



Commercial Banking

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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 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.



1H09 Performance Highlights

Core strength in Commercial Banking

Profit before tax (PBT)

US\$2.4bn

Revenue

US\$6.3bn

PBT Contribution

48%
(of Group total)

Emerging markets PBT

US\$1.4bn

Presence

63 countries and
territories

Cost efficiency

43%

Relationship Managers

Over 8,500

Customers

3.1 million, up 8%

Cross-border referrals

7% increase volume
US\$4bn transaction value



Commercial Banking – “the jewel in the crown for HSBC”

- Considerable resilience in difficult economic market
- Strong profitability, diversity of earnings
- Progressing towards 60% of earnings from emerging markets
- Uniquely international customer base
- Organised around two core strategies:
 - to be the leading international business bank
 - to be the best bank for small businesses in target markets

Strength, Diversity and Resilience

HSBC Holdings plc Interim Results Review, 1H09

“Commercial Banking continues to be at the heart of HSBC’s strategy of expansion in faster-growing markets and serving customers with international needs.”

Group CEO’s Business Review,
2009 Interim Results Review



Financial performance in first half 2009



Resilient performance throughout the downturn

US\$m	1H08	2H08	1H09	% change vs	
				1H08	2H08
Net operating income before loan impairment charges	8,156	7,161	6,344	-22	-11
Loan impairment charges and other credit risk provisions	(563)	(1,610)	(1,509)	+168	-6
Net operating income	7,593	5,551	4,835	-36	-13
Total operating expenses	(3,280)	(3,301)	(2,740)	-16	-17
Operating profit	4,313	2,250	2,095	-51	-7
Associates and joint ventures	298	333	337	+13	+1
Profit before tax	4,611	2,583	2,432	-47	-6
Customer loans and advances (US\$bn)	238.1	203.9	198.9	-16	-2
Customer accounts (US\$bn)	247.7	235.9	239.9	-3	+2

