

HSBC Holdings plc

Alan Keir

Global Co-Head, Commercial Banking



The world's local bank

Commercial Banking



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.

Delivering growth



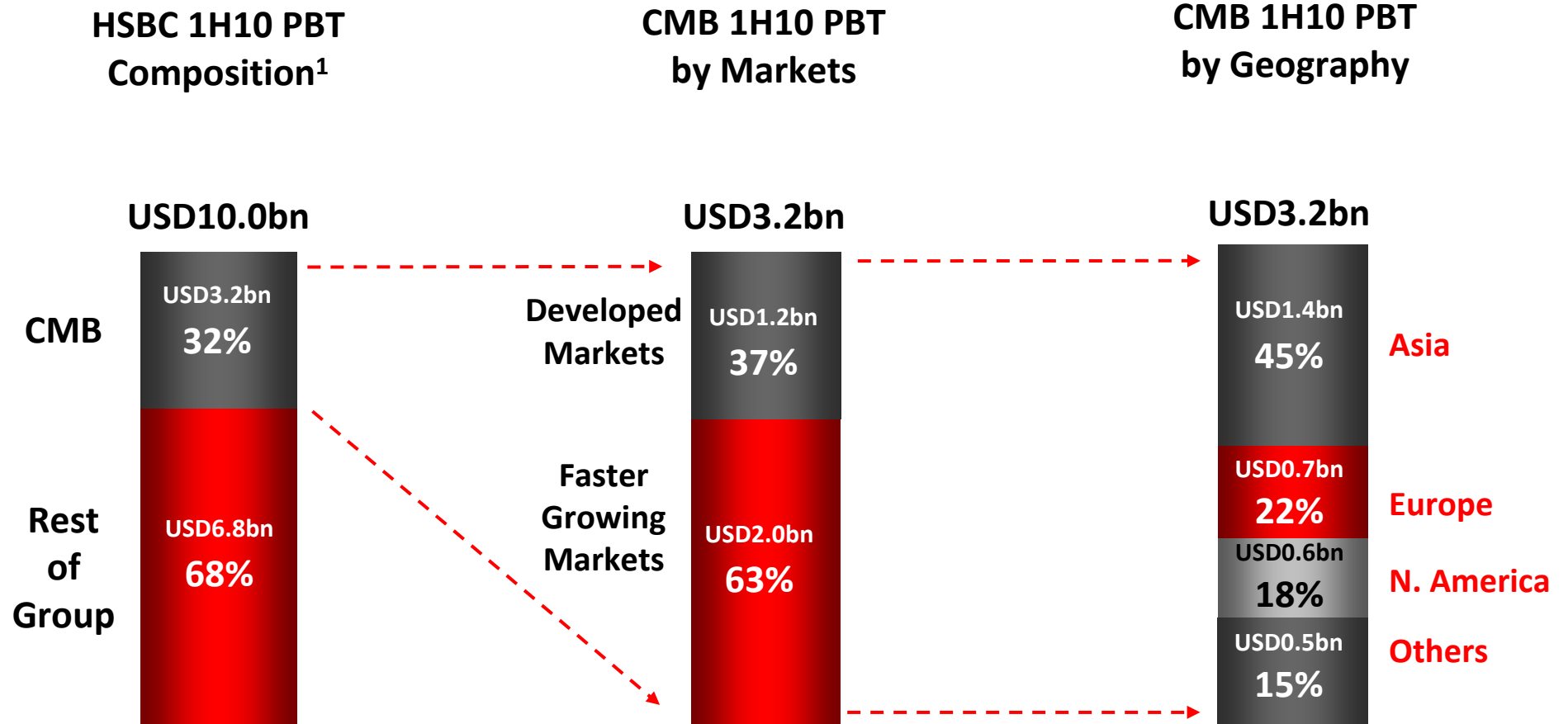
Financial highlights

Strongly Improved Performance

		1H09		1H10
Underlying Revenue	Steady Growth	USD6,289m	+5%	USD6,597m
Underlying PBT	Strong increase	USD2,202m	+40%	USD3,074m
Underlying Cost Efficiency Ratio	Better than peer group range	45.0%	-4.3%	49.3%
Underlying LIC as % of average advances	Normalized back to historical low	1.6%	+90bp	0.7%
AD Ratio	Self-funded global business	82.9%	+4.1pp	78.8%

