

HSBC Holdings plc and HSBC Bank plc

May 2011



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 the Group's and subsidiaries' Annual Report and Accounts 2010. Past performance cannot be relied on as a guide to future performance.

This presentation contains non-GAAP financial information. Reconciliation of non-GAAP financial information to the most directly comparable measures under GAAP are provided in the 'Reconciliation of reported and underlying profit before tax' supplement available at www.hsbc.com.

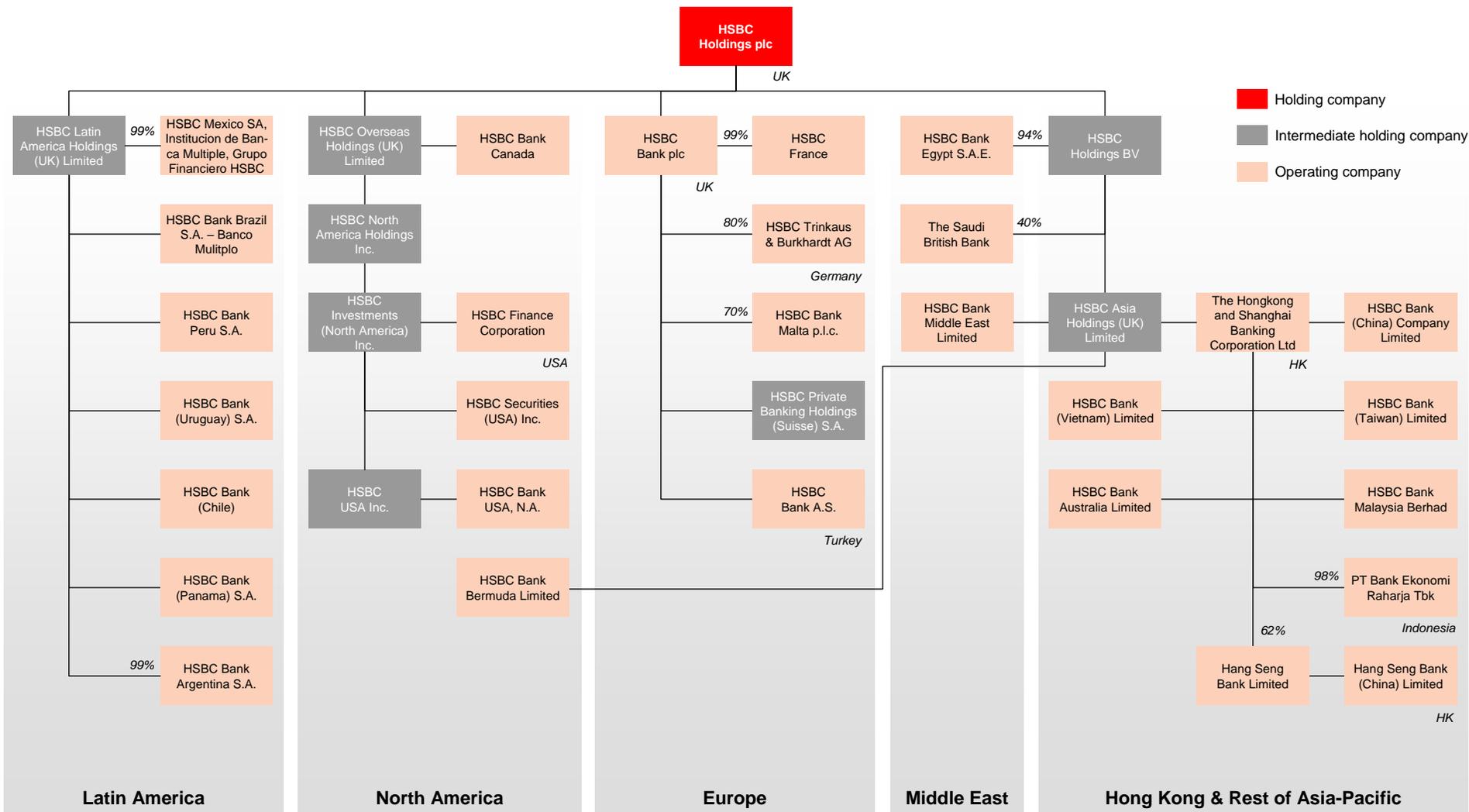
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HSBC Group

HSBC 
The world's local bank

Simplified structure chart



Notes:

(1) All entities wholly owned unless shown otherwise (part ownership rounded down to nearest percent)

(2) At 31 December 2010

Strategy summary

HSBC's distinctive position

Network of countries relevant for international connectivity

Access and exposure to high growth markets and businesses

Strong balance sheet generating resilient stream of earnings

Clear strategy and execution focus

Strategy drives investment priorities and capital allocation

Action plan addressing growth and cost efficiency across geographies and businesses

Experienced management team accountable for delivery

Strategy implementation

Key elements

Actions (examples)

In 12 months progress on¹...

