

HSBC Holdings plc and HSBC Bank Canada

September 2010



Presentation to Fixed Income Investors

Disclaimer and forward-looking information

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HSBC Group

HSBC 
The world's local bank

Overview

History and development of HSBC

1865		Established in Hong Kong and Shanghai
Asia and Middle East		
1959		British Bank of the Middle East purchased
1965	Hong Kong	Acquired majority of Hang Seng Bank
1986	Australia	Established Hongkong Bank of Australia
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	Argentina	Acquired Banco Roberts
1997	Brazil	Assumed Banco Bamerindus do Brazil
2002	Mexico	Acquired 99.59% of Grupo Financiero Bital
2006	Panama	Purchased Grupo Banistmo
Europe		
1992	UK	Purchased Midland Bank plc
2000	France	Investment in 99.99% of CCF's equity
North America		
1981	Canada	Hongkong Bank of Canada established
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	US\$161bn
Total assets	US\$2,418,454 m
Total equity	US\$143,323m
Countries and territories	87
Offices	8,000
Staff numbers (FTE)	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

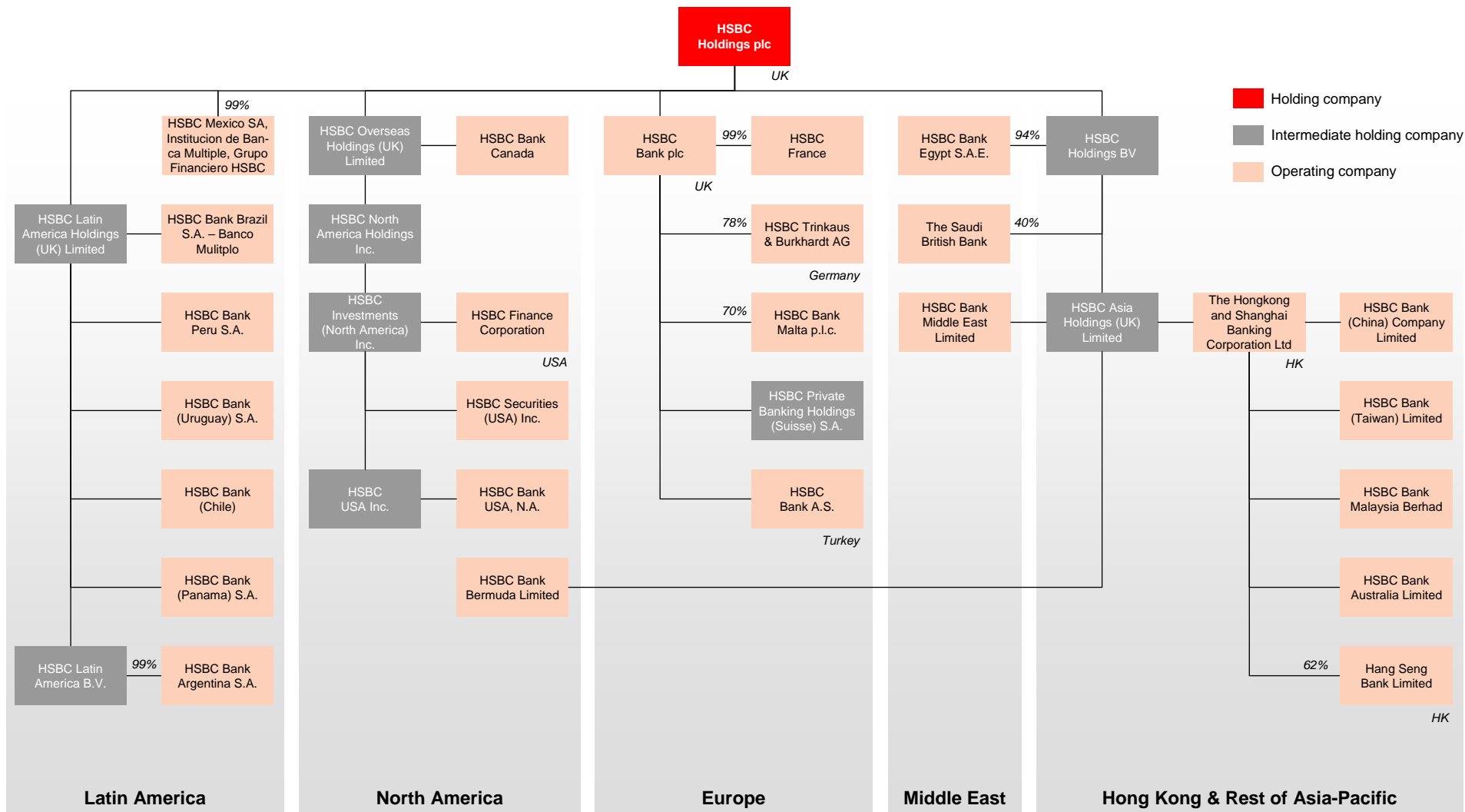
Global Trends

- 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

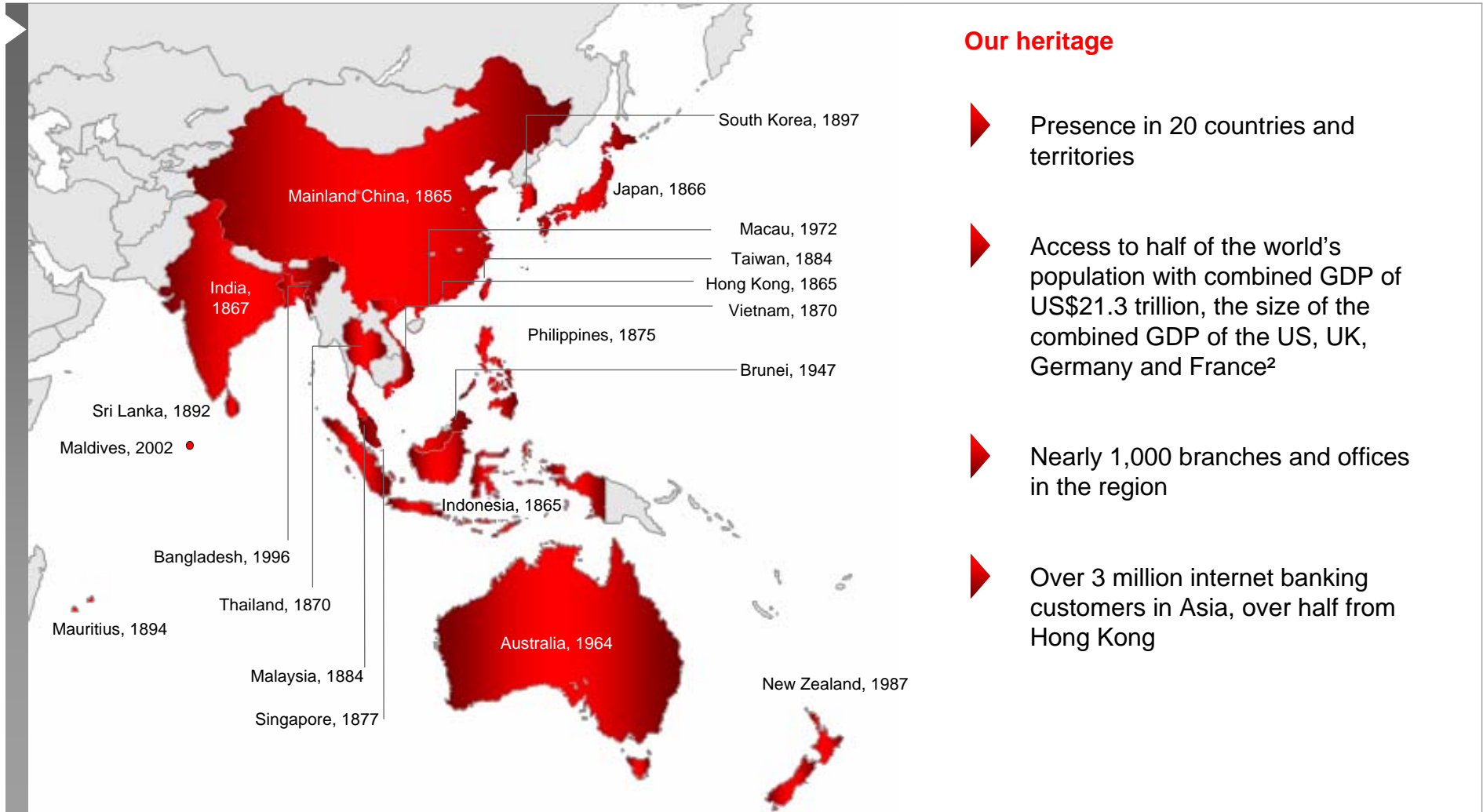
Simplified structure chart