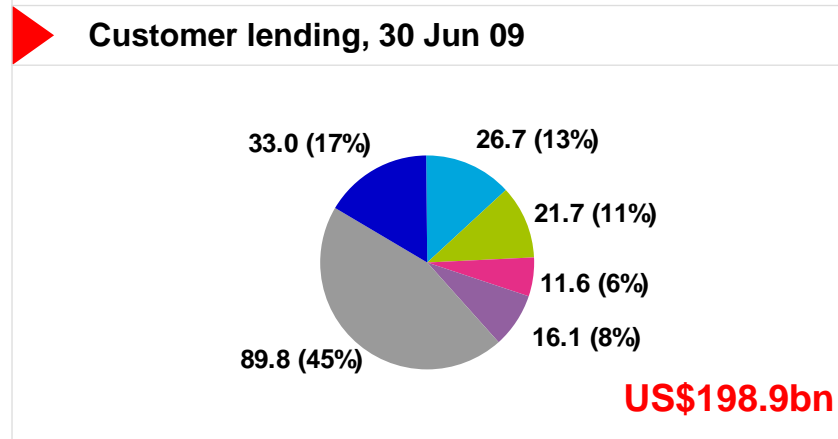


Remained profitable in all regions

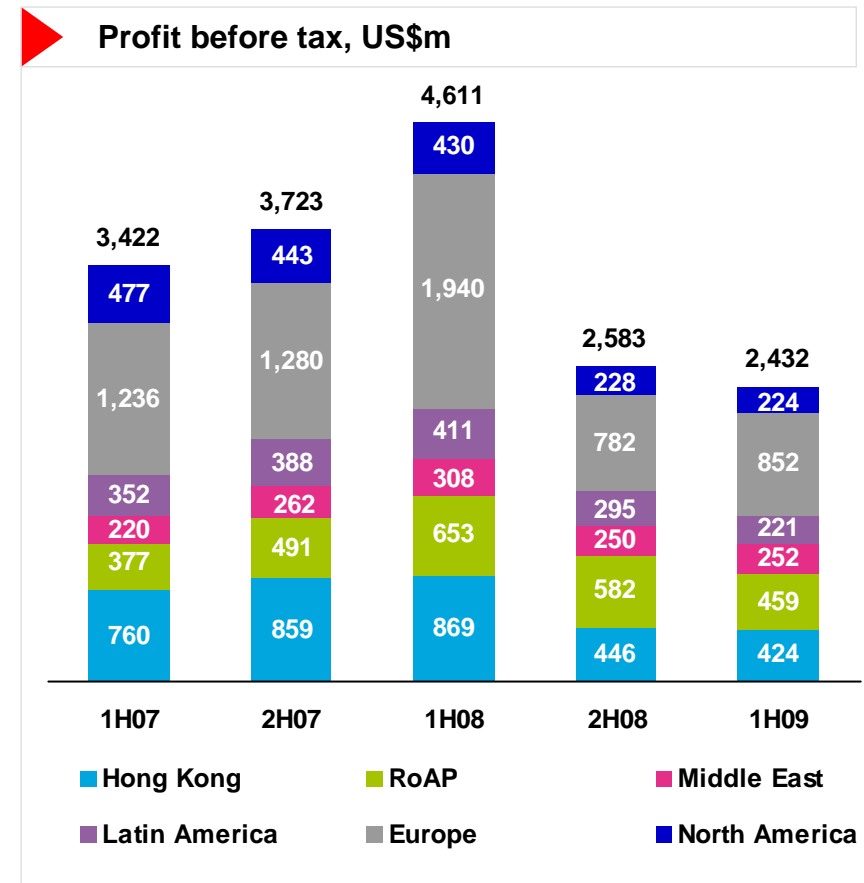
Regional mix, 1H09

Profit before tax

	US\$m
Hong Kong	424
RoAP	459
Middle East	252
Latin America	221
Europe	852
North America	224
Profit before tax	2,432

