

HSBC Holdings plc and HSBC Bank plc
September 2010



Presentation to Fixed Income Investors

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.

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HSBC Group



Overview

History and development of HSBC

1865		Established in Hong Kong and Shanghai
1866		Yokohama branch opened
Asia and Middle East		
1959		British Bank of the Middle East purchased
1965	Hong Kong	Acquired majority of Hang Seng Bank
2002	China	Investment in Ping An Insurance – now 16.78%
2004	China	Investment in Bank of Communications – now 19.01%
2008	Taiwan	Assumed The Chinese Bank
2009	Indonesia	98.96% of PT Bank Ekonomi acquired

Latin America

1997	Brazil	Assumed Banco Bamerindus do Brazil
2002	Mexico	Acquired 99.59% of Grupo Financiero Bital

Europe

1992	UK	Purchased Midland Bank plc
2000	France	Investment in 99.99% of CCF's equity

North America

1987	USA	Purchased Marine Midland Bank
1999	USA	Republic New York Corp purchased
2003	USA	Household International, Inc. purchased

HSBC Holdings plc at 30 June 2010

Market capitalisation	\$161bn
Total assets	\$2,418,454m
Total equity	\$143,323m
Countries and territories	87
Offices	8,000
Staff numbers	287,571

Staff Numbers at 30 June 2010

Hong Kong	28,397	10%
Rest of Asia-Pacific	88,605	31%
Middle East	8,264	3%
Latin America	54,886	19%
Europe	73,431	25%
North America	33,988	12%
Total	287,571	100%

Strategy

Delivering superior growth and earnings over time

Our heritage

Asian trade origins
Deep roots in many geographies
International management culture
Financial strength

Our strategy

Align presence with global trends
Invest primarily in developing markets
Focus developed markets businesses on international connectivity
Maintain financial strength

Shaping our business

Reshape business to focus on fast growing (emerging) markets and markets with connectivity

Personal Financial Services:
use our global scale and local knowledge to grow profitably in selected markets

Commercial Banking:
the leading international business bank

Global Banking & Markets:
emerging-markets led and financing-focused wholesale bank

Private Banking:
a world leading international private bank integrated into a unique distribution network

