

HSBC Latin America Investor Meeting - NYC

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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 HSBC Holdings plc (HSBC Group). These forward-looking statements represent HSBC 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 HSBC Holdings plc's Interim Report as well the results submitted by HSBC Group businesses throughout Latin America, including Grupo Financiero HSBC Mexico.

Agenda

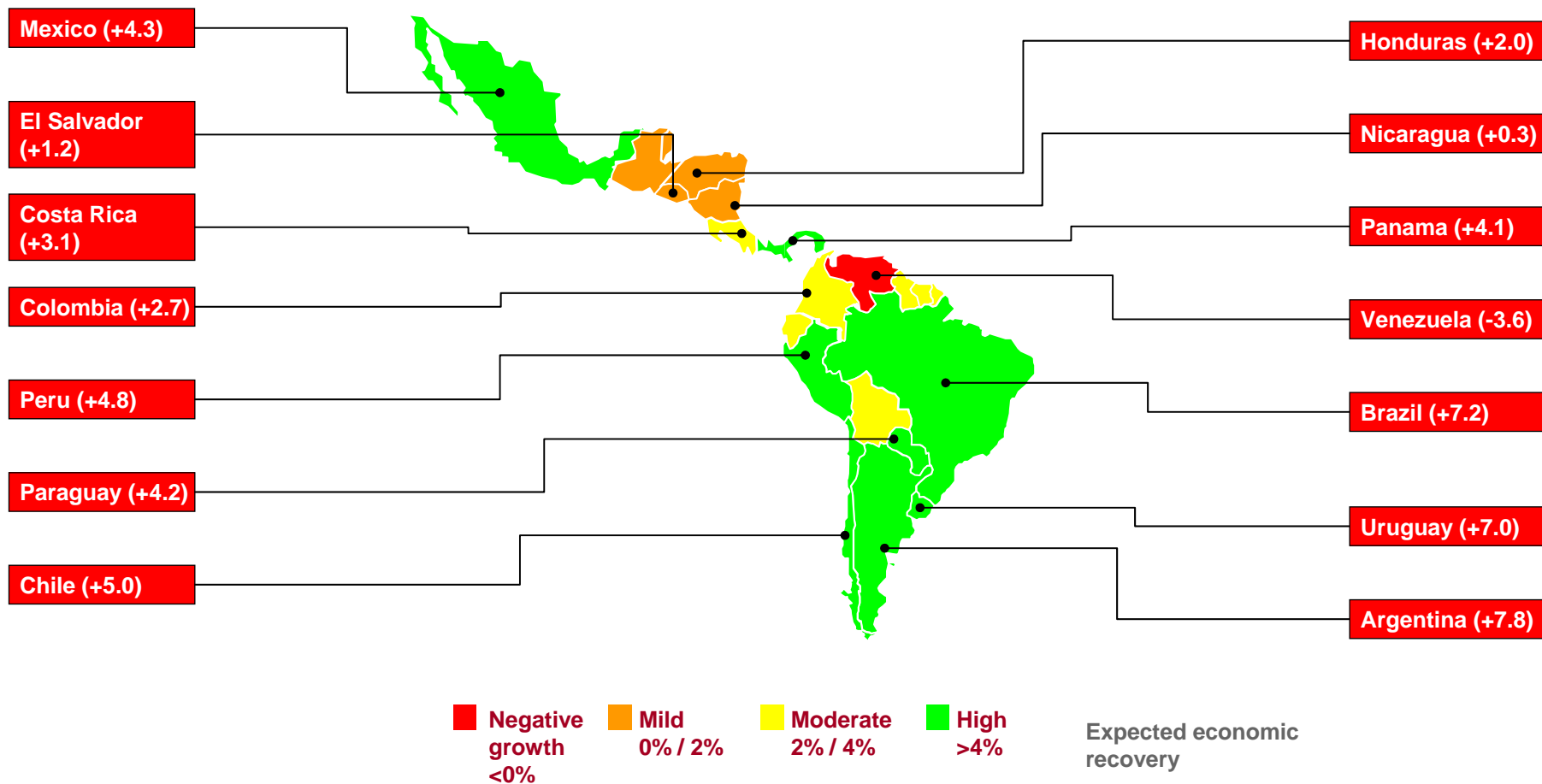
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Economic overview

2010e Latin America macroeconomic situation

Economic recovery along the region for 2010

Latin American economies are expected to recover in 2010, expected GDP growth of 5.0%



Notes:
Figures referred to 2010e Real GDP (% yoy)
Source: HSBC Economic Research

2010e Latin America macroeconomic situation

Strong economic recovery estimated for the region

	GDP ¹	FX ³	Inflation ¹	Unemployment ²	Interest rate ³
High					
Argentina	7.8	4.1	26.5	8.1	9.0
Brazil	7.2	1.8	5.7	6.9	10.75
Uruguay	7.0	21	6.5	7.0	6.25
Chile	5.0	505	3.8	8.0	3.5
Peru	4.8	2.8	2.4	7.8	2.3
Paraguay	4.2	4,785	4.9	7.8	N.A.
Mexico	4.3	12.3	4.9	6.3	4.5
Panama	4.1	1.0	4.1	6.8	3.4
Moderate					
Costa Rica	3.1	575.5	7.1	6.0	9.5
Colombia	2.7	1,850	3.5	11.9	4.0
Mild					
Honduras	2.0	20	5.7	6.8	5.5
El Salvador	1.2	1.0	3.1	6.8	9.0
Nicaragua	0.3	21.9	7.0	7.1	13.5
Negative growth					
Venezuela	-3.6	2.6/4.3	36.4	9.4	N.A.
Latin America	5.0	N.A.	8.6	7.3	N.A.

Notes:

(1) Real GDP and Inflation (% y-o-y)

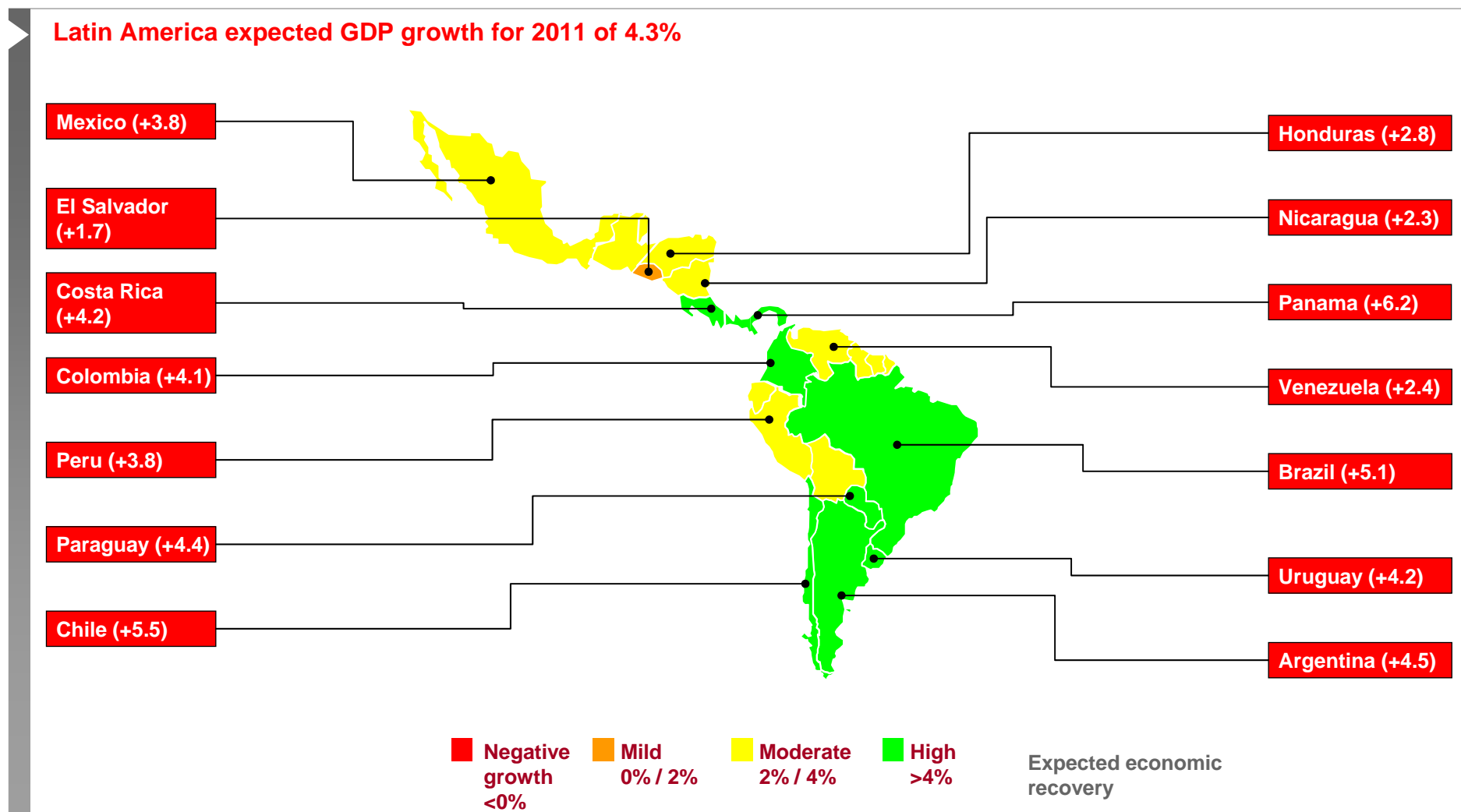
(2) Unemployment rate (average %)

