

HSBC Holdings plc
Michael Geoghegan, Group Chief Executive
May 2010

HSBC 
The world's local bank

Growth in the new normal



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.

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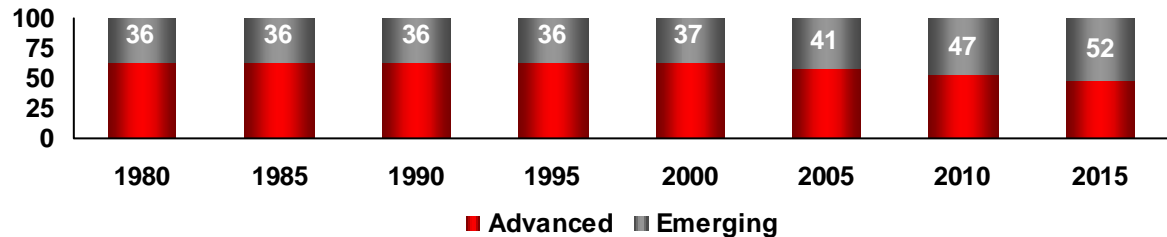
- ▶ **Serving connectivity between markets and geographies**
- ▶ **Building on strong regional presence for growth in local businesses**

The old normal

Macro global trends continue to underpin Group vision as the world's leading international emerging markets bank

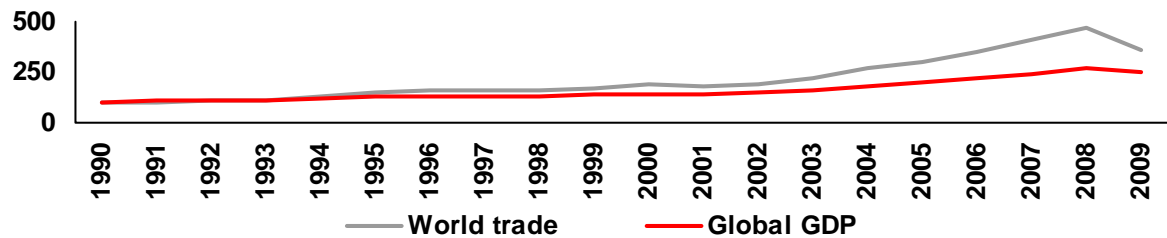
Emerging markets growing faster than rich countries

World GDP forecast, based on PPP, % of total¹



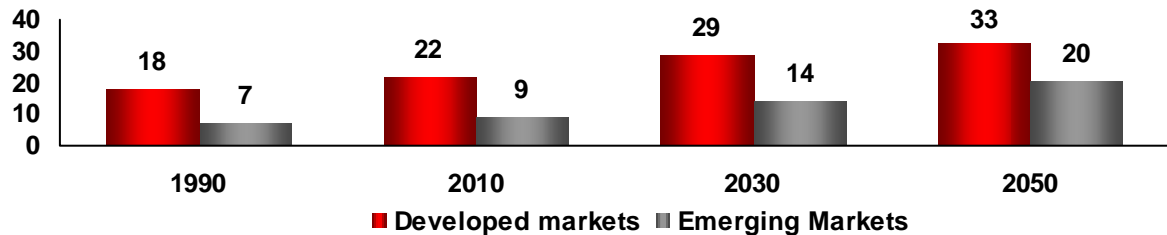
Over time world trade growing faster than GDP

