

HSBC: Strategy reconfirmed in a period of regulatory change

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Forward looking statements

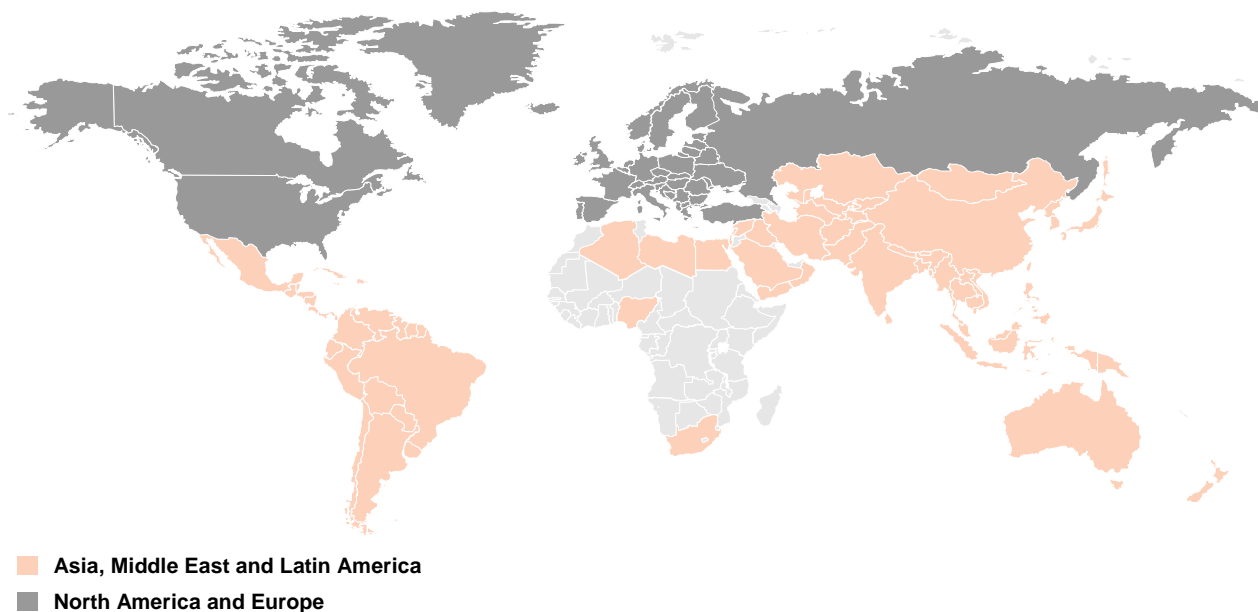
This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known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

Table of contents

Leading emerging markets international bank	Page 4
Industry is changing	Page 5
HSBC: Strongly placed	Page 14
HSBC in Asia	Page 10
Group strategy	Page 18
Strength from a diversified business model and financial position	Page 19
Strategy continues to position Group well	Page 20

Leading emerging markets international bank

Linking developing and developed markets



Global footprint

- 8,500 offices in 86 countries and territories
- Listings in London, Hong Kong, New York, Paris and Bermuda
- 220,000 shareholders in 119 countries and territories
- 100 million customers
- Over 295,000 staff
- Personal Financial Services, Commercial Banking, Global Banking and Markets and Private Banking

	Total assets	Total revenues ¹	Profit before tax (PBT) ²	Tier 1 capital ratio	Total capital ratio
1H09	US\$2.42trn	US\$37.2bn	US\$7.5bn	10.1%	13.4%
2008	US\$2.53trn	US\$75.1bn	US\$13.3bn	8.3%	11.4%

Note:

(1) Net operating income before loan impairment charges, excluding fair value on own debt

(2) Profit before tax excluding fair value on own debt and goodwill impairment

Global banking industry is changing substantially



An extensive array of regulatory changes are being proposed



Higher capital, liquidity and leverage ratios



Narrow versus broad banking



'Too big to fail' and 'living wills'

HSBC: Strongly placed for a period of continued economic uncertainty and regulatory change