Capital Deployment

- Five filters driving disposals and closures of non-strategic and/or underperforming positions/businesses
- Turnaround of strategically relevant businesses

- Transactions announced and executed
- Tangible progress in turnaround actions (e.g., US)

Cost efficiency

- Target USD2.5-3.5bn in sustainable cost saves in 3 years, achieving our 48-52% CER target by 2013
- Simplify and delayer the organisation

- Material savings identified and being delivered across the 4 main programmes

Growth

- Revenue growth in fast growing markets
- Capture wealth opportunity (USD4bn in additional revenues)
- Leverage intra-group connectivity between CMB and GBM (USD1bn of additional revenues)

- Income growth particularly in Asia and Latin America
- Wealth and GBM/CMB connectivity

Note:

(1) From 11 May 2011

HSBC Group Financial performance in 2010

Financial overview

Reported results – strong recovery in profit

USDm	2009	2010	% Change
Income ¹	72,714	68,310	(6)
Loan impairment changes ²	(26,488)	(14,039)	+47
Operating expenses	(34,395)	(37,688)	(10)
Associates and joint ventures	1,781	2,517	+41
Profit before tax, ex changes in FV of own debt due to credit spread	13,612	19,100	+40
Changes in FV of own debt due to credit spread	(6,533)	(63)	n/a
Profit before tax	7,079	19,037	+169
Profit after tax	6,694	14,191	+112

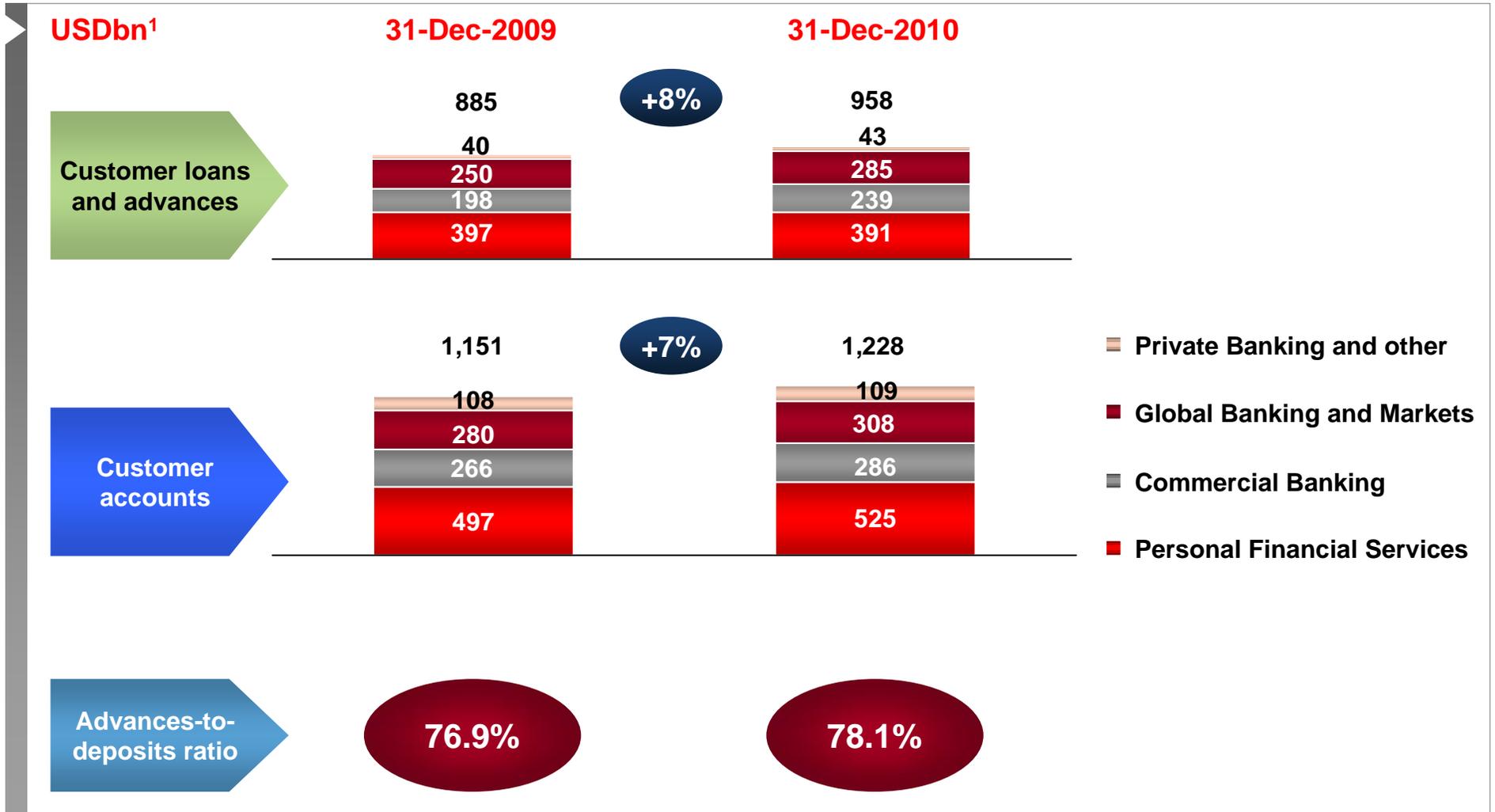
Notes:

(1) Excluding changes in Fair Value of own debt due to credit spread

(2) Loan impairment charges and other credit risk provisions

Customer lending and funding

Funding strength supports customer lending growth

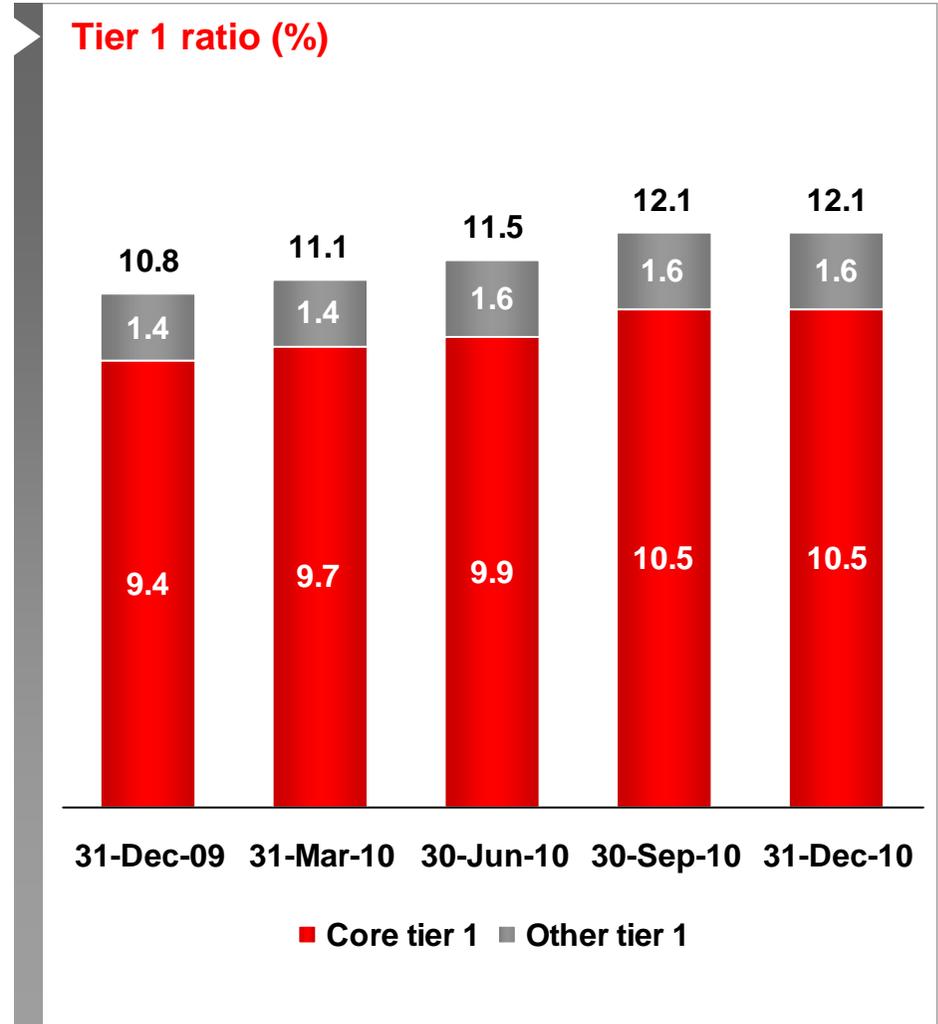
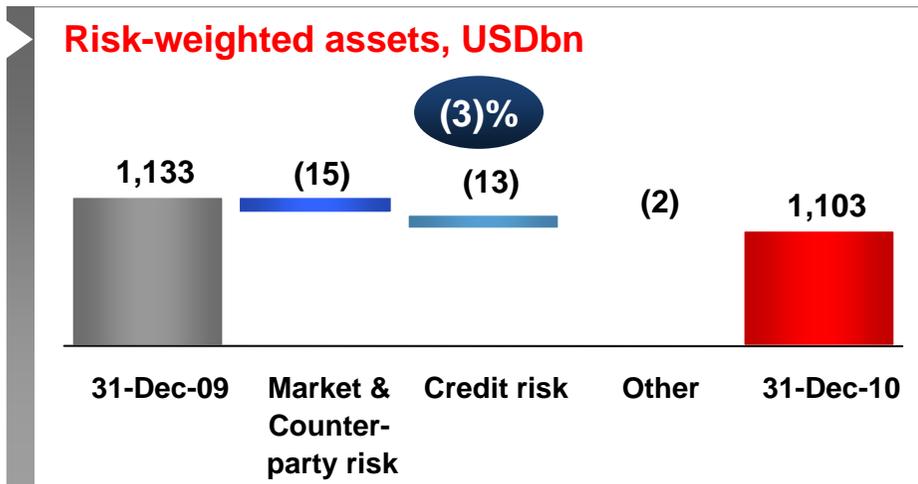
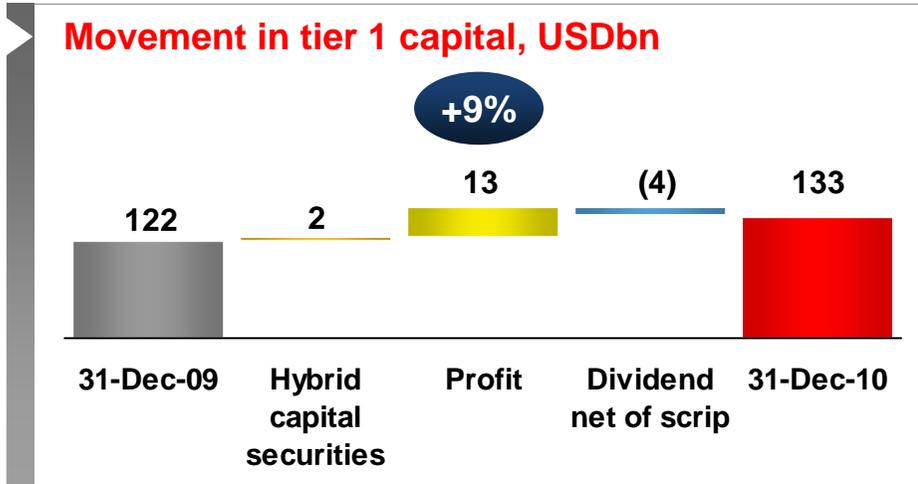