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

IFRS

Financial overview

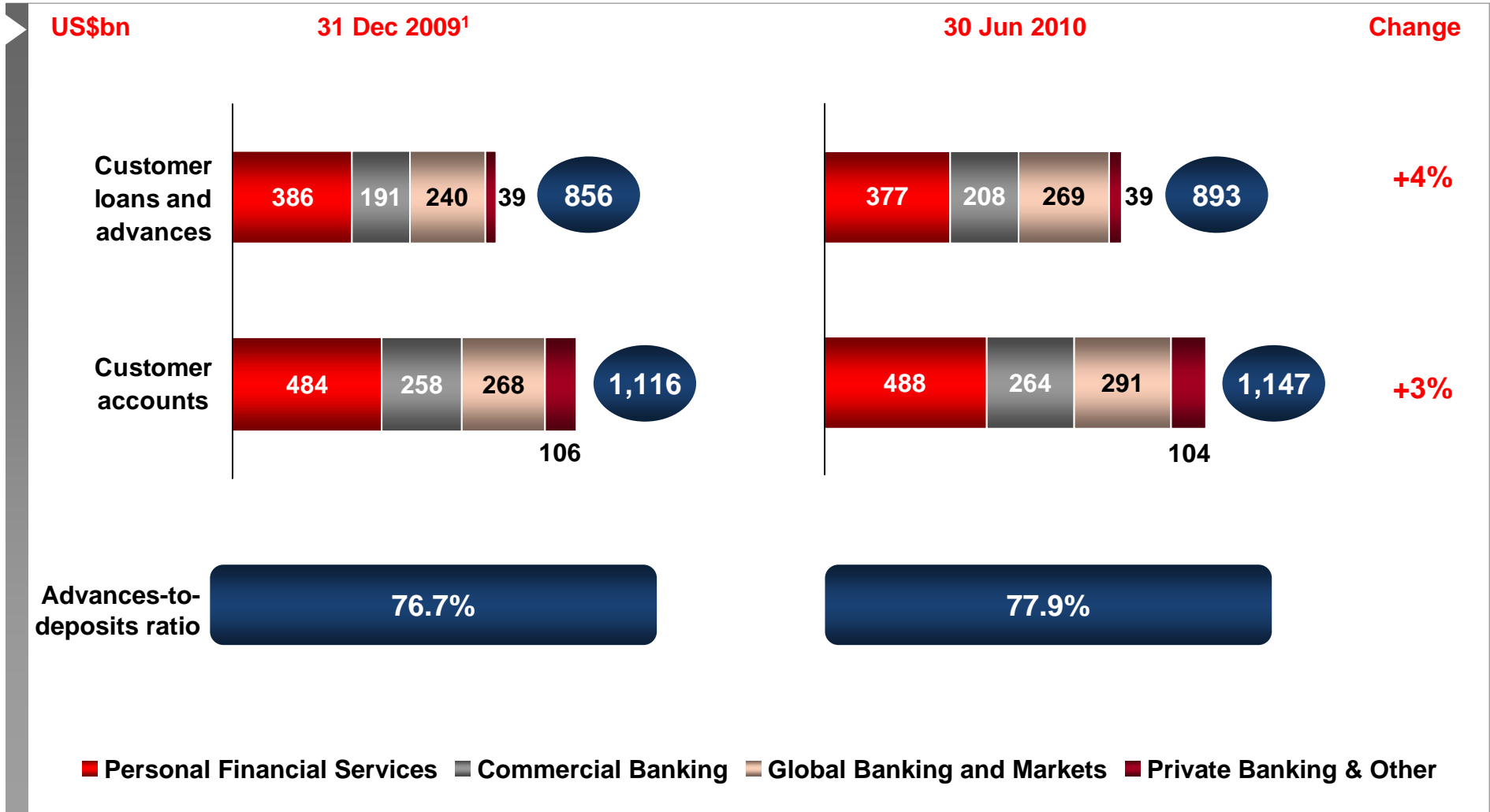
Summary of reported results

US\$m	1H09	2H09	1H10	% Better / (worse)	
				1H09	2H09
Income ex changes in FV of own debt due to credit spread	37,198	35,516	34,477	(7)	(3)
Loan impairment charges ¹	(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

Note:

(1) Loan impairment charges and other credit risk provisions

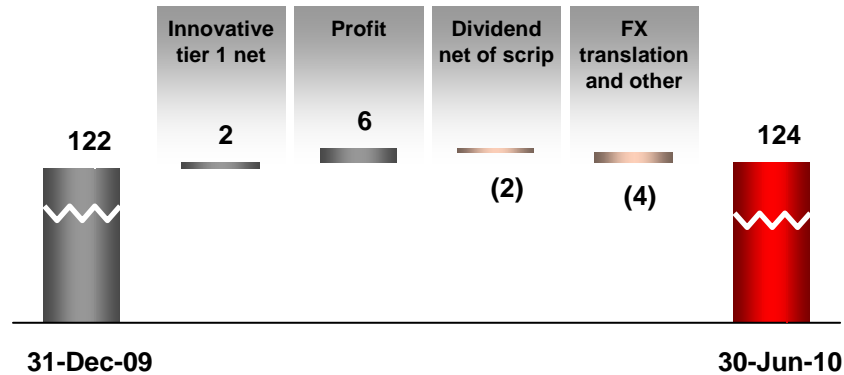
Maintaining our funding strength



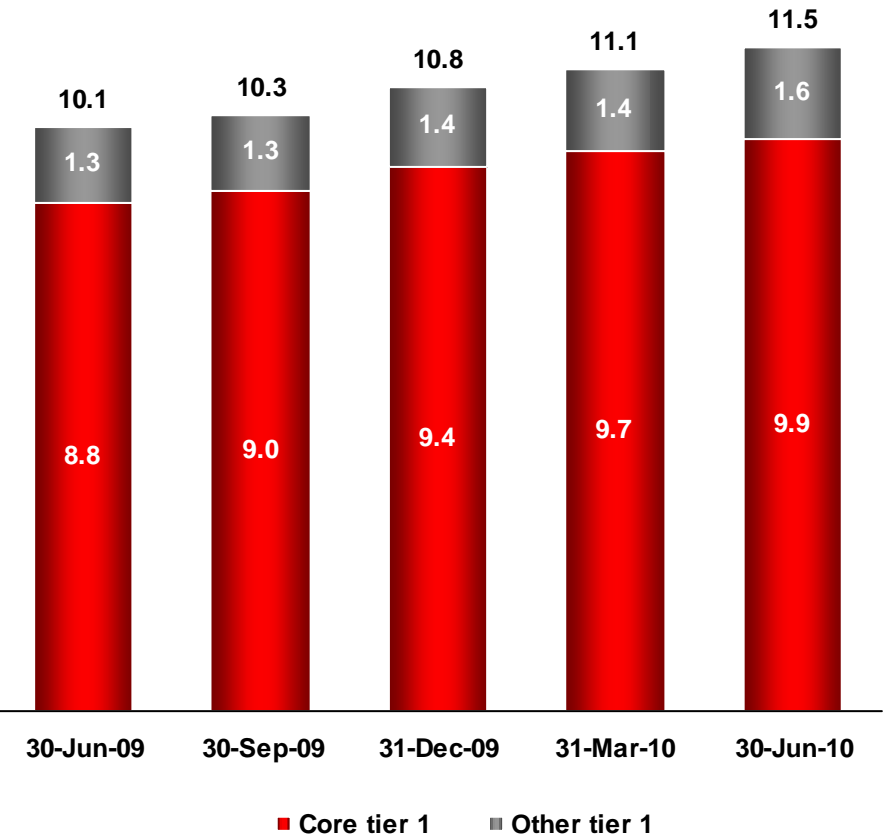
Note:
(1) Underlying basis

Further strengthening the capital base

Movement in tier 1 capital
US\$bn



Tier 1 ratio (%)