Strength from diversified business model and financial position



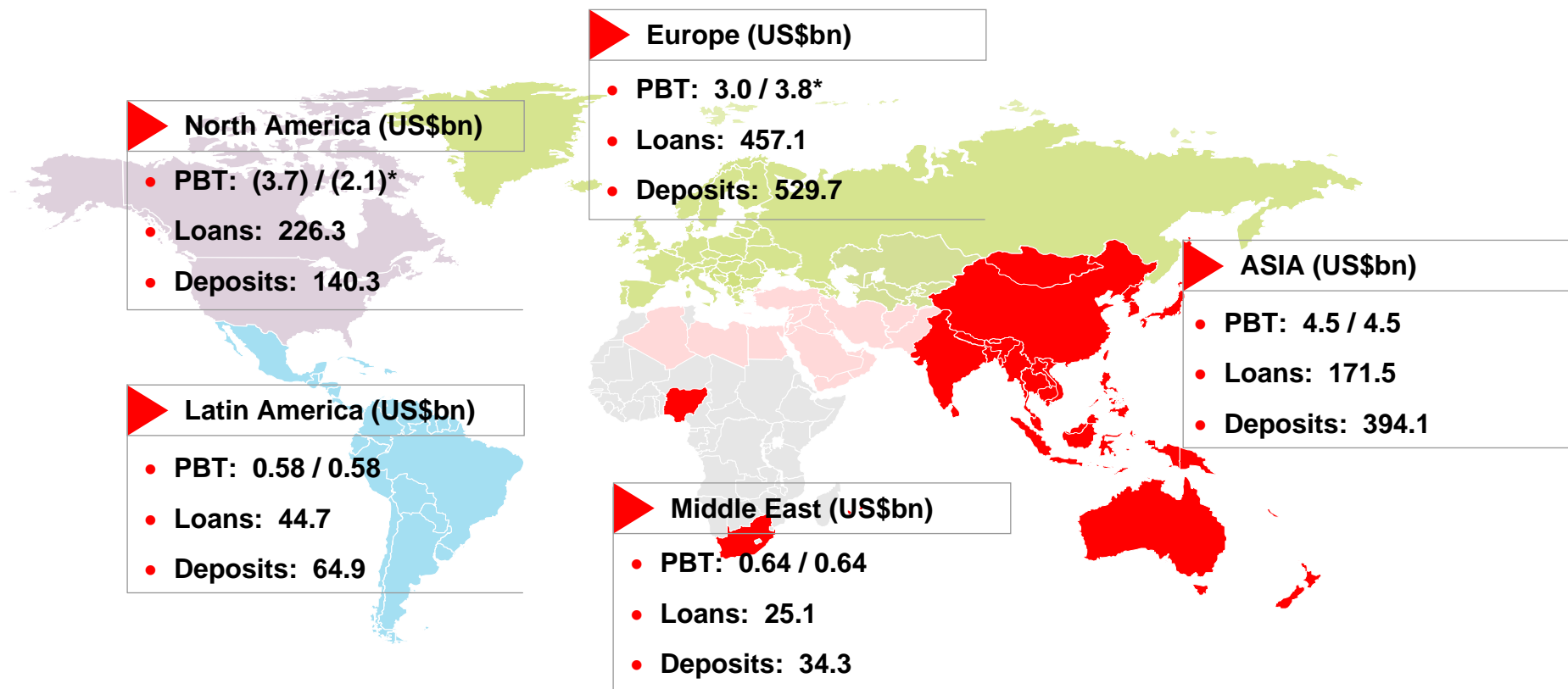
Prudent structure: holding company with a network of locally incorporated and separately capitalised banks



Strategy positions Group for long-term growth and attractive returns

Geographically diversified

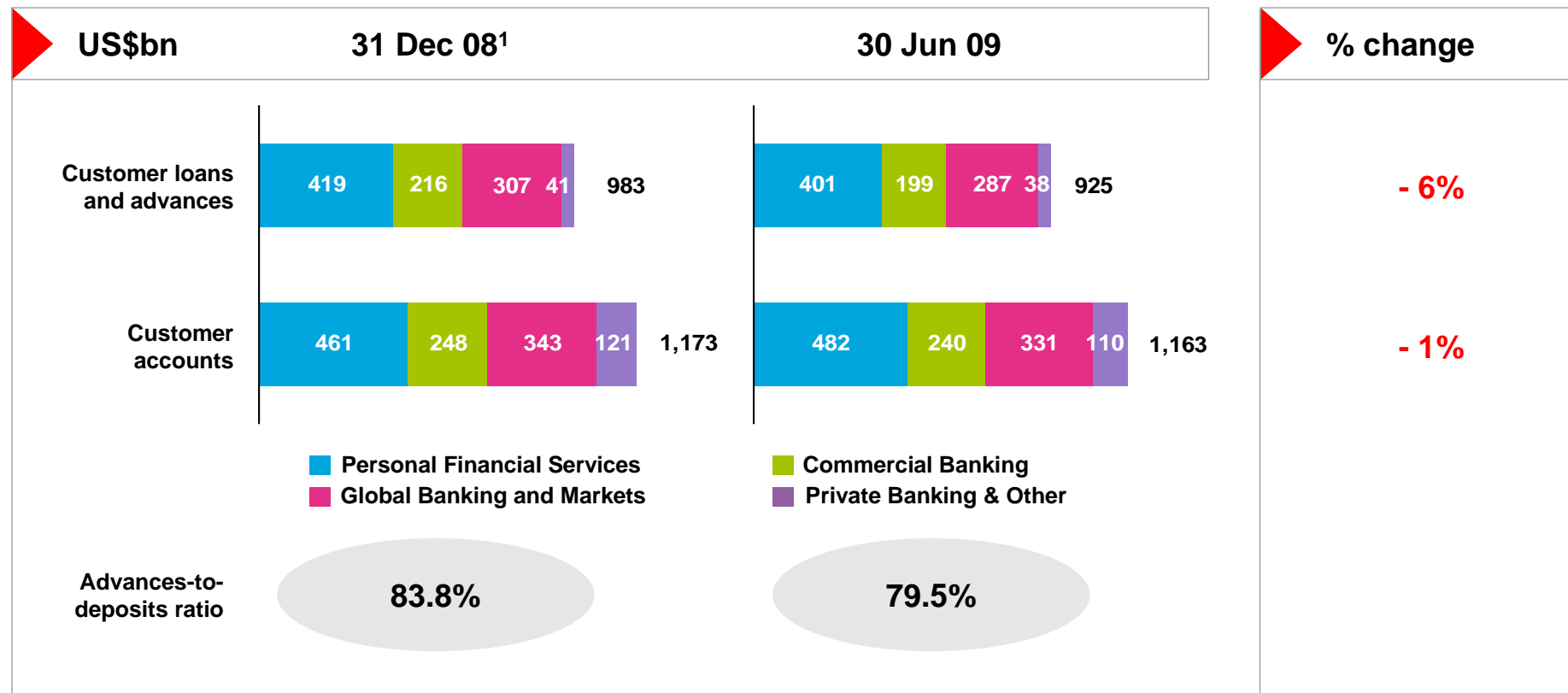
Emerging markets leading performance



Note:
All figures are as at 1H09. PBT numbers are reported / * PBT excluding fair value on own debt