Note:

(1) Underlying basis

Capital adequacy

Strengthened by capital generation and lower risk-weighted assets



All regions and businesses profitable

Profit before tax

USDm	Latin America	North America	Europe	Middle East	Hong Kong	Rest of Asia-Pacific	Total
Personal Financial Services	294	(2,149)	1,289	100	2,918	1,066	3,518
Commercial Banking	554	939	1,205	484	1,352	1,556	6,090
Global Banking Markets	897	1,582	2,726	317	1,430	2,584	9,536
Private Banking	10	111	640	(15)	227	81	1,054
Other	40	(29)	(1,558)	6	(235)	615	(1,161)
Total	1,795	454	4,302	892	5,692	5,902	19,037

Performance review

Challenges and opportunities¹

	2010	KPIs ²
Return on total Shareholders' equity	9.5%	12% - 15%
Cost efficiency ratio	55.2%	48% - 52%
Advances-to-deposits ratio	78.1%	<90%

Notes:

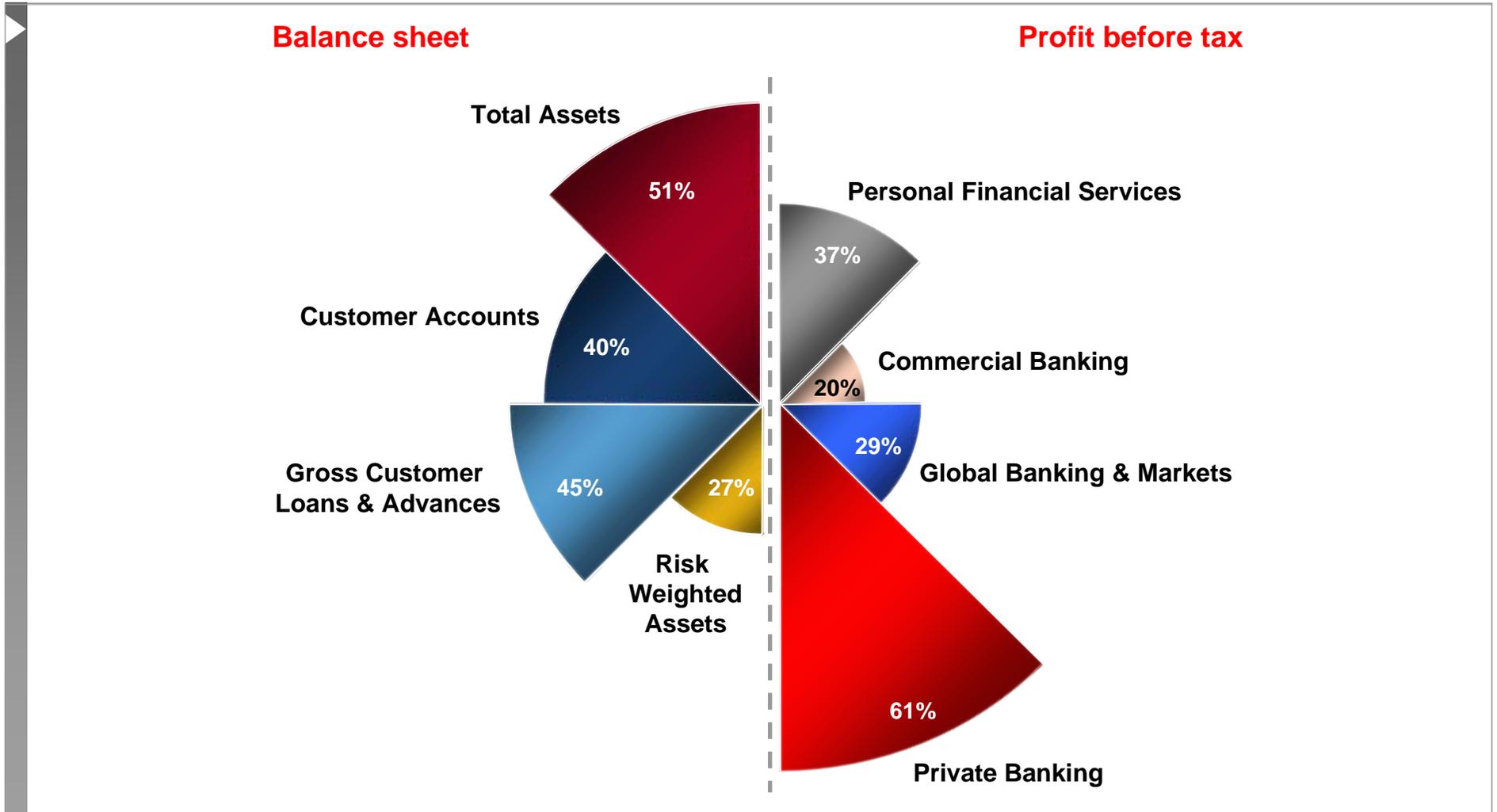
(1) Figures on a reported basis