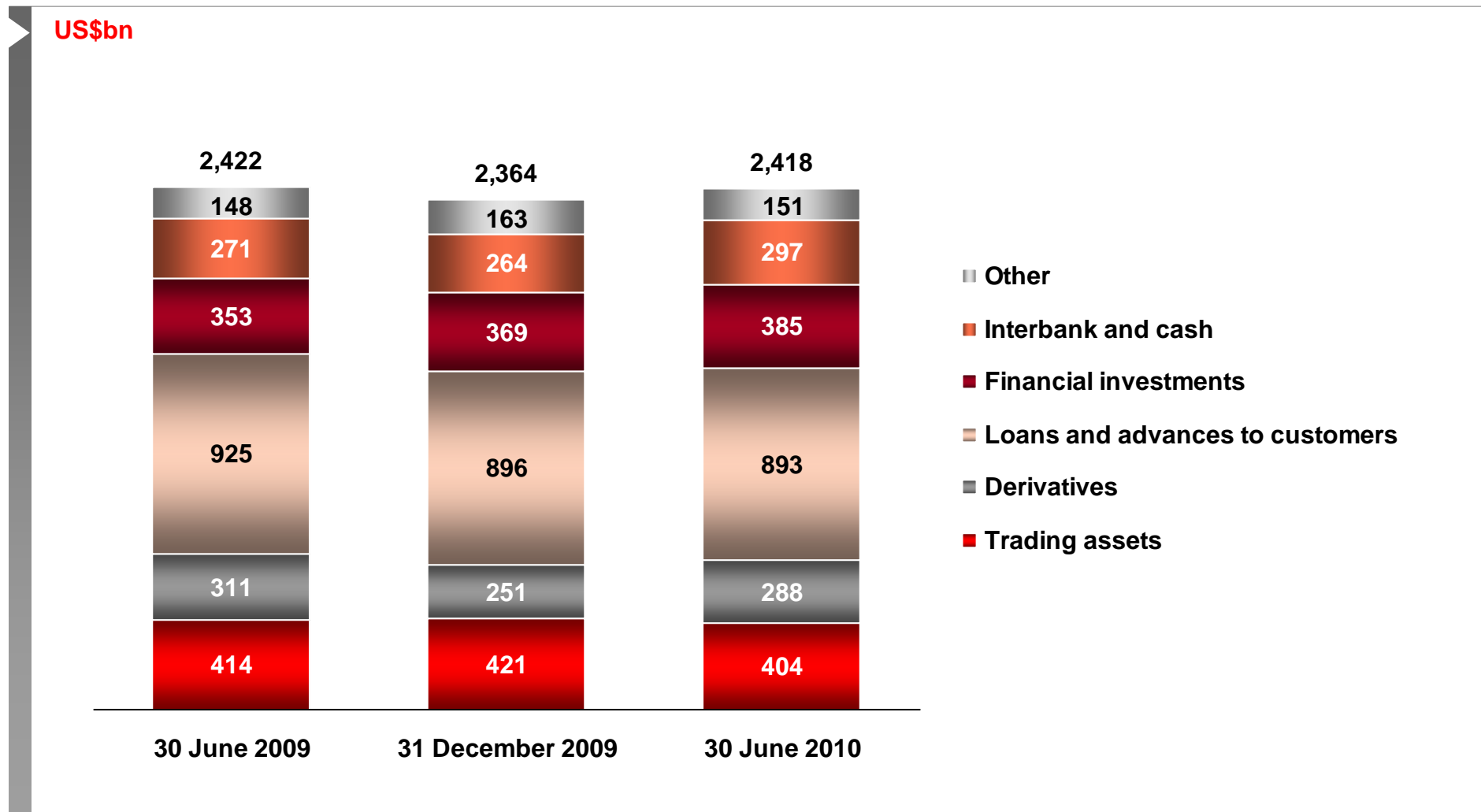


Risk-weighted assets
US\$bn

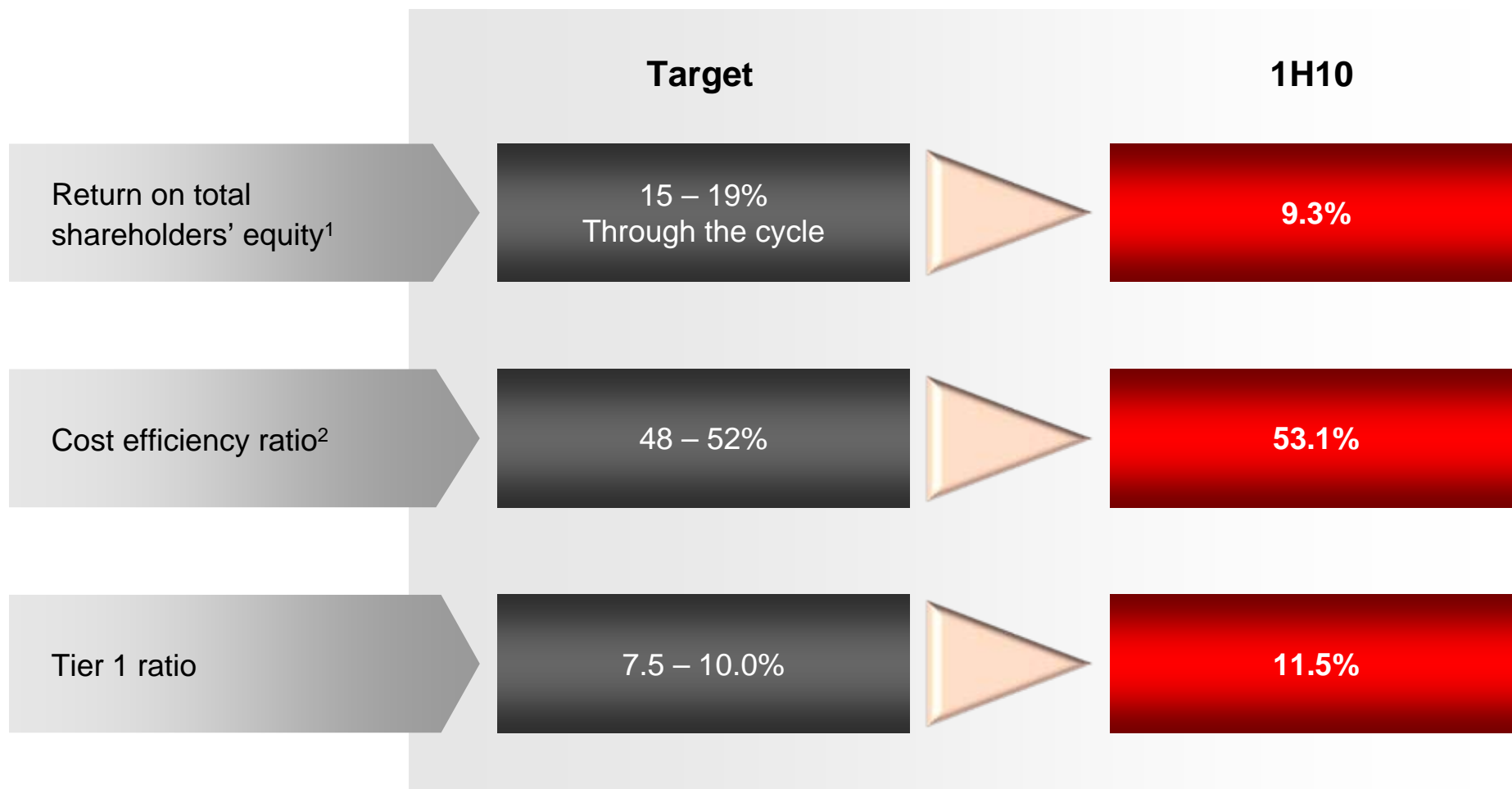


Managing balance sheet risk

Movement in Group consolidated assets



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 Canada

Overview

Largest international bank in Canada

History and development of HSBC Bank Canada

- 1981 **Incorporated Hongkong Bank of Canada**
- 1999 **Renamed HSBC Bank Canada**
- Banking**
- 1986 **Assumed Bank of British Columbia**
- 1988 **Acquired Midland Bank Canada**
- 1989 **Acquired Lloyds Bank Canada**
- 1993 **Acquired ANZ Bank Canada**
- 1996 **Acquired Barclays Bank of Canada**
- 1998 **Acquired National Westminster Bank of Canada**
- 2000 **Acquired Republic National Bank of New York (Canada)**
- 2001 **Acquired CCF Canada**
- 2004 **Acquired Intesa Bank Canada**
- Securities**
- 1995 **Established HSBC InvestDirect**
- 1995 **Acquired HSBC James Capel Canada Inc**
- 1998 **Acquired Moss, Lawson & Co. Limited**
- 1999 **Acquired Gordon Capital Corporation**
- Other**
- 1995 **Acquired Metropolitan Trust Company of Canada**
- 1996 **Acquired M.K. Wong & Associates Ltd**
- 2008 **Acquired HSBC Financial Corporation Limited**

HSBC Bank Canada at 30 June 2010

Total assets	C\$71,494m
Total shareholders' equity	C\$4,516m
Assets under administration	C\$37,425m
Offices & branches	260+
Provinces	All
Staff (FTE)	7,000+
Customers	1m+

Principal Subsidiaries

HSBC Securities (Canada) Inc

Brokerage

HSBC Global Asset Management (Canada) Limited

Portfolio manager & investment counsellor

HSBC Investment Funds (Canada) Inc.

Mutual fund dealer

HSBC Trust Company (Canada)

Trust services

HSBC Financial Corporation Limited

Consumer loans

Strategy

To be the leading international financial services company in Canada

No Canadian bank has HSBC's international presence
No international bank has HSBC's presence in Canada

Commercial Banking

- Best Bank for international business
- Best Bank for small business banking
- Grow existing substantial position in domestic commercial mid market

Global Banking & Markets

- Global partner for global clients
- Local products distributed globally
- Global products distributed locally

Personal Financial Services