Commercial Banking (CMB) contribution to HSBC

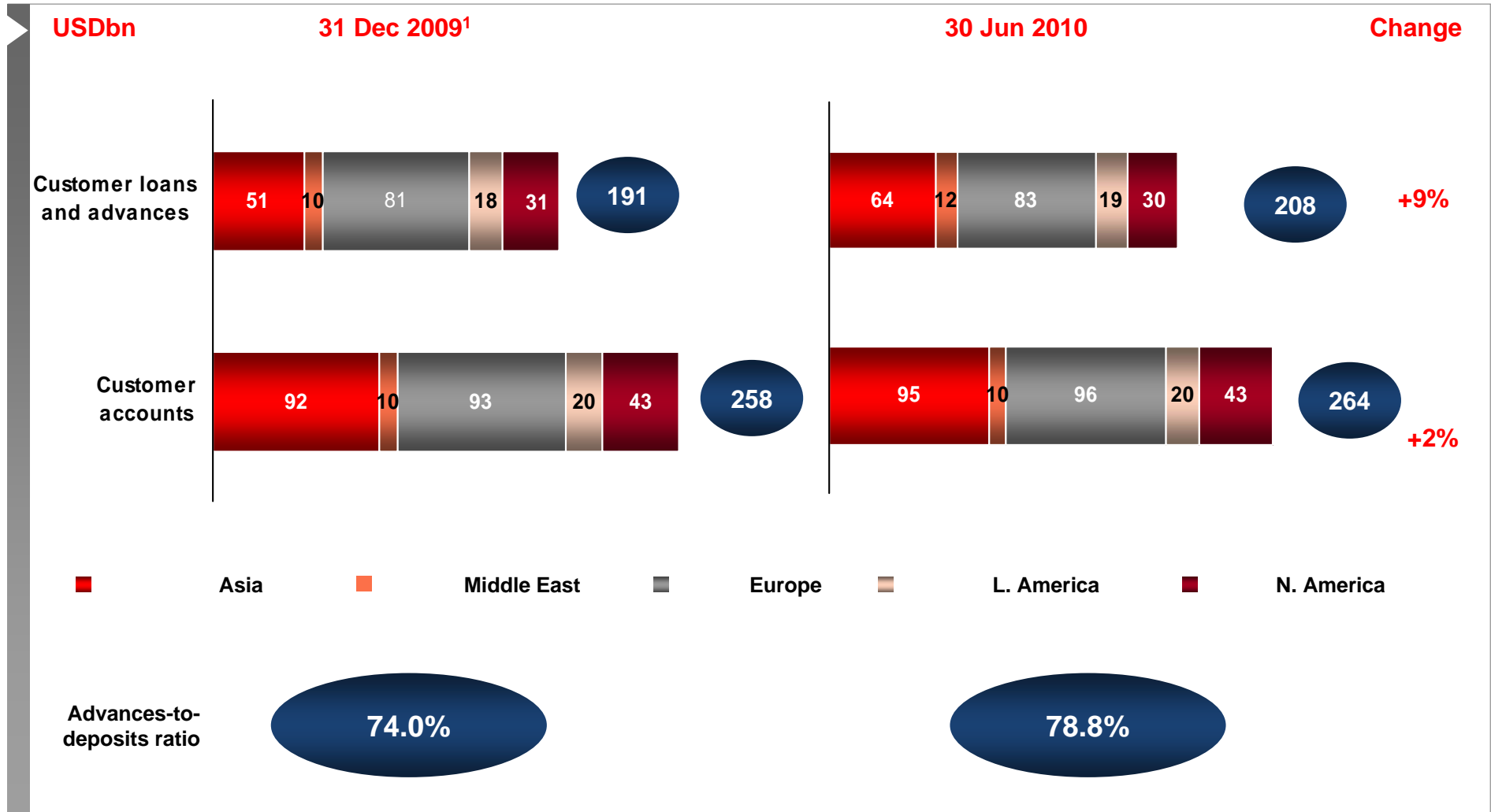
63 Countries and Territories



Note
 (1) On a Reported Basis excluding Fair Value of own debt

Funding strength

Core to our Banking Philosophy