(2) Key Performance Indicators

HSBC's European operations

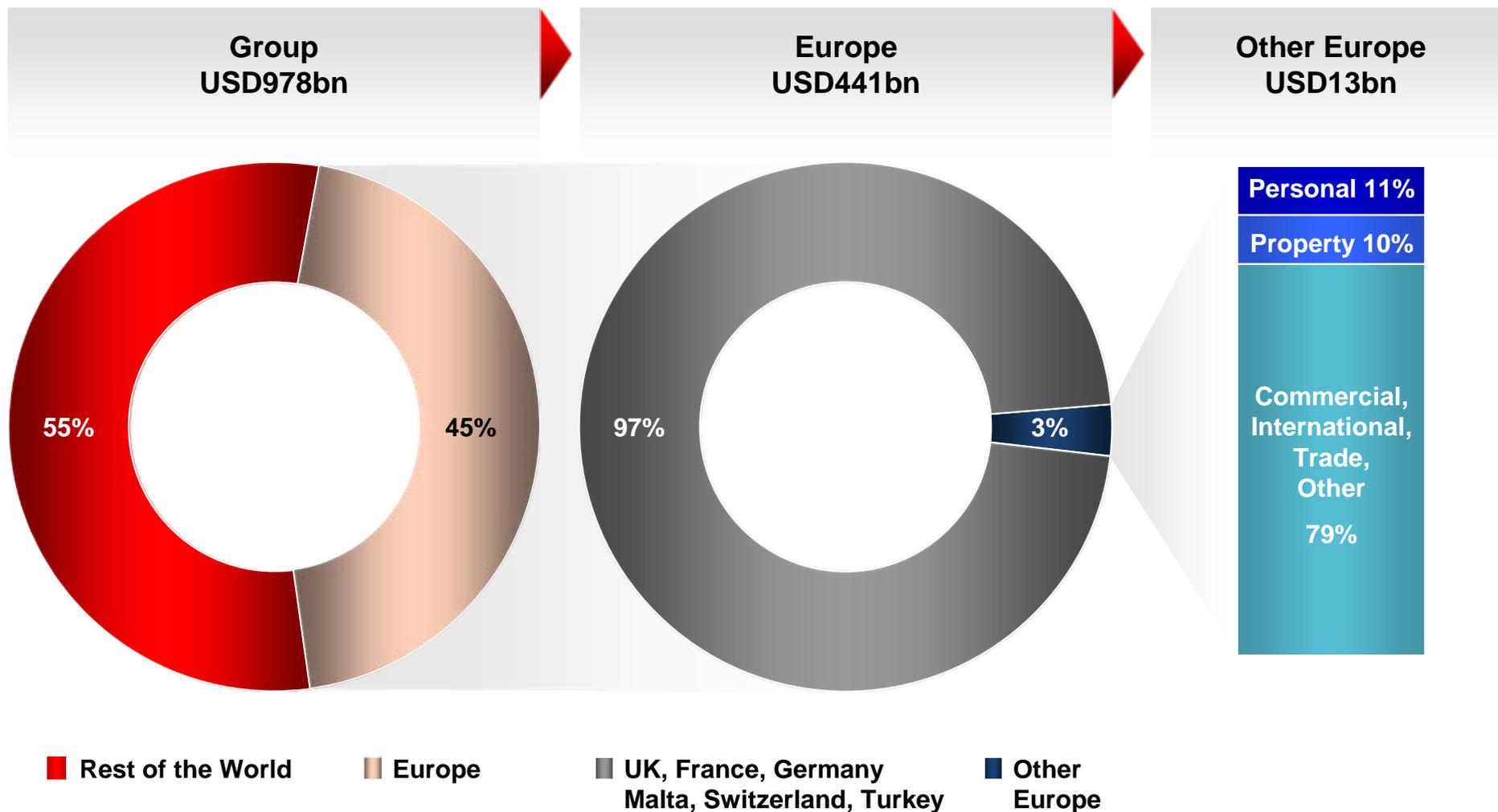
European operations are a significant part of the Group

31 December 2010



Limited exposure to European periphery

Customer loans and advances at 31 December 2010



HSBC Bank plc Financial performance in 2010

Financial overview

Reported results

£m	2009	2010	% Change
Income ¹	15,123	14,954	(1)
Loan impairment changes ²	(3,364)	(1,951)	(42)
Operating expenses	(8,198)	(9,119)	(11)
Associates and joint ventures	14	5	n/m
Profit before tax, ex changes in FV of own debt ¹	3,575	3,889	+9
Changes in FV of own debt due to credit spread	439	122	(72)
Profit before tax	4,014	4,011	0
Profit after tax	3,158	3,015	(5)

Notes:

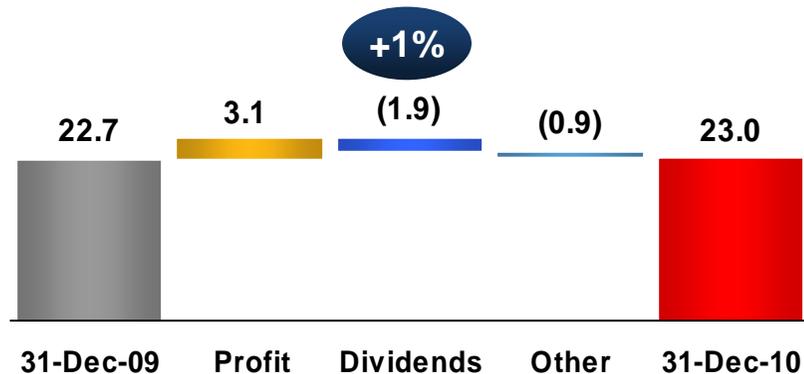
(1) Excluding changes in Fair Value of own debt due to credit spread