- Target internationally minded mass affluent: Premier & Advance
- Focus on driving core deposits and building Wealth Management capabilities

Key initiatives

Commercial Banking

- Establish country teams for North America focused on major trading partners to improve our position as Canada's top international bank
- Leverage Business Direct to serve the micro segment through a more cost effective channel
- Establish Global Banking & Markets specialist roles regionally to drive sale of GB&M products to CMB customers

Global Banking & Markets

- Leverage cross-border DCM, fixed-income and hedging capabilities with Canadian-based resource companies and the large public pension plans
- Fund Canadian operations and support the HSBC name in Canadian marketplace

Personal Financial Services

- Grow Premier and Advance propositions, focused on internationally minded mass affluent
- Provide a holistic Wealth Management proposition through diversified channels
- Complement branch channel with multi-channel offering to deliver our propositions to lower value customers via the internet

Supported by

- One HSBC – to create one product architecture to bring global scale
- Increasing use of Global Service Centres
- Brand development – jet bridges at Toronto and Vancouver airports branded; *BUSINESS without BORDERS*

HSBC Bank Canada Financial Performance, 1H10

Canadian GAAP

Financial overview

Summary of reported results

C\$m	1H09	2H09	1H10	% Better / (worse)	
				1H09	2H09
Income ex MTM ¹	1,235	1,272	1,347	+9	+6
Loan impairment charges	(287)	(228)	(129)	+55	+43
Operating expenses	(666)	(657)	(688)	(3)	(5)
Profit before tax, ex MTM	282	387	530	+88	+37
MTM	49	20	(137)	n/m	n/m
Profit before tax	331	407	393	+19	(3)
Profit after tax	225	280	266	+18	(5)
Cost efficiency ratio ex MTM	53.9%	51.7%	51.1%	+2.8% ²	+0.6% ²

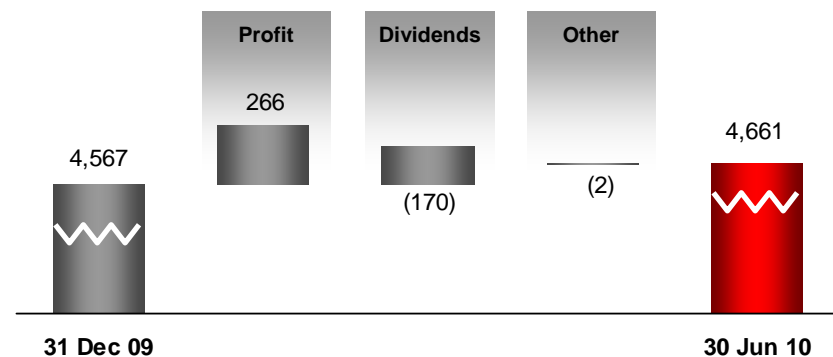
Notes:

- (1) MTM (mark-to-market accounting gains, net) includes impact of fair value accounting on economic hedges, US\$ denominated assets and liabilities and a portion of our own debt held at fair value from which no economic gain or loss has occurred
- (2) Percentage point change
- (3) Certain prior period amounts have been reclassified to conform with the current period classification.