Insurance:
aim to double contribution to 20% of Group Profit Before Tax

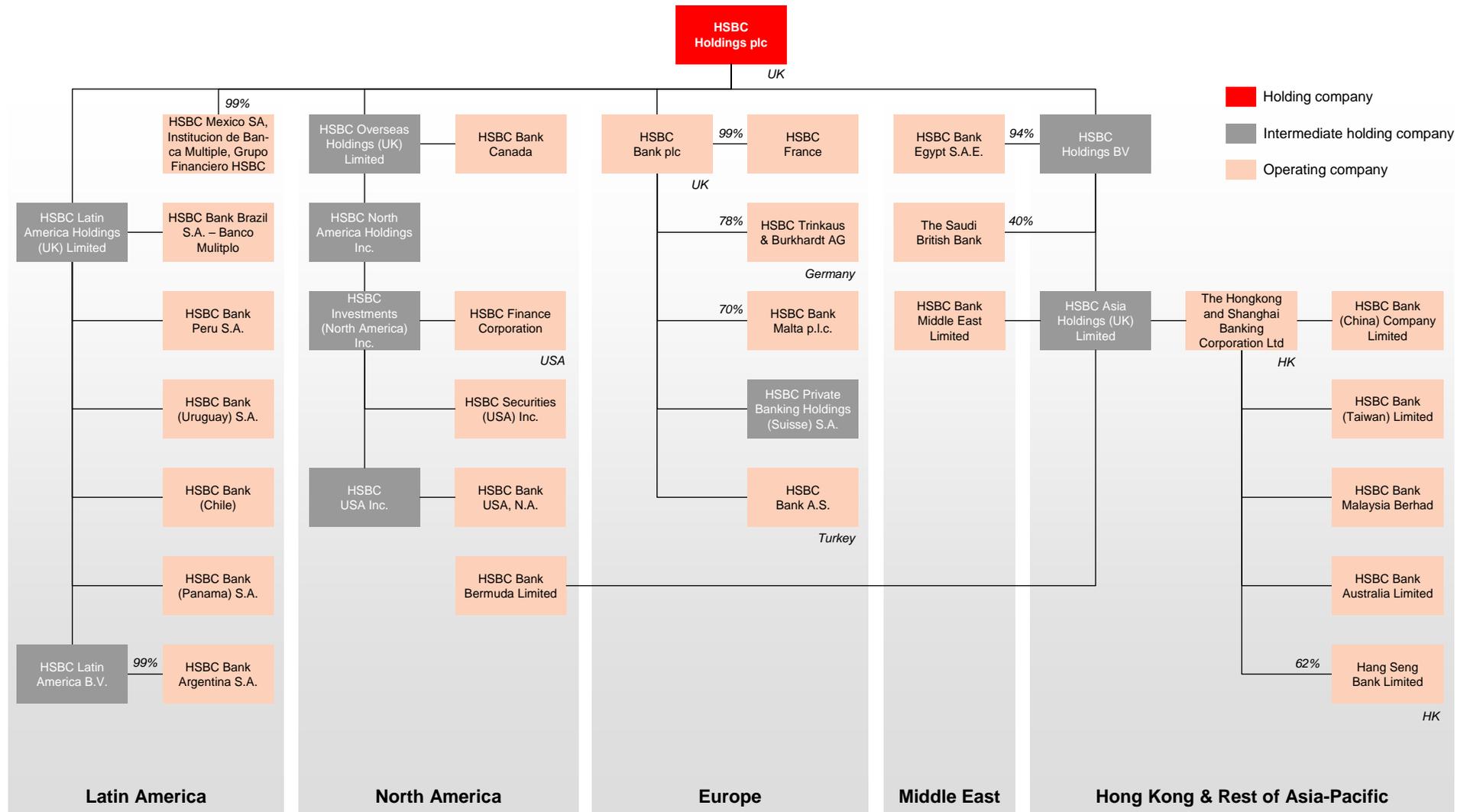
Global Trends

Emerging markets growing faster than rich countries
World trade growing faster than GDP
Longevity increasing virtually everywhere

Our tactics

Leverage brand and network to increase revenues
Use scale to maximise efficiency
Align objectives and incentives to ensure our people are engaged

