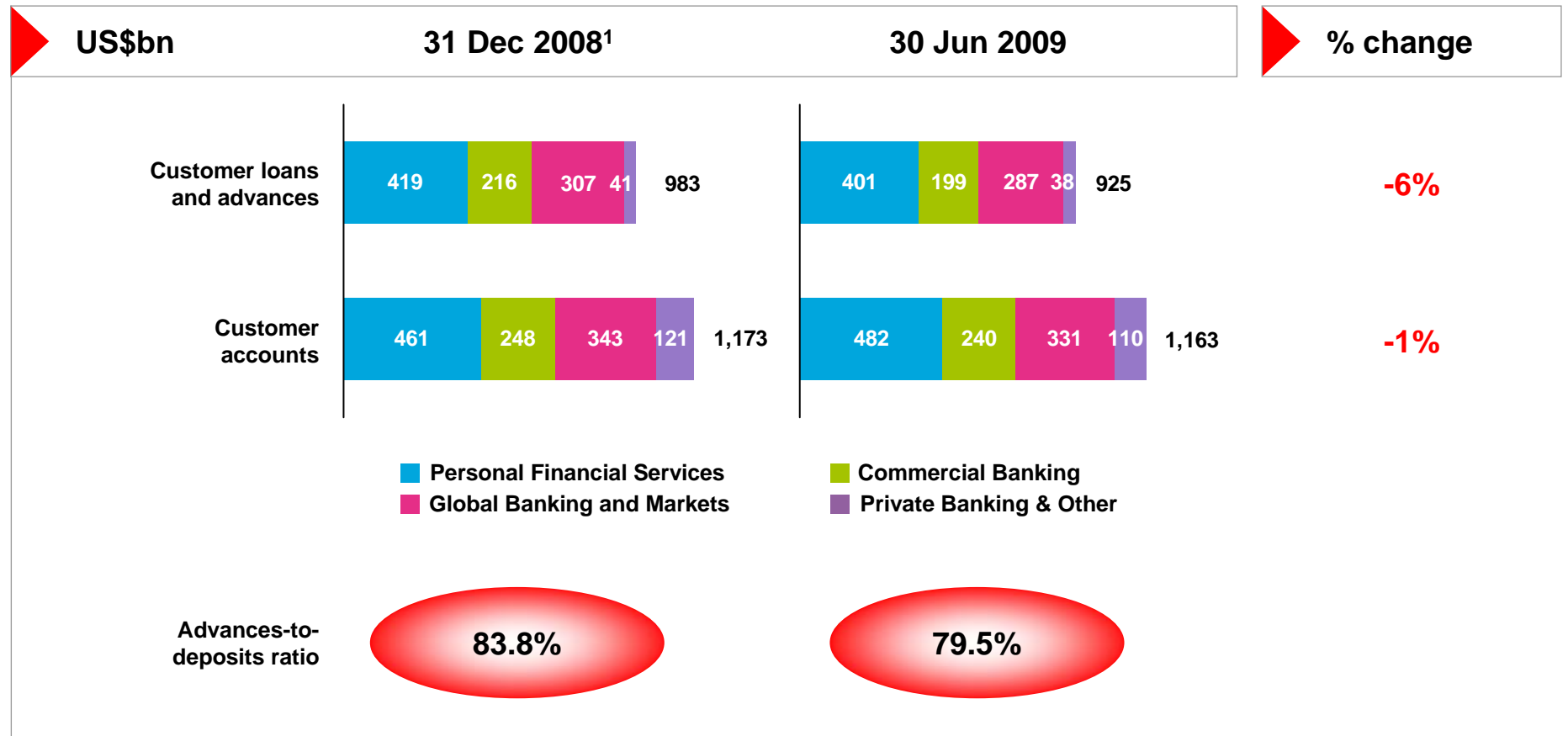
Capital



Note:
 (1) Rights issue excludes US\$344m loss on a forward foreign exchange contract associated with hedging the proceeds of the rights issue, recognised in net trading income
 (2) Attributable profit adjusted for movements in FV on own debt net of deferred tax

Financial strength

Funding and liquidity



Note:

(1) Restated for constant currency, acquisitions and disposals

Managing the Group

Living wills

HSBC Holdings

HSBC Mexico S.A.

The Hong Kong and
Shanghai Banking
Corporation Ltd

HSBC Bank Middle
East Ltd

HSBC Bank USA, Inc

HSBC Bank plc

HSBC Bank Brazil S.A.
Banco Multiplo

Hang Seng Bank Ltd

HSBC Bank Egypt
S.A.E.

HSBC Finance
Corporation

HSBC France

HSBC Bank
Argentina S.A.