(2) Loan impairment charges and other credit risk provisions

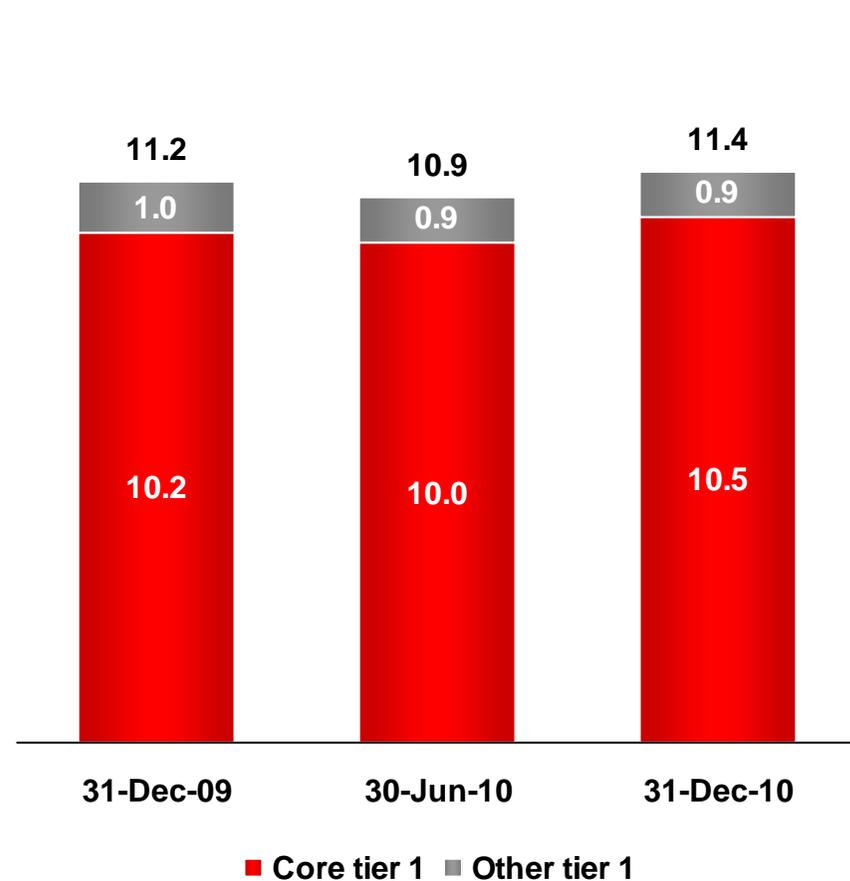
Capital adequacy

Strengthened by capital generation and lower risk-weighted assets

Movement in tier 1 capital, £bn



Tier 1 ratio (%)