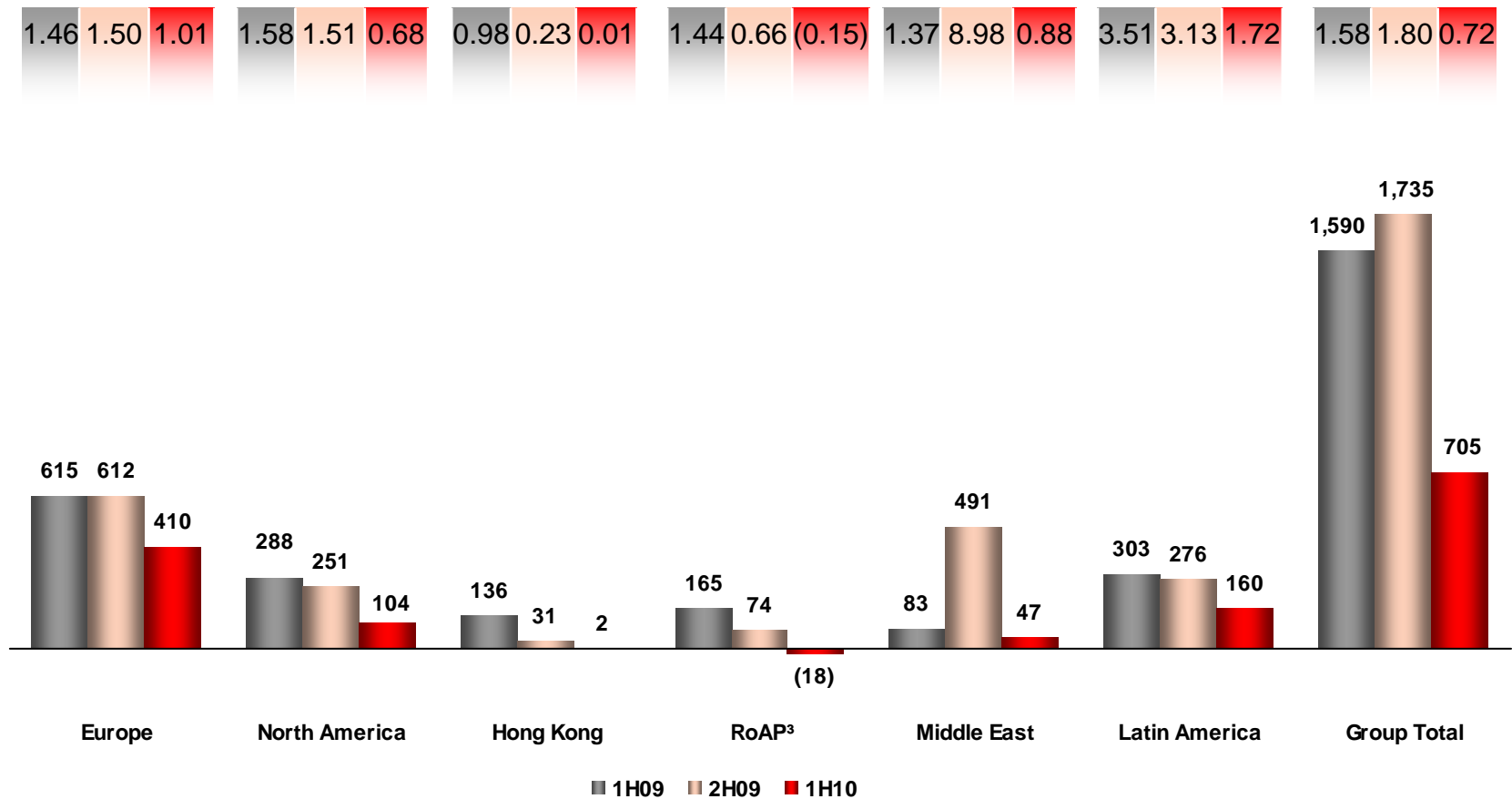


Note:
(1) Underlying basis

Credit quality strongly improved

Loan impairment charges and other credit risk provisions¹ USDm

LIC as %
of average
advances²



Notes:

- (1) LICs for 1H09 and 2H09 on an underlying basis
- (2) LICs as a % of average advances on a net basis
- (3) Rest of Asia-Pacific

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

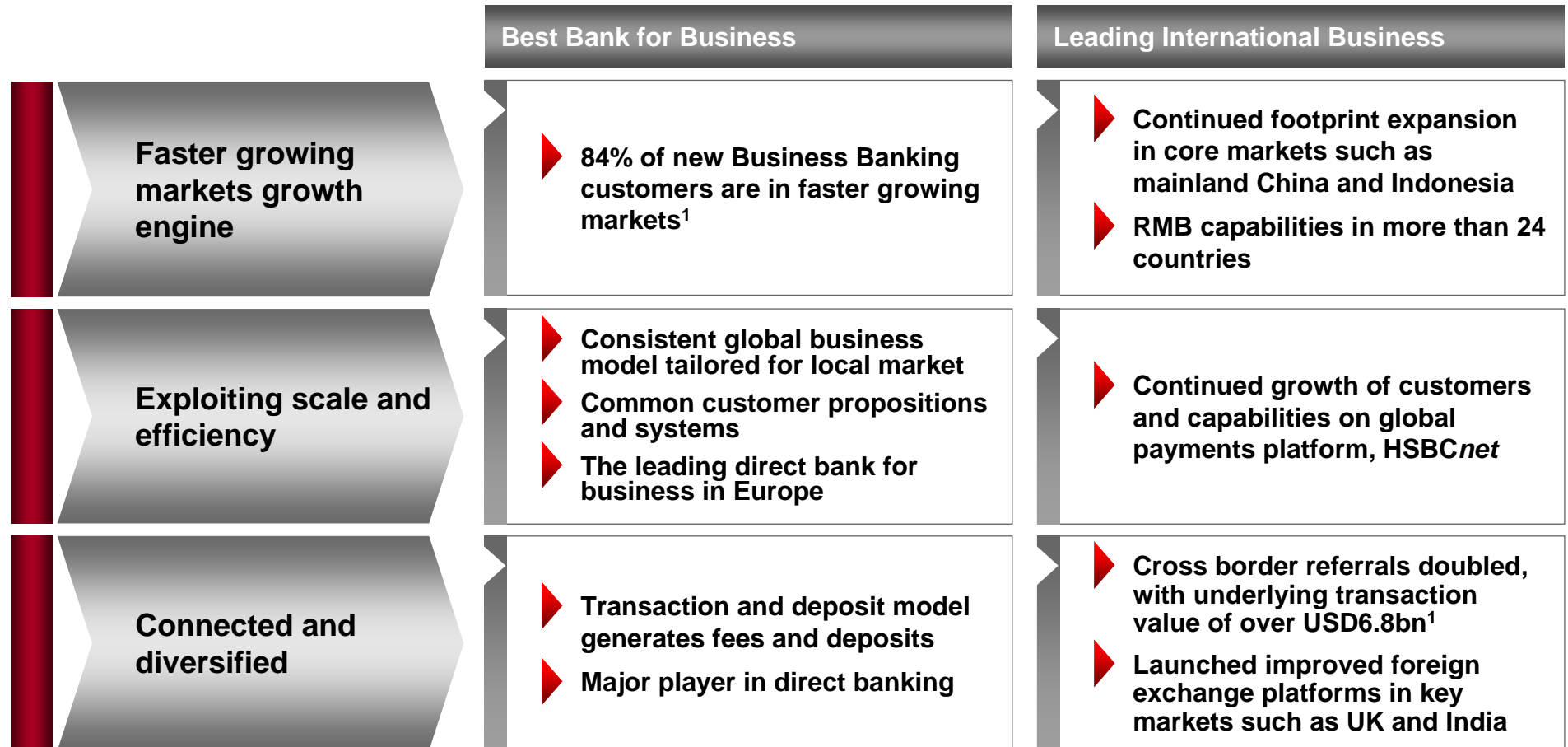
Operational transformation

OneHSBC

People engagement

Financial strength and brand

Executing our strategy



Notes:
(1) During 1H10

Opportunity: Strong position in Europe



A diverse region with continuous potential

- 28% of the world's GDP with only 12% of the world population²
- Unique mix of developed and faster growing countries
- Largest trade hub in the world³ (over 40% of world trade)
- Largest single trade partner for China⁴
 - China is Europe's fastest growing export partner (EUR80bn in 2009, ↑ 60% since 2005)⁵
- **By 2015 Europe will be:**
 - second largest GDP producer behind Asia⁶