(3) Interest rate and FX (currency / USD) end of period

Source: HSBC Economic Research

2011e Latin America macroeconomic situation

Economic stability along the region



Notes:
Figures referred to 2010e Real GDP (% yoy)
Source: HSBC Economic Research

2011e Latin America macroeconomic situation

Recovery continues to consolidate

	GDP ¹	FX ³	Inflation ¹	Unemployment ²	Interest rate ³
High					
Panama	6.2	1.0	1.4	6.5	3.9
Chile	5.5	480	3.4	6.9	5.25
Brazil	5.1	1.9	4.8	6.5	12.5
Argentina	4.5	4.3	21.7	7.7	9.0
Paraguay	4.4	4,900	5.4	7.3	N.A.
Costa Rica	4.2	615	6.7	5.0	9.0
Uruguay	4.2	22	6.6	6.6	6.25
Colombia	4.1	2,000	4.9	11.3	5.0
Moderate					
Mexico	3.8	12.5	3.4	5.5	5.0
Peru	3.8	2.9	4.2	7.5	3.5
Mild					
Honduras	2.8	21	6.8	8.1	6.0
Venezuela	2.4	2.6/4.3	32.3	9.1	N.A.
Nicaragua	2.3	23	8.0	7.0	13.0
El Salvador	1.7	1.0	2.9	6.6	8.3
Latin America	4.3	N.A.	7.3	6.7	N.A.

Notes:

(1) Real GDP and Inflation (% y-o-y)

(2) Unemployment rate (average %)

(3) Interest rate and FX (currency / USD) end of period

Source: HSBC Economic Research

Industry Opportunities

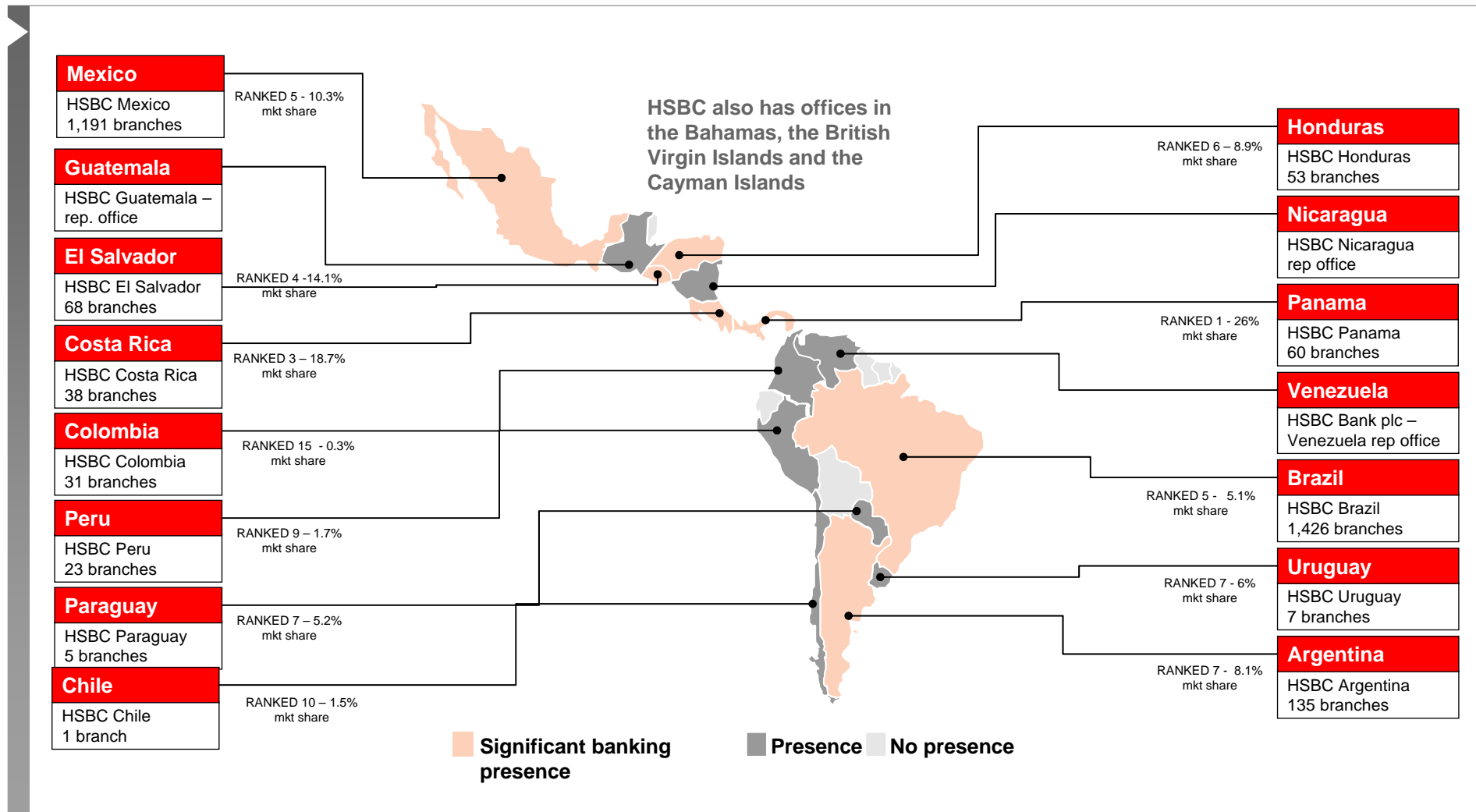
Industry opportunities

- ▶ Latin America has demonstrated modest growth over the last 30 years
- ▶ Region hit by US and global recession, especially Mexico and Central America, however recovery is evident in 2010
- ▶ Latin America is a fast growing region with long term potential return
- ▶ Efficiency and standardization will be key drivers. Necessary investments in infrastructure in place to support growth, anticipating economic recovery
- ▶ Strong financial sector, with room to increase banking penetration and market share, particularly in Mexico
- ▶ Manufacturing industry in Mexico shows early signs of recovery as a result of inventory replenishment in the US, thus commercial credit demand is increasing.
- ▶ Increased trade flows with China, particularly Brazil
- ▶ Southern cone, particularly Brazil, should lead growth in the region, increasing intra-regional trade opportunities
- ▶ Recent oil discovery, World Cup in 2014 and Olympic Games for 2016, will require further infrastructure in Brazil

HSBC in Latin America

Latin America footprint

As at December 2009 HSBC has more than 3,000 branches throughout 17 countries in Latin America



Notes: Ranking and market share based on customer deposits. information on customer deposit ranking from each country's regulator website as of June 2010

Latin America

Latin America is an important contributor to Group earnings

▶ Latin America contributed 8.0% of HSBC Group PBT in 1H10. (Mexico, Brazil and Argentina: 7.5%)

▶ Mexico, Brazil and Argentina are in the top 20 countries in terms of profit contribution

Rank	Country	PBT 1H10	% Total
1	Hong Kong	2,877	26
2	United Kingdom	2,089	19
3	China	1,281	12
4	France	734	7
5	Canada	502	5
6	Brazil	478	4
7	India	340	3
8	Singapore	264	2
9	Mexico	224	2
10	South Korea	213	2
11	Malaysia	201	2
12	Germany	177	2
13	Switzerland	161	1
14	Turkey	140	1
15	Australia	136	1
16	Argentina	133	1
17	United Arab Emirates	126	1
18	Saudi Arabia	107	1
19	Indonesia	102	1
20	Taiwan	86	1
	USA	-74	-1
	Other	807	7
Total PBT USD m		11,104	100

Notes:
 Figures in USD m under IFRS
 Source: HSBC Holdings plc Interim Report 2010