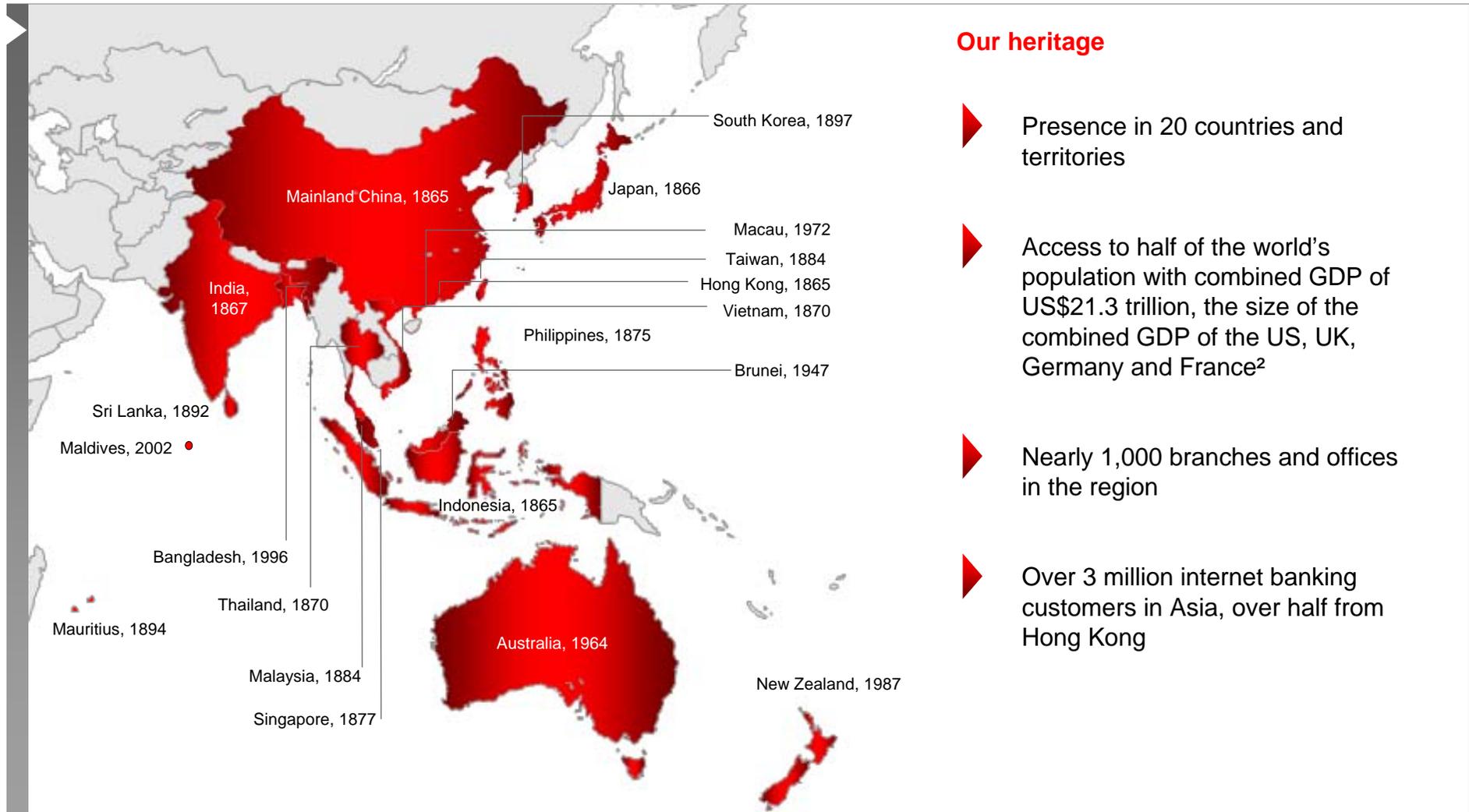
Simplified structure chart



Notes:
 (1) All entities wholly owned unless shown otherwise (part ownership rounded down to nearest percent)
 (2) At 30 June 2010

Asia-Pacific presence

Largest foreign bank in mainland China, Hong Kong, Indonesia and Malaysia¹



Our heritage

- ▶ Presence in 20 countries and territories
- ▶ Access to half of the world's population with combined GDP of US\$21.3 trillion, the size of the combined GDP of the US, UK, Germany and France²
- ▶ Nearly 1,000 branches and offices in the region
- ▶ Over 3 million internet banking customers in Asia, over half from Hong Kong

Notes:

(1) Based on number of branches. For Hong Kong also in terms of PBT and assets; Malaysia also in terms of assets

(2) CIA World Factbook 2008: Population and GDP (purchasing power parity)