HSBC Bank (China)
Company Ltd

The Saudi
British Bank

HSBC Bank Canada

HSBC Trinkaus &
Burkhardt AG

HSBC Bank Malaysia
Berhad

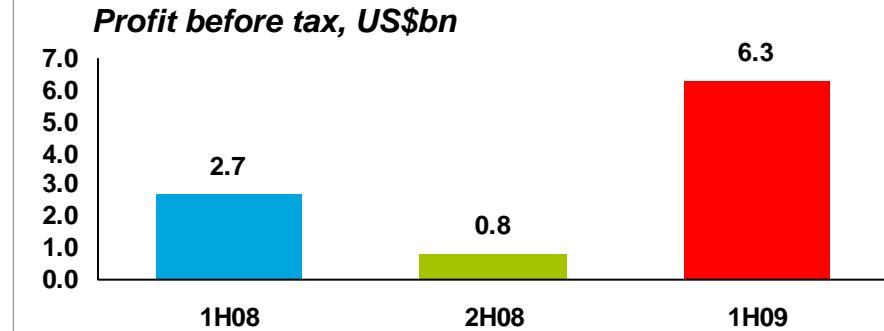
HSBC Private Banking
(UK) Ltd

Progress to RoE target range 15-19%

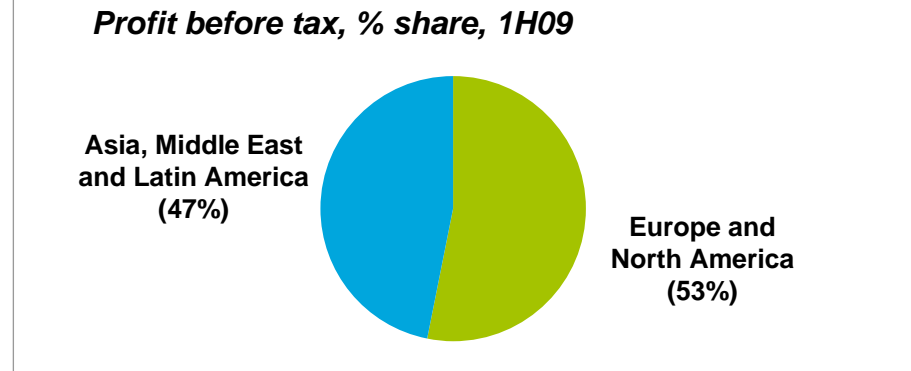
Global Banking and Markets

Success in emerging markets-led, financing focused strategy

Record performance from strengthened market position



Balanced between faster-growing emerging markets and developed markets



Strategy unique to HSBC

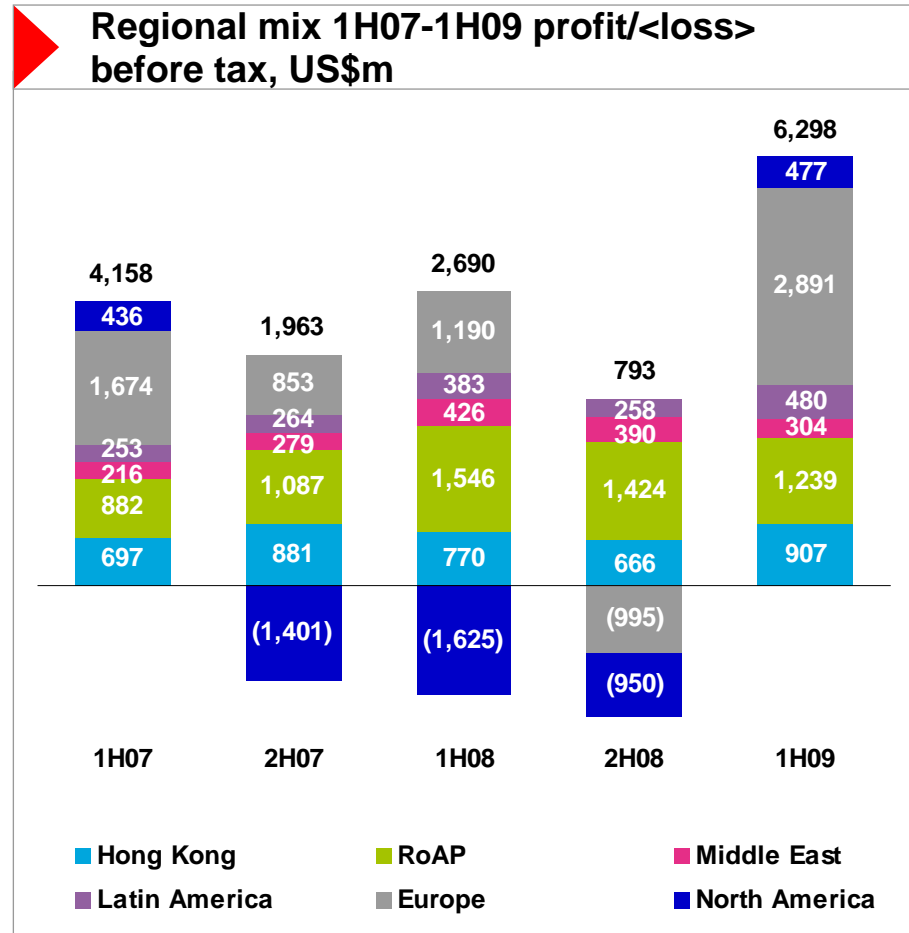
Distribution strength

Dealing rooms in 67 countries with significant emerging market presence

Group's financial strength in capital and funding

Global Banking and Markets

Unique regional positioning to capitalise on emerging trends



Global Banking and Markets

A diverse business leading to sustainable revenues

Managed view of total operating income US\$m

	1H07	2H07	1H08	2H08	1H09	% share of total operating income 1H09
Global Markets ¹	3,825	1,895	1,688	988	5,991	49%
Credit	658	-1,977	-3,124	-2,378	1,066	9%
Rates	592	699	1,303	730	1,964	16%
FX	909	1,269	1,546	2,296	1,797	15%
Equities	652	525	746	-810	315	3%
Securities Services	855	1,071	1,112	1,004	712	6%
Asset & structured finance	159	308	105	146	137	1%
Global Banking	1,974	2,216	2,432	3,286	2,403	20%
Financing & ECM	1,042	1,144	1,371	2,201	1,609	13%
Payments & Cash Mgmt	751	881	839	826	535	4%
Other Transaction Services	181	191	222	259	259	2%
BSM	521	705	1,630	1,988	3,350	27%
Global Asset Management	636	700	669	265	414	3%
Principal Investments	755	498	167	-582	-38	0%
Other²	826	729	833	233	146	1%
Total Operating Income	8,537	6,743	7,419	6,178	12,266	100%

Notes:

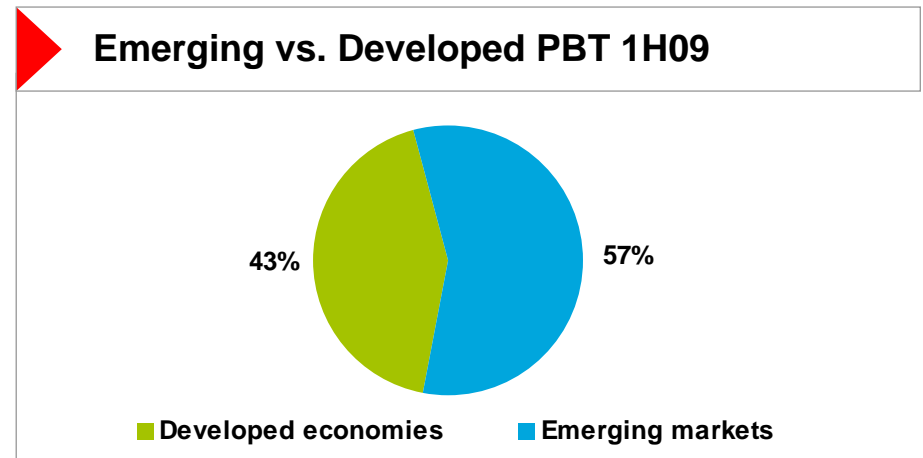
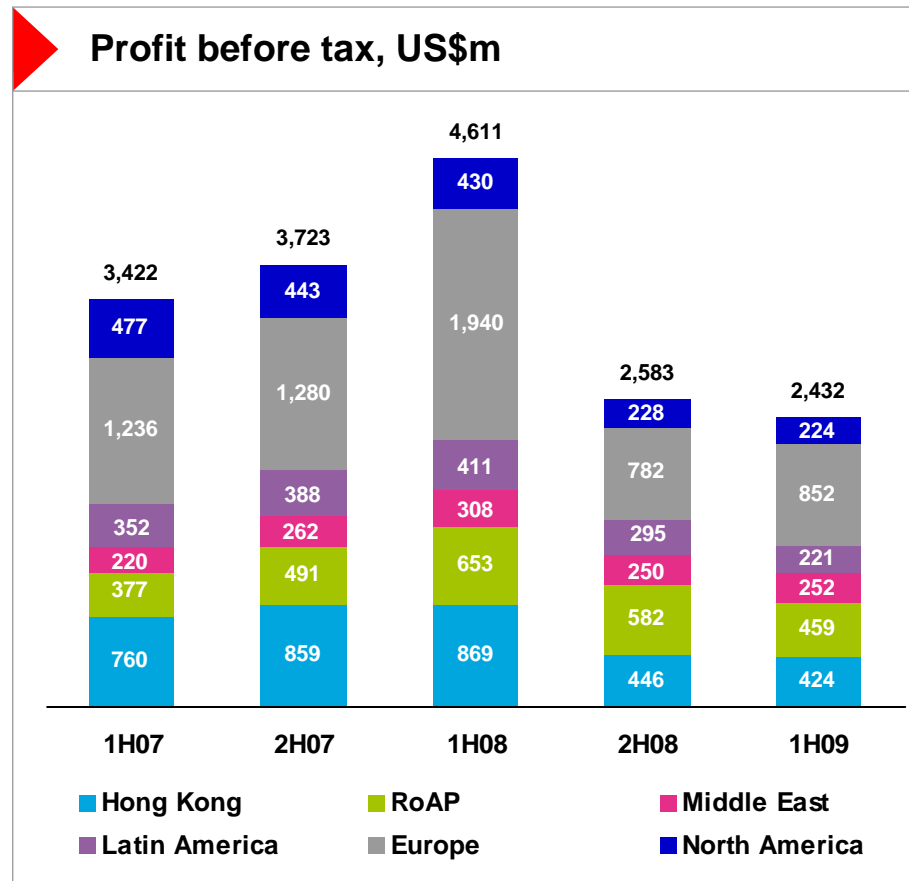
1. In the first half of 2009, Global Markets included an expense of US\$127m from movements in credit spreads on structured liabilities (first half of 2008: income of US\$262m; second half of 2008: income of US\$267m).

2. 'Other' in Global Banking and Markets includes net interest earned on free capital held in the global business not assigned to products.

Commercial Banking

A global opportunity

Regional mix, 1H07 – 1H09



Resilient and Diversified Performance

Remained profitable in all regions through the downturn

At the heart of the Group's strategy; leveraging global scale, serving international customers, expanding in emerging markets

Commercial Banking

Clear strategies are driving success

Leading International Business

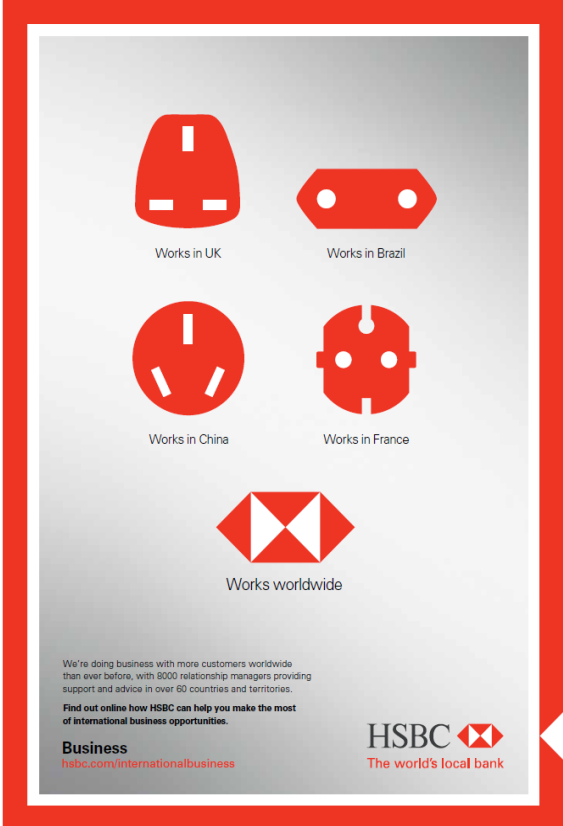
HSBC's competitive advantage in all markets

Best Bank for Business

Where we have relevant scale and opportunity

Leveraging HSBC's Global Scale

Increasing Global Consistency across the Business



The graphic features a red border and a grey background. It displays five red icons representing global reach: a rounded rectangle for UK, a hexagon for Brazil, a circle for China, a square with a central circle for France, and the HSBC hexagon logo for worldwide. Text below each icon reads: 'Works in UK', 'Works in Brazil', 'Works in China', 'Works in France', and 'Works worldwide'. At the bottom, it includes the text: 'We're doing business with more customers worldwide than ever before, with 8000 relationship managers providing support and advice in over 60 countries and territories. Find out online how HSBC can help you make the most of international business opportunities. Business hsbc.com/internationalbusiness HSBC The world's local bank'.