Financial strength

Funding and liquidity

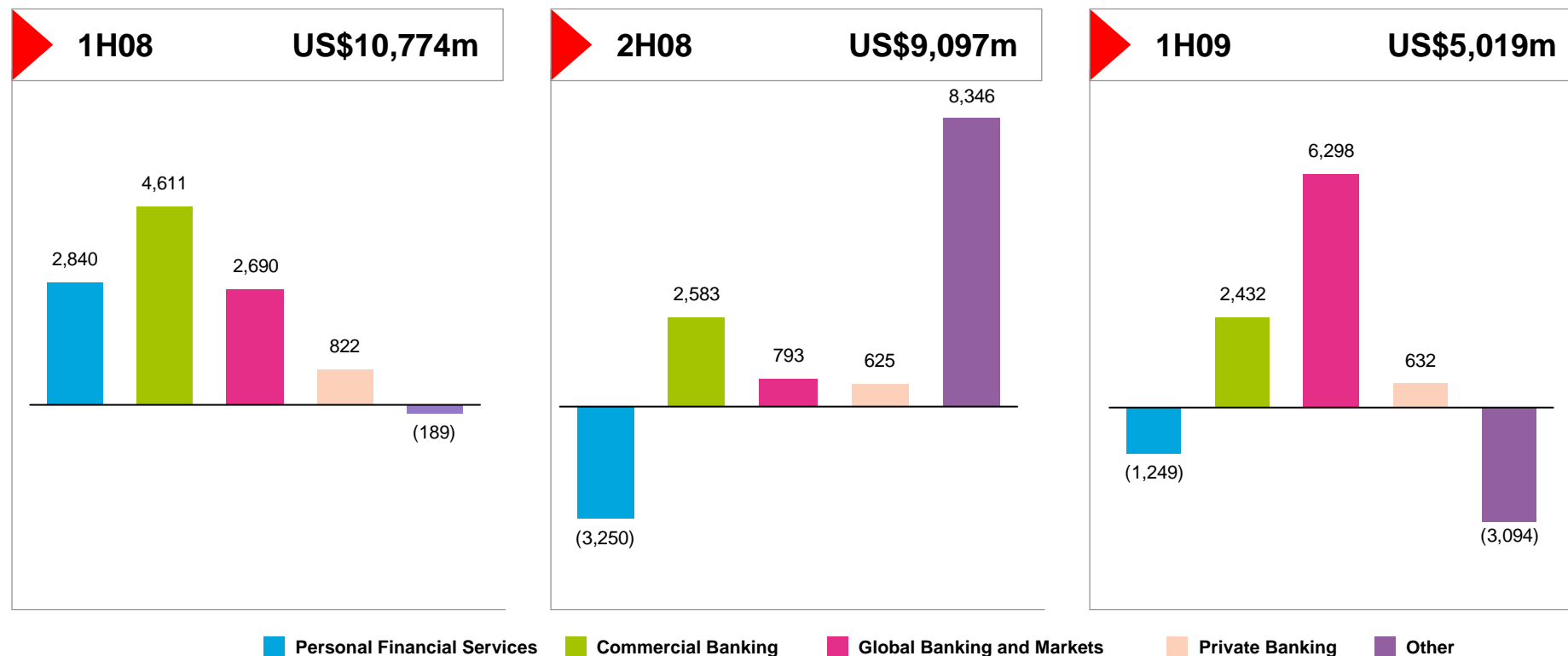


Note:
 (1) Restated for constant currency, acquisitions and disposals

A diversified business

By customer group

Profit before tax¹



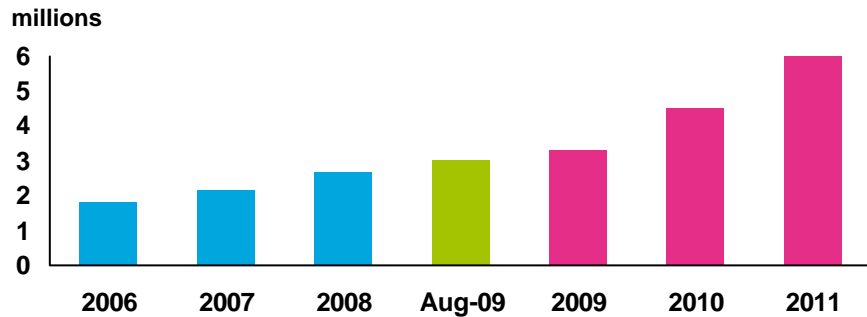
Note:

(1) Excludes goodwill impairment on North American PFS business

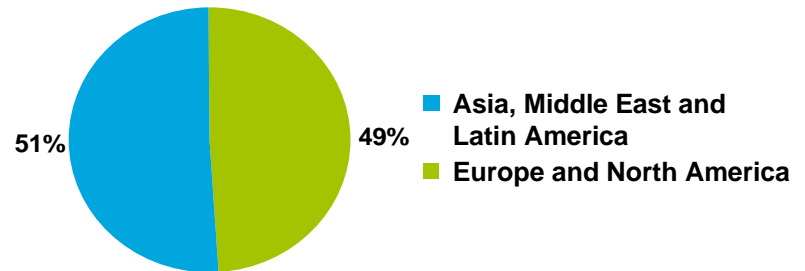
Personal Financial Services

Global wealth management growing and balanced between developed and emerging markets

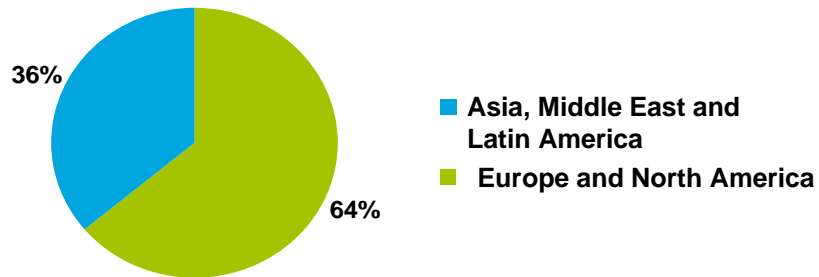
Growth towards 6 million Premier customers in 2011



