

HSBC Holdings plc

Michael Geoghegan, Group Chief Executive

March 2010

HSBC 
The world's local bank

Beyond the crisis; building for the future



www.hsbc.com

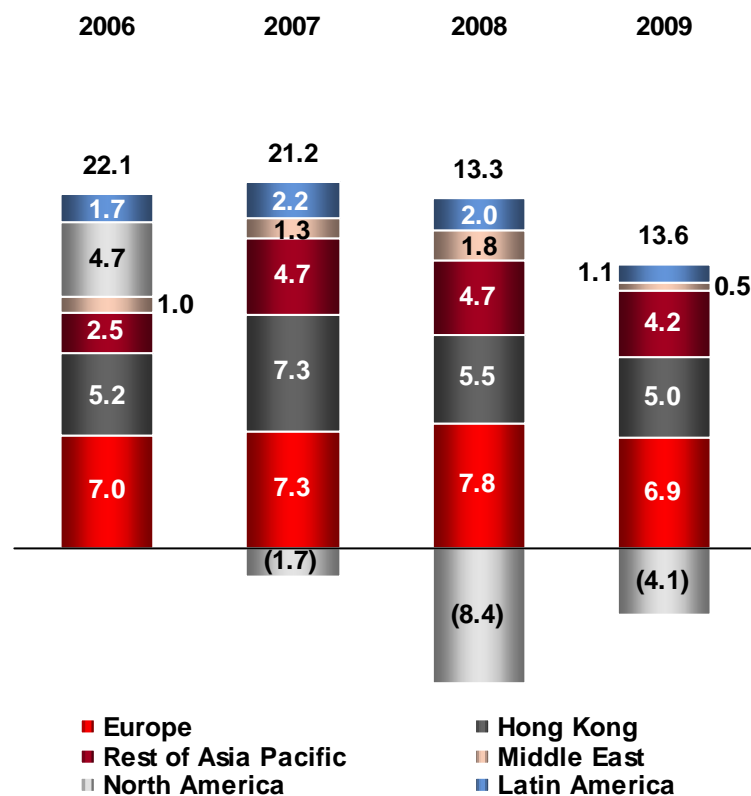
Forward-looking statements

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.