Commercial Banking

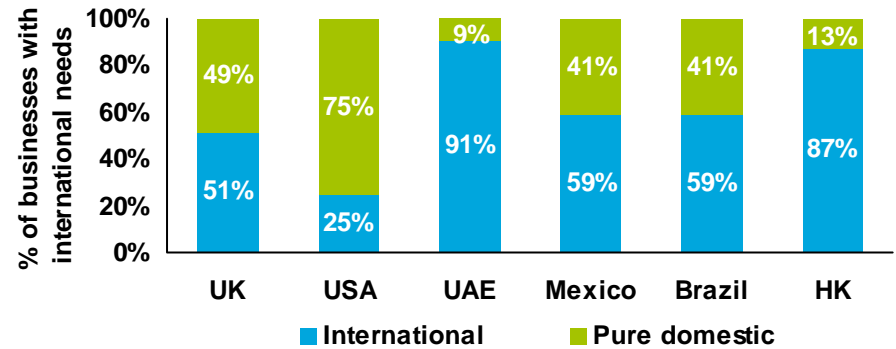
Leading International Business

International businesses generate higher revenues than purely domestic businesses

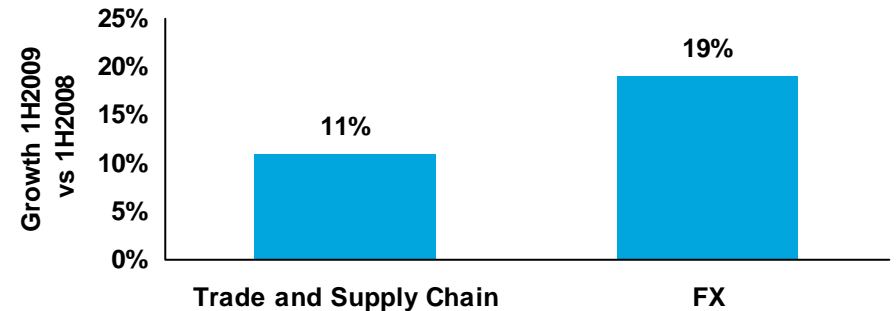
The market size is significant and we are well placed against competitors

International business volumes and revenues are growing strongly

38% of businesses have international needs¹



Strong growth in international product revenues







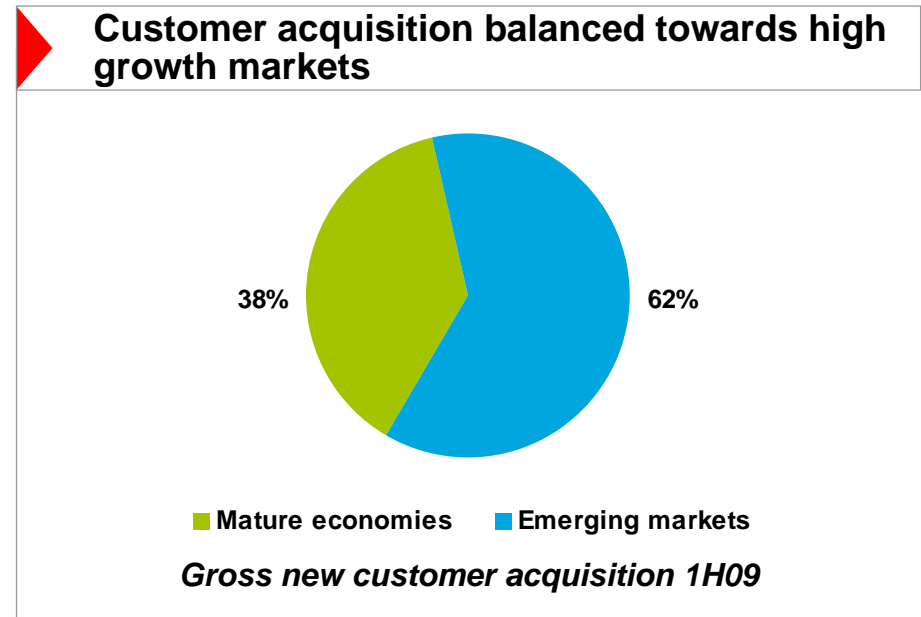
Note:

(1) Businesses with turnover of more than US\$5m; Source: Dun & Bradstreet (July 2009)

Commercial Banking

Best Bank for Business







 Emerging Markets Growth Engine	<ul style="list-style-type: none">• 62% of new Business Banking customers are in emerging markets
 Exploiting Scale and Efficiency	<ul style="list-style-type: none">• Consistent global business model tailored for local market• Common customer propositions and systems
 Helping Customers Manage their Cashflow	<ul style="list-style-type: none">• Transaction and deposit model generates fees and deposits
 Open for Business	<ul style="list-style-type: none">• Open for business, helping customers weather the storm



With over US\$100bn in customer deposits, Business Banking generates over twice as much liabilities as customer loans and advances

Personal Financial Services

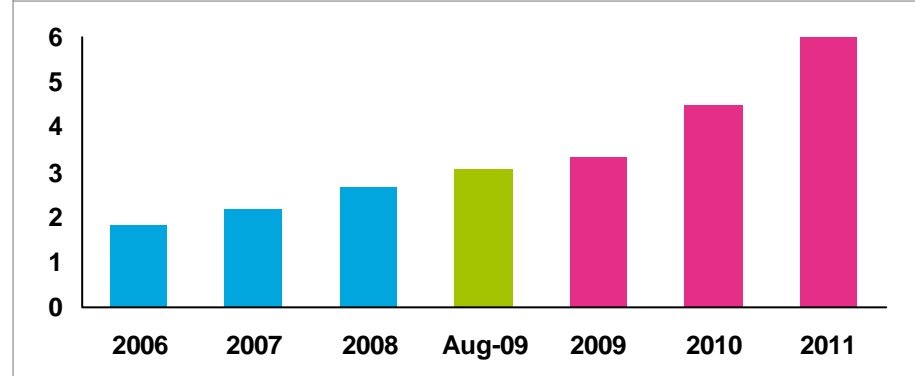
Concentrate on segments where the Group can leverage scale or global reach