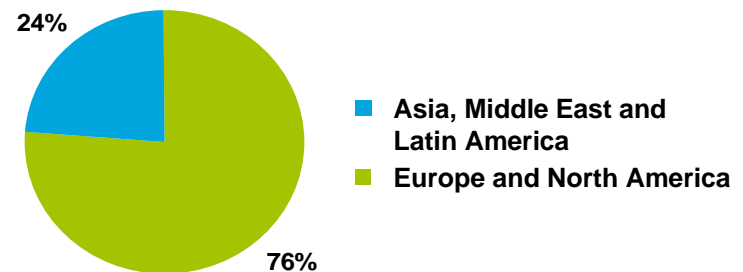
Customer accounts, 1H09



Revenue, 1H09



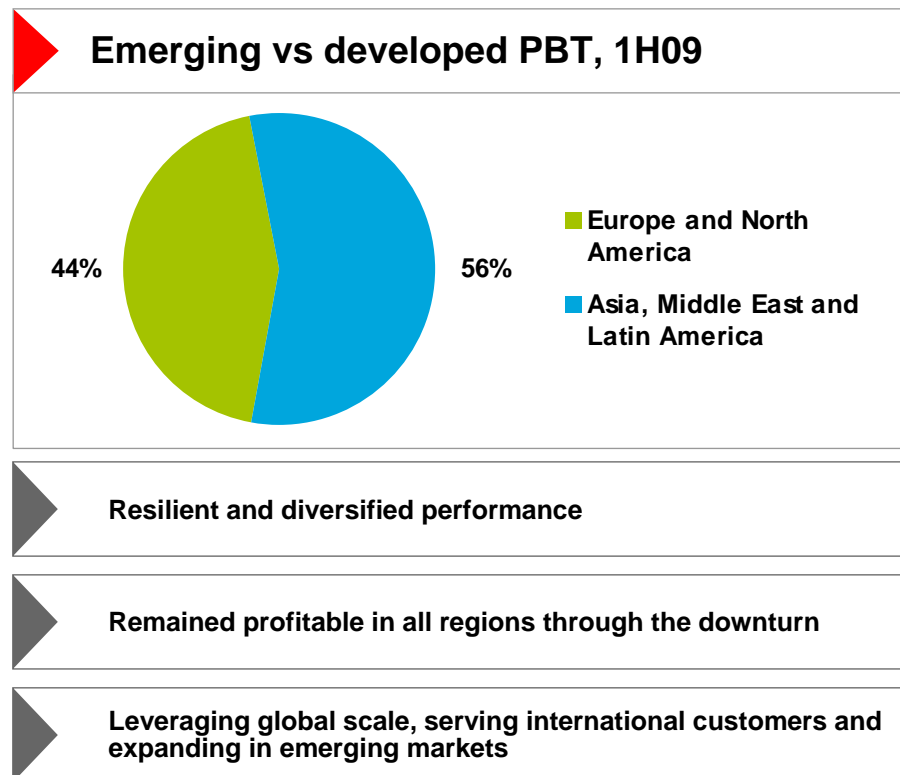
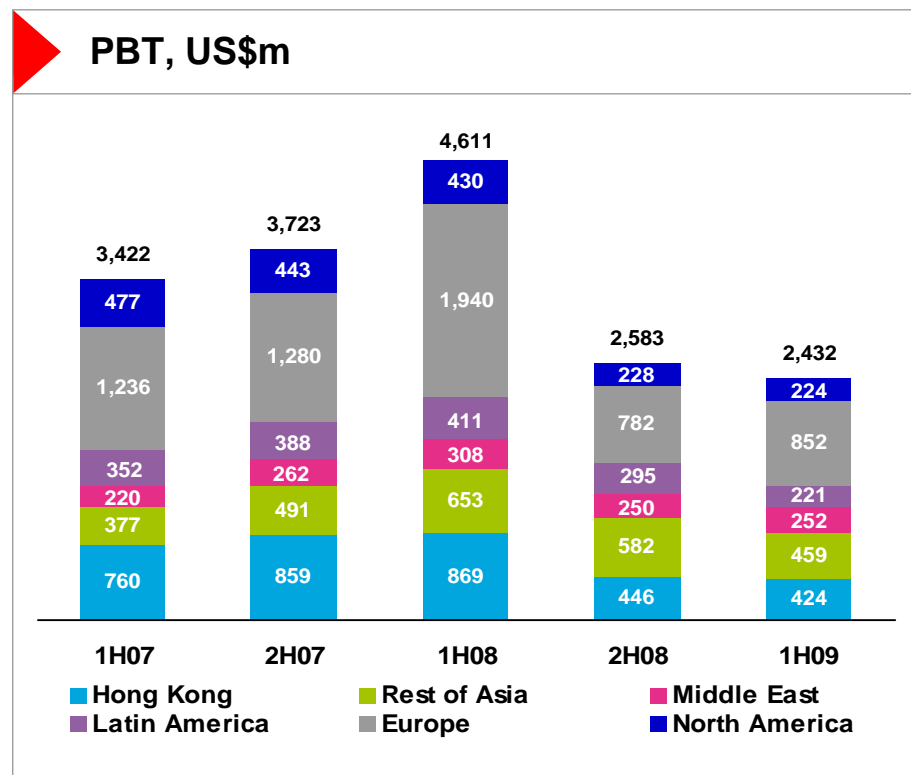
Customer loans and advances, 1H09