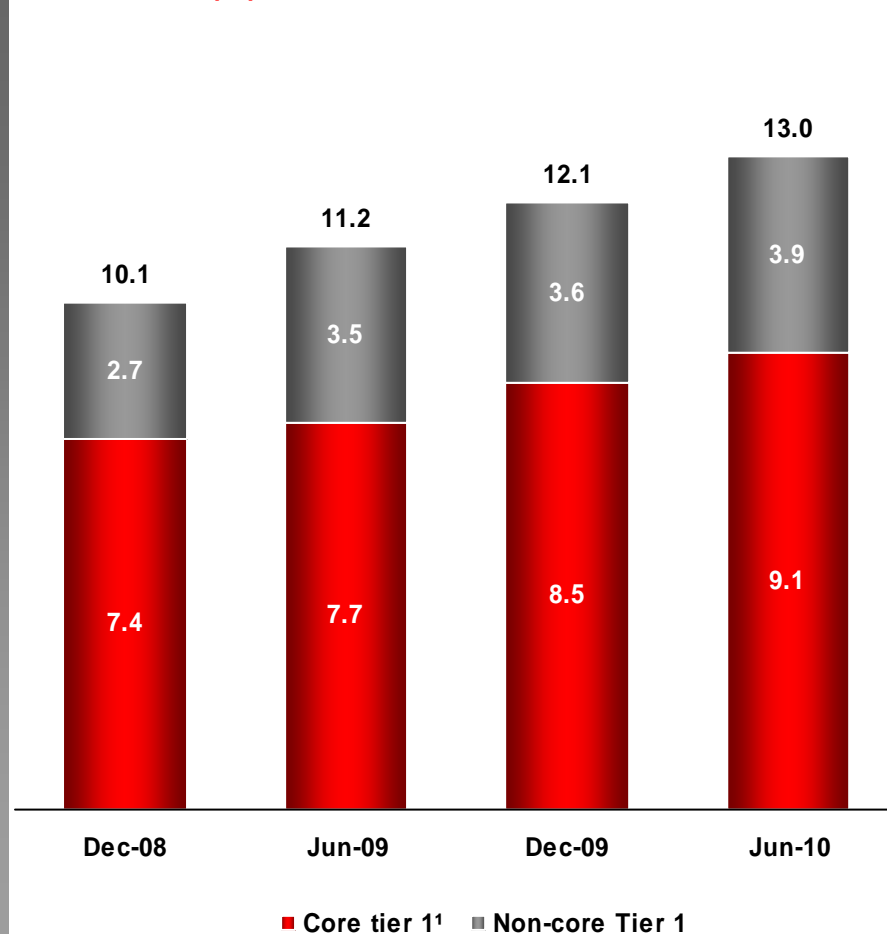
HSBC Bank Canada – Capital strength

Continue to generate capital internally

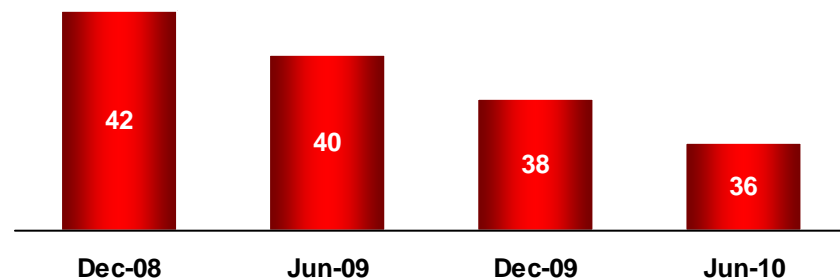
Movement in tier 1 capital
C\$m



Tier 1 ratio (%)