HSBC Holdings plc Financial performance, 1H10

Financial overview

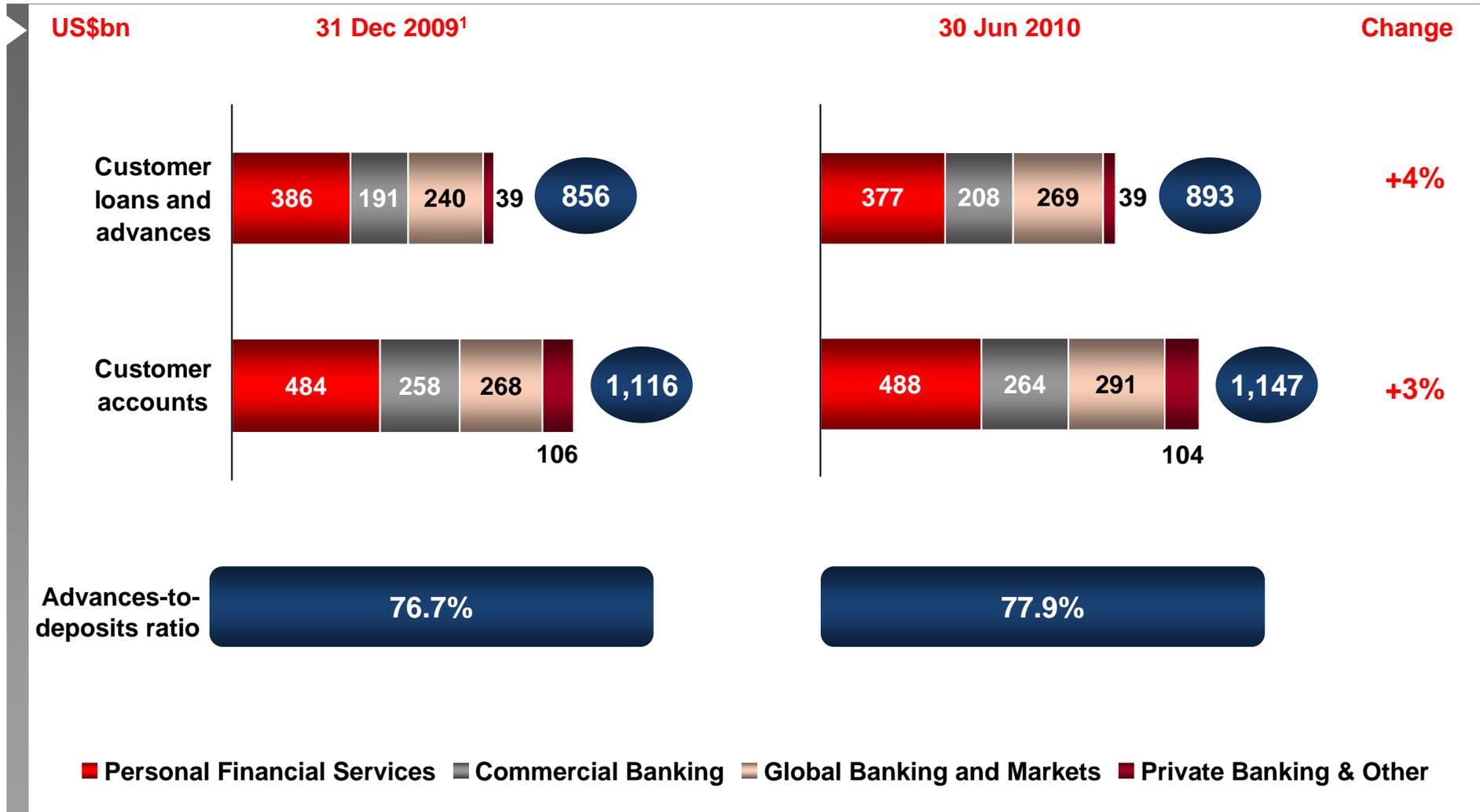
Summary of reported results

US\$m				% Better / (worse)	
	1H09	2H09	1H10	1H09	2H09
Income ex changes in FV of own debt due to credit spread	37,198	35,516	34,477	(7)	(3)
Loan impairment ¹ (LICs)	(13,931)	(12,557)	(7,523)	+46	+40
Operating expenses	(16,658)	(17,737)	(18,111)	(9)	(2)
Associates and joint ventures	867	914	1,187	+37	+30
Profit before tax, ex changes in FV of own debt due to credit spread	7,476	6,136	10,030	+34	+63
Changes in FV of own debt due to credit spread	(2,457)	(4,076)	1,074	n/m	n/m
Profit before tax	5,019	2,060	11,104	+121	+439
Profit after tax	3,733	2,961	7,248	+94	+145

Notes:

(1) Loan impairment charges and other credit risk provisions

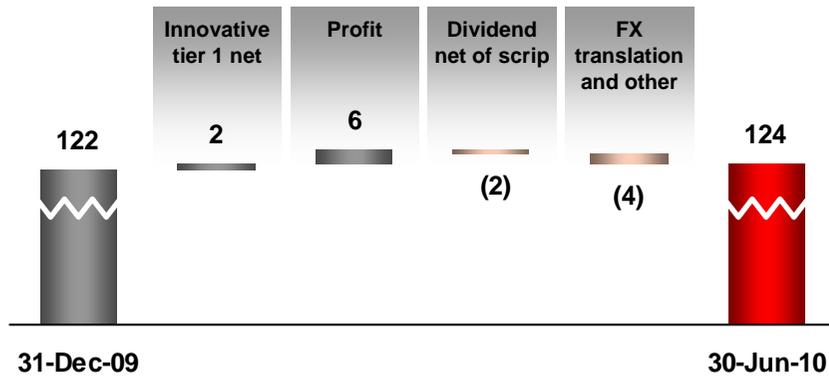
Maintaining our funding strength



Note:
(1) Underlying basis

Further strengthening the capital base

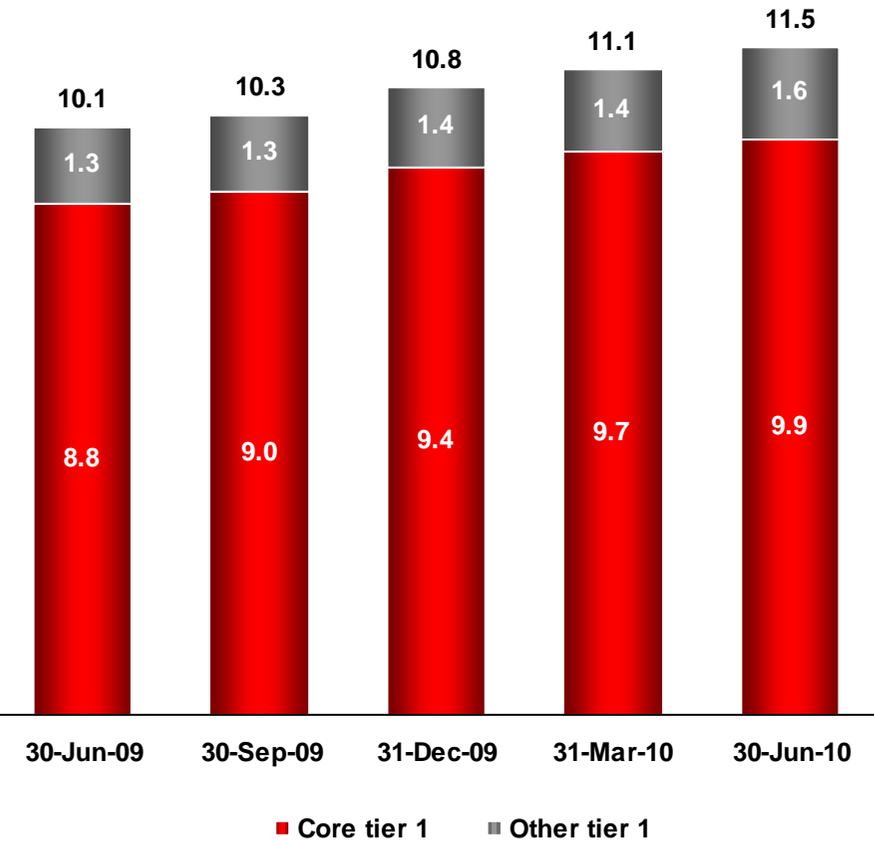
Movement in tier 1 capital
US\$bn



Risk-weighted assets
US\$bn



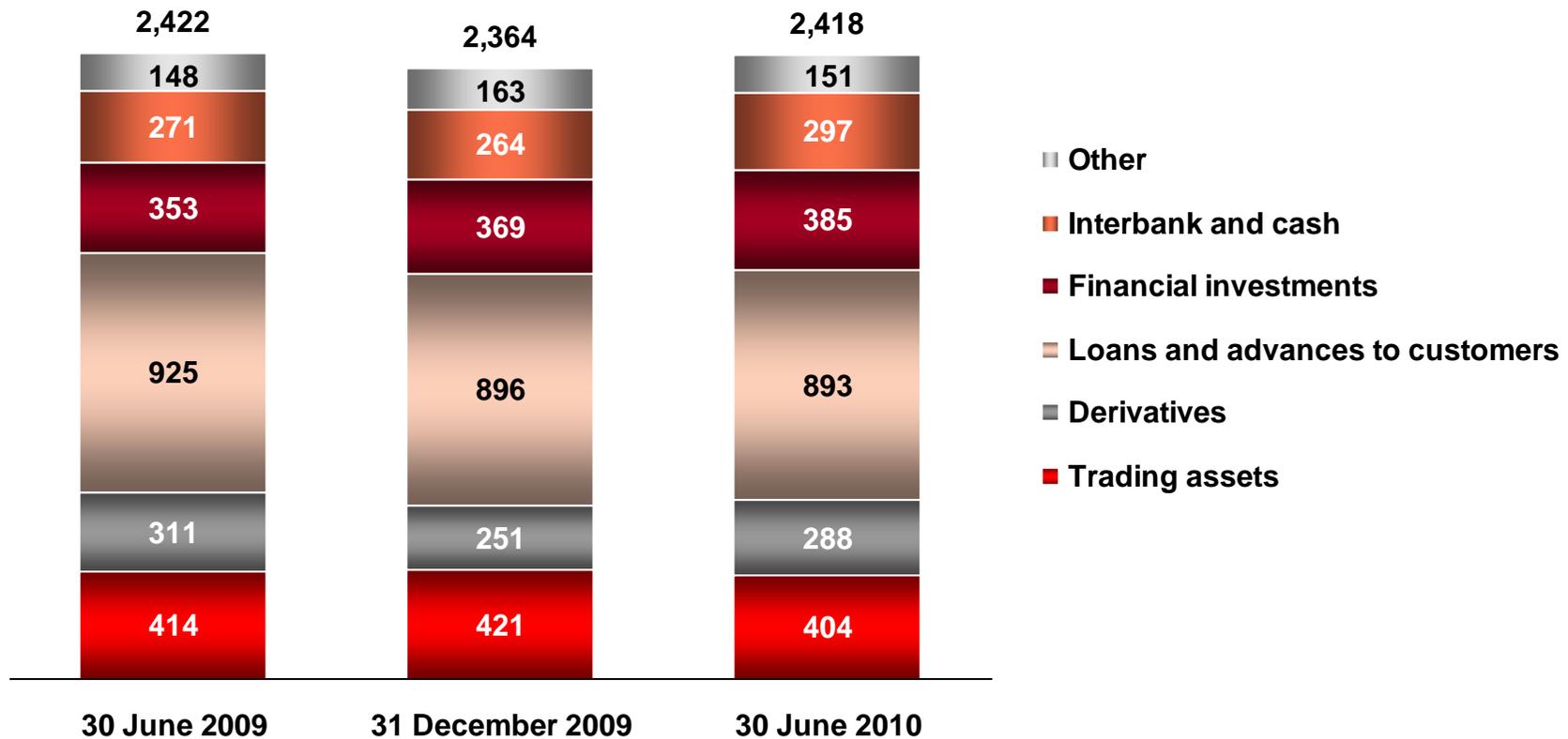
Tier 1 ratio (%)