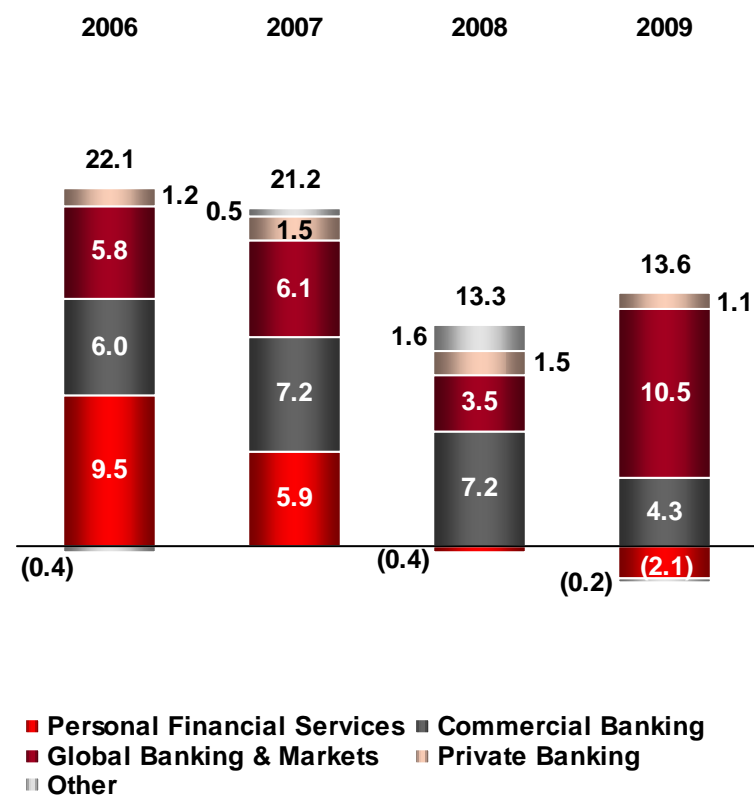
Strength from diversified business

Universal banking model is the right model

Profit before tax¹
By geography, US\$bn



Profit before tax¹
By customer group, US\$bn

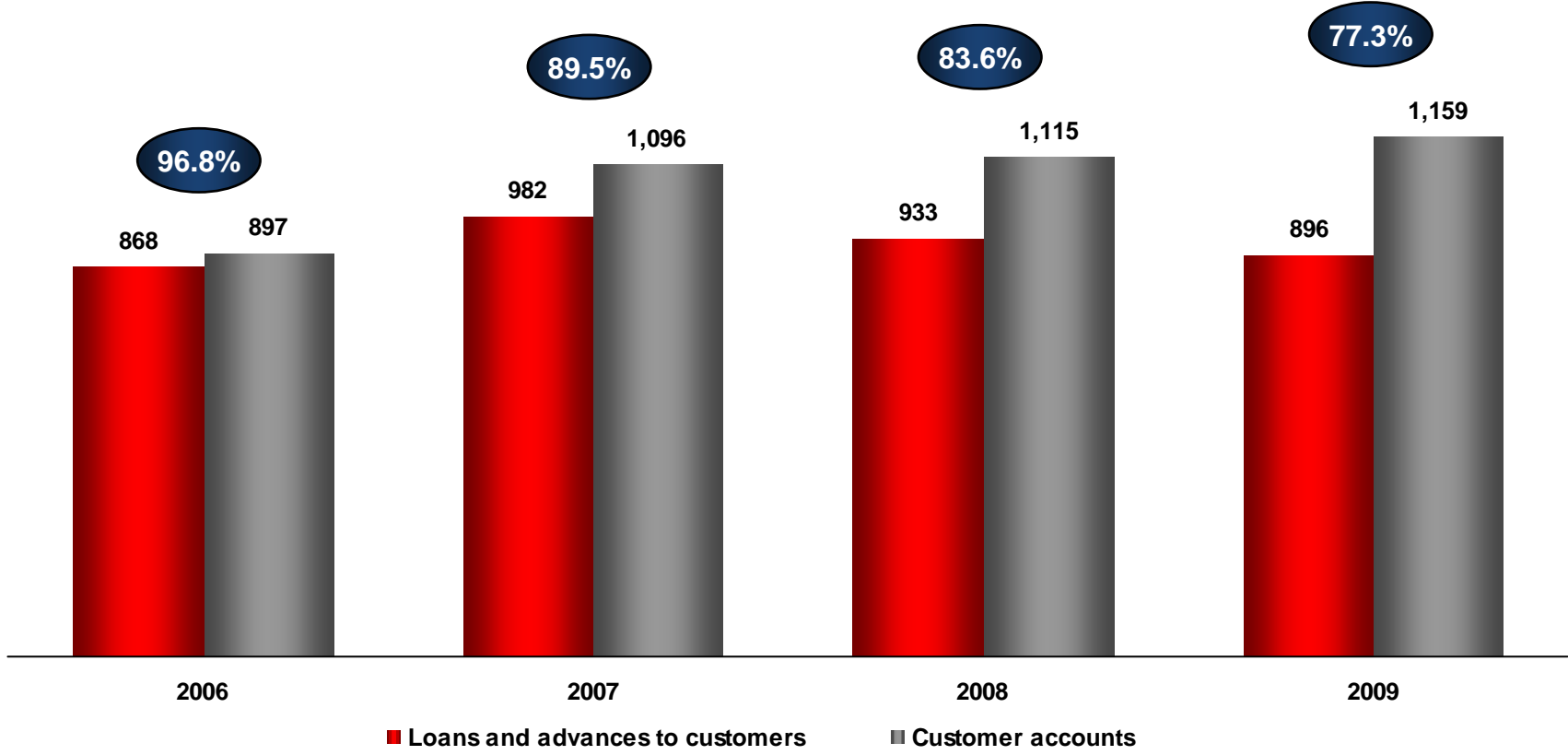


Note:
(1) Excluding changes in fair value of own debt due to credit and goodwill impairment charge

Building our deposit base

Impacting revenues in the short-term

Customer accounts and loans and advances to customers
US\$bn



Loan impairment charges

These reflected economic conditions

Loan impairment charges and other credit risk provisions

By customer group

| | 2008 ¹ US\$bn | 2009 US\$bn | Customer loans and advances at 31-Dec-09 US\$bn |
|-----------------------------------|-----------------------------|----------------|---|
| Retail businesses | | | |
| Europe | 2.5 | 3.3 | 237 |
| North America | 16.6 | 14.9 | 183 |
| Hong Kong | 0.5 | 0.4 | 72 |
| Rest of Asia-Pacific | 0.7 | 0.9 | 53 |
| Middle East | 0.3 | 1.2 | 16 |
| Latin America | 2.2 | 2.6 | 38 |
| Total | 22.7 | 23.2 | 599 |
| Global Banking and Markets | 1.4 | 3.2 | 257 |
| Private Banking and Other | 0.1 | 0.1 | 40 |
| Group total | 24.2 | 26.5 | 896 |

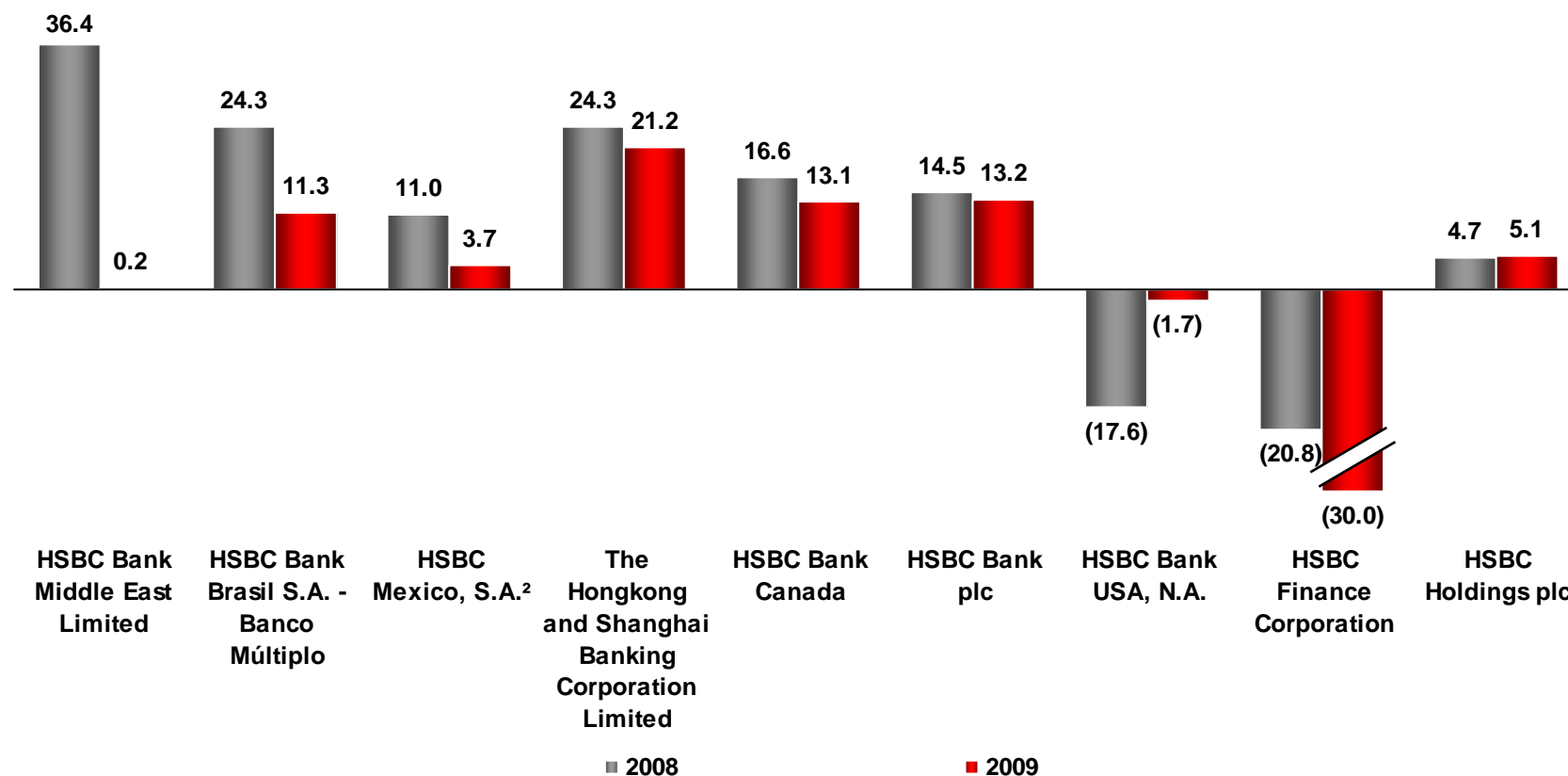
Note:

(1) 2008 figures are on an underlying basis. Underlying results eliminate the effects of foreign currency translation differences, acquisitions and disposals of businesses and changes in fair value of own debt due to credit spread

Return on equity

2009 was a challenging year

Return on equity¹, local GAAP
%



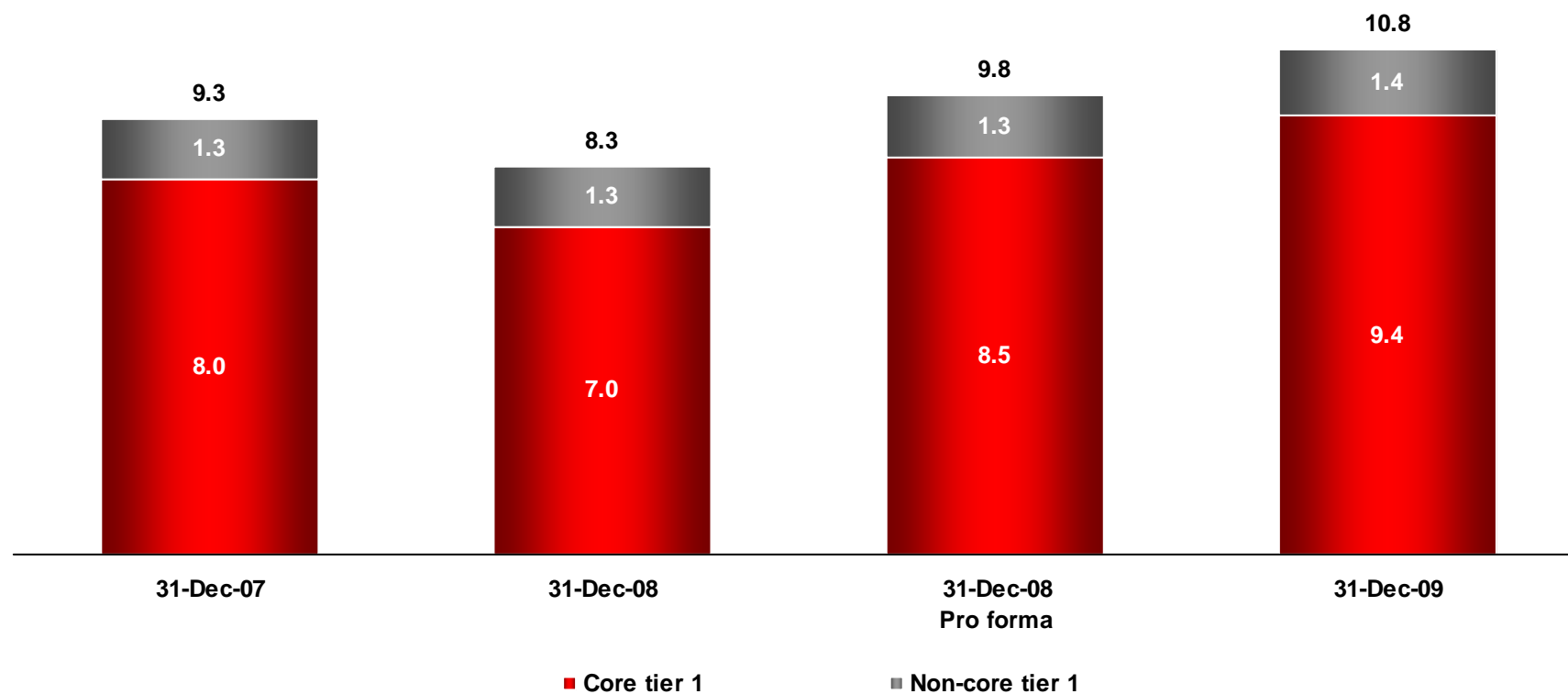
Note:

- (1) Return on equity is based on published and reported figures in accordance with local accounting standards (IFRS for HSBC Bank plc and HSBC Bank Middle East Ltd). As return on equity is derived from reported results, it includes changes in fair value of own debt due to credit spread and impairments to goodwill
- (2) Full name: HSBC Mexico, S.A., Institucion de Banca Multiple, Grupo Financiero HSBC

Capital strength

Strengthened through rights issue and underlying profit generation

Capital strength
Generated capital in each quarter of 2009, US\$bn



Note:
(1) Adjusted for proceeds from the rights issue.