World trade and GDP at current prices (Index, 1990 = 100)²



Longevity increasing virtually everywhere

People aged 60 and over, as a proportion (%) of total population³

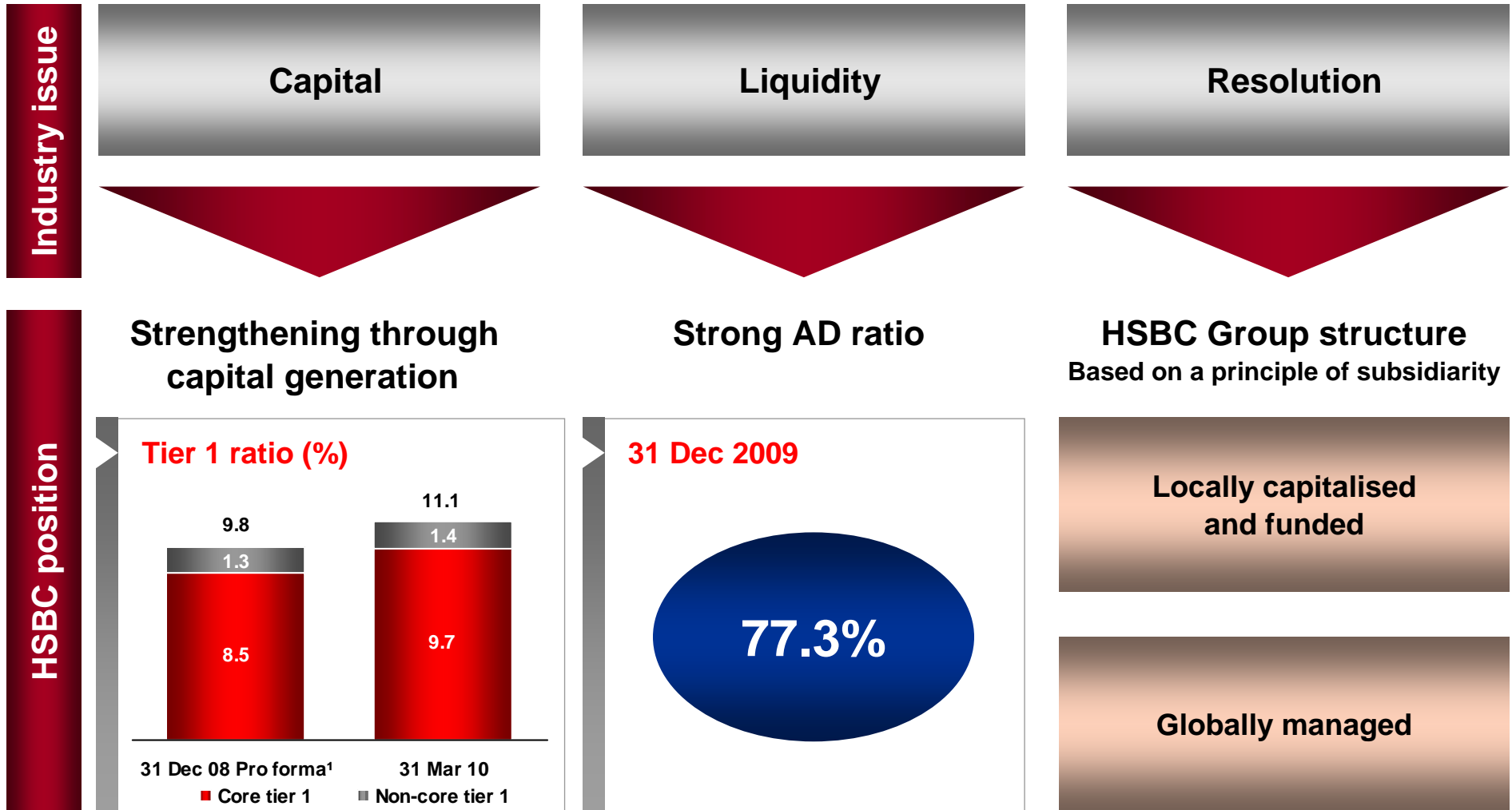


Notes:

- (1) International Monetary Fund
- (2) International Monetary Fund and World Trade Organisation
- (3) United Nations