 Participation models	 “Winning Business Models”	 Implementation models
 Full participation	<ul style="list-style-type: none">• In emerging markets where we have or can/build acquire scale• In mature markets where we have competitive scale	<p>12 countries</p> <ul style="list-style-type: none">• Full service bank
 Selective participation	<ul style="list-style-type: none">• In customer segments with strong international connectivity or HSBC brand presence• Propositions where HSBC can use its global scale, eg Premier, Asset Management, Cards, Insurance	<p>30 countries</p> <ul style="list-style-type: none">• Premium banking and wealth management
 Network participation	<ul style="list-style-type: none">• Markets which have strong international connectivity where presence is valuable	<p>~20 countries</p> <ul style="list-style-type: none">• Premier services only

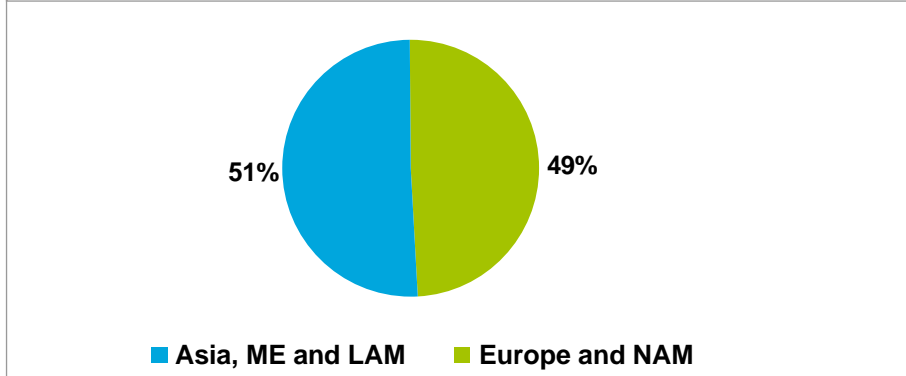
Personal Financial Services

Global Wealth management growing and balance between developed and emerging markets

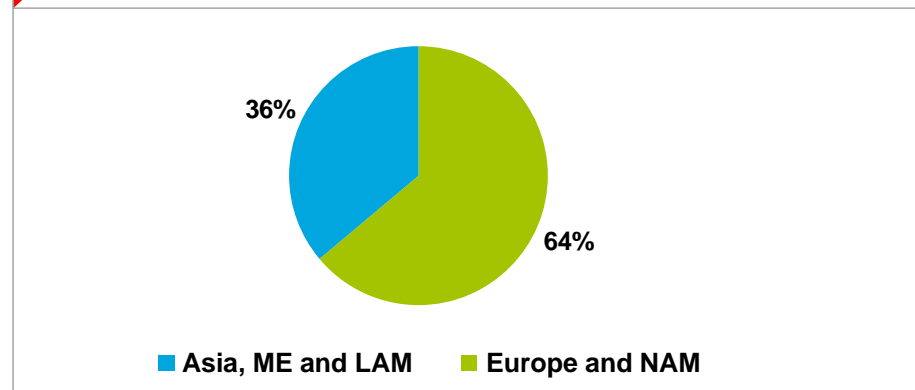
Growth towards 6 million Premier customers in 2011