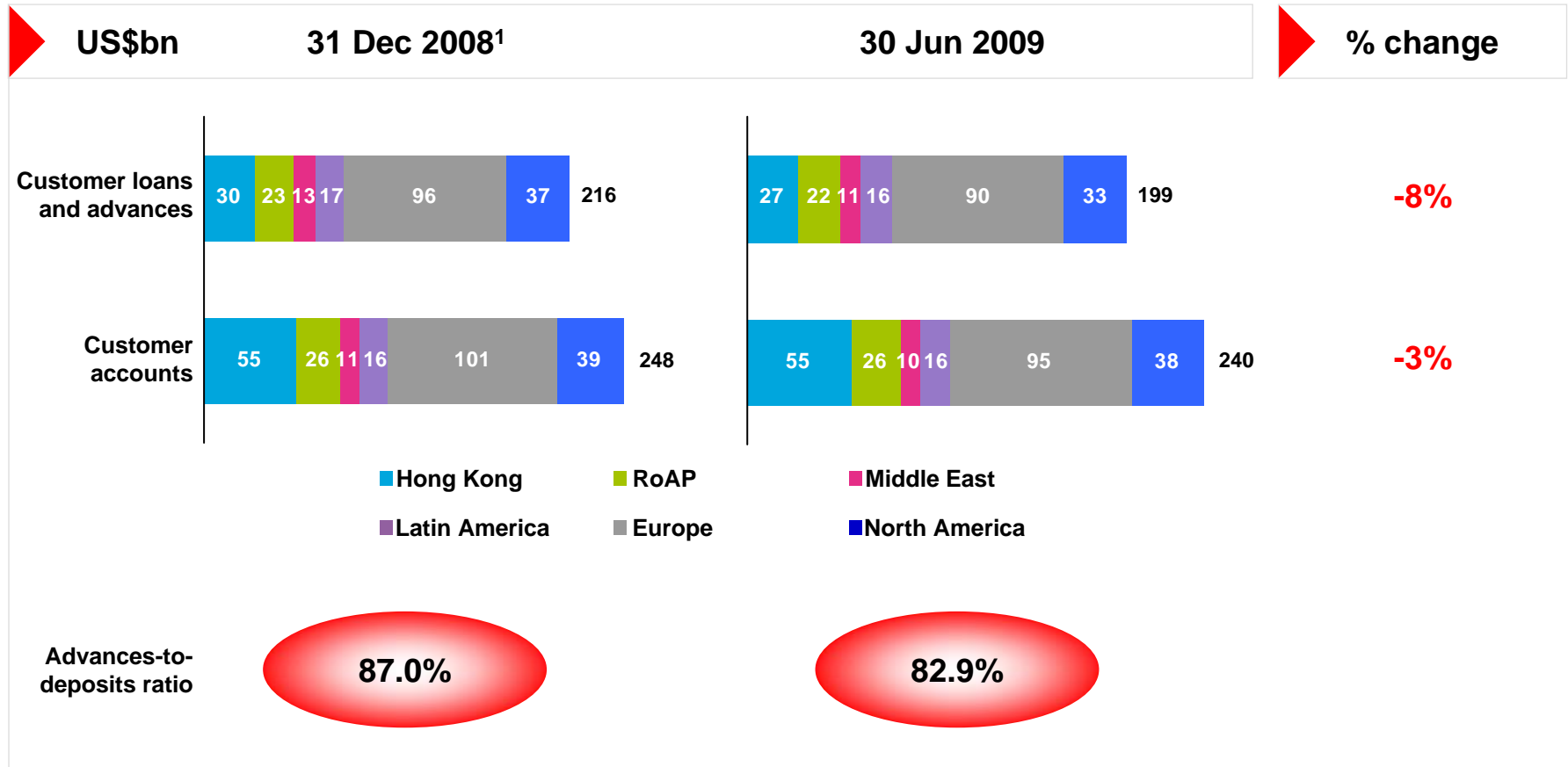


Regional mix, 1H07 – 1H09





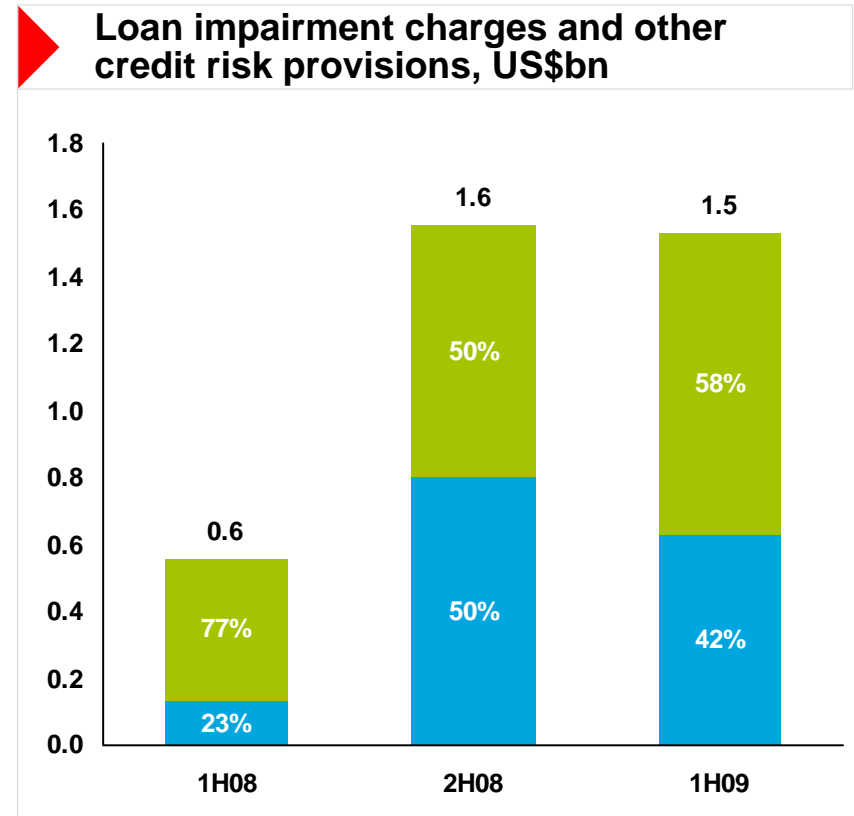