The new normal

The crisis has created more focus on the right approach to banking



Note:
(1) Pro forma to include rights issue

Strategic focus

Build on our heritage

Leading international network

Leading presence in faster growing markets

International management culture

Positioning for growth

Responding to global trends

Serving global connectivity

Building our regional and local presence

Operational transformation

OneHSBC

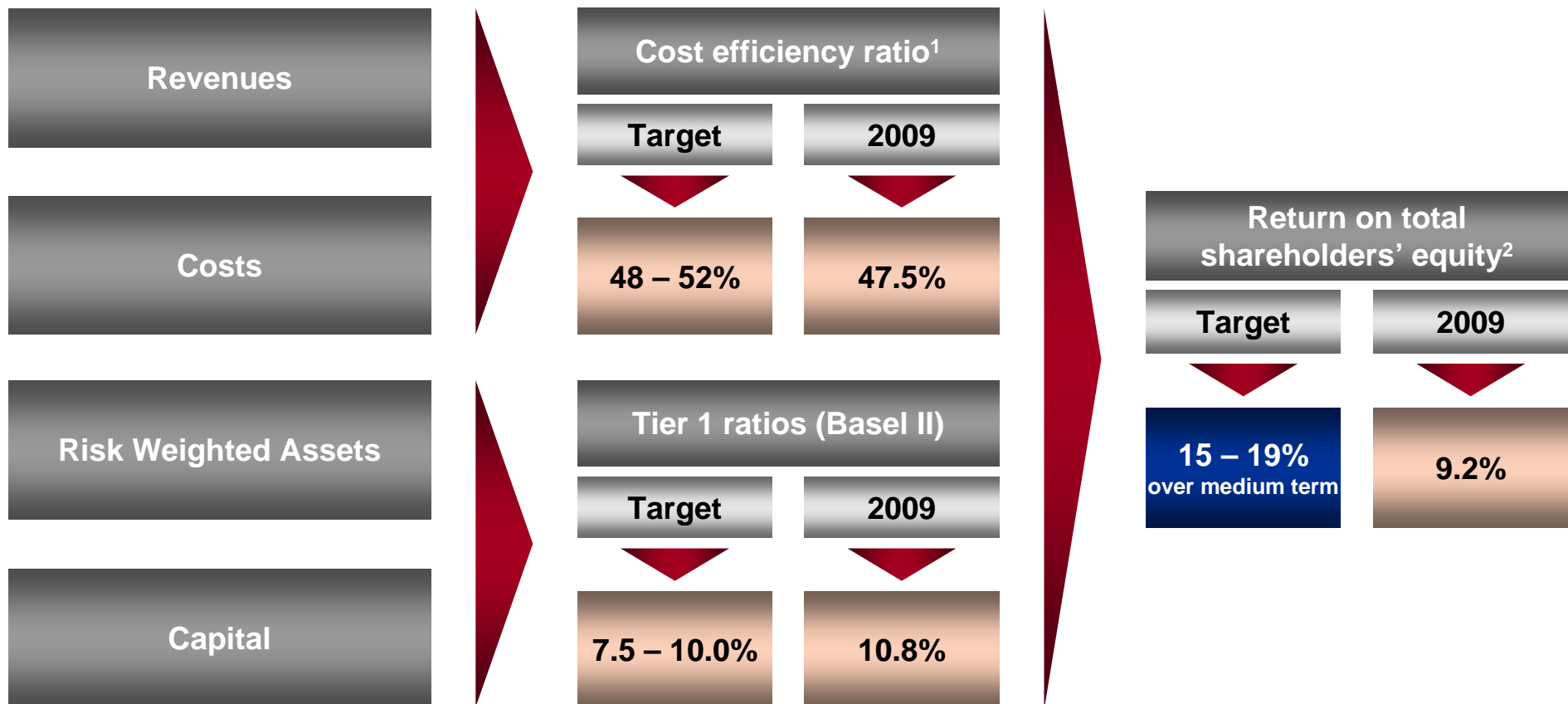
People engagement

Financial strength and brand

Financial targets

ROE at lower end of the range

Key performance indicators



Notes:

(1) 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

(2) This excludes the changes in FV of own debt due to credit spread

Positioning for growth

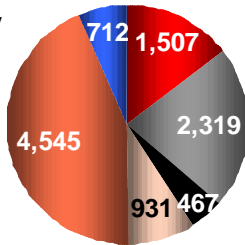
Serving connectivity between markets and geographies

Global Banking and Markets

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

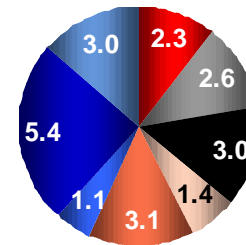
Diversified by geography and product

PBT, 2009 by geography, underlying, US\$m



- Hong Kong
- Rest of Asia-Pacific
- Middle East
- Latin America
- Europe
- North America

Total operating income¹, 2009 by product, US\$bn



- Credit
- Rates
- Foreign Exchange
- Securities services
- Financing and ECM
- Payments and cash management
- Balance sheet management
- Other

Success demonstrated by:

Transactions



Volkswagen

€4bn
Germany

Rights issue

Joint Lead and Bookrunner



Bharti Airte

US\$10bn
Middle East, Africa

Acquisition Finance

Adviser / Arranger

Awards



Awards for Excellence 2009

- Best Global Debt House
- Best Debt House in Asia
- Best Debt House in Hong Kong
- Best Debt House in Latin America
- Best Debt House in Mexico
- Best Debt House in the Middle East
- Best Debt House in Nordic/Baltic Region
- Best Debt House in Portugal
- Best Debt House in Turkey
- Best Global Bank
- Best at Risk Management in Asia
- Best Project Finance House in Asia
- Best Bank in Hong Kong
- Best Investment Bank in Saudi Arabia
- Best Global Transaction Banking House
- Best Cash Management House in the Middle East



EMEA Project Finance Awards 2009

- Best Middle East Project Finance Advisory
- Best Middle East Water/Power Deal – Shuweihat S2 IWPP
- Best Middle East Oil And Gas Deal – Dolphin Energy
- Best Middle East Project Finance Deal – SEC Rabigh IPP

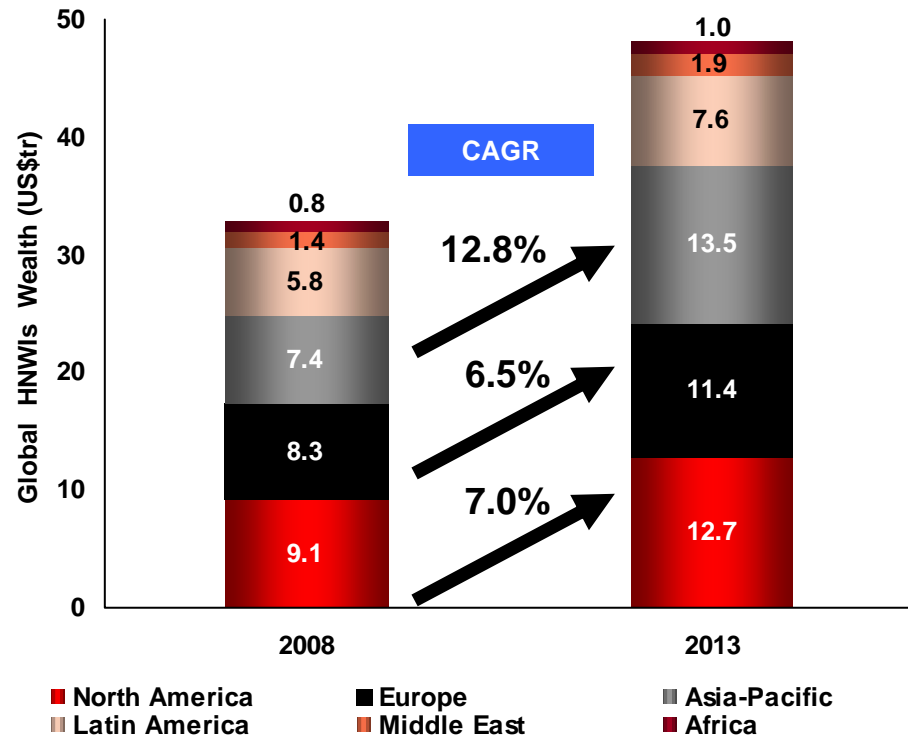
Note:
(1) Management view of total operating income