Strategic initiatives

Latin America

Strategic direction in the region

Leveraging the HSBC Brand

- ▶ Differentiate and position our global brand
- ▶ Leverage our international connectivity through systems and standard processes
- ▶ Off-shore and on-shore products and services to global customers/clients in Wealth Management, Premier, Private Banking, Global Banking and Markets and Commercial Banking
- ▶ Premier, Wealth Management and on-shore Private Banking will be the drivers of customer acquisition for the mass affluent market segment
- ▶ Move from a product to a relationship focus
- ▶ Greater share of wallet

Regionalisation

- ▶ Centralization of the smaller countries into our hubs
- ▶ Simplified branch model for smaller countries to allow efficiency in management structures, deployment of capital, management of risk and systems implementations
- ▶ Good balance between regional control and local responsibility in decision making to maintain operational flexibility and commercial responsiveness

Rightsizing

- ▶ Right size to take advantage of emerging opportunities, compete profitably and effectively
- ▶ Main focus on larger countries. Balanced presence in all customer groups with an emphasis on the mass affluent within Personal Financial Services
- ▶ Align cost-to-serve by customer segment through direct channels
- ▶ Focus away from non-core and redeploy balance sheet to Gold Premier segments
- ▶ Further develop cost efficient channels such as: ATMs, internet and call centres

MEXICO

Prudent growth in lending book, focused on asset quality and strong growth in deposits...

Preparing to grow...

- ▶ Improve asset quality
- ▶ Quality of service and sales productivity
- ▶ Premier and Gold/Advance business propositions
- ▶ Focus on Business Banking Segment
- ▶ Integral Payments and Cash Management product offering
- ▶ Renovate branch network
- ▶ Improve operational efficiency levels
- ▶ Control environment
- ▶ Capital injection of USD 700 million provides strong platform for growth

BRAZIL

Asset rebalancing with increasing importance of Global Banking and Markets and Commercial Banking...

Niches to grow...

- ▶ Build on relationships
- ▶ Leverage global capabilities in Commercial Banking and Global Banking and Markets
- ▶ Premier and Gold/Advance business propositions
- ▶ Focus growth in Business Banking and keep market share in Mid Market Enterprises and Large Local Corporate
- ▶ Leverage global presence – increase share of wallet with select customer base
- ▶ Low cost model proposition for middle income customers
- ▶ Leverage the use of direct channels
- ▶ Refocus geographically
- ▶ Capital injection of USD 600 million provides strong platform for growth

ARGENTINA

Build scale, capabilities and infrastructure to be positioned to capture market opportunities....

Conservative and flexible ...

- ▶ High demand for credit – focussing growth in low risk segments
- ▶ Expansion opportunities in Bancassurance business
- ▶ Grow small business franchise, focus on Global Transaction Banking
- ▶ Keep leading position in FX and Trading. Selective use of balance sheet
- ▶ Quality and branding
- ▶ Efficiency improvement
- ▶ Capture increased trade flows with Brazil

PANAMA

Re-affirm universal bank proposition...Full segmentation focused on relationships and leveraging regional business

One-stop shop ...

- ▶ Shift from product to customer driven business model
- ▶ Develop Bancassurance
- ▶ Premier, SME and international connectivity focus
- ▶ Focus on global and regional customers leveraging branch network
- ▶ Regional single funding centre
- ▶ From Banistmo to regional integration
- ▶ Centralize operations
- ▶ Bundling of products

INSURANCE

Offer Insurance propositions tailored to our customers' specific needs...

Achieve a sustainable
self-capitalizing
profitable growth
through ...

- ▶ Enhancing our operating platforms → implementation of one HSBC projects
- ▶ Focusing on wealth and protection propositions.
- ▶ Aligning our Insurance propositions with PFS and CMB
- ▶ Targeting HSBC customers through HSBC distribution channels
- ▶ Shifting our operating model from product-oriented to customer-centric
- ▶ Expanding our life manufacturing capabilities to Costa Rica, Peru and Colombia

Latin America balance sheet overview, 1H10

Financial overview

Summary of reported results – Balance sheet

USDm	1H08	1H09	1H10	% Better / (worse)	
				1H09 vs 1H08	1H10 vs 1H09
Loans and advances to customers (net)	54,252	44,690	48,829	(18)	+9
Loans and advances to banks (net)	17,192	17,696	21,595	+3	+22
Trading assets, financial instruments designated at fair value and financial investments	27,929	24,606	32,323	(12)	+31
Total assets	122,009	107,505	121,885	(12)	+13
Deposits by banks	4,705	5,333	4,924	+13	(8)
Customer accounts	71,779	64,881	75,217	(10)	+16
Loans and Advances to Customers / Customer accounts ratio	75.6%	68.9%	64.9%	(670 bps)	(396 bps)
RWAs¹					
HSBC Mexico	22,615	21,209	23,035	(6)	+9
HSBC Brazil	35,301	32,655	45,726	(7)	+40
HSBC Bank Panama	10,178	8,265	9,498	(19)	+15
Total Capital adequacy ratios²					
HSBC Mexico	13.5%	13.4%	16.6%	(11 bps)	+318 bps
HSBC Brazil	13.3%	13.5%	14.6%	+22 bps	+103 bps

Notes:

Figures in USD m under IFRS

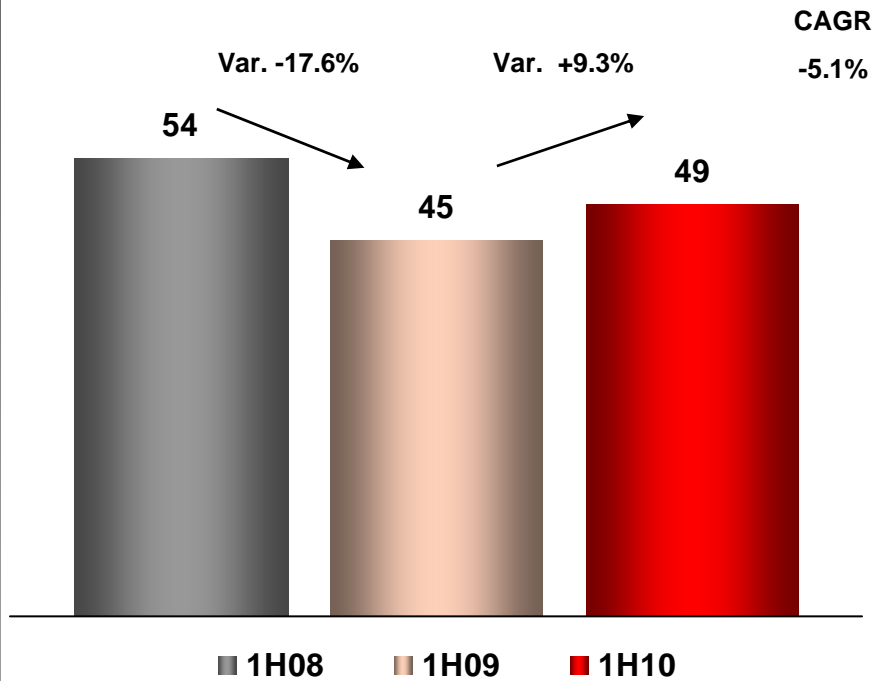
(1) RWA's under Basel II

(2) Capital Ratios for Mexico and Brazil under local regulatory standards

Latin America

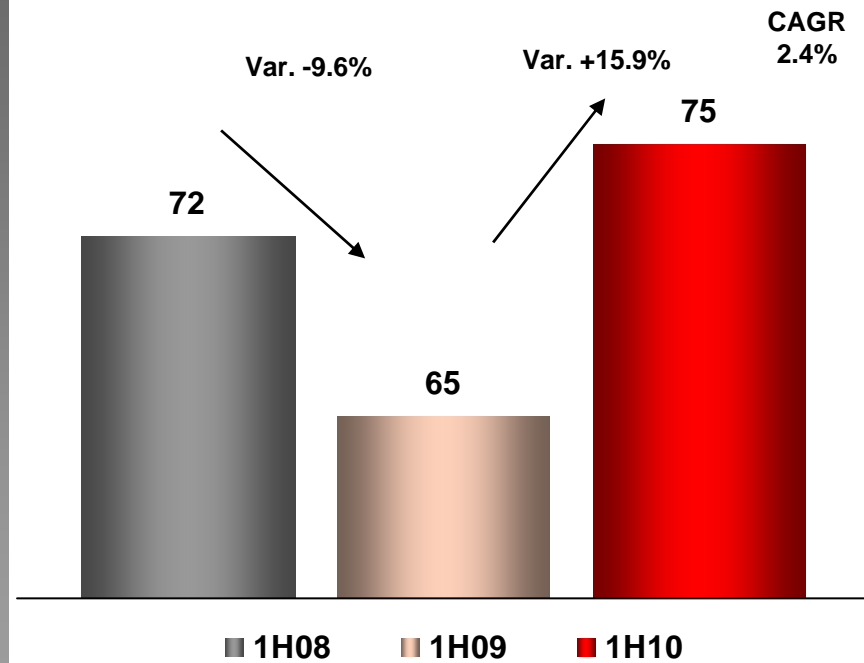
Prudent credit portfolio growth and strengthened funding position