Regulatory challenges

Well placed to manage the impact

Managing systemic risk

'Too big to fail' is not the whole story

Economy needs banks 'big enough to cope'

Global customers need banks 'big enough to serve'

Focus on structure and liquidity, not size

Stability of individual institutions

Need for stronger capital, higher liquidity and lower leverage

Balance between stronger financial system and economic recovery

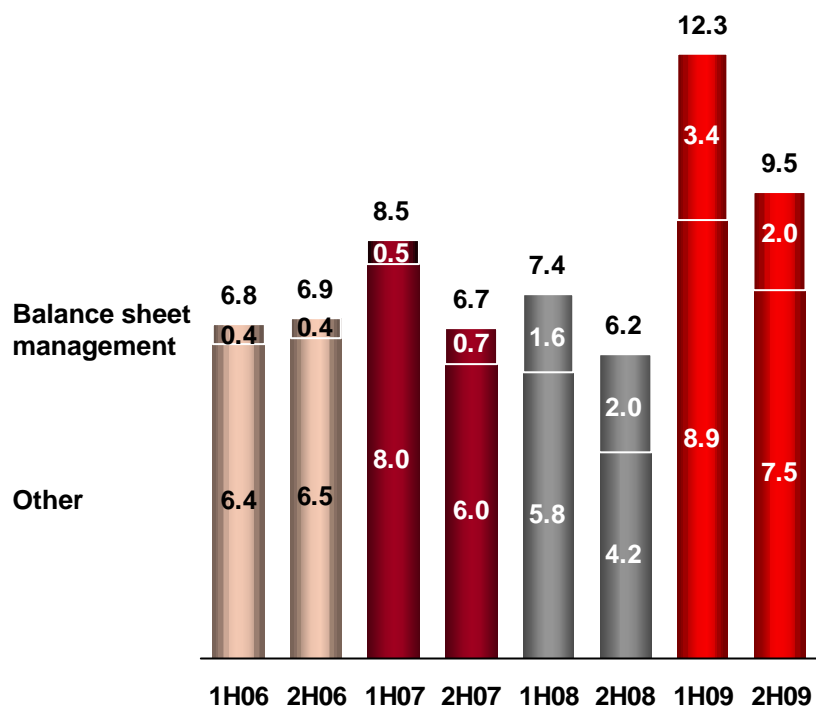
Danger of unintended consequences

International co-ordination and level playing field essential

Global Banking and Markets

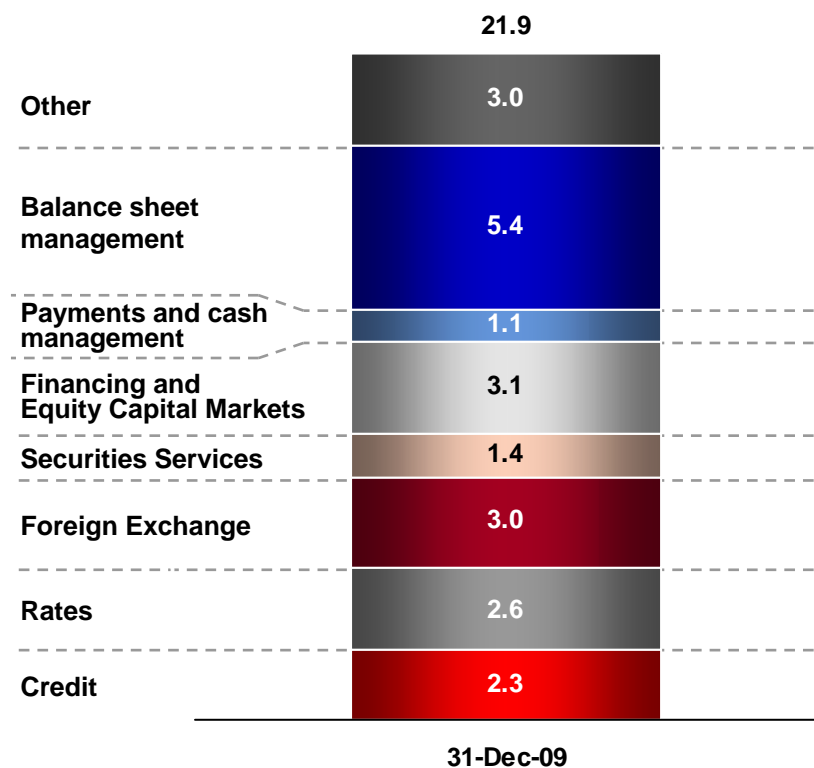
Strengthening its position in emerging markets-led and financing-focused business

Total operating income¹ 1H06 - 2H09
US\$bn



Total operating income¹

Seven businesses have revenues greater than US\$1bn
US\$bn

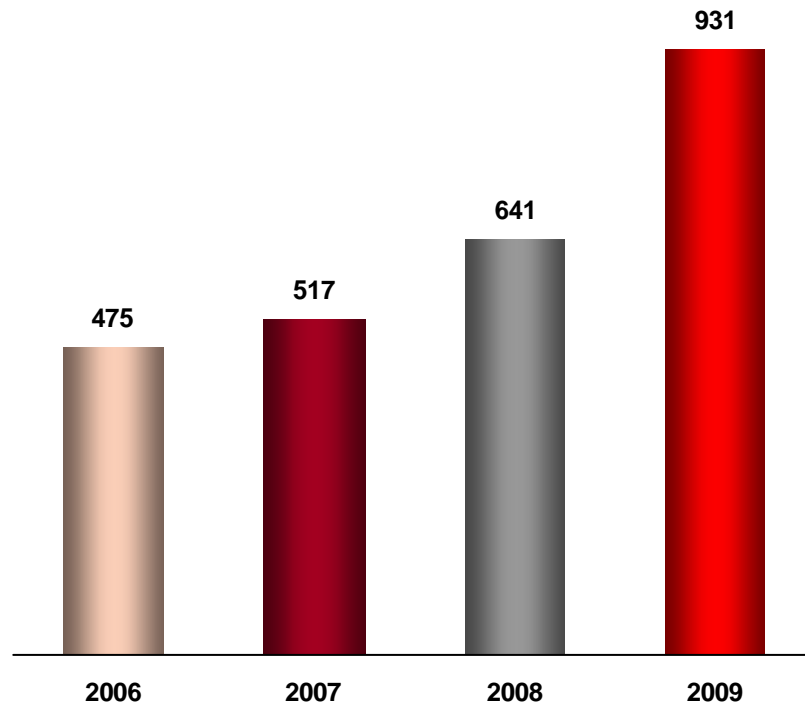


Note:
(1) Management view of total operating income

Global Banking and Markets

Strengthening its position in emerging markets-led and financing focused business