Commercial Banking

A global opportunity

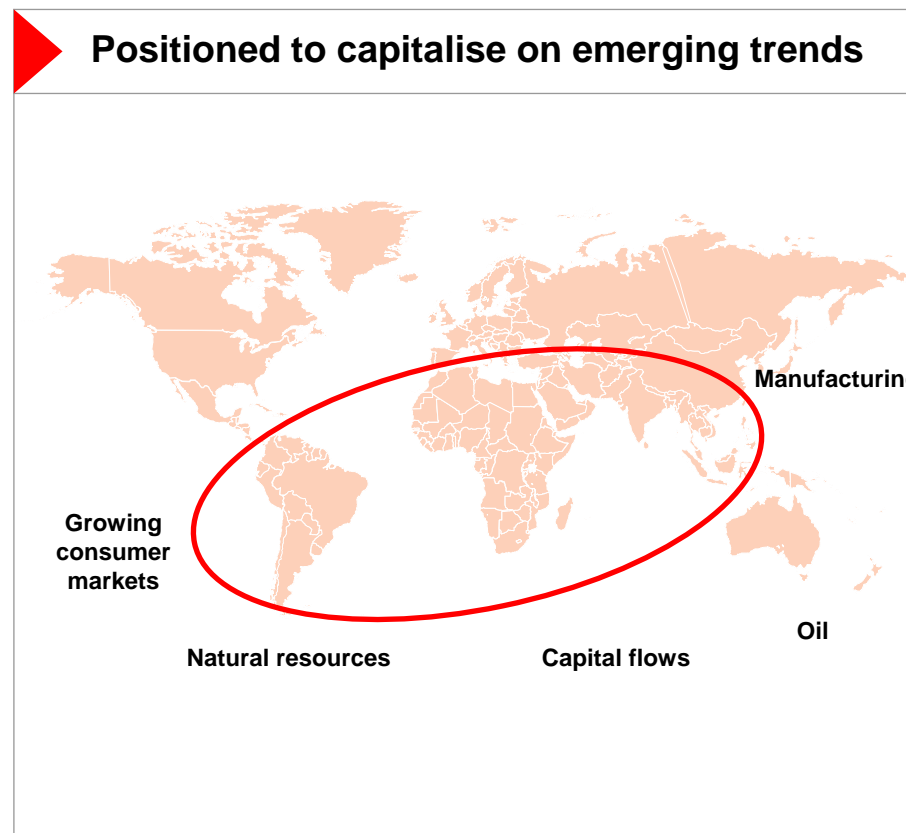
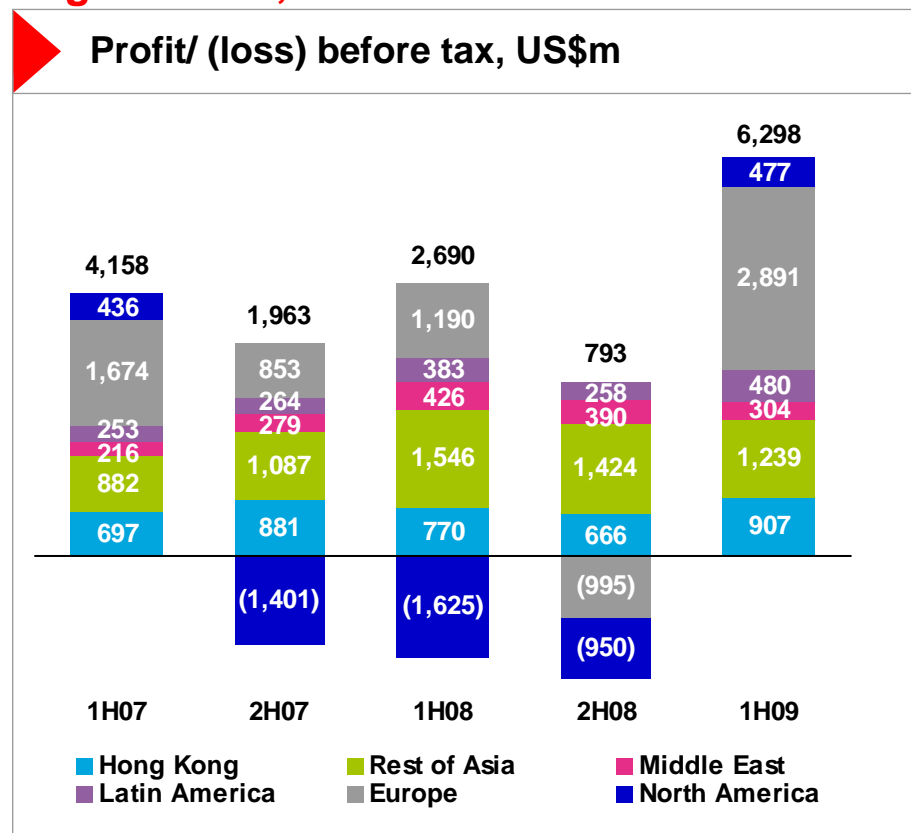
Regional mix, 1H07 – 1H09