Loans and Advances to customers



Loans and advances to customers increased in 1H10 despite conservative credit origination criteria

Customer accounts

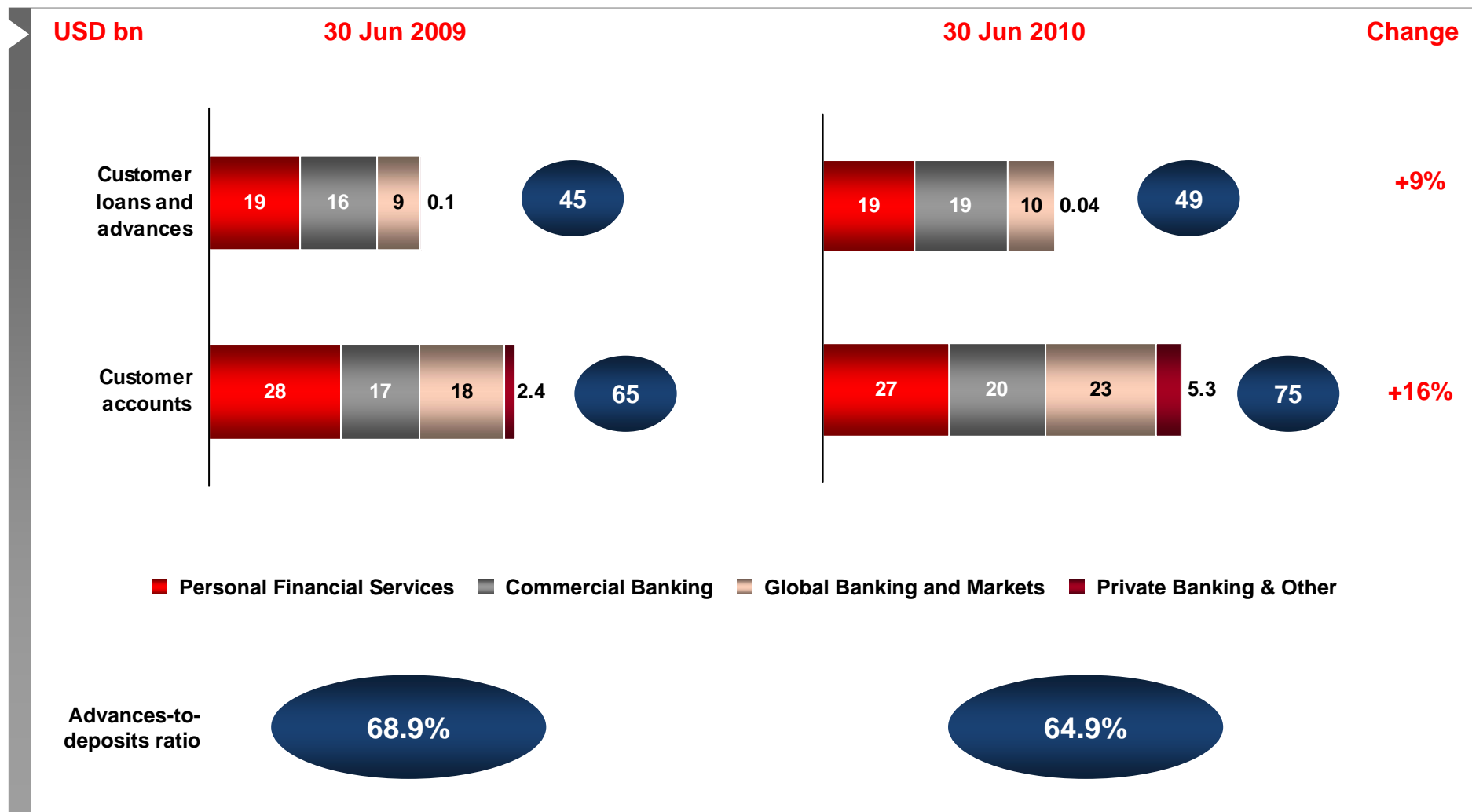


Customer accounts increased, strengthening our liquidity ratios.

Notes:
Figures in USD billion under IFRS
Source: HSBC Holdings plc Interim Report 2010

Latin America

Maintaining our funding strength

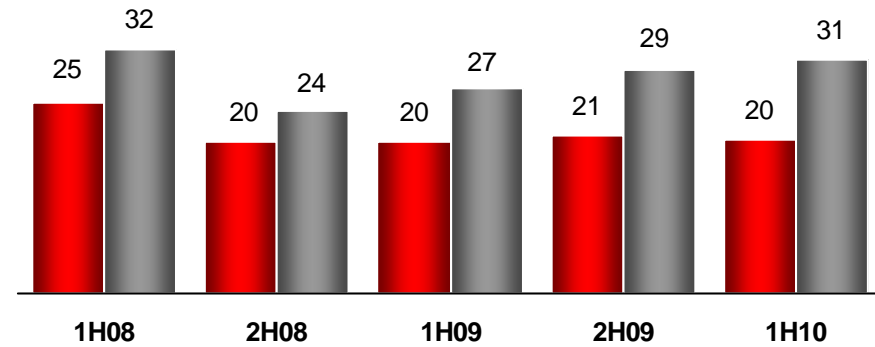
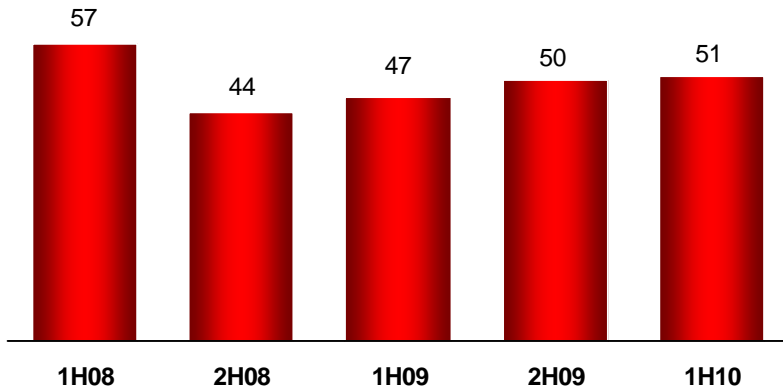


Notes:
 Figures in USD billion under IFRS
 Source: HSBC Holdings plc Interim Report 2010

Latin America

Credit profile: stable pattern in core business and growth in Corporate and commercial, Financial portfolios among the region

Gross loans and advances to customers (USD billion)



■ Personal ■ Corporate and commercial, Financial

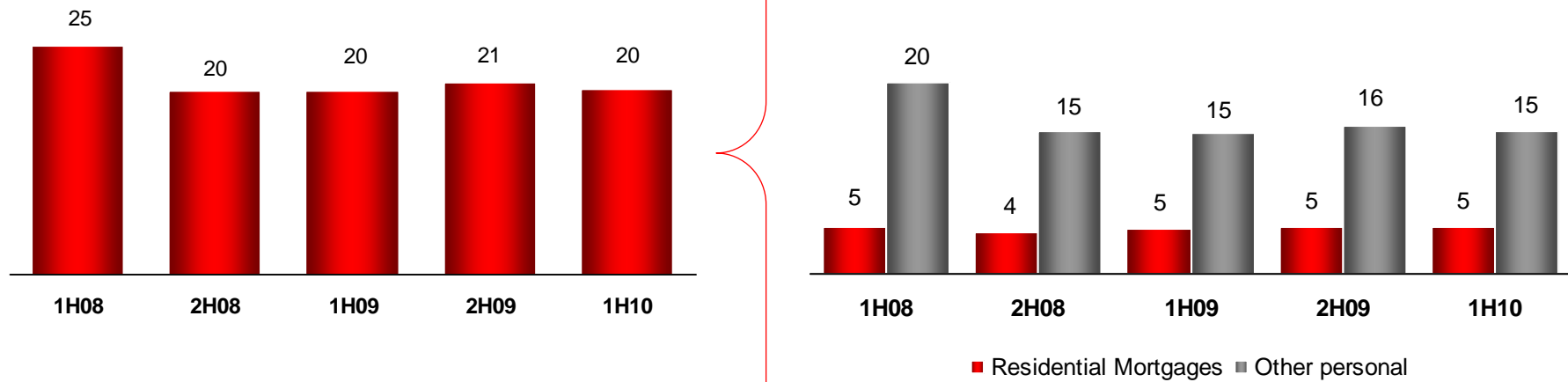
Portfolio mix away from higher yield unsecured lending to corporate and commercial loans.