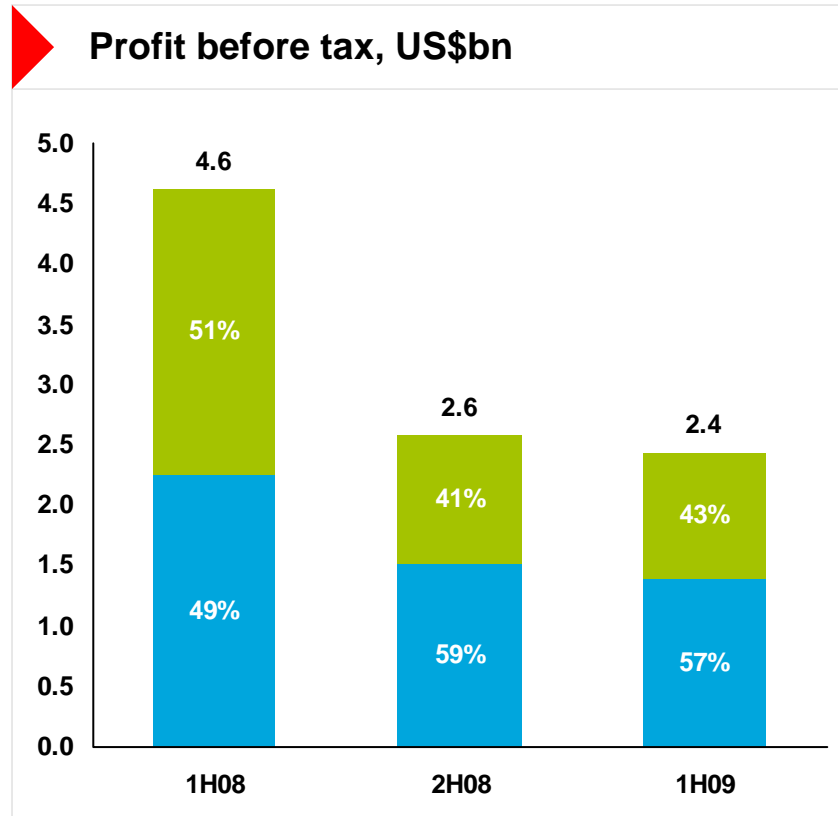
Advances-to-deposits ratio 82.9%