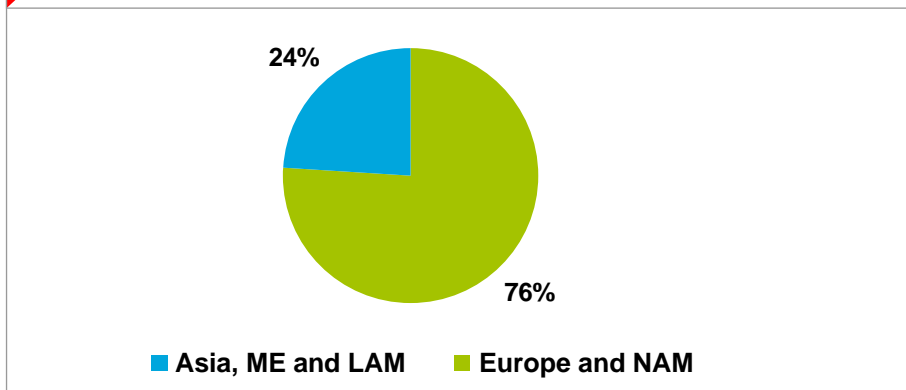
Customer accounts – 1H09



Revenue – 1H09

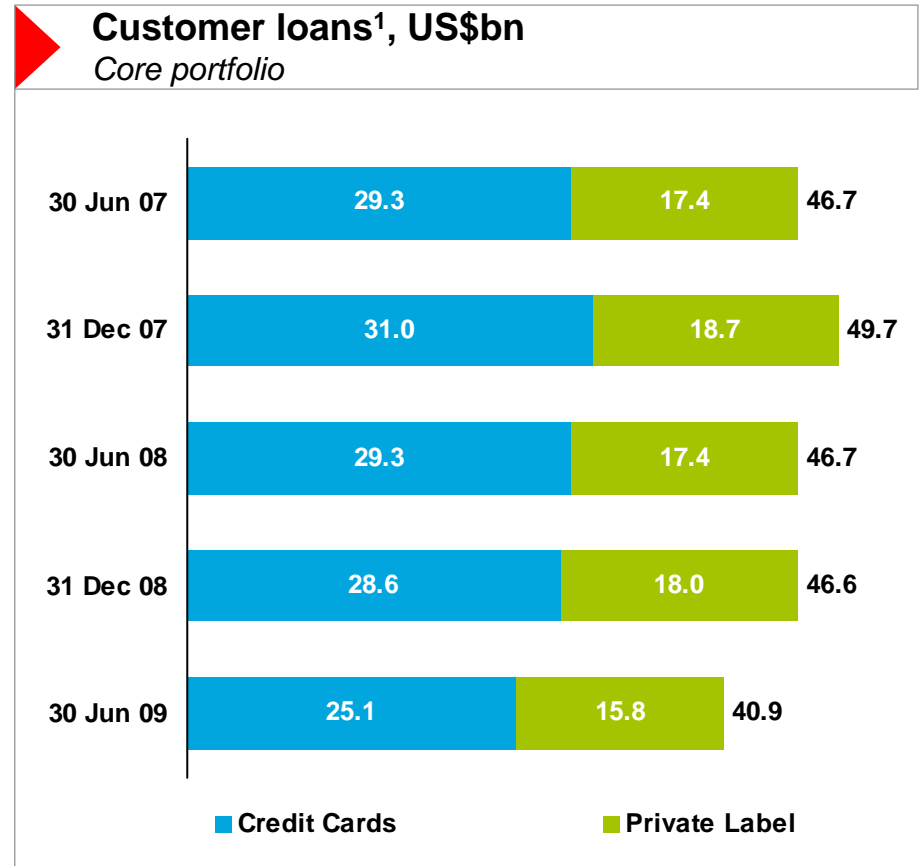
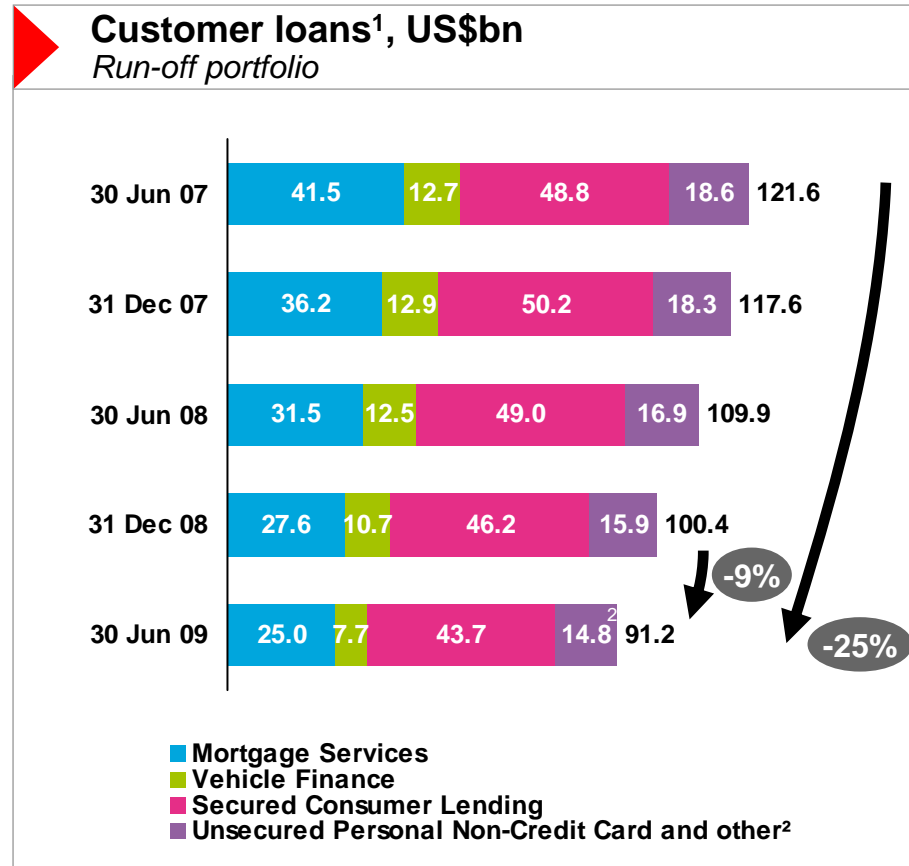