Notes:
Figures in USD billion under IFRS
Source: HSBC Holdings plc Interim Report 2010

Latin America

Credit profile: significant decrease in other personal lending as of 1H08 consistent with economic conditions

Personal (USD billion)

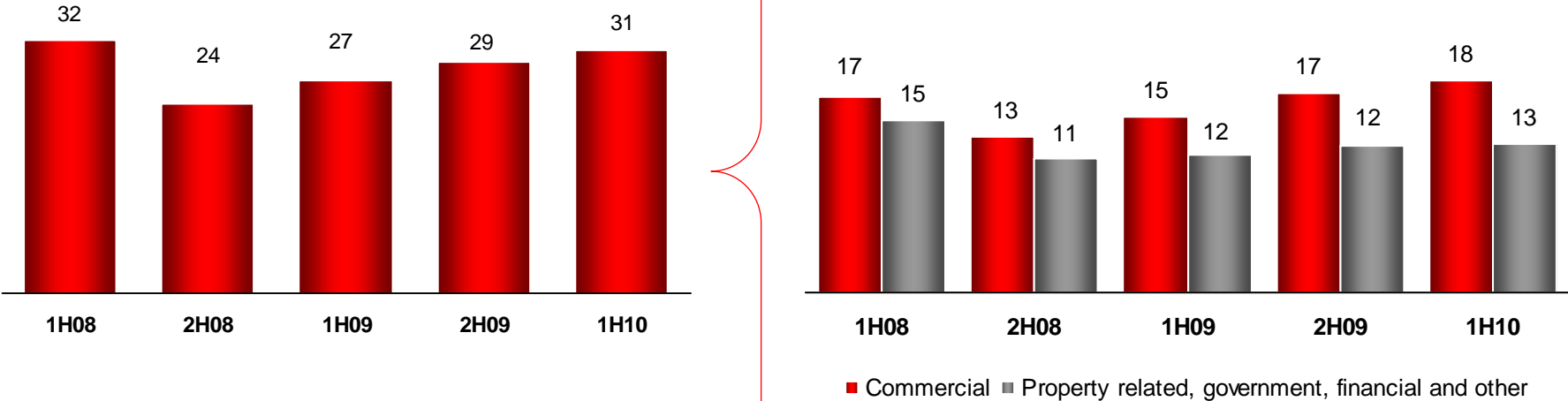


Notes:
Figures in USD billion under IFRS
Source: HSBC Holdings plc Interim Report 2010

Latin America

Portfolio growth driven by commercial lending...

Corporate and commercial, Financial (USD billion)



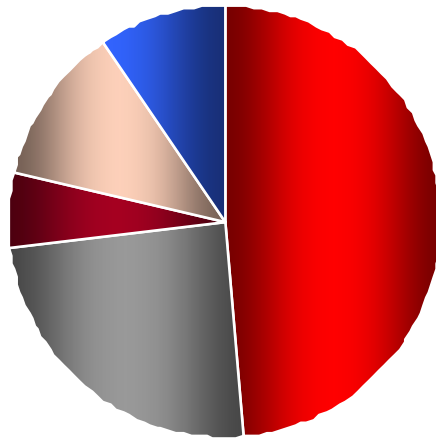
Notes:
Figures in USD billion under IFRS
Source: HSBC Holdings plc Interim Report 2010

Latin America

Brazil and Mexico continue to be pillars of our business in Latin America

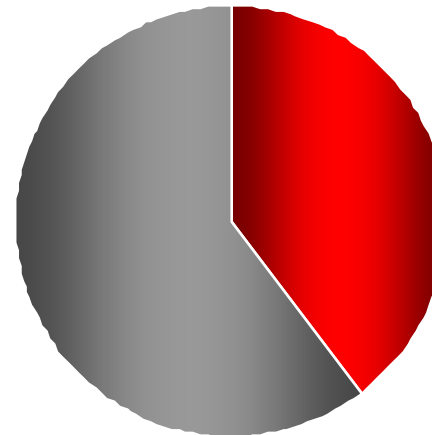
Gross loans and advances to customers - Jun 10

By country



- Brazil (49%)
- Mexico (24%)
- Argentina (6%)
- Panama (12%)
- Other (9%)

By business



- Personal (40%)
- Corporate and commercial, Financial (60%)

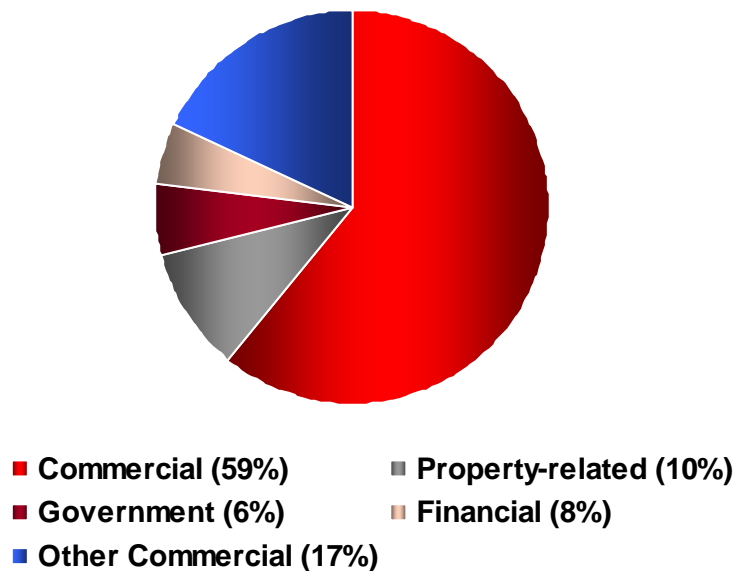
USD 50,946 million

Notes:
Figures in USD m under IFRS
Source: HSBC Holdings plc Interim Report 2010

Latin America

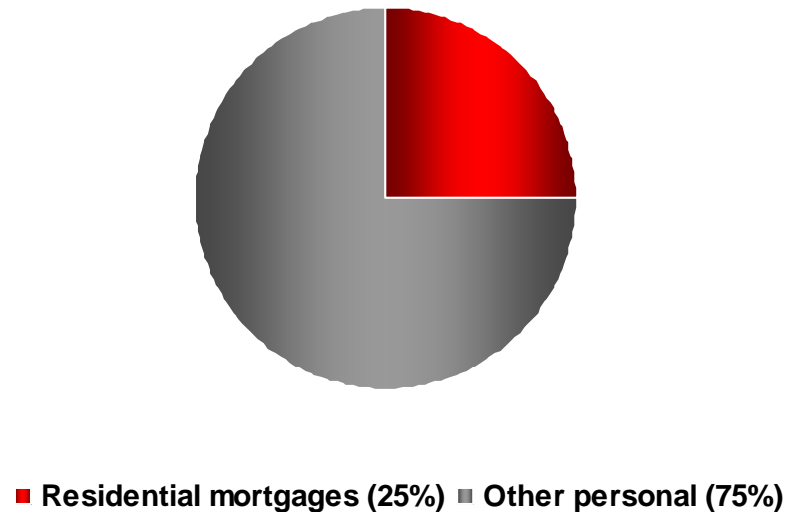
Credit Profile Jun 10 – Commercial lending and other personal loans are the main products of our loan portfolio

Corporate and commercial, Financial by sector



USD 30,698 million

Personal by product



USD 20,248 million

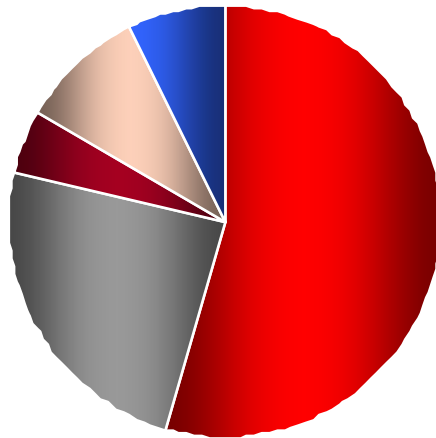
Notes:
Figures in USD m under IFRS
Source: HSBC Holdings plc Interim Report 2010