Note:
 (1) Restated for constant currency, acquisitions and disposals



Credit charges in line with 2H08 in US\$

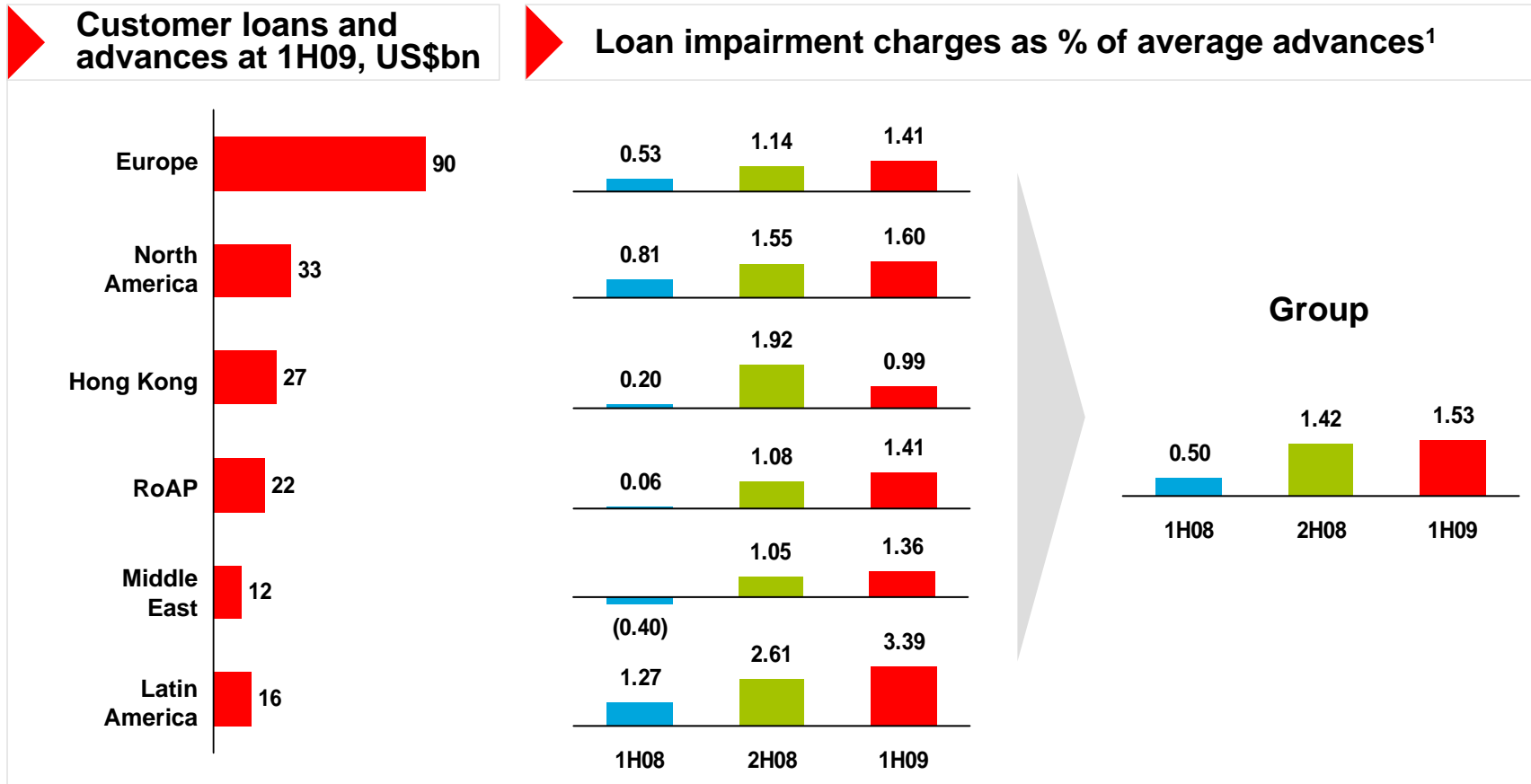


■ Faster-growing emerging markets ■ Developed markets¹

Note:
 (1) Developed markets comprise US, Canada, Japan, Australia, New Zealand, EU15, Switzerland, Malta



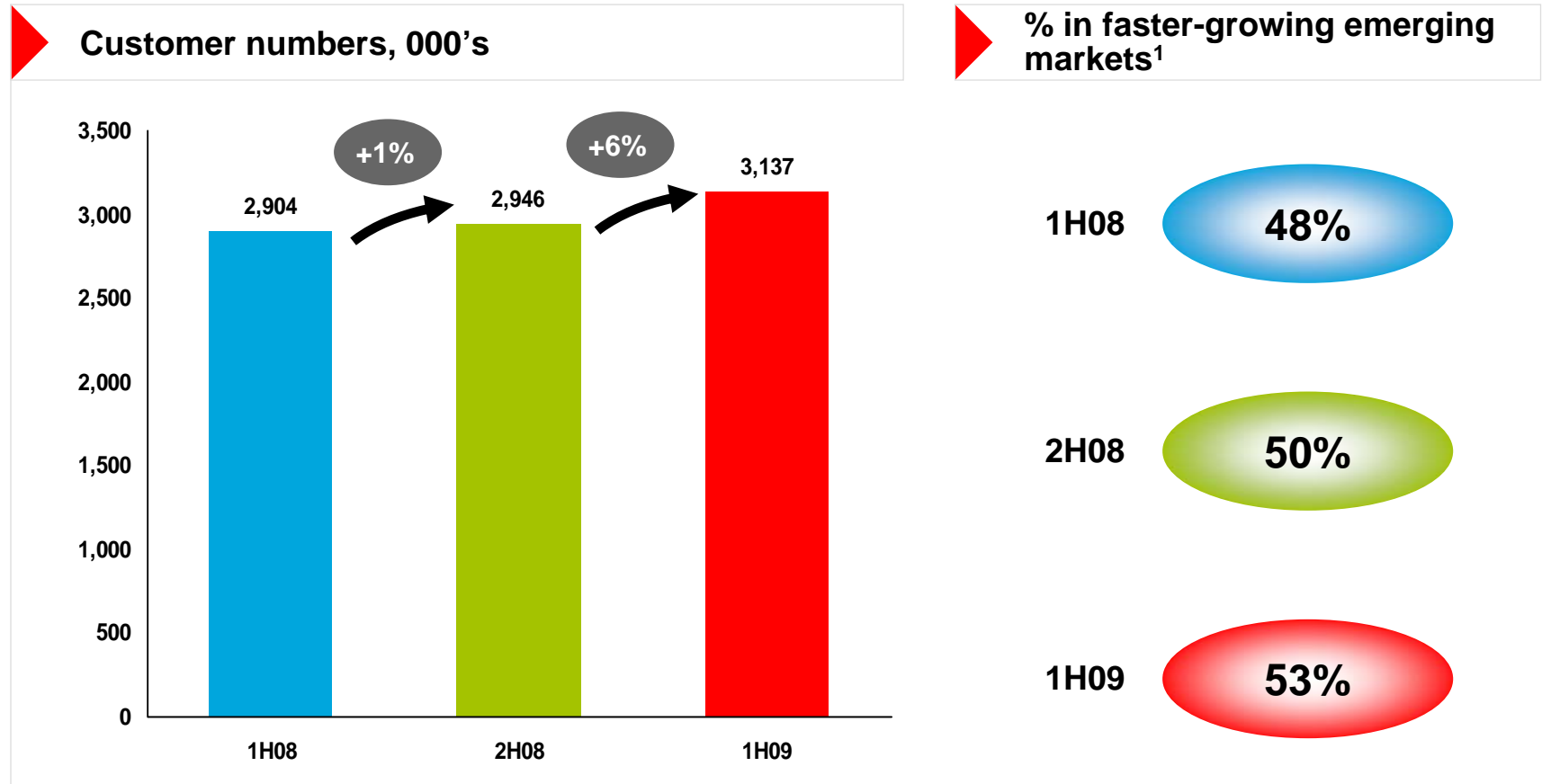
Credit charges broadly spread across geographical regions