Private Banking and Asset Management

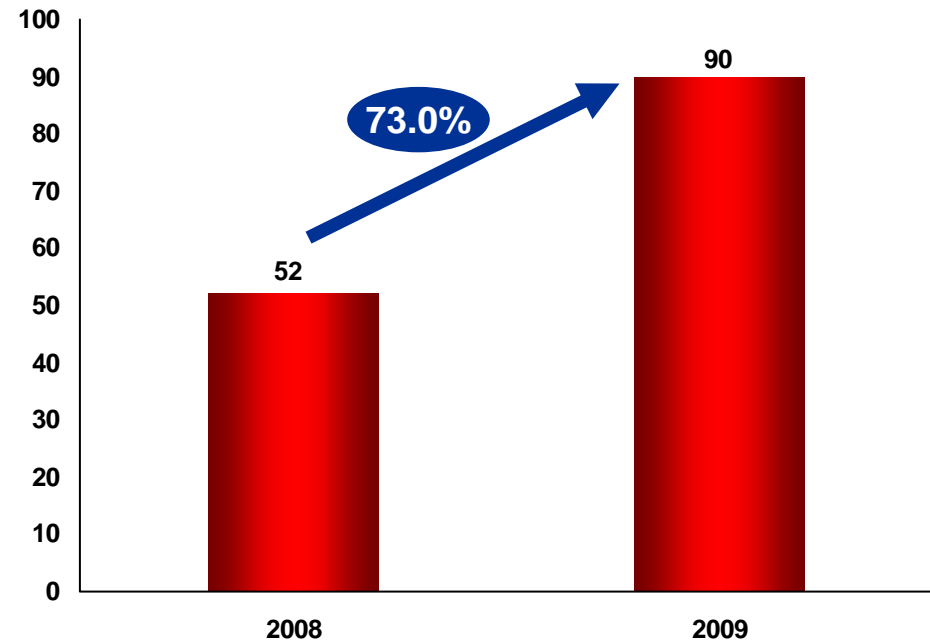
International business refocused towards growth markets

Fastest wealth creation in emerging markets

HNWI wealth – growth by region¹



Total emerging markets – assets under management, US\$bn²



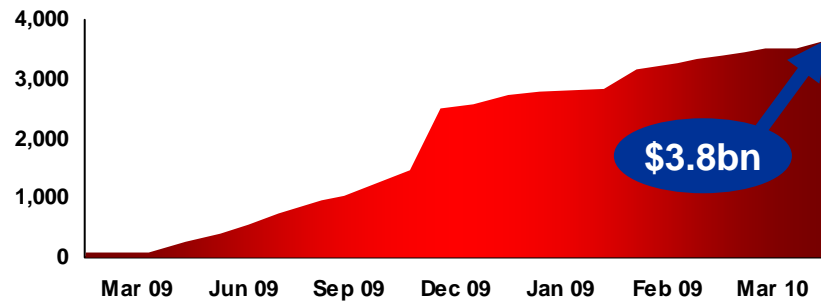
Notes:

- (1) Cap Gemini Merrill Lynch World Wealth Report 2009
- (2) Funds under management, which are invested in emerging market countries

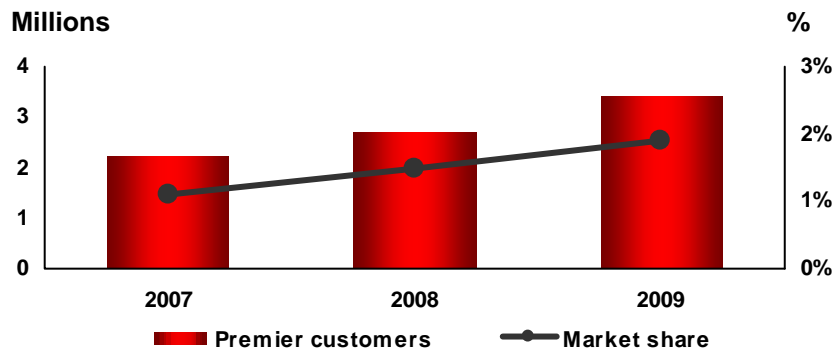
Connectivity driving growth in retail businesses