Latin America

Brazil and Mexico are the pillars of our customer base in Latin America

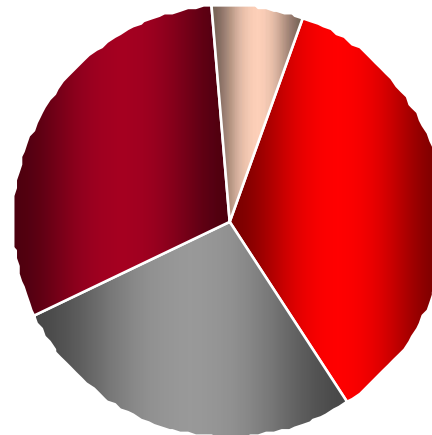
Customer accounts – Jun 10

By country



- Brazil (55%)
- Mexico (24%)
- Argentina (5%)
- Panama (9%)
- Other (7%)

By business



- Personal Financial Services (35%)
- Commercial Banking (27%)
- Global Banking & Markets (31%)
- Private Banking (7%)

USD 75,217 million

Notes:
Figures in USD m under IFRS
Source: HSBC Holdings plc Interim Report 2010

Financial results in Latin America 1H10

Latin America

Income affected by lower business volumes... offset by decreased LICs as credit quality improves

USD m	1H08	1H09	1H10	% Better / (worse)	
				1H09 vs 1H08	1H10 vs 1H09
Net interest income	3,362	2,620	3,119	(22)	+19
Net Fee Income	1,139	823	855	(28)	+4
Other Income ¹	954	1,009	741	+6	(27)
Net operating income before loan impairment charges	5,455	4,452	4,715	(18)	+6
Loan impairment charges	(1,170)	(1,385)	(820)	+18	(41)
Net operating Income	4,285	3,067	3,895	(28)	+27
Total operating expenses	(3,023)	(2,488)	(3,013)	(18)	+21
Profit in associates and joint ventures	4	1	1	(75)	0
Profit before Tax	1,266	580	883	(54)	+52
Share of HSBC's profit before tax	12.3%	11.6%	8.0%	(70 bps)	(360 bps)
Cost efficiency ratio	55.4%	55.9%	63.9%	+50 bps	+800 bps

Notes:

(1) Other income includes net trading income

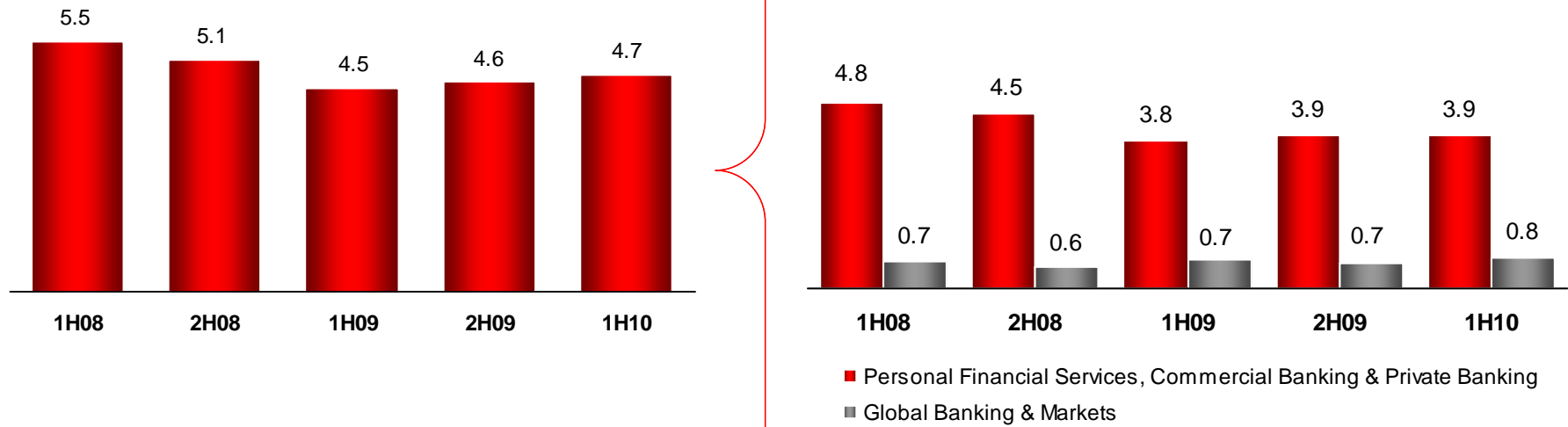
Figures in USD m under IFRS

Source: HSBC Holdings plc Interim Report 2010

Latin America

Global Banking and Markets' revenue continues to be a key component

Revenues (USD billion)



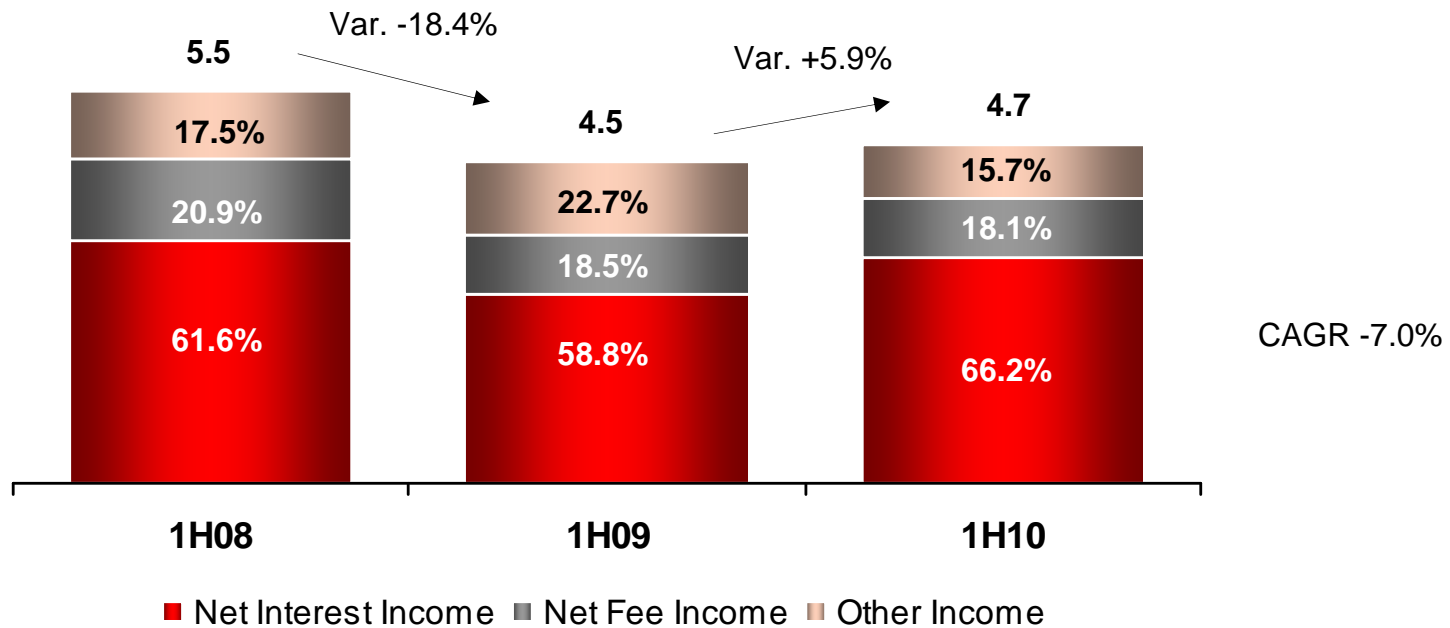
Notes:
Figures in USD billion under IFRS
Source: HSBC Holdings plc Interim Report 2010

Latin America

Operating income recovered

Total Operating Income (USD billion)

- ▶ Increased volumes of financial investments
- ▶ Higher customer accounts and customer lending expansion in Global Banking and Commercial Banking
- ▶ Lower fee income due to lower originations and fewer transaction volumes
- ▶ Customer lending declined in Mexico, mainly in credit cards and personal loans and trading income fell from the strong performance in 1H09