Global Banking and Markets, Latin America profit before tax
US\$m



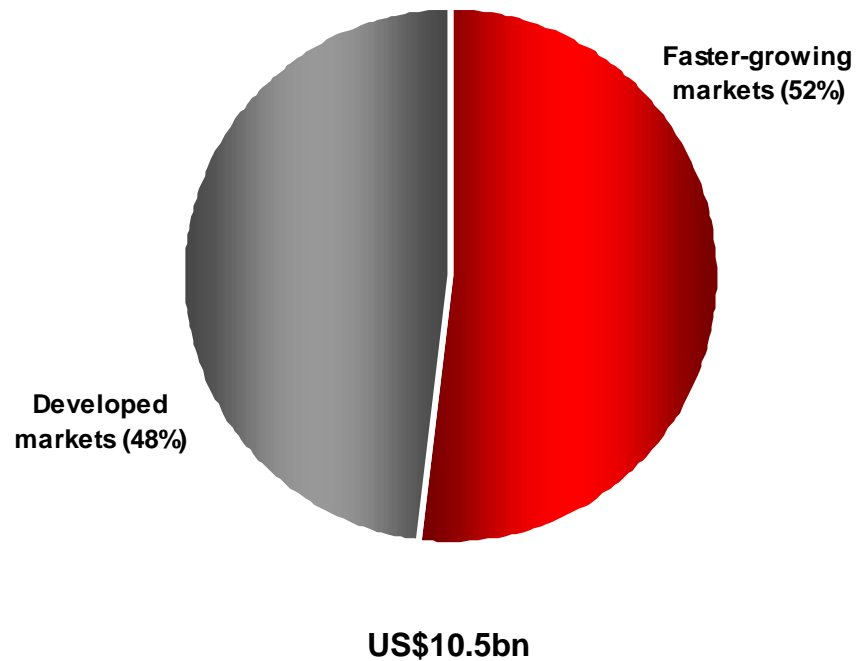
Use of 'hub and spoke' model to grow business and profit in Latin America

- ▶ Centralised control of risk management
- ▶ Leverage product / service expertise from main financial centres
- ▶ Onshore operations with highly focused business relevant to both local and multi-national clients

Global Banking and Markets

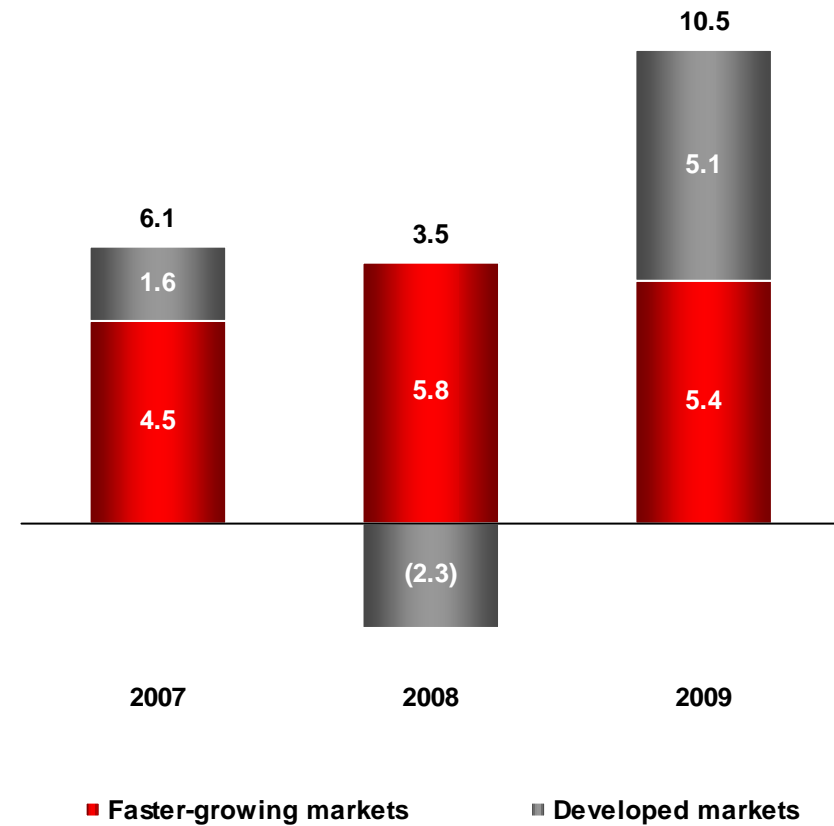
Strengthening its position in emerging markets-led and financing focused business

Profit before tax, 2009



Regional mix, 2007 – 2009

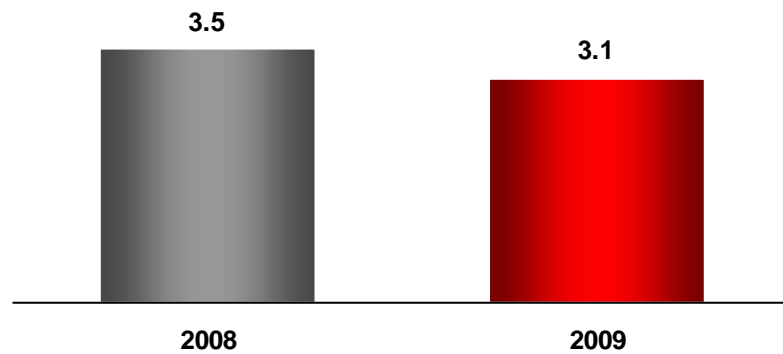
Reported profit / (loss) before tax, US\$bn