 - second highest GDP per capita, behind North America⁷
 - the biggest region globally for consumer expenditure⁸

Note:

- (1) As at 30 June 2010
- (2) IMF World Economic Database, 2009
- (3) WTO, 2009
- (4) www.newsweek.com ("China's New Best Partner, 18th Sept 2010)
- (5) European Commission, June 2010 (<http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/china>)
- (6) IMF World Economic Database, 2009
- (7) IMF World Economic Database, 2009
- (8) Euromonitor Consumer Expenditure Report, 2009

Commercial Banking Europe footprint¹

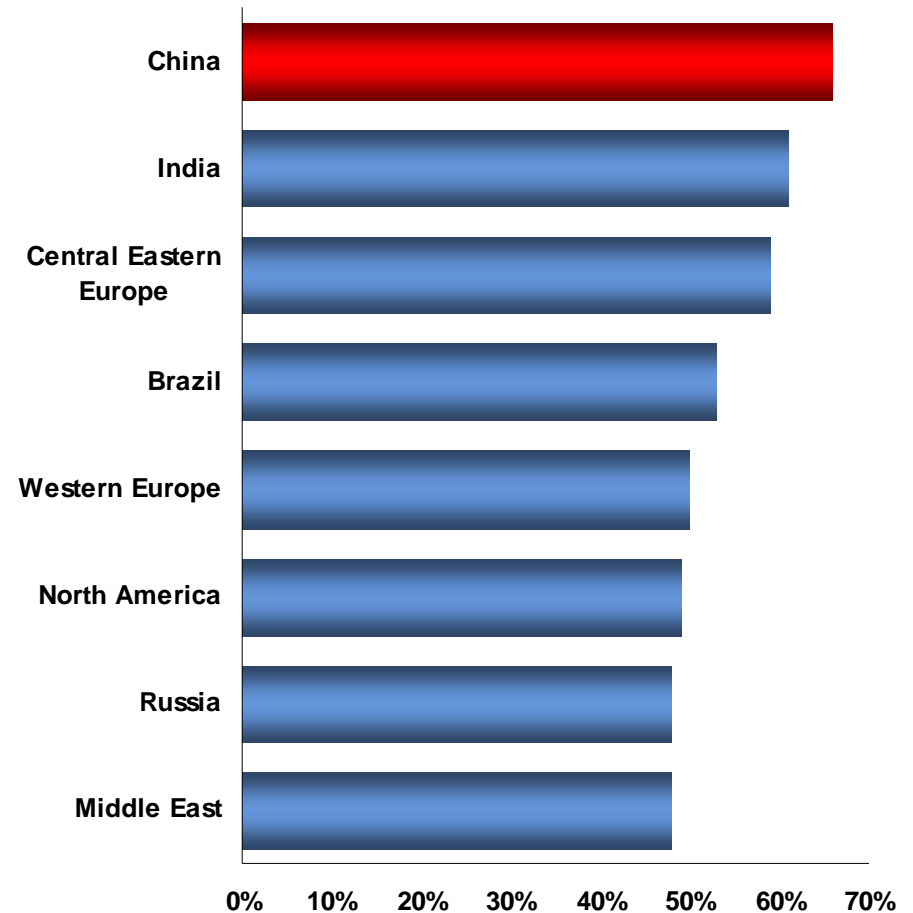
- ▶ 2,263 branches and offices spanning 16 developed and faster growing markets
- ▶ Over 1.5 million customers
- ▶ Support international trade for 140+ years



Europe strongly positioned to capitalize on foreign direct investment (FDI) flows...