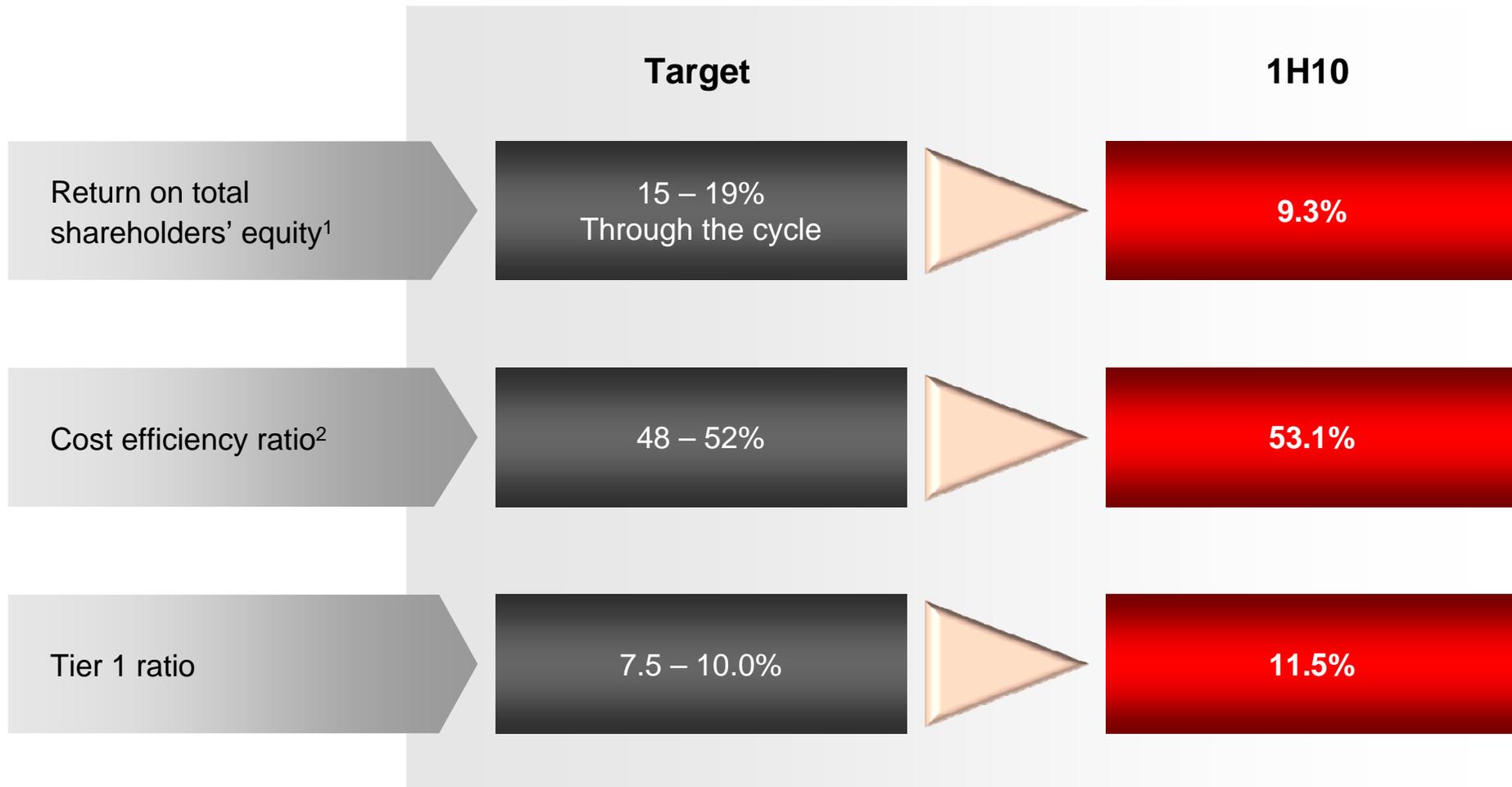
Managing balance sheet risk

Movement in Group consolidated assets

US\$bn



Moving to the benchmark targets



Notes:

- (1) Excludes change in FV of own debt designated at FV due to credit spread
- (2) Underlying basis

HSBC Bank plc

Strategy

Reflecting our position as 'The world's local bank'

Our strategy

Deliver superior growth and earnings over time by building on the Group's heritage, skills and investment

The group seeks to build mutually profitable relationships with all customers

Our tactics

Aim to leverage the HSBC brand and network to reach new customers and offer more services to existing customers

Maximise efficiency by taking advantage of local, regional and global economies of scale

Ensure staff engagement

Leverage the Group's global network, intelligence and capabilities to help customers to unlock the world's potential

Shaping our business

The Group has identified three main business models for its customer groups and global businesses that embody HSBC's areas of natural advantage:

- Businesses with international customers for whom developing markets connectivity is crucial – Global Banking and Markets, Private Banking, the large business segment of Commercial Banking and the mass affluent segment of Personal Financial Services;
- Businesses with local customers where efficiency can be enhanced through global scale – the small business segment of Commercial Banking and the mass market segment of Personal Financial Services; and
- Products where global scale can be achieved through building efficiency, expertise and brand awareness – global product platforms such as global transaction banking