Customer loans and advances – 1H09



Personal Financial Services

Continue to restructure HSBC Finance Corporation

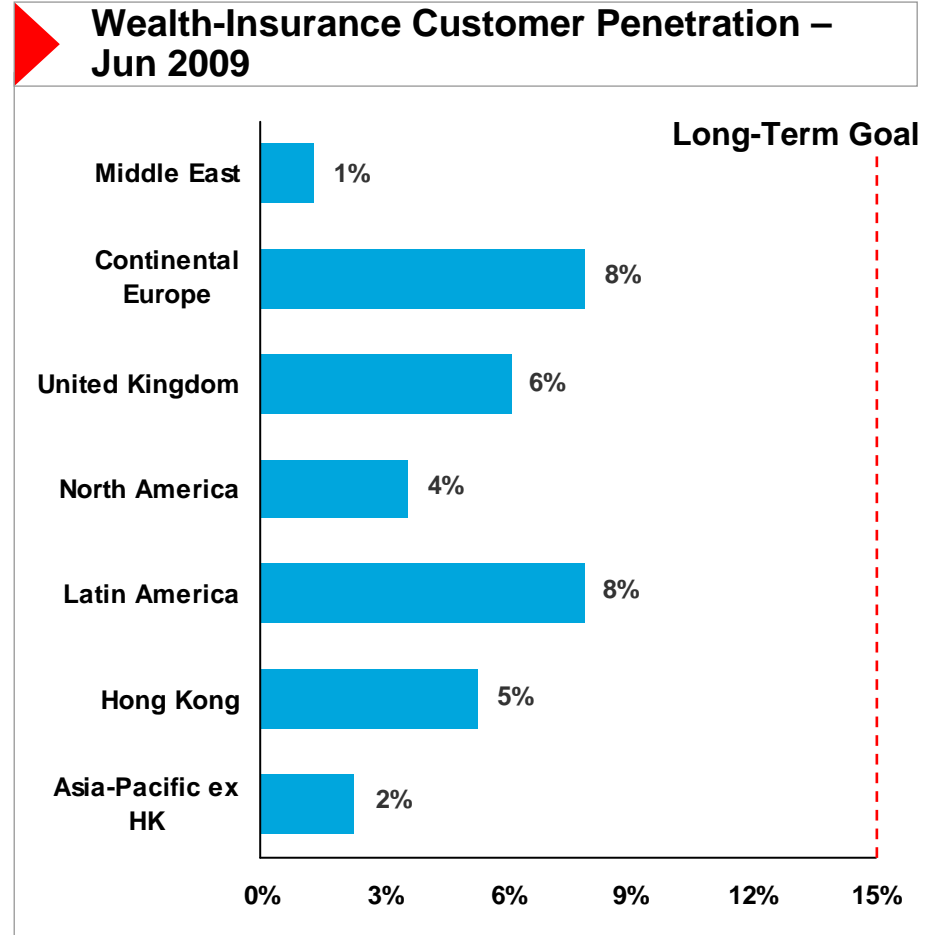
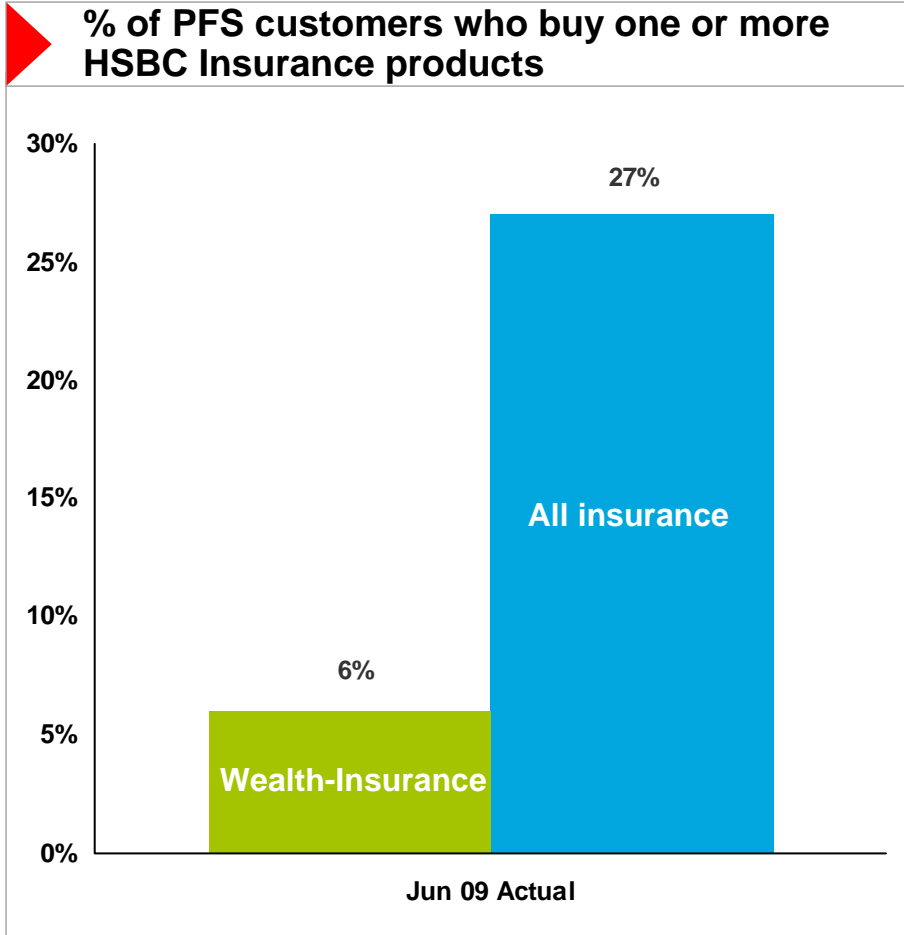


Notes:

(1) IFRS management basis for US; excludes operations in UK and Canada

(2) Includes Vehicle Finance loans held for sale (US\$0.8bn)