- ▶ **Globally, FDI flows decreased in 2009, but EU direct investment in China and India remained steady during period¹**
- ▶ **Despite credit crisis, Western Europe's attractiveness for FDI continued to grow by 5% between 2008 and 2010²**
- ▶ **Over the coming 3 years, CEE and Western Europe will continue to attract inbound investment**
- ▶ **CMB Europe is well positioned to capitalize on forecasted outflows to China & India¹**

Most attractive regions for FDI over the next three years²



Note:

- (1) Eurostat, Statistics in Focus Issue 29/2010
- (2) Ernst & Young's 2010 European Attractiveness Survey

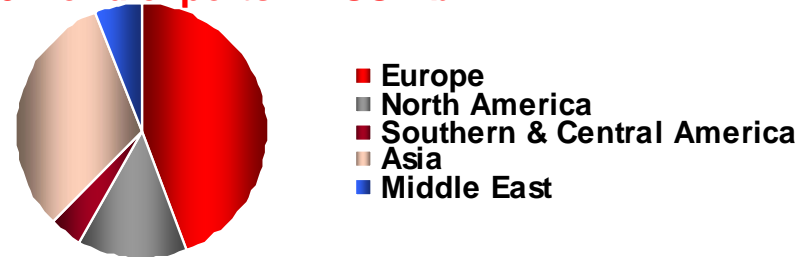
...while remaining a powerhouse in world trade

- First trade partner in the world in 2009 with 41% of world trade in exports

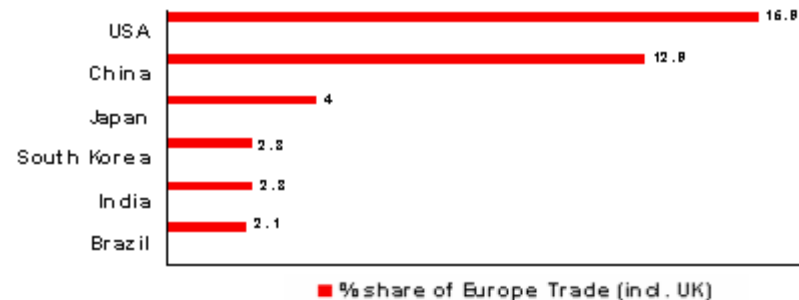
- First trade partner in the world in 2009 with 42% of world trade in imports

- Several of Europe's top trade partners are strategically important countries for HSBC²