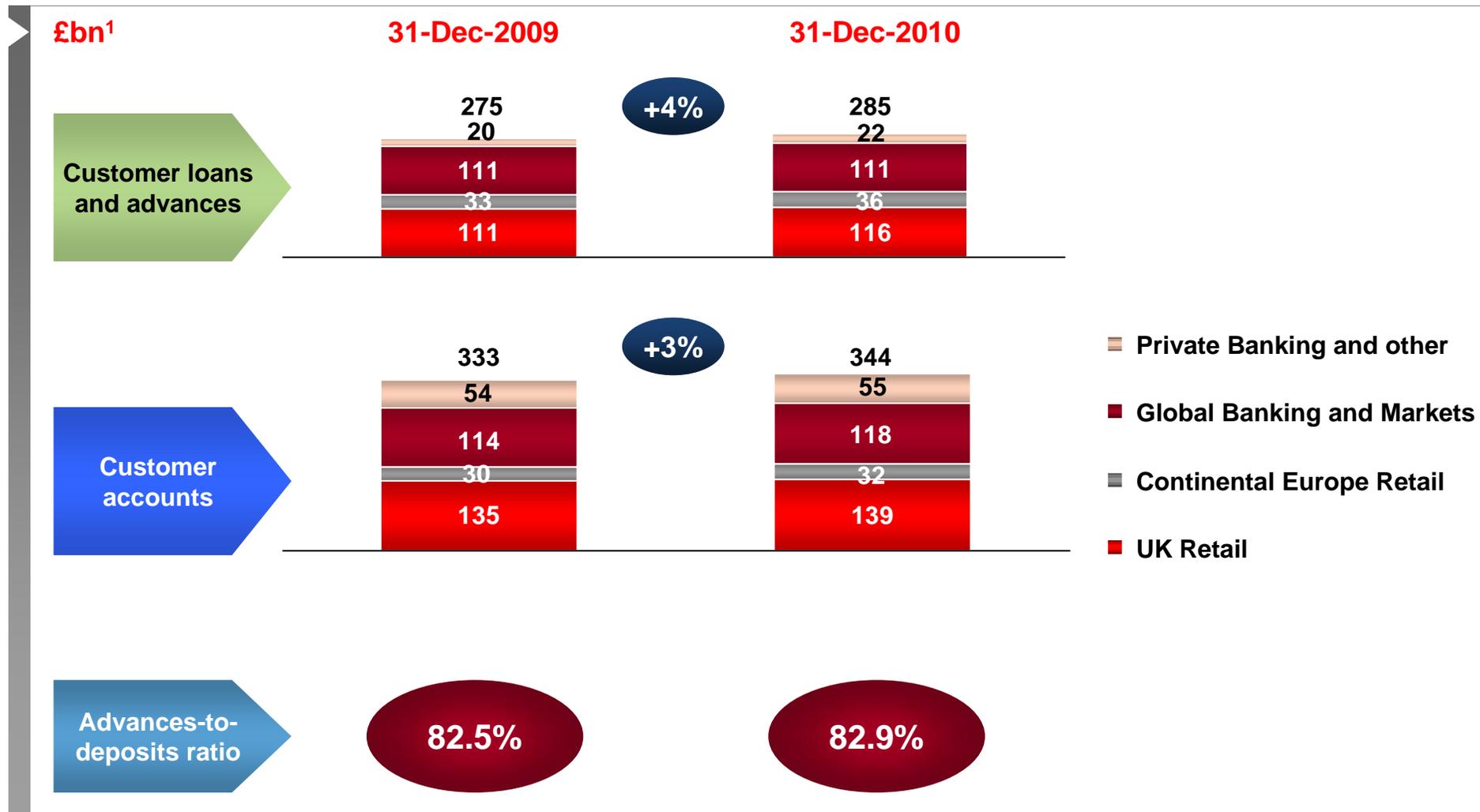


Risk-weighted assets, £bn



Customer lending and funding

Funding strength supports customer lending growth

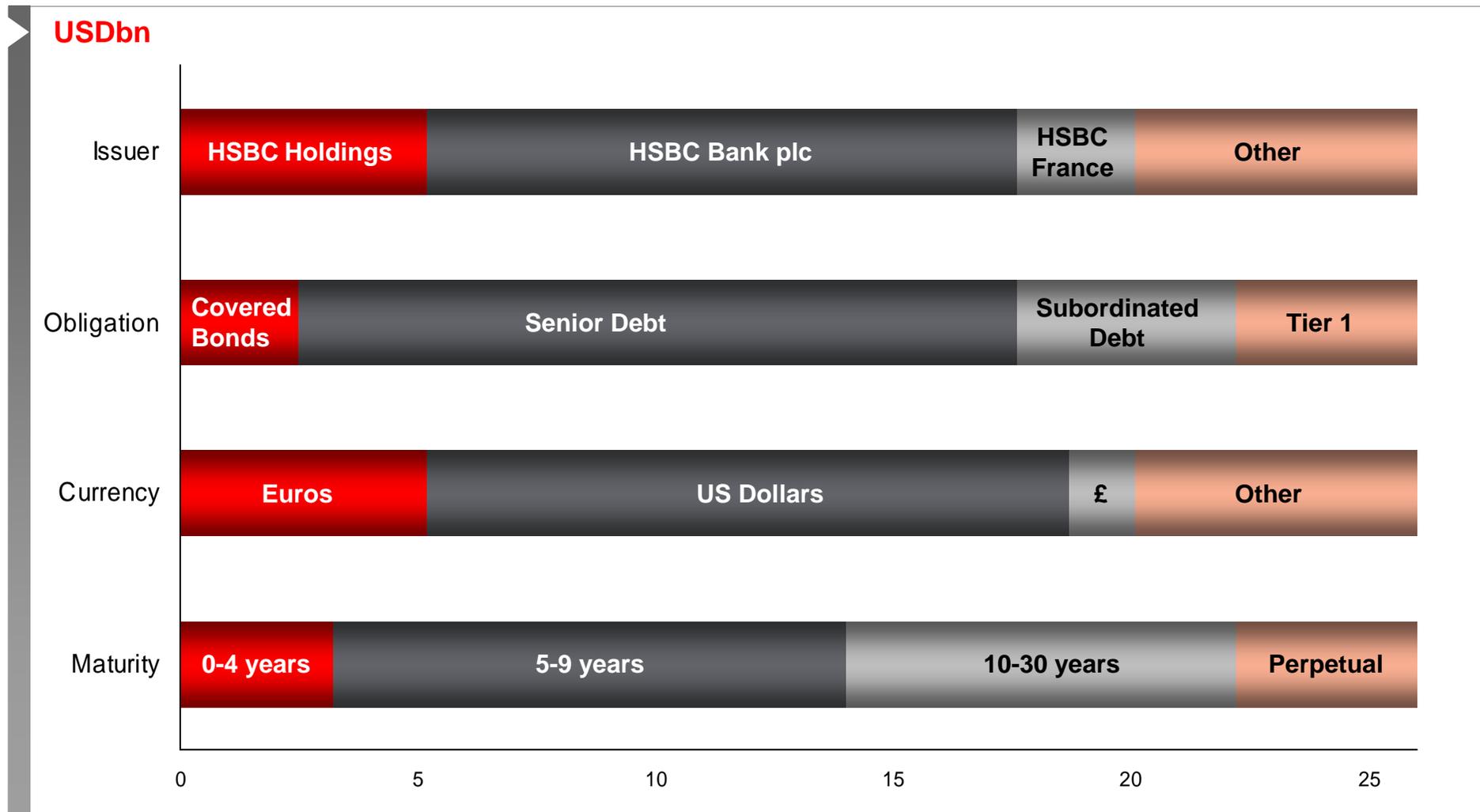


Note:
(1) Underlying basis

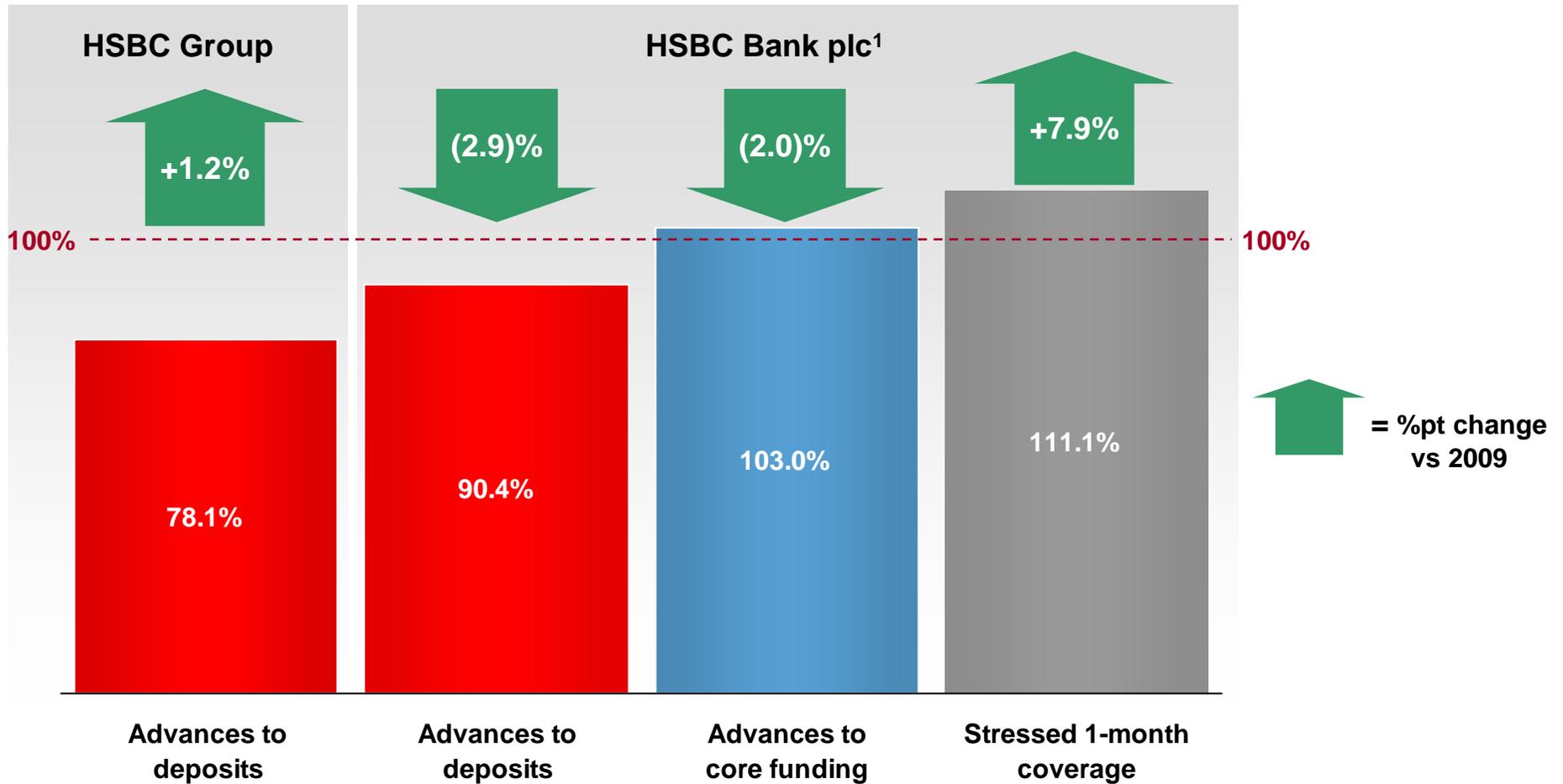
HSBC Group Funding Analysis

2010 Public Issuance

10 HSBC entities issued USD26bn equivalent of new securities



Key funding ratios at year end 2010



Note:
(1) Non consolidated basis

Conclusions

2010 highlights

Improved financial performance

All regions and customer groups profitable

Strong capital generation enabled an increased dividend

HSBC well placed for evolving regulatory environment

2010 financial highlights

	2009		2010	Better / (worse)	
Reported PBT (USDbn)	7.1	▶	19.0	+169%	Continued recovery in underlying profits
Underlying PBT ¹ (USDbn)	13.5	▶	18.4	+36%	
EPS (USD)	0.34	▶	0.73	+115%	Significantly improved credit quality
ROE (%)	5.1	▶	9.5	+440bps	Strengthened capital position
Core tier 1 ratio ² (%)	9.4	▶	10.5	+110bps	
Dividends ³ (USD)	0.34	▶	0.36	6%	Increased dividend

Notes:

(1) Underlying results eliminate the effects of foreign currency translation differences, acquisitions and disposal of businesses and changes in fair value (FV) due to movements in credit spread on long-term debt issued and designated at FV

(2) As at 31 December

(3) Declared on ordinary shares in respect of 2009 and 2010