HSBC Bank plc – positioned for sustainable success

Loan portfolio quality

Funding strength

Personal customer profile

International business

Group capabilities

Brand and People

Financial overview

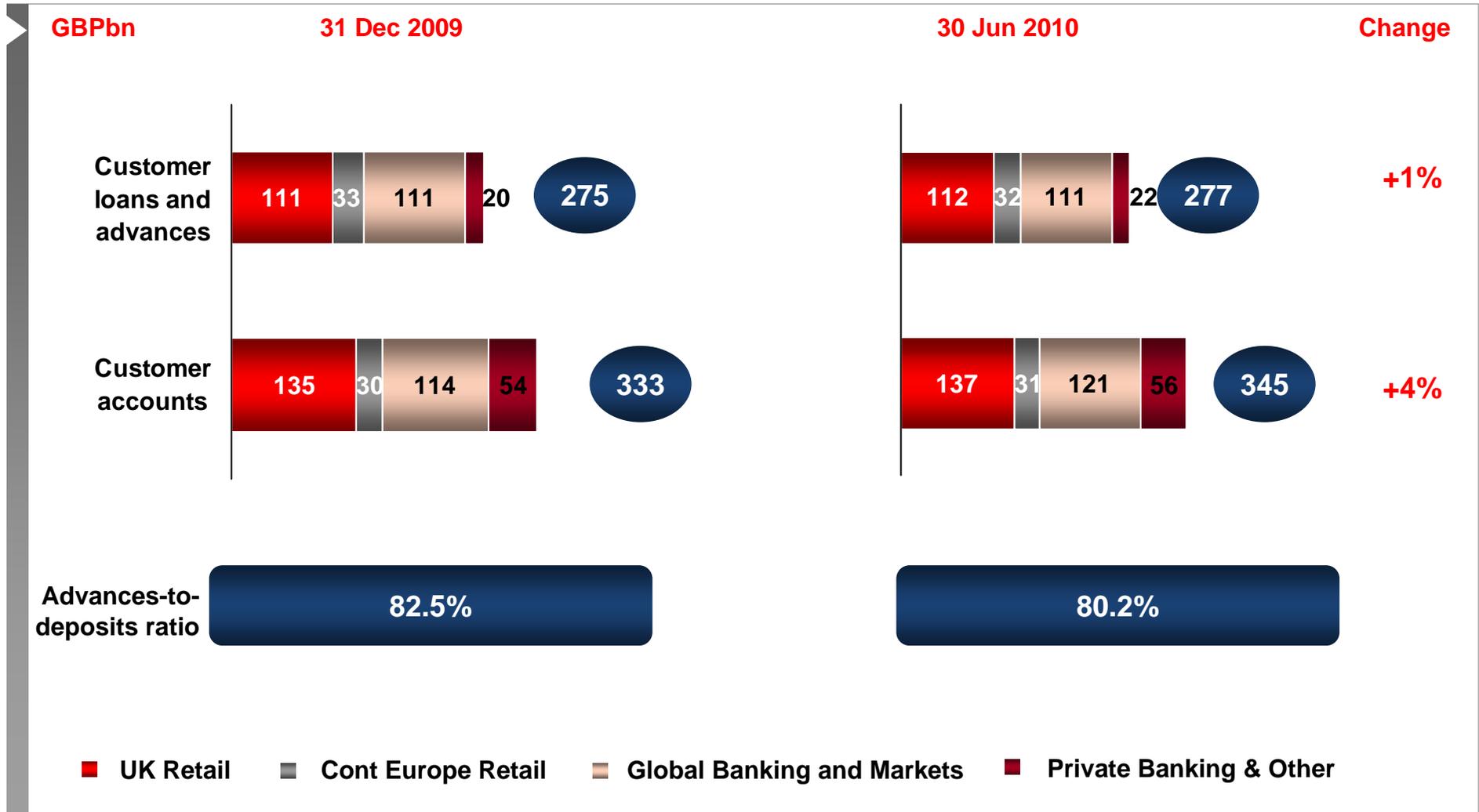
Summary of reported results

GBPm				% Better / (worse)	
	1H09	2H09	1H10	1H09	2H09
Income ex changes in FV of own debt due to credit spread	8,070	7,053	8,468	+5	+20
Loan impairment ¹ (LICs)	(1,795)	(1,569)	(940)	+48	+40
Operating expenses	(4,059)	(4,139)	(4,629)	(14)	(12)
Associates and joint ventures	14	-	4	n/m	n/m
Profit before tax, ex changes in FV of own debt due to credit spread	2,230	1,345	2,903	+30	+116
Changes in FV of own debt due to credit spread	128	311	(108)	n/m	n/m
Profit before tax	2,358	1,656	2,795	+19	+69
Profit after tax	1,842	1,316	2,036	+11	+55