Personal Financial Services

World selection AUM, US\$m

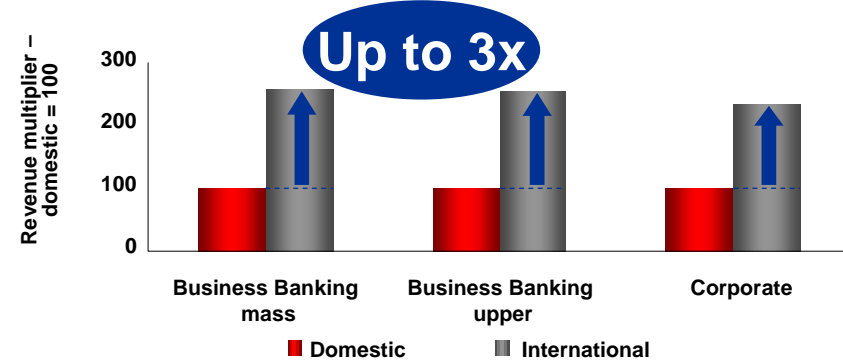


Premier customer growth and 'affluent' market share¹

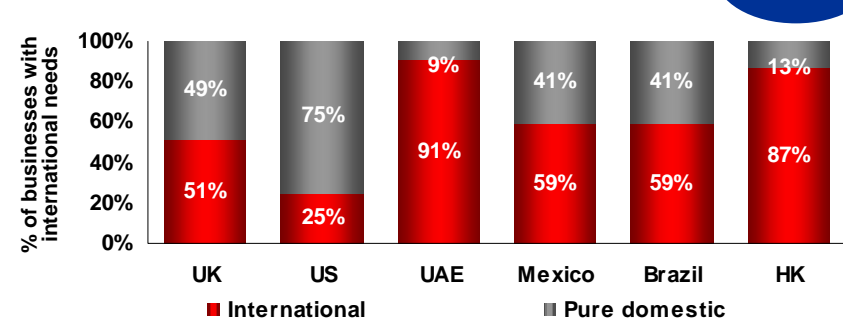


Commercial Banking

Increased revenues from international customers²



38% of businesses have international needs³



Notes:

- (1) 'Affluent & Premier' customer population based on 2008 Datamonitor figures and HSBC estimates for the mass affluent (US\$100k – US\$2m) segment
- (2) Source: Internal MI
- (3) Businesses with turnover of more than US\$5m; Source: Dun & Bradstreet (July 2009)