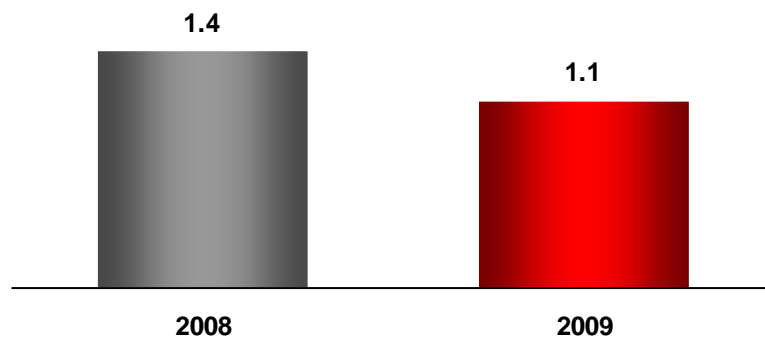
Private Banking

Increasing connectivity with the Group's global business

Net operating income before loan impairment charges¹
US\$bn



Profit before tax¹
US\$bn



Note:
(1) Underlying basis

Growth strategy

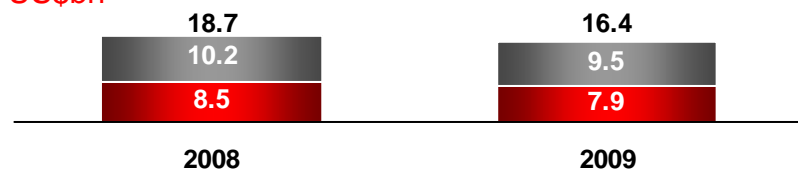
- ▶ Continued build out of domestic operations, particularly in emerging markets
- ▶ Achieving greater connectivity with Global Banking and Markets and Asset Management
- ▶ Build on referrals success with Personal Financial Services and Commercial Banking
- ▶ Growing annuity revenues through product leadership in key areas; Alternatives, Credit, Trust
- ▶ Investing in front-end, client-focused One HSBC systems

Strength in Asia

Leading position at the heart of the fastest growing region

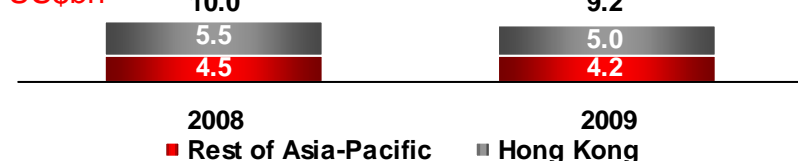
Net operating income before loan impairment charges¹

US\$bn



Profit before tax¹

US\$bn



■ Rest of Asia-Pacific ■ Hong Kong

Market share in Hong Kong

| % | HSBC | Hang Seng Bank |
|-----------------------------|------|----------------|
| Deposits ² | 24.3 | 9.4 |
| Card balances ³ | 29.0 | 18.1 |
| Mortgages ⁴ | 17.8 | 12.5 |
| Life insurance ⁵ | 20.3 | 9.5 |

Growth strategy

- ▶ Profitability is a sign of success
- ▶ Hong Kong
 - Build on market leadership positions
 - Drive greater China integration
 - Build RMB business
- ▶ Rest of Asia-Pacific
 - Build on international connectivity
 - Develop strategic partnerships
 - Grow assets and revenue in mainland China

Notes:

(1) Underlying basis

(2) Hong Kong Monetary Authority (HKMA); banks' annual / interim reports (H109)

(3) HKMA and other banks' reports (H109)

(4) mReferral; based on new business count (2009)

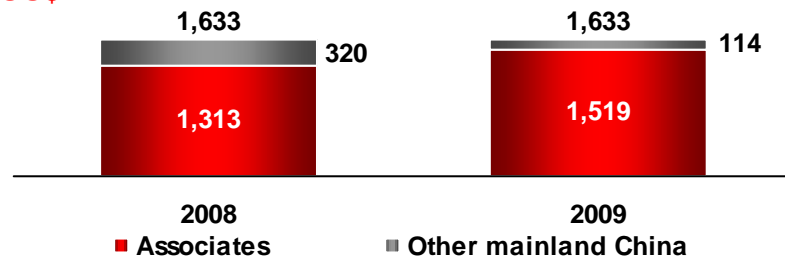
(5) New regular and single premium, Office of the Commissioner of Insurance (Q309)

Strength in Asia

Leading international Financial Services presence in mainland China

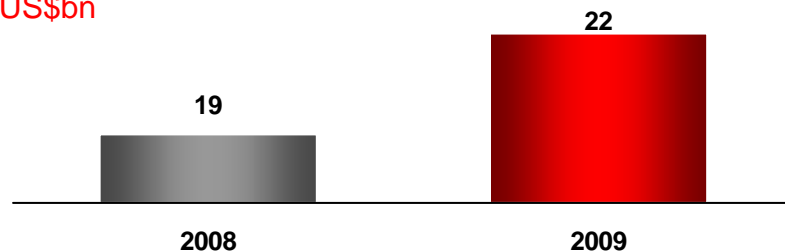
Profit before tax, mainland China¹

US\$m



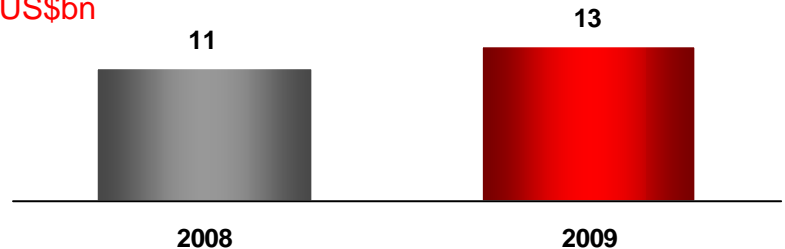
Customer accounts, mainland China¹

US\$bn



Loans and advances to customers, mainland China¹

US\$bn



Growth strategy

- ▶ Organic growth
 - Expand branch network
 - Increase product range for mass affluent and mid-market segments
 - Top internationally focused local enterprises
- ▶ Develop strategic partnerships
 - Build on planned credit card JV with BoCom
 - Extend insurance capabilities
- ▶ Build greater China platform and global connections
- ▶ Shanghai listing