Notes:

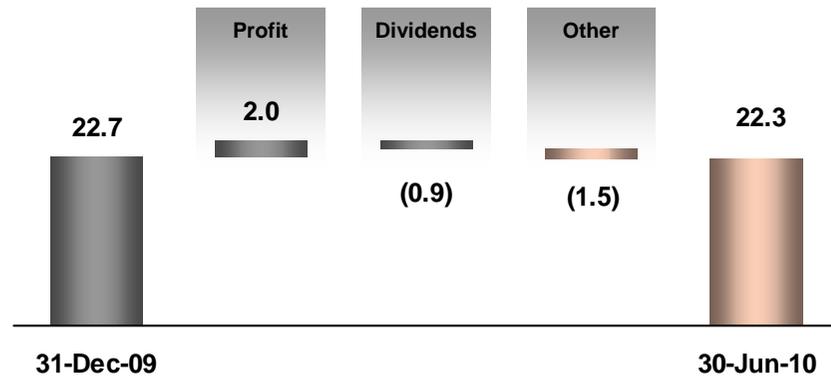
(1) Loan impairment charges and other credit risk provisions

Maintaining our funding strength

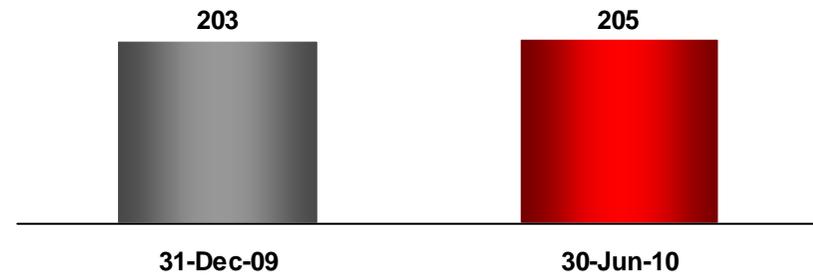


Further strengthening the capital base

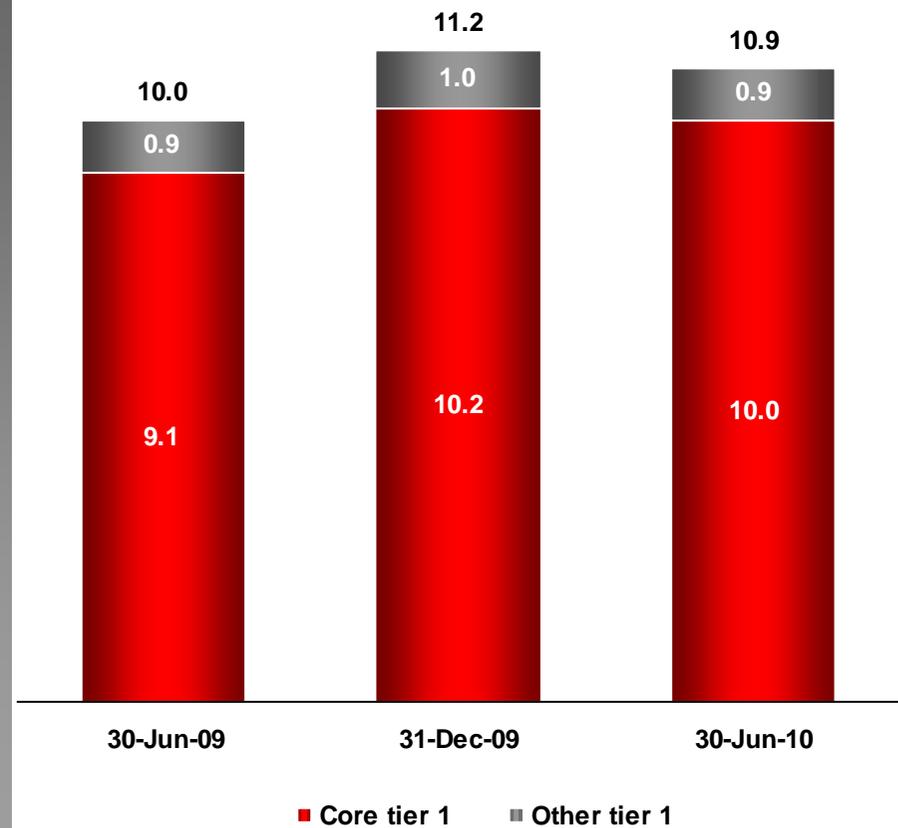
Movement in tier 1 capital
GBPbn



Risk-weighted assets
GBPbn



Tier 1 ratio (%)



Managing balance sheet risk

Movement in HSBC Bank plc consolidated assets

GBPbn