Risk-weighted assets
C\$bn

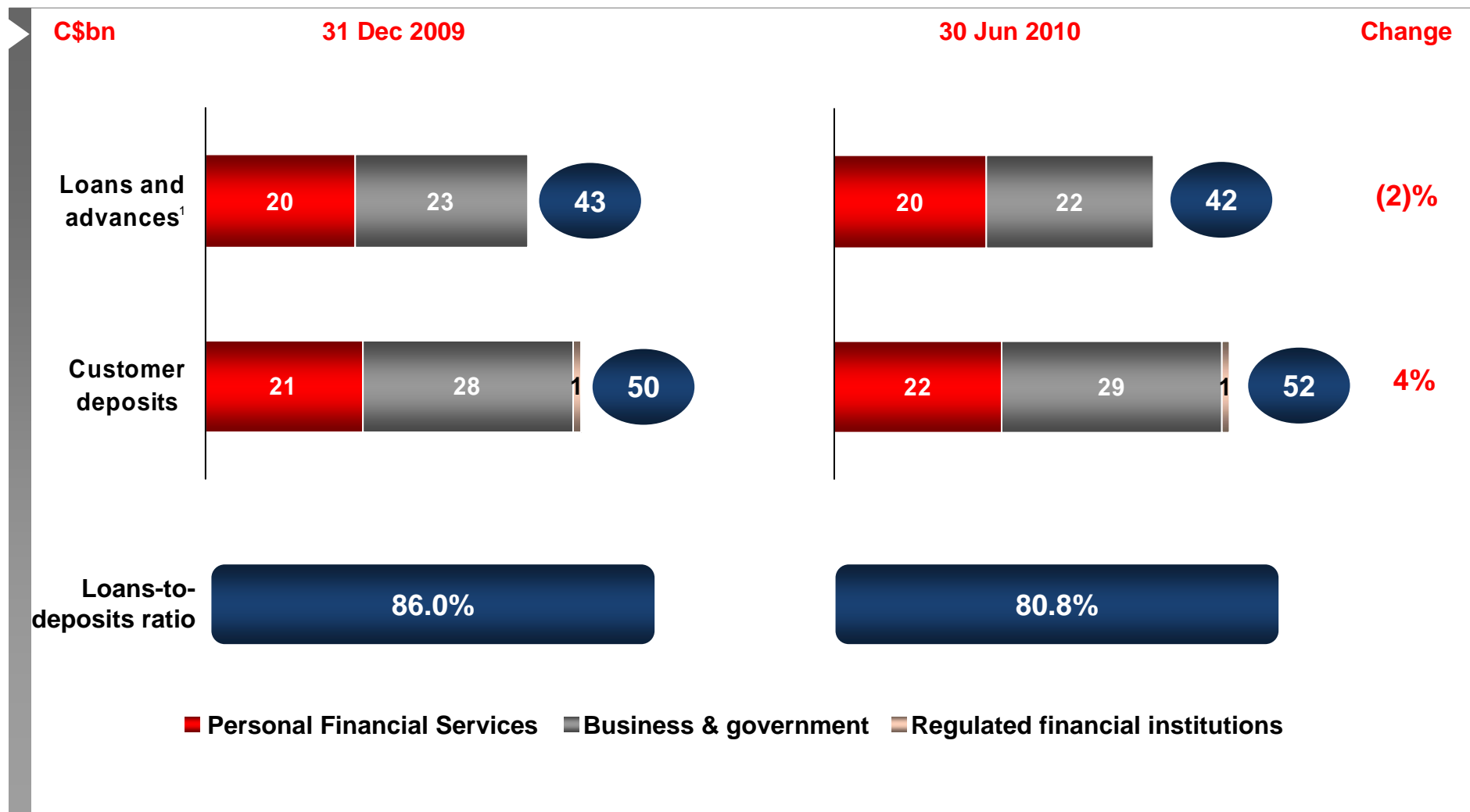


Note:

(1) Core tier 1 capital represents tier 1 capital excluding preferred shares and non-controlling interest in subsidiary and trust

HSBC Bank Canada – Funding

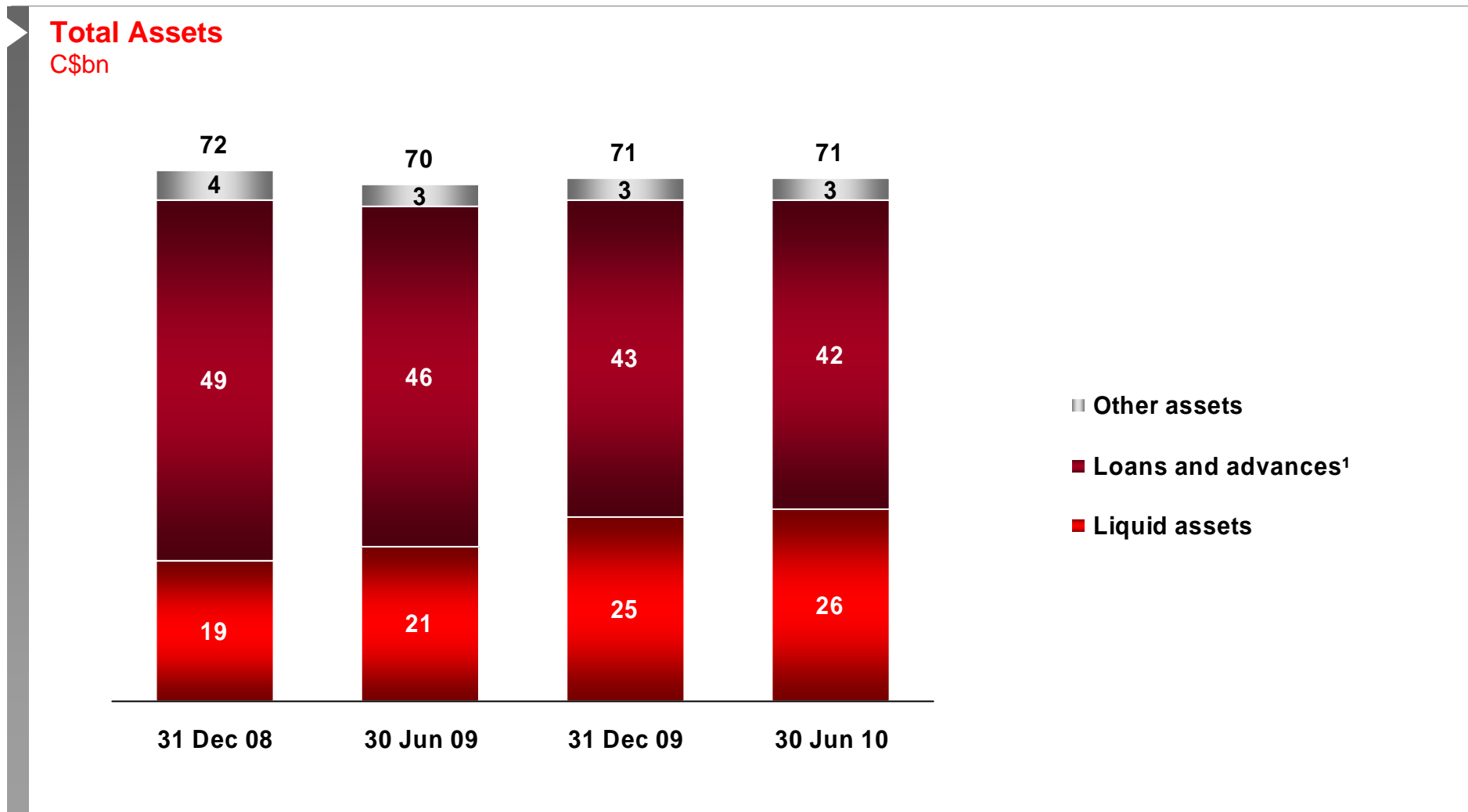
Loans and advances fully funded by deposits



Note:
 (1) Including bankers acceptances

HSBC Bank Canada – Managing balance sheet risk

Strong levels of liquidity through the credit crisis



Note:

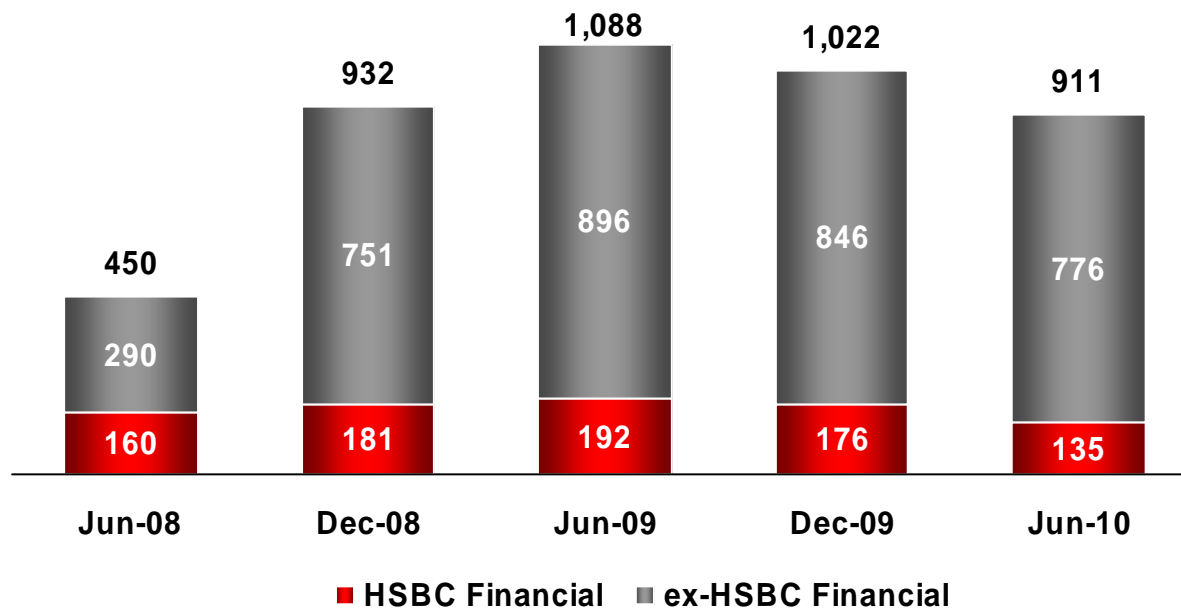
(1) Including bankers acceptances

HSBC Bank Canada – Strong credit quality

Improving trend in impaired credit exposures

Impaired credit exposures

C\$m



Impaired credit exposures as a percentage of gross loans and advances ¹	Total	Jun-08	Dec-08	Jun-09	Dec-09	Jun-10
	ex-HSBC Financial	0.6%	1.7%	2.1%	2.1%	1.9%

Note:

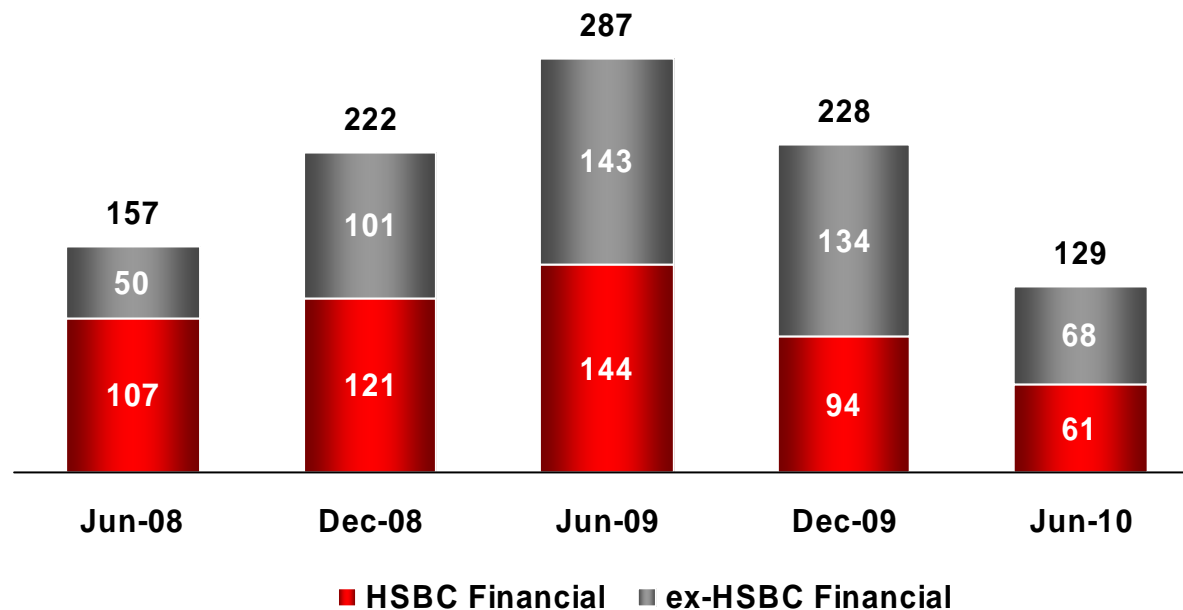
(1) Including bankers acceptances

HSBC Bank Canada – Loan impairment charges declining

Improving trend in all businesses

Loan impairment charges¹

C\$m



Loan impairment charges as a percentage of gross loans and advances ²	Total	Jun-08	Dec-08	Jun-09	Dec-09	Jun-10
	ex-HSBC Financial		0.21%	0.44%	0.66%	0.66%
		0.61%	0.90%	1.23%	1.04%	0.60%

Note:

(1) Half year periods

(2) Annualised basis including bankers acceptances

HSBC Bank Canada

- Core component of HSBC strategy
- Resilient profit history, even through credit crisis
- Favourable credit loss provisions
- Low cost producer
- Strong balance sheet and liquidity
- Robust leverage and capital ratios (including core)
- AA long term ratings from DBRS and Standard & Poor's
- Unique business proposition