Highlights for 2009

- ▶ Largest network of foreign banks (HSBC: 99, Hang Seng Bank: 37)
- ▶ Launched 50:50 insurance venture with National Trust
- ▶ Top foreign bank in 10 categories, as chosen by peers²

Notes:

(1) Underlying basis

(2) PriceWaterhouseCooper Survey of Foreign Banks in China 2009

Latin America

Build on regional network established over last decade

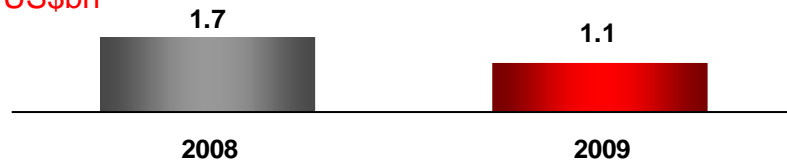
Net operating income before loan impairment charges¹

US\$bn



Profit before tax¹

US\$bn



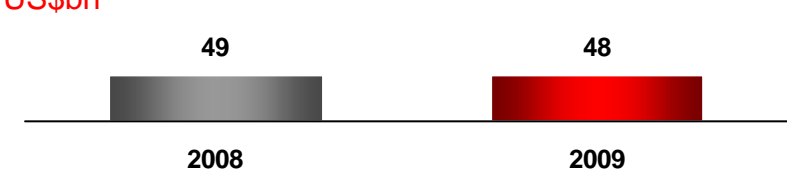
Customer accounts¹

US\$bn



Loans and advances to customers¹

US\$bn



Growth strategy

- ▶ Strengthen benefits from regional network built over last decade
- ▶ Recession impacted 2009 results; economic recovery expected in 2010
- ▶ US\$1.3bn capital injected in 2009
- ▶ Focus on customer acquisition in mass affluent segment through Premier and wealth management offering
- ▶ Leverage global capabilities in Commercial Banking and Global Banking and Markets
- ▶ Improve efficiency through greater use of low cost channels and standard processes

Note:

(1) Underlying basis

Middle East

Prospects for long-term growth remain strong

Net operating income before loan impairment charges¹
US\$bn



Profit before tax¹
US\$bn



Customer accounts¹
US\$bn



Loans and advances to customers¹
US\$bn



Growth strategy

- ▶ Largest presence of any international bank across the region
- ▶ Results suffered from economic downturn in Dubai
- ▶ Confident about growth opportunities and our commitment in the region

Note:
(1) Underlying basis

North America

US a key market to global connectivity

Net operating income before loan impairment charges¹

US\$bn



Profit before tax¹

US\$bn



US profit before tax by customer group¹

US\$bn

| | 2008 | 2009 |
|-----------------------------|--------------|--------------|
| Personal Financial Services | (6.8) | (5.3) |
| Commercial Banking | 0.2 | 0.2 |
| Global Banking and Markets | (2.9) | 0.5 |
| Private Banking | 0.1 | 0.0 |
| Other | 0.1 | (0.0) |
| Total | (9.3) | (4.7) |

Growth strategy

- ▶ Grow customer footprint in Premier and Advance
- ▶ Develop international business in Commercial Banking
- ▶ Leverage Global Banking and Markets and Private Bank off Group's international network
- ▶ Continue to manage run-off portfolios

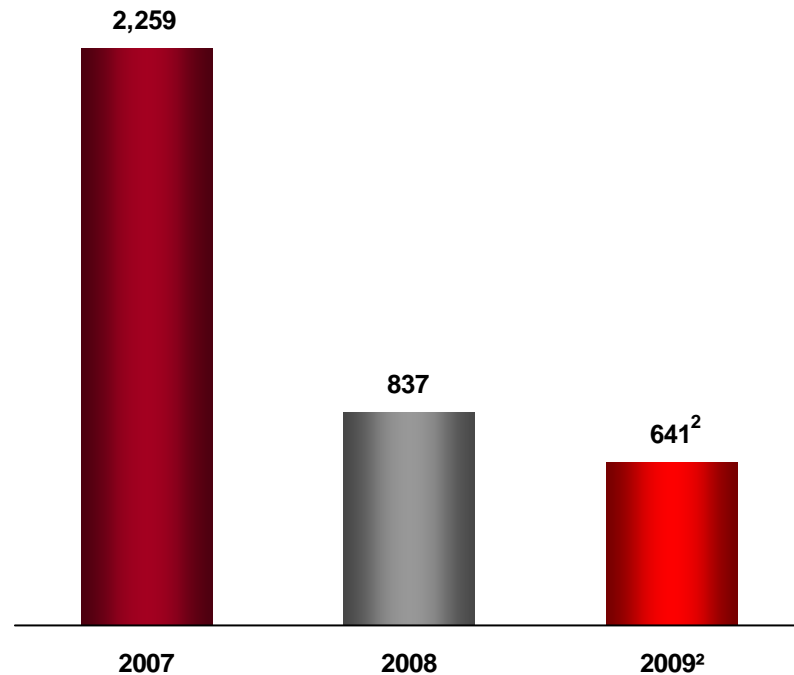
Note:

(1) Underlying basis and excluding goodwill impairment charge

US Consumer Finance core business

Card and Retail Services profitable

Pre-tax profit
US\$bn¹



Growth strategy

- ▶ Sixth largest US MasterCard / Visa issuer and third largest private label issuer
- ▶ Profitable through downturn
- ▶ Continuing to focus on operating efficiency
- ▶ Restarted mailings in sub-prime
- ▶ CARD Act³

Notes:

- (1) These figures are presented on an IFRS management basis. See note 24 of "Business Segments", Form 10-k, HSBC Finance Corp., for period ended 31 December 2009 for reconciliation of IFRS to US GAAP
(2) Excludes Goodwill write-off of \$530M
(3) Credit Card Accountability Responsibility and Disclosure Act of 2009 ("the CARD Act")