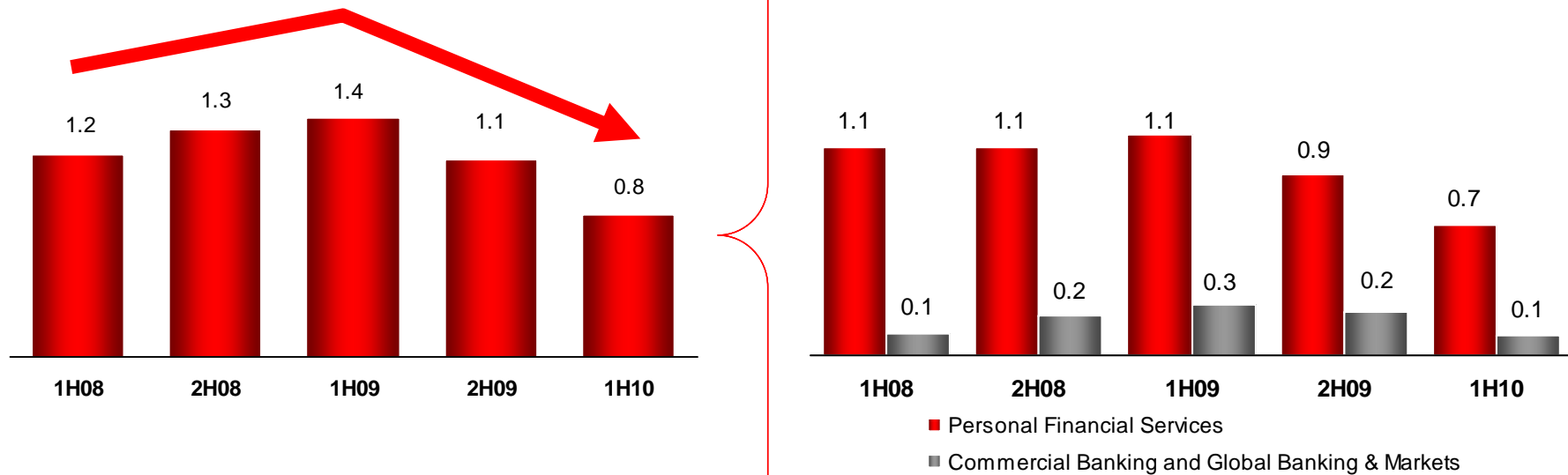
Notes:
 Figures in USD billion under IFRS
 Commentaries on an underlying basis
 Source: HSBC Holdings plc Interim Report 2010

Latin America

Loan impairment charges improved from the 1st half of 2009

Loan impairment charges and other credit risk provisions (USD billion)

▶ Initiatives deployed to improve asset quality and improved economic conditions are driving improving trends in loan impairment charges.

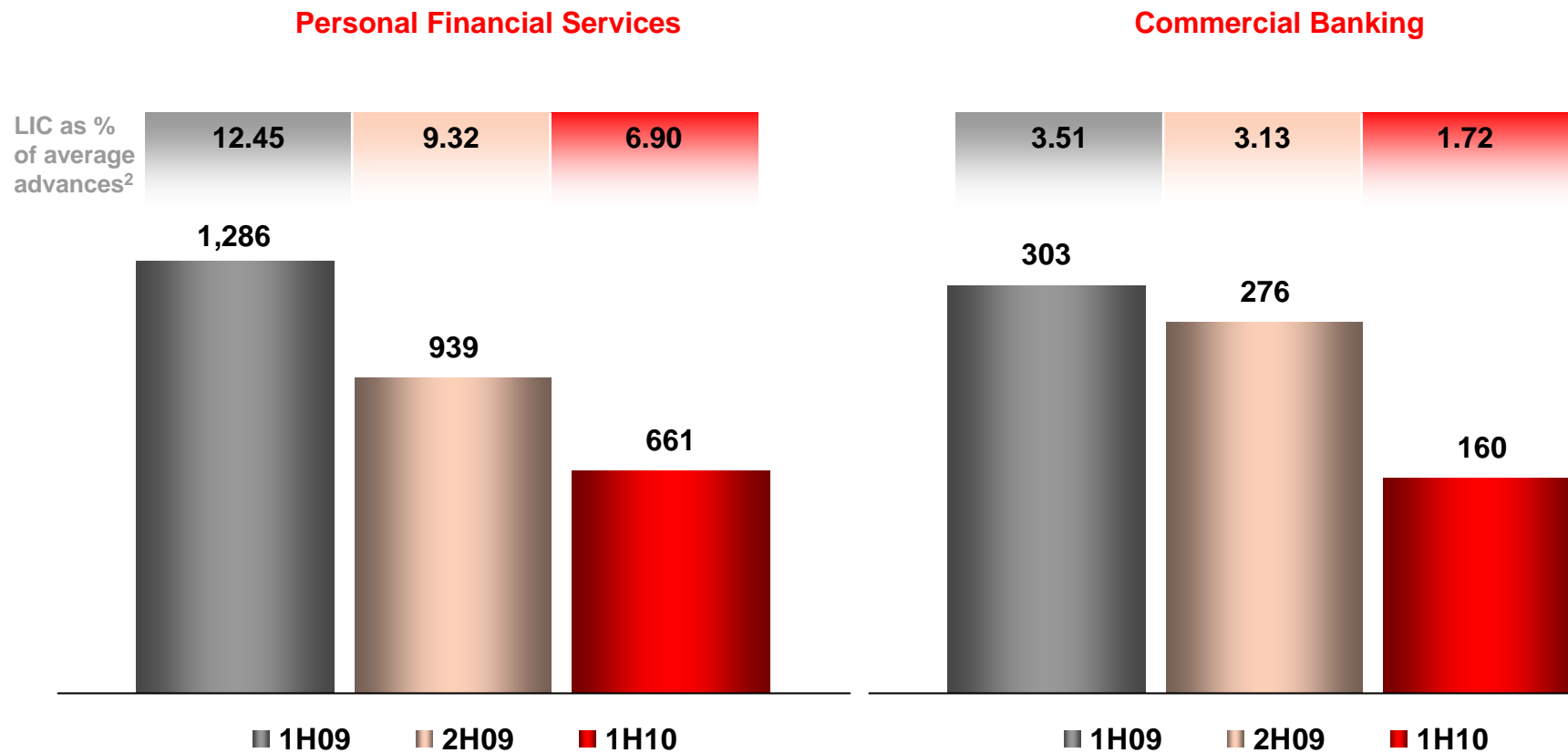


Notes:
Figures in USD billion under IFRS
Source: HSBC Holdings plc Interim Report 2010

Latin America

Credit quality strongly improved

Loan impairment charges and other credit risk provisions¹ USDm



Notes:

(1) LICs for 1H09 and 2H09 on an underlying basis

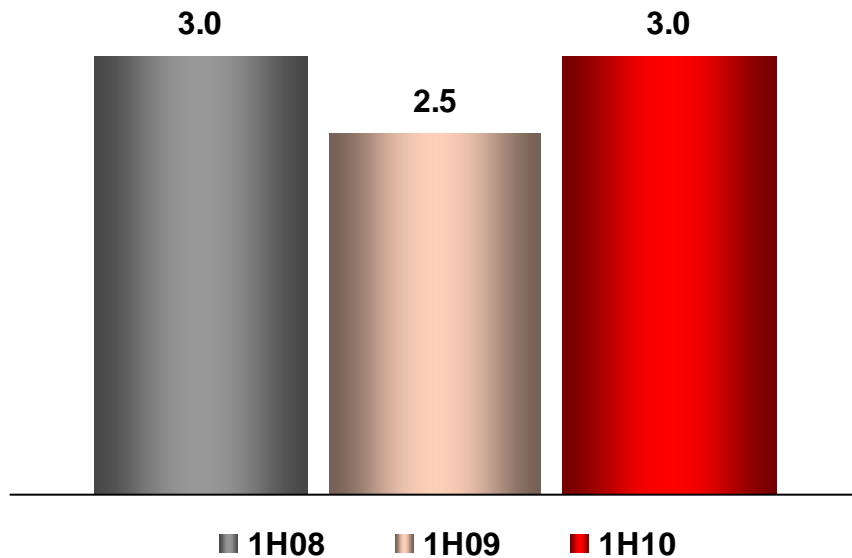
(2) LICs as a % of average advances on a net basis

Source: HSBC Holdings plc Interim Report 2010

Latin America

Investing throughout the region...