Global Banking and Markets

Unique regional positioning to capitalise on emerging trends

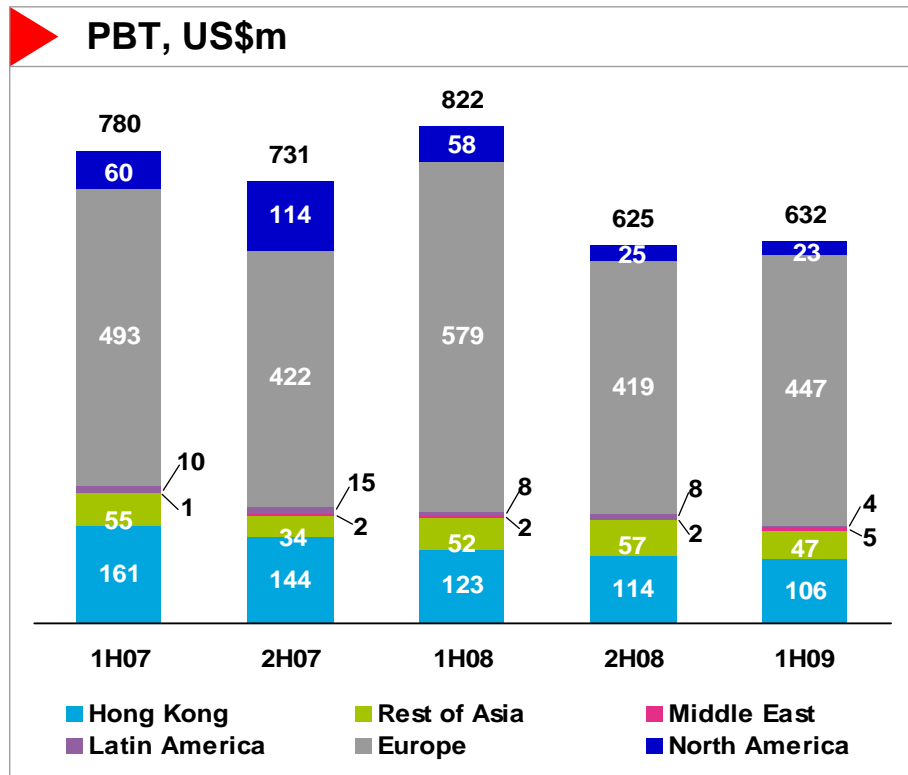
Regional mix, 1H07 – 1H09



Private Banking

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

Regional mix, 1H09



Brand

Leveraging the Group brand

Global distribution

Strength from diversified business

Business

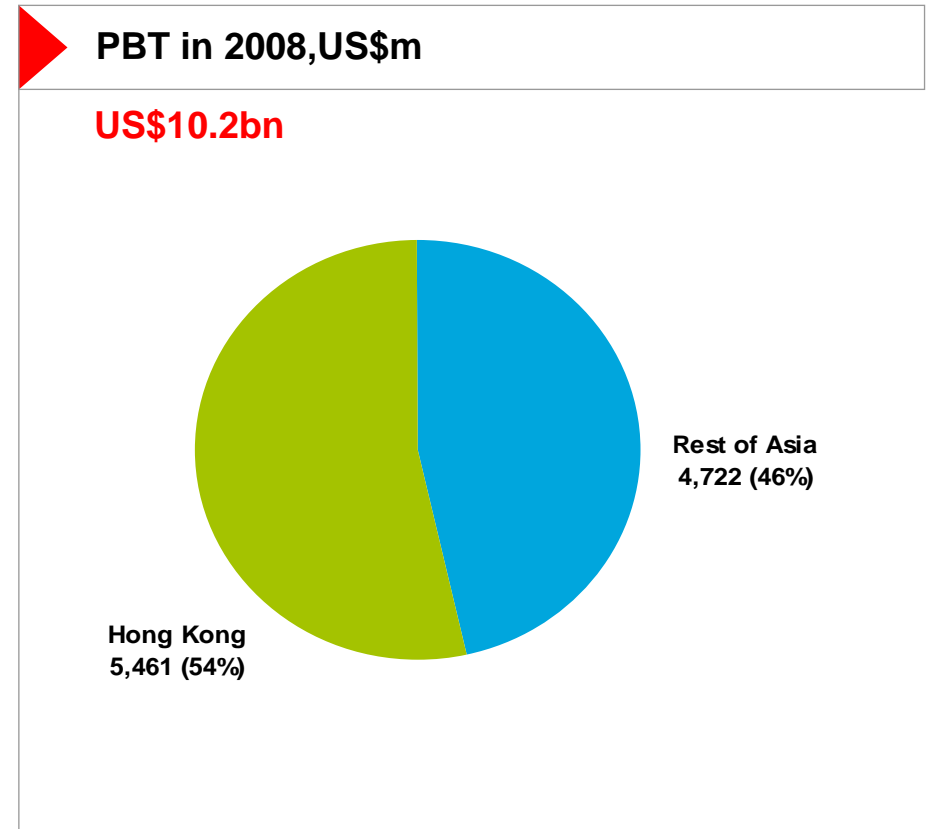
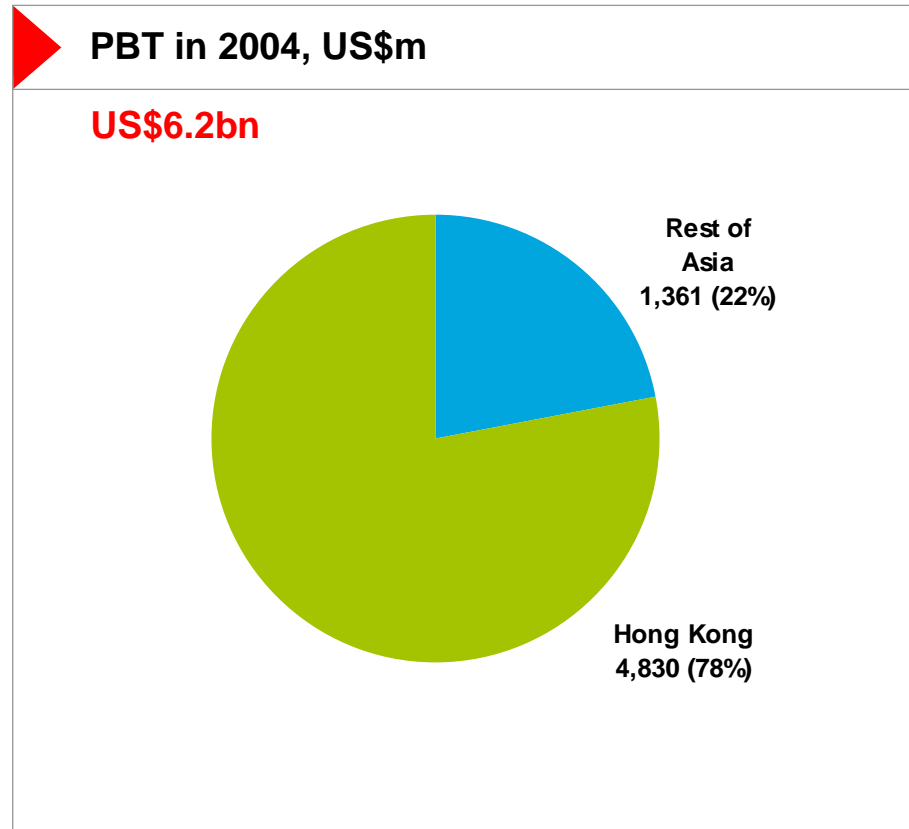
Building annuity revenues