Europe

Growing our balanced business

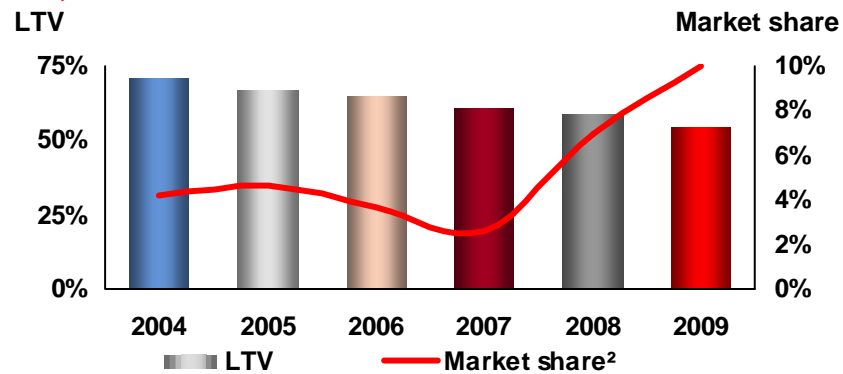
Net operating income before loan impairment charges¹ US\$bn



Profit before tax¹ US\$bn



LTV and market share of new mortgage business in the UK, US\$bn



Notes:

(1) Underlying basis

(2) Percentage of HSBC gross mortgage advances to Council of Mortgage Lenders published market size

Growth strategy

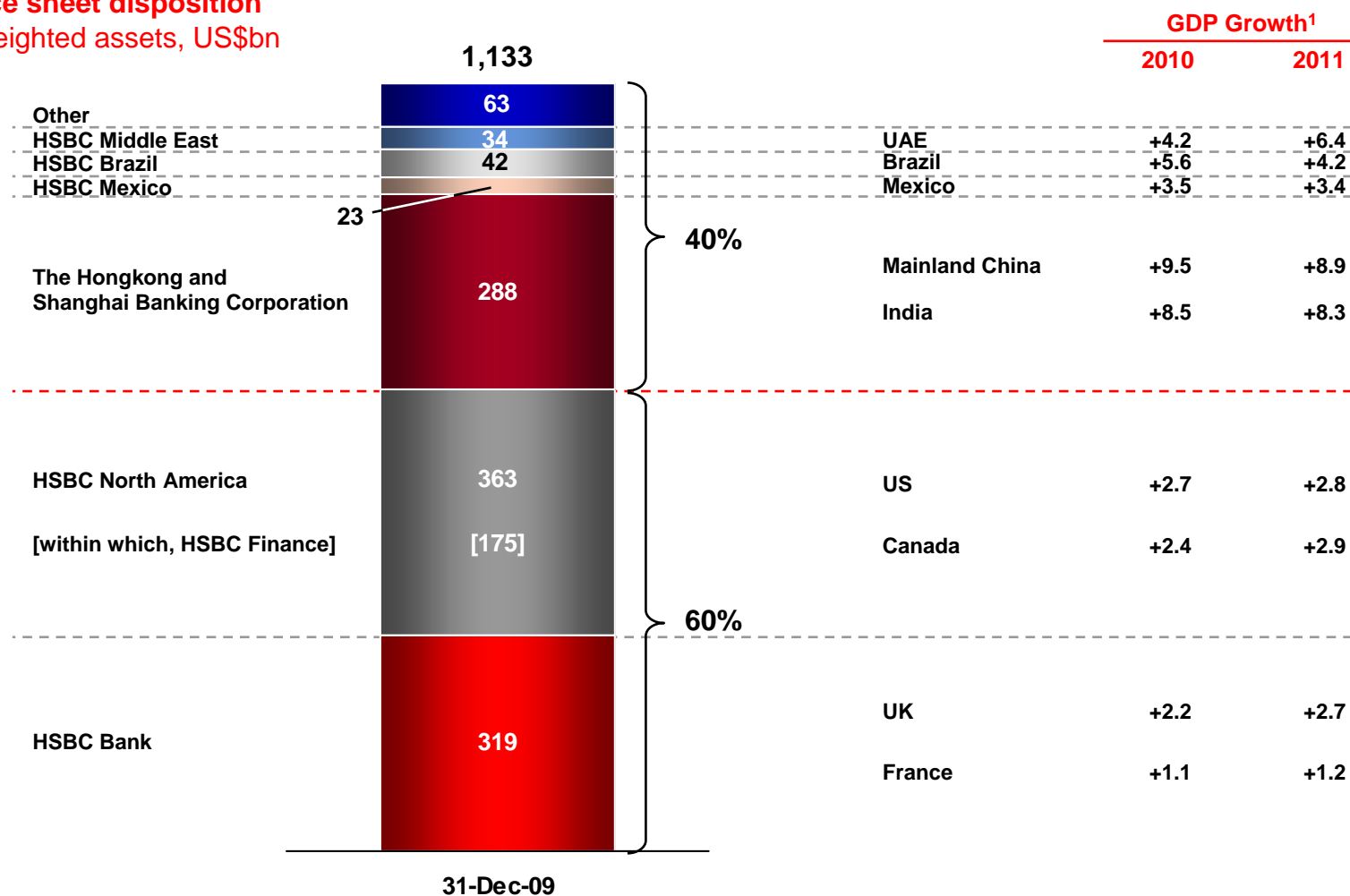
- ▶ Move the UK bank upmarket
- ▶ Grow Premier customer base and develop wealth management offering
- ▶ Increase market share selectively
- ▶ Strengthen international Commercial Banking business
- ▶ Sustain progress in Global Banking and Markets in UK and France

Loans and advances to customers

| | US\$bn | % |
|--------------|------------|------------|
| UK | 329 | 75 |
| France | 71 | 16 |
| Germany | 4 | 1 |
| Malta | 5 | 1 |
| Switzerland | 12 | 3 |
| Turkey | 6 | 1 |
| Other | 12 | 3 |
| Total | 439 | 100 |

Rebalancing the Group towards faster growing markets

Balance sheet disposition Risk weighted assets, US\$bn



Note:
(1) HSBC Securities forecasts