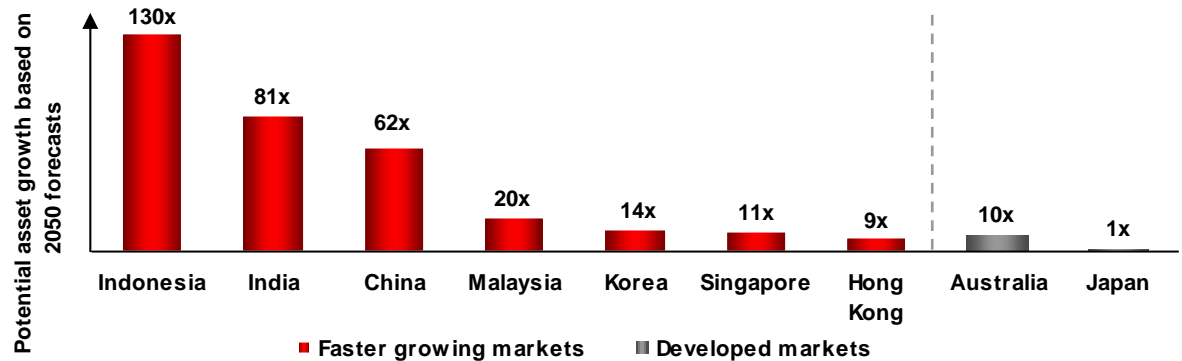
Positioning for growth

Building on strong regional presence for growth in local businesses

Asia – growing opportunity in financial markets

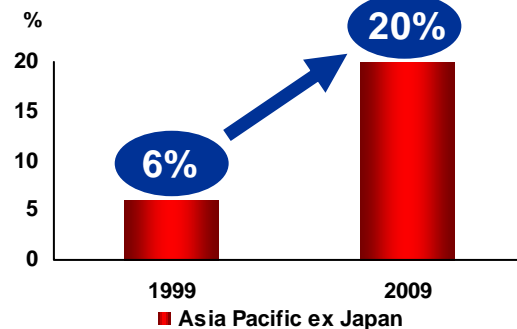
Scope for growth in financial markets

Scope for growth: emerging markets vs. mature markets¹

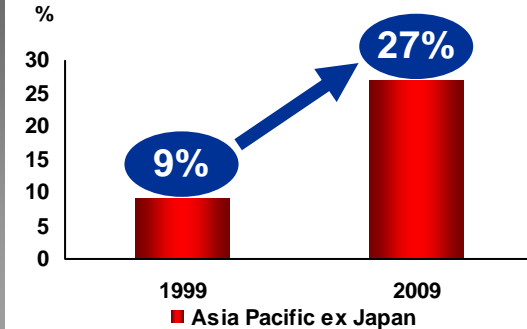


Asia's share of debt and equity issuance more than tripled in the last decade

Debt issuance 1999 vs. 2009²



Equity issuance 1999 vs. 2009²



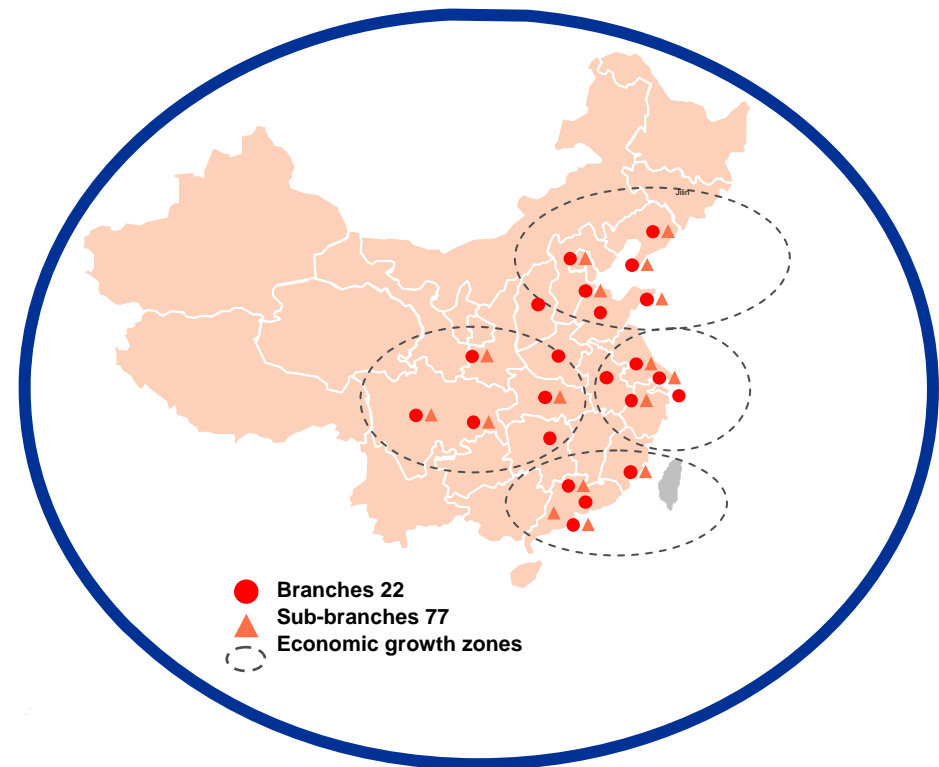
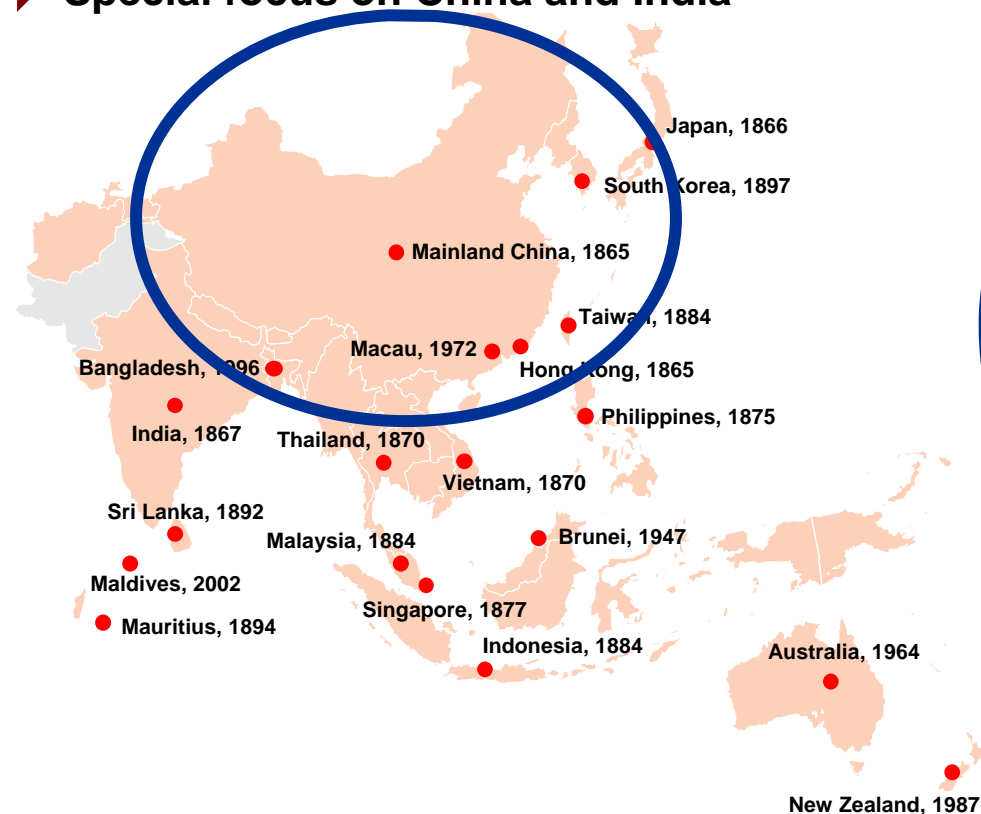
Notes:

(1) Source: IMF, Bankscope, Goldman Sachs Global ECS Research, Global Sachs Research estimates

(2) Source: Bloomberg, HSBC Global Research

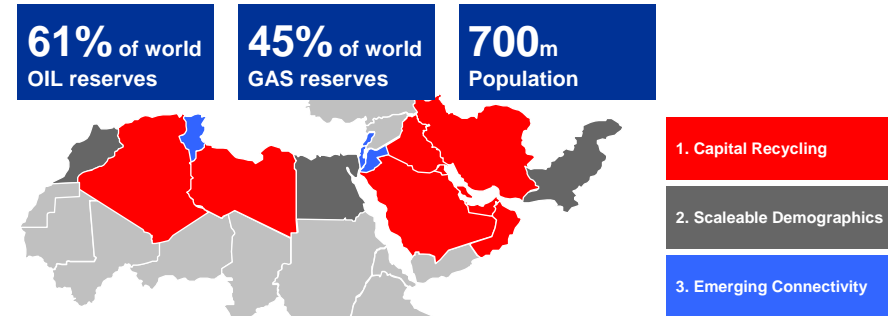
Asia – leading position at heart of fastest growing region

- ▶ Maintain and protect leadership position in Hong Kong
- ▶ Strong focus on being the international bank of choice to service local and international financial service needs
- ▶ A network presence in selected markets
- ▶ Special focus on China and India