2009 world exports¹ in USD bn

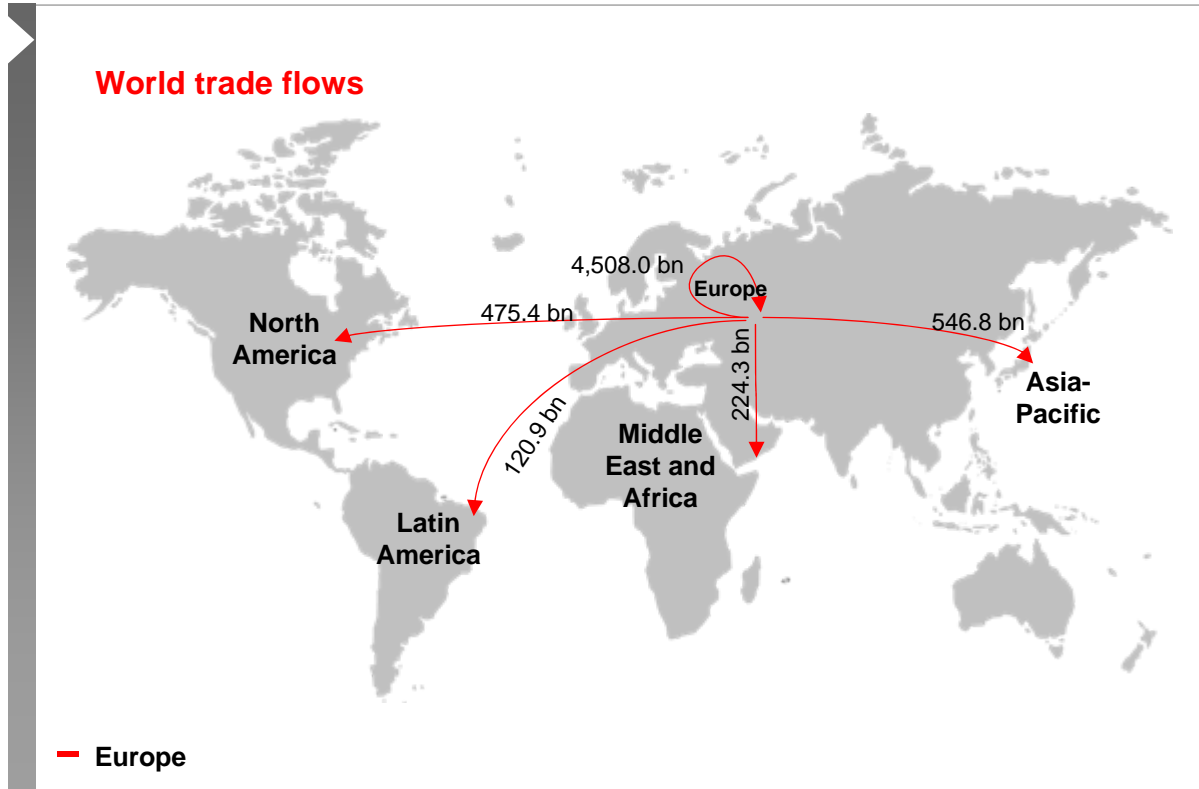


2009 world imports¹ in USD bn



Note:
(1) WTO, 2009
(2) DG Trade Report (July 2010), European Trade Commission 2009

HSBC positioned to capture the Europe opportunity



Source: International Trade Centre (WTO, UN)

HSBC tapping into global trends:

- ▶ Trade flows to grow at a significantly higher pace than GDP¹
- ▶ Trade and Supply Chain transaction volume and value grew by 17% and 21% respectively² year on year
- ▶ Promoting LIB strategy by expanding Trade and Supply Chain in priority markets: UK, Germany, Turkey
- ▶ Leader in Trade and Supply Chain³
 - ▶ Best Global Trade Finance Bank 2009
 - ▶ Best Trade Finance Provider in UK 2006-2010

Note:
(1) HSBC Global Research, Global Economics, Q2 2010
(2) Data does not include France
(3) Global Trade Review Magazine (volume 8/ issue 3 - Jan/Feb 2010), Global Finance Magazine