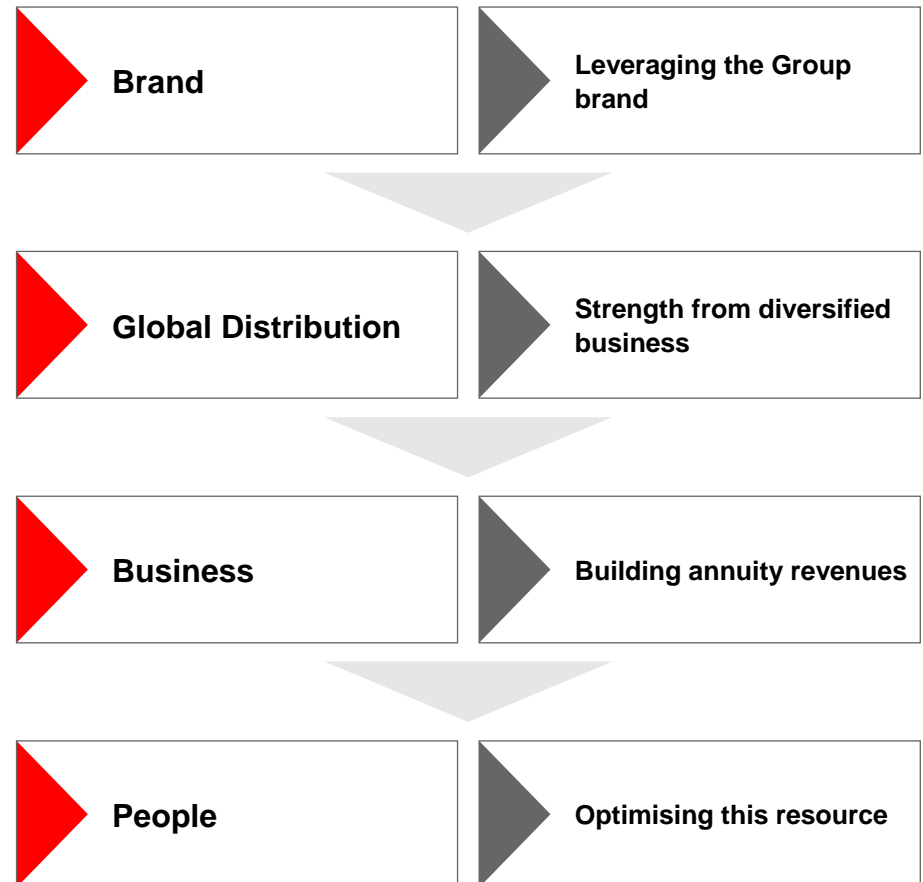
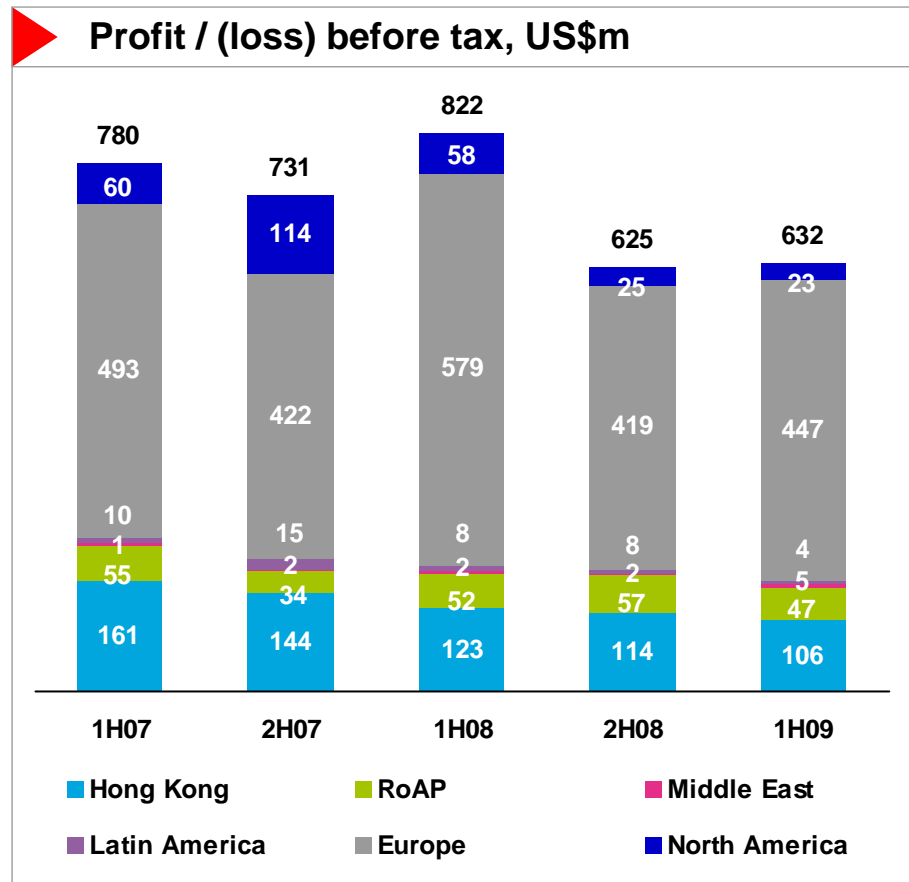
HSBC Insurance



Private Banking

To be world's leading International private bank known for excellent client experience and global connections

Regional mix, 1H09



One HSBC – Joining up the company

Business objectives

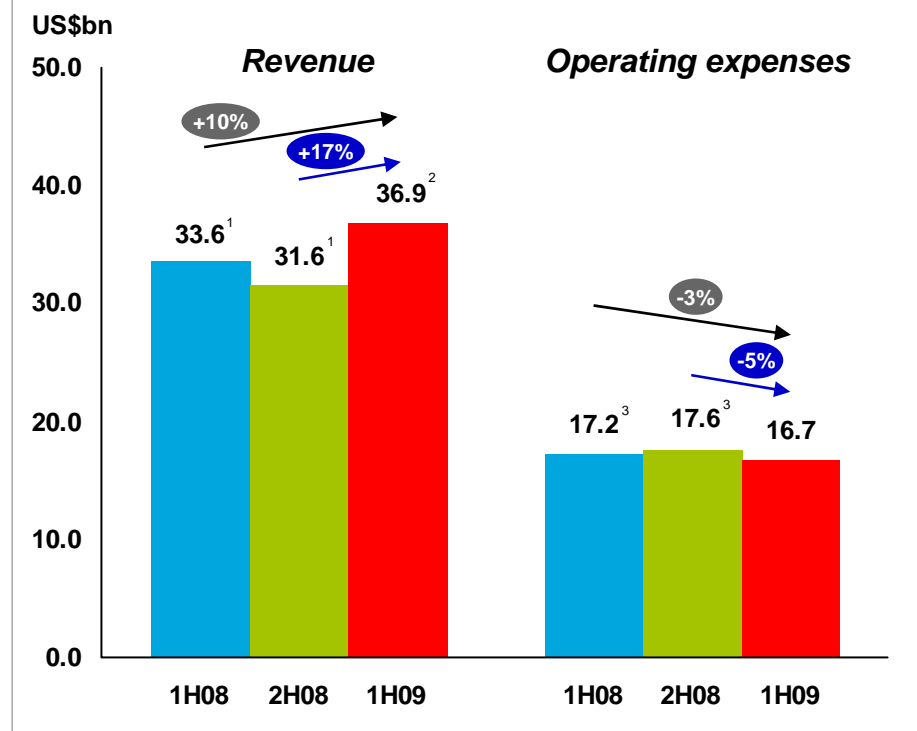
Deliver HSBC brand promise to enhance customer experience

Leverage distribution network to deliver global propositions

Standardise systems, products and processes on a global scale to achieve cost savings

Creating centres of excellence model to deliver a joined up global business

Significant positive jaws



Notes:
 (1) Restated for constant currency, acquisitions and disposals and excludes movements in FV on own debt
 (2) Excludes movements in FV on own debt and acquisitions and disposals
 (3) Restated for constant currency, acquisitions and disposals and goodwill impairment

Competing in the 'New Normal'

- **Building on our strong foundations:**
 - A diversified business
 - Financial strength
 - A well-managed Group
- **Each business is executing on an unchanged Group strategy:**
 - International connectivity and emerging markets growth
 - Segments where we have competitive advantage
 - Joining up the bank