Middle East – the leading international bank in the region

- ▶ Long term economic potential generates
 - ▶ Capital recycling
 - ▶ Scalable demographics
 - ▶ Emerging connectivity
- ▶ Providing opportunities for participation by global and retail businesses



(1) Source: CIA World Fact Book

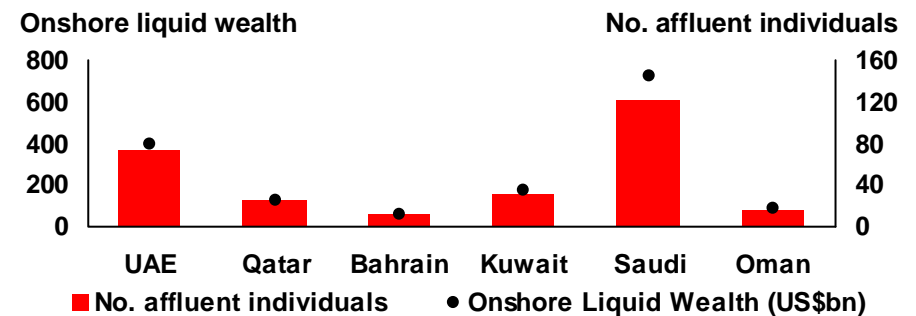
- ▶ Global Banking and Markets and Commercial Banking can serve the trade flows driven by FDI and infrastructure expenditure

Trade flows in MENA, US\$bn	2005	2008	CAGR
MENA-Asia	99.5	212.0	28.7%
MENA-N. America	38.7	69.9	21.8%
MENA-LatAM	9.2	16.1	20.3%
MENA-Europe	161.9	261.4	17.3%

Source: IMF DOT Matrix, Nov 2009

Note: Bar charts represent largest trading partners by total continent contribution. Trade includes oil products

- ▶ Wealth recycling presents opportunities for Private Banking and Personal Financial Services



Source: Wealth Data Monitor 2009

Latin America – strong network and connectivity in a fast growing region¹

54,000 staff²

3,000 branches

18 countries

Investments

Mexico

- ▶ 2002: Grupo Financiero Bital
- ▶ 2003: Seguros Bital, Afore Allianz – Dresdner
- ▶ 2004: Allianz Rentas Vitalicias

Central America & Colombia

- ▶ 2006: Banistmo

Paraguay

- ▶ 2007: Lloyds Paraguay

Brazil

- ▶ 1997: Bamerindus
- ▶ 1999: Republic
- ▶ 2000: CCF
- ▶ 2003: Bank of America & Lloyds TSB Losango
- ▶ 2004: Credimatone Value

Uruguay

- ▶ 1997: Banco Roberts
- ▶ 1999: Republic

Argentina

- ▶ 1997: Banco Roberts
- ▶ 2006: Banca Nazionale del Lavoro



● Full financial services offered ● Limited presence (Rep. Office)

Strategy

- ▶ Drive profitable growth through:
 - ▶ Mass affluent
 - ▶ International bank of choice
 - ▶ Business banking
 - ▶ Improved efficiency through regionalisation
 - ▶ Product to relationship focus
 - ▶ Greater share of wallet

Note:

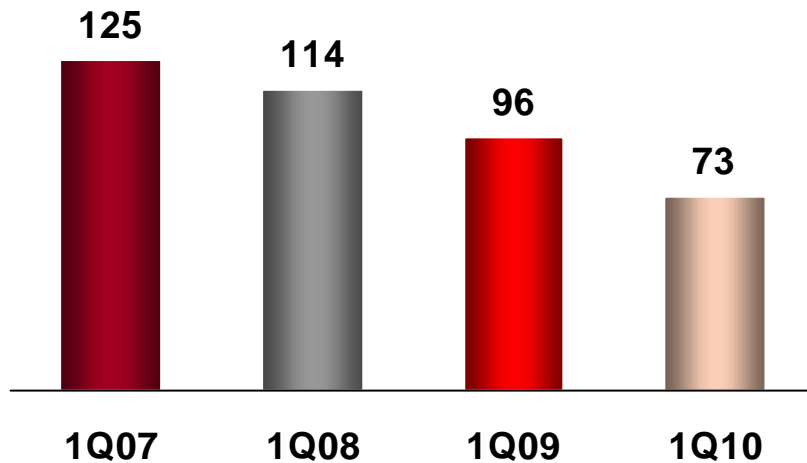
- (1) LatAm management also cover the Caribbean
- (2) As at 31st December 2009

North America – important core businesses in the US

Legacy business

- ▶ Successfully managing the run down of assets and the cost base; opportunistic about portfolio disposals

HSBC Finance Corporation run-off loans and advances to customers, US\$bn



Core business

- ▶ The US remains the largest economy and is a core business to HSBC
- ▶ Focus our business where we have core strengths and competences:

Global businesses

- ▶ Provide an integrated Americas platform to support global strategy in Global Banking and Markets
- ▶ Re-positioned as an internationally-led Private Bank for both offshore and onshore clients

Retail businesses

- ▶ Premium propositions: Premier and Advance to internationally minded and mass affluent
- ▶ Be the leader in international commercial banking