People

Optimising resources

Asia

Diversified income split between Hong Kong and Rest of Asia

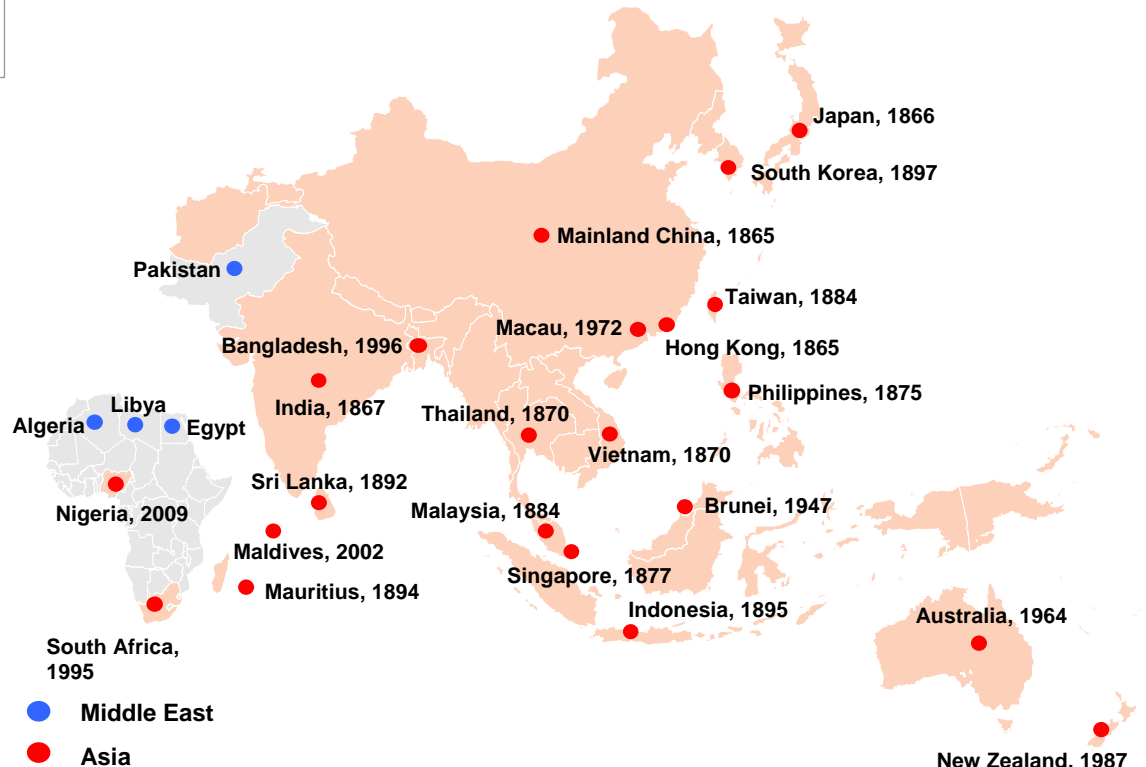


Presence

Largest foreign bank¹ in mainland China, Hong Kong, Indonesia and Malaysia

Footprint in Asia

- History in Asia spans nearly 150 years
- Presence in 22 countries and territories²
- Access to half of the world's population with combined GDP of US\$21.3trn, the size of the combined GDP of the US, UK, Germany and France³
- Nearly 1,000 branches and offices in the region
- Over 3 million internet banking customers in Asia, over half located in Hong Kong



Notes:

(1) In respect of branch network

(2) Includes a representative office in Nigeria

(3) CIA The World Factbook 2009: Population and GDP (purchasing power parity)

Investments

A decade of expansion in Asia

Mainland China

- 19.01% in Bank of Communications
- 16.78% in Ping An Insurance
- 12.78% in Industrial Bank via Hang Seng Bank
- 20% in Yantai City Commercial Bank via Hang Seng Bank
- 8% in Bank of Shanghai
- 24.9% in Beijing HSBC Insurance Brokers
- 49% in HSBC Jintrust Fund Management
- 50% in HSBC Life Insurance Company Ltd.

India

- 93.86% in HSBC InvestDirect (IL&FS Investsmart)
- 26% in Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited

Indonesia

- 98.96% in Bank Ekonomi

Malaysia

- 49% in HSBC Amanah Takaful Malaysia
- First foreign bank to locally incorporate Islamic bank
- Purchased ABN AMRO's retail mortgage portfolio in 2002



South Korea

- Acquired 50% less one share in Hana Life

Taiwan

- Integrated assets and operations of The Chinese Bank
- Acquired 100% of Chailease Credit Services

Philippines

- Acquired 100% of PCI Savings Bank

Singapore

- Acquired 100% of Keppel Insurance
- Acquired 100% of Asia Fund Services

Australia

- Acquired 100% of Westpac sub-custody business

Vietnam

- 20% in Techcombank
- Agreement to increase stake in Bao Viet to 18% from 10.3%

Outlets ¹		Staff ¹		Assets ²		Profit before tax ²	
1999	2008	1999	2008	1999	2008	1999	2008
592	910	45,307	127,489	220,711	669,456	3,383	11,929