Strategy execution: Leveraging international connectivity



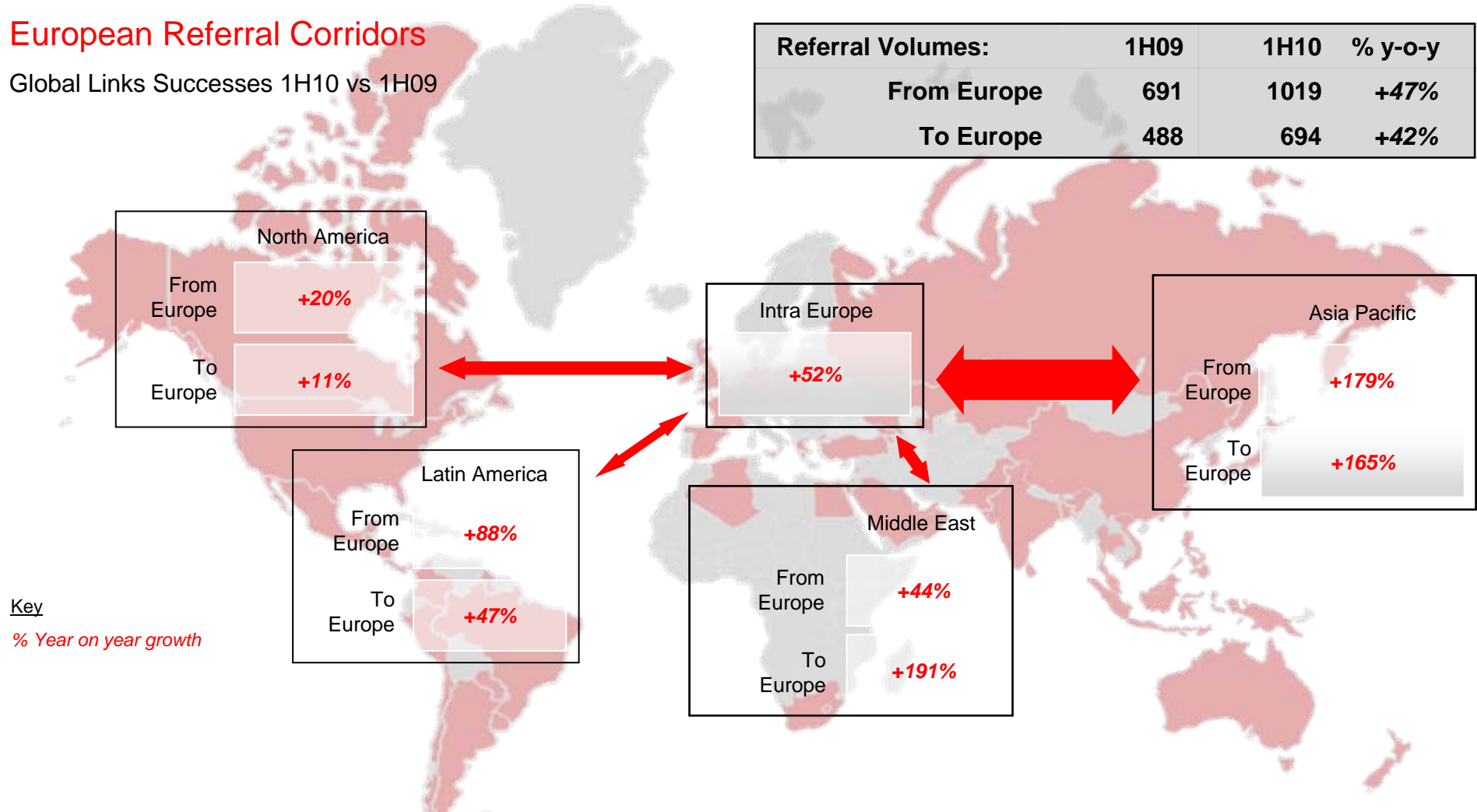
International connectivity

Strong growth in referrals generating higher returns and maximising revenues

European Referral Corridors

Global Links Successes 1H10 vs 1H09

Referral Volumes:	1H09	1H10	% y-o-y
From Europe	691	1019	+47%
To Europe	488	694	+42%



Key

% Year on year growth

- Well positioned to leverage on increasing cross border activity and maximise revenues for the Group
- International customers typically generate more than double the revenue of a domestic client

Leveraging cross-sale capability

Leading market position in our product offerings

Across Products...

Trade and Supply Chain

Trade and Supply Chain revenues are up substantially, despite Europe trade values² having dropped 22% since the recession began

Payment and Cash Management

HSBCnet customer numbers ↑ 13.5%

Receivables Finance

Within Factors Chain International (FCI), we're ranked 2nd for export volume & globally 3rd overall

Across Customer Groups...

Premier

>7500 Premier accounts opened by PFS, generated from CMB referrals

Private Bank

>130 new accounts opened with substantial net new Assets under Management

Notes:

1) As at 30 June 2010

2) WTO Press Release 598, 2010

CMB Europe financial highlights¹

Sustainable growth...

1H09

1H10

Revenue

USD2,427m

-6%

USD2,289m

PBT

USD852m

-17%

USD709m

LIC as % of
average
advances²

1.5%

+50bp

1.0%

AD Ratio

94%

+8pp

87%

Notes:


(1) On a Reported Basis

(2) On an Underlying Basis

Takeaways



Positioned for sustained growth



Clear strategy: connectivity, diversity and sustainability



Build customer base and deepen relationships via cross-sales and cross-referrals



Lead our customers to succeed overseas via our international connectivity and global capabilities