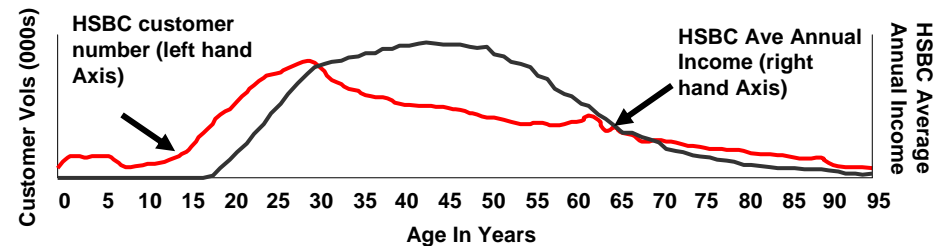
UK retail – focus on premium personal customers and businesses with international needs

- ▶ High quality, young, affluent, premium personal customer base
- ▶ Relatively younger customer age profile should generate long term income growth opportunities

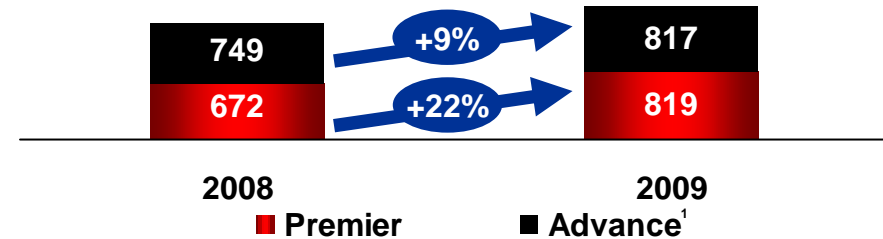
- ▶ Increasing number of premium customers in Personal Financial Services

- ▶ Market share of customers trading internationally is above footprint in all segments

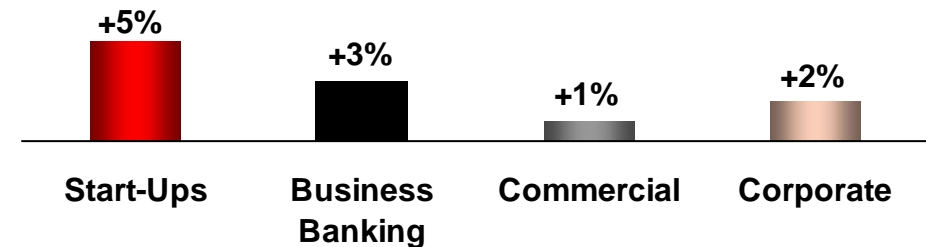
Personal Financial Services customer age profile



Number of premium customers '000s



International market share vs. footprint²



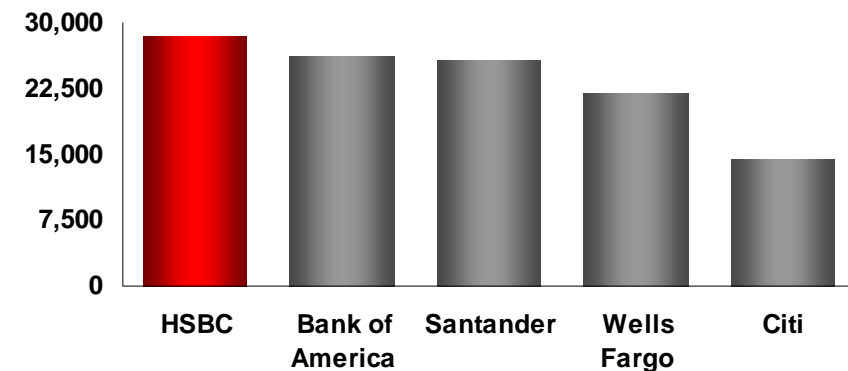
Notes:

- (1) Represents existing Plus customers who are being migrated to Advance
- (2) Research undertaken by Continental Research for the year ended Q409

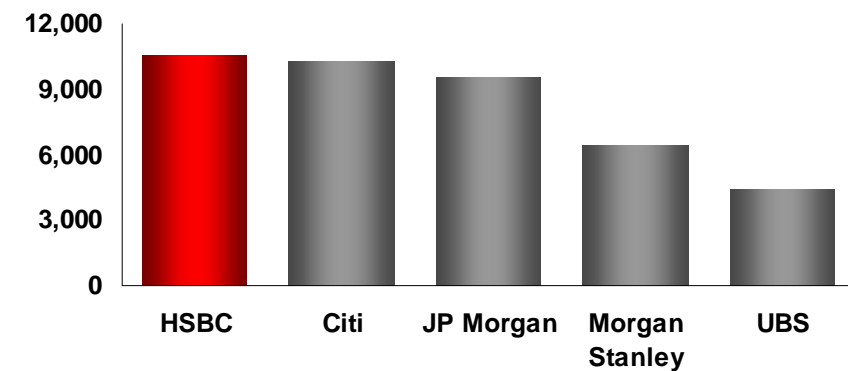
The leading banking brand

- ▶ Move from disparate set of brands to one common brand
- ▶ The HSBC brand is stronger and more valuable than it has ever been
- ▶ Brand Finance and Interbrand both value the HSBC brand as the most valuable banking brand in the world
- ▶ Active brand positioning – *‘HSBC helps you unlock the world’s potential’*

Brand Finance – Banking Brand Value 2010, (US\$m)



Interbrand – Banking Brand Value 2009, (US\$m)



Note:
(1) Source: Brand Finance Top 500 Banking Brands 2010, Interbrand Best Global Brands 2009