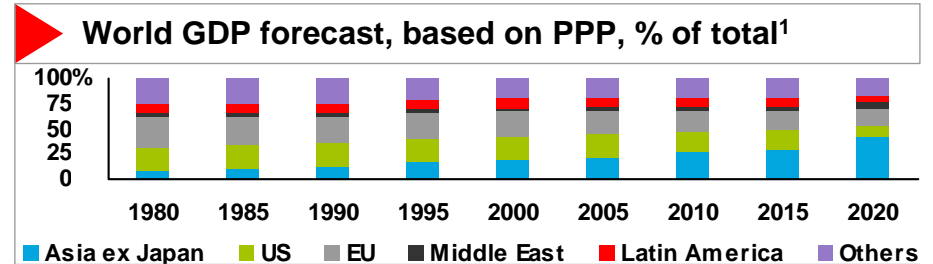
Notes:

(1) Outlets and staff in 1999 include Middle East; outlets in 2008 belong to The Hongkong and Shanghai Banking Corporation Limited and exclude the Middle East; staff in 2008 includes Middle East

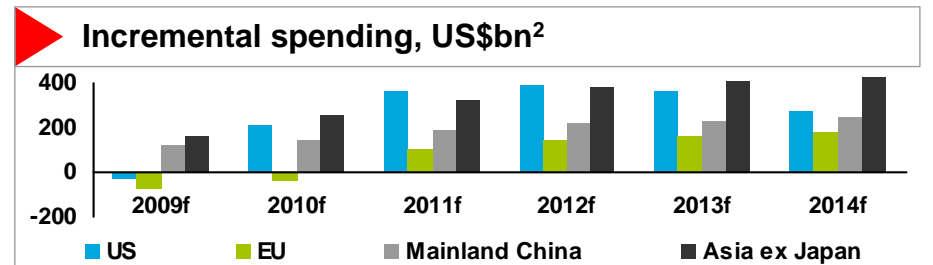
(2) In US\$m; includes Middle East; 1999 PBT and total assets reported in accordance with UK GAAP

Opportunity

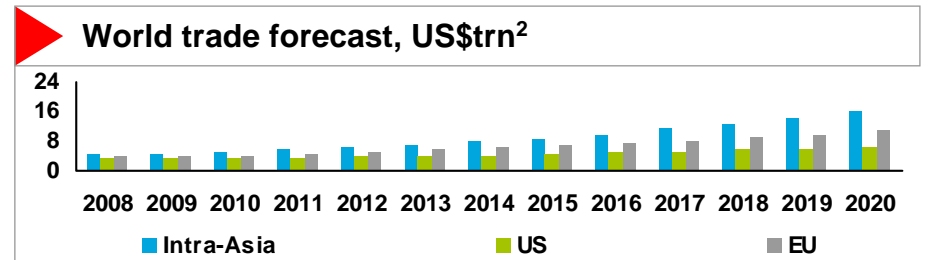
Asia to contribute largest share of global GDP, surpassing EU and US by 2016



Asian consumers to become biggest incremental spenders, overtaking US and European consumers by 2013



Asian intra-regional trade growing significantly faster than world trade overall



Notes:
 (1) International Monetary Fund
 (2) HSBC Global Research

Group strategy

Aligned with key trends

Developing markets are growing faster than mature economies

World trade expanding at a greater rate than gross domestic product

Life expectancy increasing around the world

Combine emerging markets leadership with global network

Build on international connectivity and scale

Strength from our diversified business model and financial position

 North America	<ul style="list-style-type: none">• In the US consumer finance run-off portfolio, loan impairment allowances declined in Q3 2009, first quarterly fall since start of 2006• Did not require any capital support from Group in Q3 2009
 Asia	<ul style="list-style-type: none">• Continued to perform strongly• Lending growing as regional economies move out of recession• Loan impairment charges moderated in Q3 2009
 Latin America and Middle East	<ul style="list-style-type: none">• Positive contribution; revenue held up well• In Latin America loan impairment charges declined in Q3 2009• In Middle East lending portfolios continued to reduce though loan impairment charges were higher than Q2 2009. Credit conditions remained difficult
 Europe	<ul style="list-style-type: none">• UK mortgage lending continued to perform well, with our market share increasing to 9.9%• Overdraft utilisation by our Commercial Banking customers remained stable at under 50%

Strategy continues to position Group well for long-term growth and attractive returns



Continue to strengthen our position as the world's leading international bank



Concentrate more on emerging markets and faster growing businesses



Move Group CEO's principal office to Hong Kong

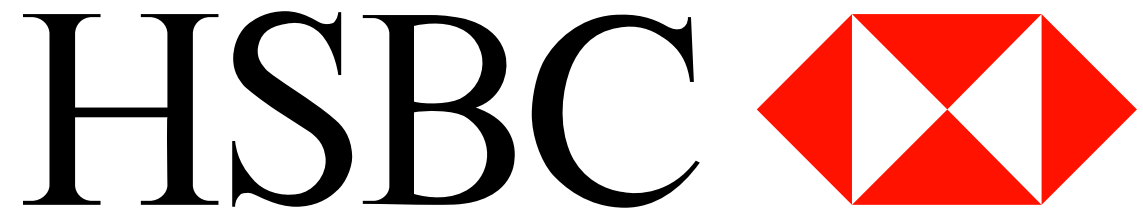


Focus on organic, but positioned for inorganic if aligned with strategy, risks fully understood and regulatory changes allow

Strategy continues to position Group well for long-term growth and attractive returns

	Target range
Return on total shareholders' equity	15 – 19% through the cycle
Cost efficiency ratio	48 – 52%
Tier 1 capital	7.5 – 10.0%
Total shareholder return	Above peer group average

Strength, diversity and resilience



The world's local bank