Note:
(1) Annualised



Customer expansion in faster-growing emerging markets



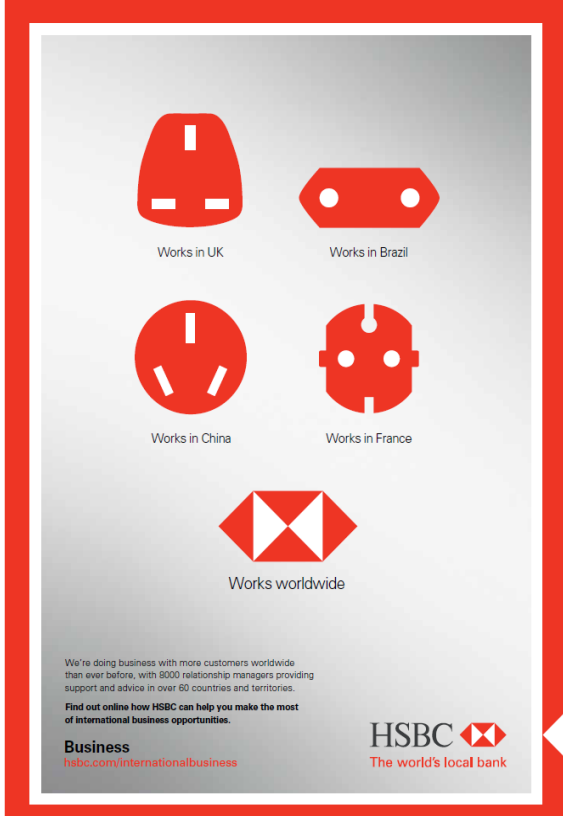
Note:
(1) Excludes US, Canada, Japan, Australia, New Zealand, EU15, Switzerland, Malta



Business Strategy and Performance



Clear strategies are driving success



The graphic features a red border and a grey background. It displays four red icons representing different regions: a rounded rectangle for UK, a hexagon for Brazil, a circle for China, and a square with four dots for France. Below these is a red and white diamond icon for 'Works worldwide'. At the bottom, there is a small text block and the HSBC logo with the tagline 'The world's local bank'.

Works in UK

Works in Brazil

Works in China

Works in France

Works worldwide

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



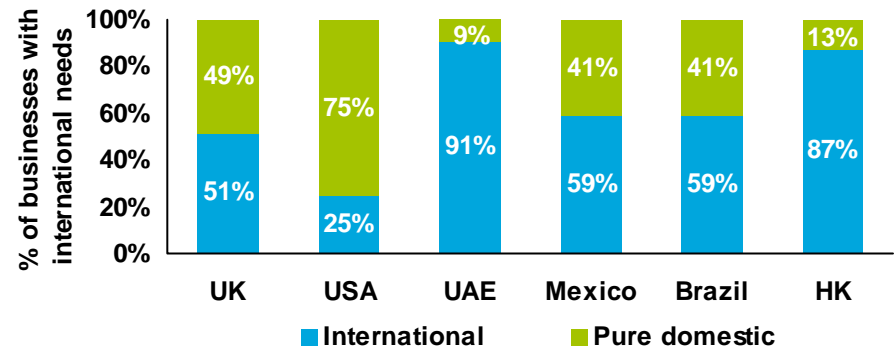
Leading International Business

International businesses generate higher revenues than purely domestic businesses