Total Operating Expenses (USD billion)



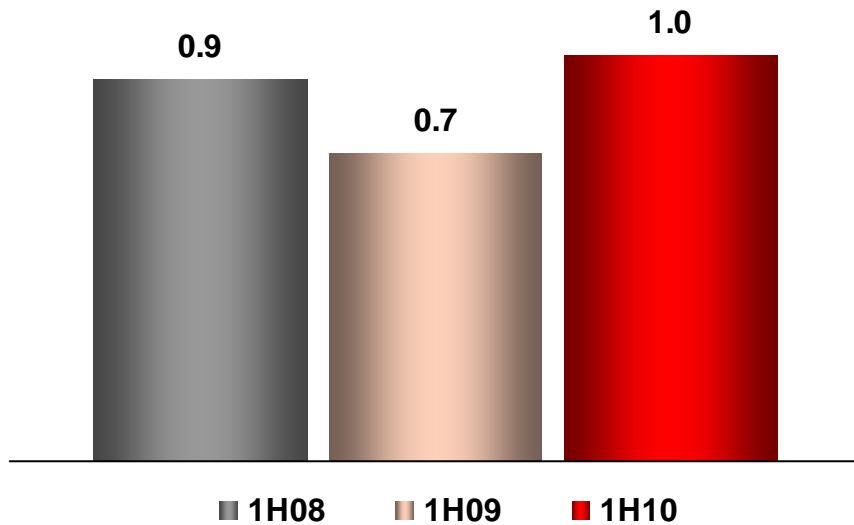
- ▶ Expense growth largely driven by investment in the region and inflationary pressure.
- ▶ Staff expenses increased due to union agreements in Brazil and Argentina, partly offset by reduced staff numbers.
- ▶ Increase in marketing costs in Brazil and greater investment in Mexico on regional infrastructure, technology projects and branch network renovation.

Notes:
Figures in USD billion under IFRS
Source: HSBC Holdings plc Interim Report 2010

Latin America

Insurance premiums represent 20% of Latin America's revenues

Net earned insurance premiums (USD billion)



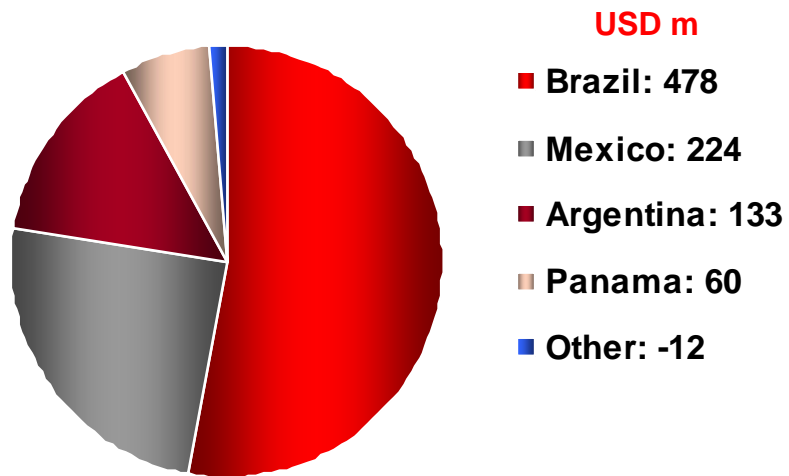
- ▶ Insurance premiums increased in 1H10 compared to 1H09 driven by improved economic conditions and higher sales.
- ▶ Strong performance due to higher premiums on pension products in Brazil.
- ▶ In Mexico, improved premiums and claims in term life products.

Notes:
Figures in USD billion under IFRS
Source: HSBC Holdings plc Interim Report 2010

Latin America

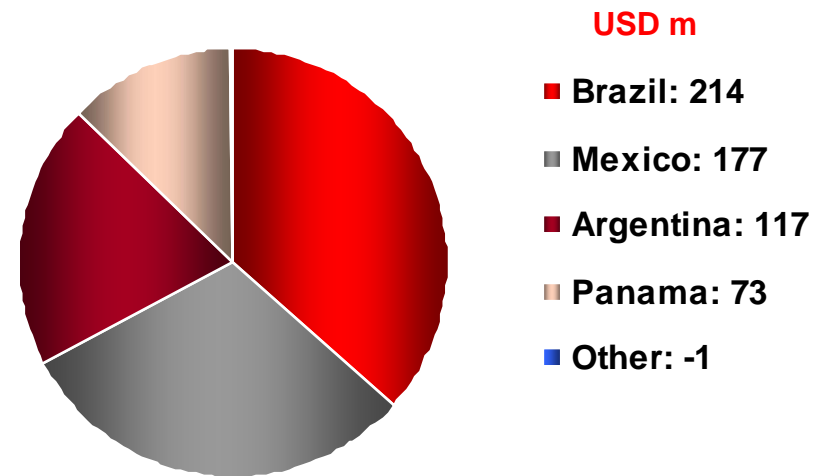
Strong results in Brazil and Argentina partly offset by Mexico's lower profitability...

1H10 Profit before tax



1H10: USD 883 million

1H09 Profit before tax



1H09: USD 580 million

Notes:
Figures in USD m under IFRS
Source: HSBC Holdings plc Interim Report 2010

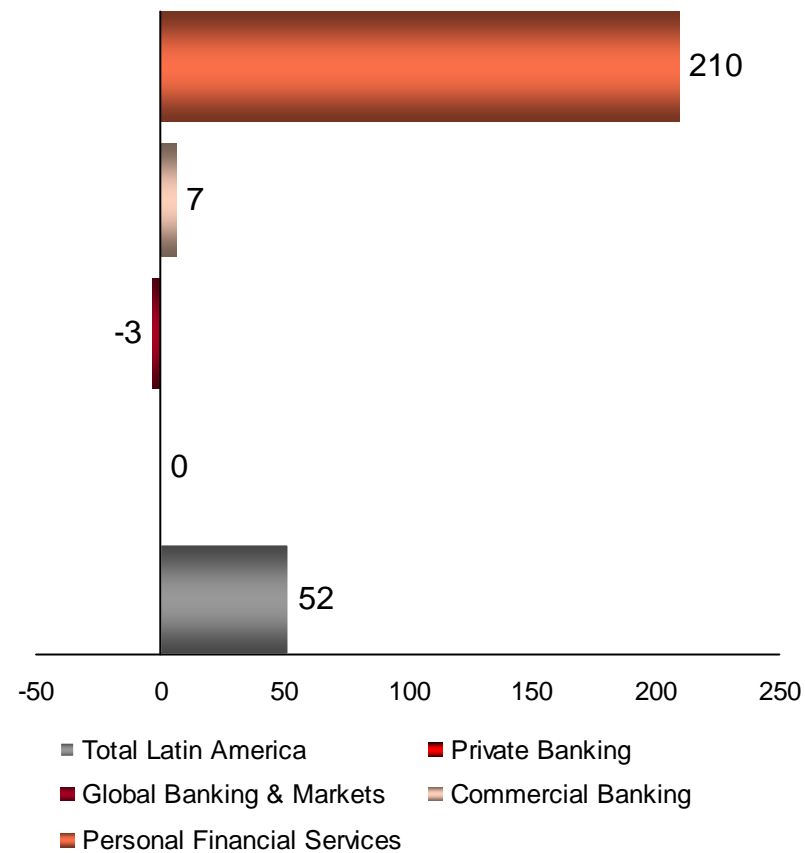
Latin America

Improved results in core business...

Profit before tax

Customer Group	USD m	% share
Personal Financial Services	137	15
Commercial Banking	236	27
Global Banking and Markets	465	53
Private Banking	4	0
Other	41	5
Total	883	100

% 1H10 versus 1H09



Notes:
 Figures in USD m under IFRS
 Source: HSBC Holdings plc Interim Report 2010

Outlook and closing remarks

Outlook

Positioning the business for the future

- ▶ International trade is set to grow faster than GDP for the foreseeable future. In Latin America, sites across the region are joining up so we can be better positioned to embrace increased business and compete with our peers. One example of this is the centralization of trade operations in Panama, allowing us to deliver a better, more consistent customer experience
- ▶ In line with HSBC's strategic direction, continuing to direct incremental investment to faster growing markets, the bank will continue to expand
- ▶ Strong focus on businesses and customer segments which have international connectivity. An example of this, is the Brazil-China trade desk deployed in both countries
- ▶ Capital strength and strong liquidity position continue to compliment business strategies

Outlook

Positioning the business for the future

- ▶ As a region, efforts in Latin America will continue being focused on building a regional bank, completing regionalization efforts through investments that will result in improvements in operating efficiencies
- ▶ HSBC's operations in Brazil, Mexico, Argentina and Panama will continue to be drivers of growth in business and revenues. Southern cone countries are expected to report higher growth rates than those in the north of the continent. Smaller sites' contribution will be enhanced as infrastructure and technological projects are deployed
- ▶ In term of business segments:
 - PFS: Build our propositions around Premier and Advance and selective approach to mass affluent
 - CMB: Fulfill international needs for customers by leveraging on our international footprint, focus on core skills in Trade, PCM and Business Banking.
 - GBM: Leverage on our international connectivity for our international customers

HSBC Latin America Investor Meeting - NYC

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