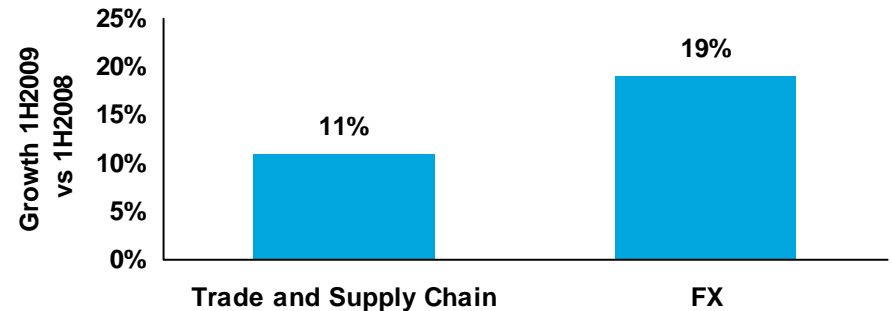
The market size is significant and we are well placed against competitors

International business volumes and revenues are growing strongly

38% of businesses have international needs¹



Strong growth in international product revenues



Note:

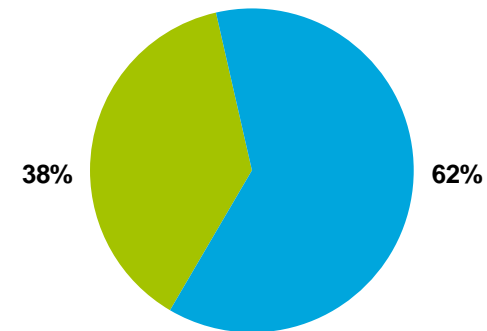
(1) Businesses with turnover of more than US\$5m; Source: Dun & Bradstreet (July 2009)



Best Bank for Business

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

Customer acquisition balanced towards high growth markets



■ Mature economies ■ Emerging markets

Gross new customer acquisition 1H09

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



Resilient performance

Strong profitability / diversity of earnings

Focus on emerging markets and international needs

Leading international business

Best bank for business



Awards





Best Global Supply Chain Finance Provider (2008 - 2009)
 Best Supply Chain Finance Provider in the Middle East (2008 - 2009)
 Best Payables Supplier Financing Solution (2009)
 Best Trade Finance Provider in Saudi Arabia (2009) (SABB)
 Best Trade Finance Provider in HK (2002 -2009)
 Best Trade Finance Provider in the UK (2006 – 2009)

Global Finance





Best Factoring Institution in the Trade Finance Awards for Excellence 2009 - 7th consecutive year
 Best International Trade Bank in Indonesia (2009)
 Best Trade Bank in Singapore (2009)
 Best International Trade Bank in China (2008 - 2009)
 Best Factoring Institution (2003 – 2009)
 Best Online Trade Finance Bank (2007 – 2009)
 Best Trade Finance Bank in the Middle East & North Africa

Trade Finance



Best Global Bank
 Best Global Transaction Banking House
 Best Cash Management House in the Middle East

Euromoney Awards for Excellence

Best Trade Finance Bank (2003 – 2009)

Cargonews Asia



Best of SME e-banking Service Provider
E-Brand Awards 09 Ezone magazine



SME's Best Partner Award 2009
Hong Kong Chamber of Small and Medium Business Ltd




Excellence in SME Banking 2009
Asian Banker



Greater China Super Brands Award 2009 Commercial Bank for SMEs
Eastweek magazine

Sing Tao Excellent Services Brand
 Best SME Banking / Best Company Credit Card
Sing Tao IT Square Editor's Choice Award
 Best e-banking Partner
 Best Commercial Internet Banking (for payment capabilities)
 Best Commercial Internet Investment

Sing Tao Awards in Hong Kong



Deal of the Year (2007 - 2009)
Trade & Forfeiting Review



Deal of the Year 2009
Global Trade Review



The Best Trade Bank in China (2009)
2009 Foreign Banks Survey by PWC



Best Foreign Commercial Bank in China
 Best Foreign Commercial Bank in Vietnam
 Best Foreign Commercial Bank in Malaysia
 Best Trade Finance bank Hong Kong

Finance Asia



Question and Answer