

HSBC Holdings plc

Presentation to Fixed Income Investors

March 2012





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 and Accounts 2011. 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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The HSBC Group

Significant progress in year 1 of strategy

Key execution elements

Progress in 2011

Capital deployment

- 19 disposals announced to date
- Accounting for around USD50bn of RWA
- Reshaping US business

Cost efficiency

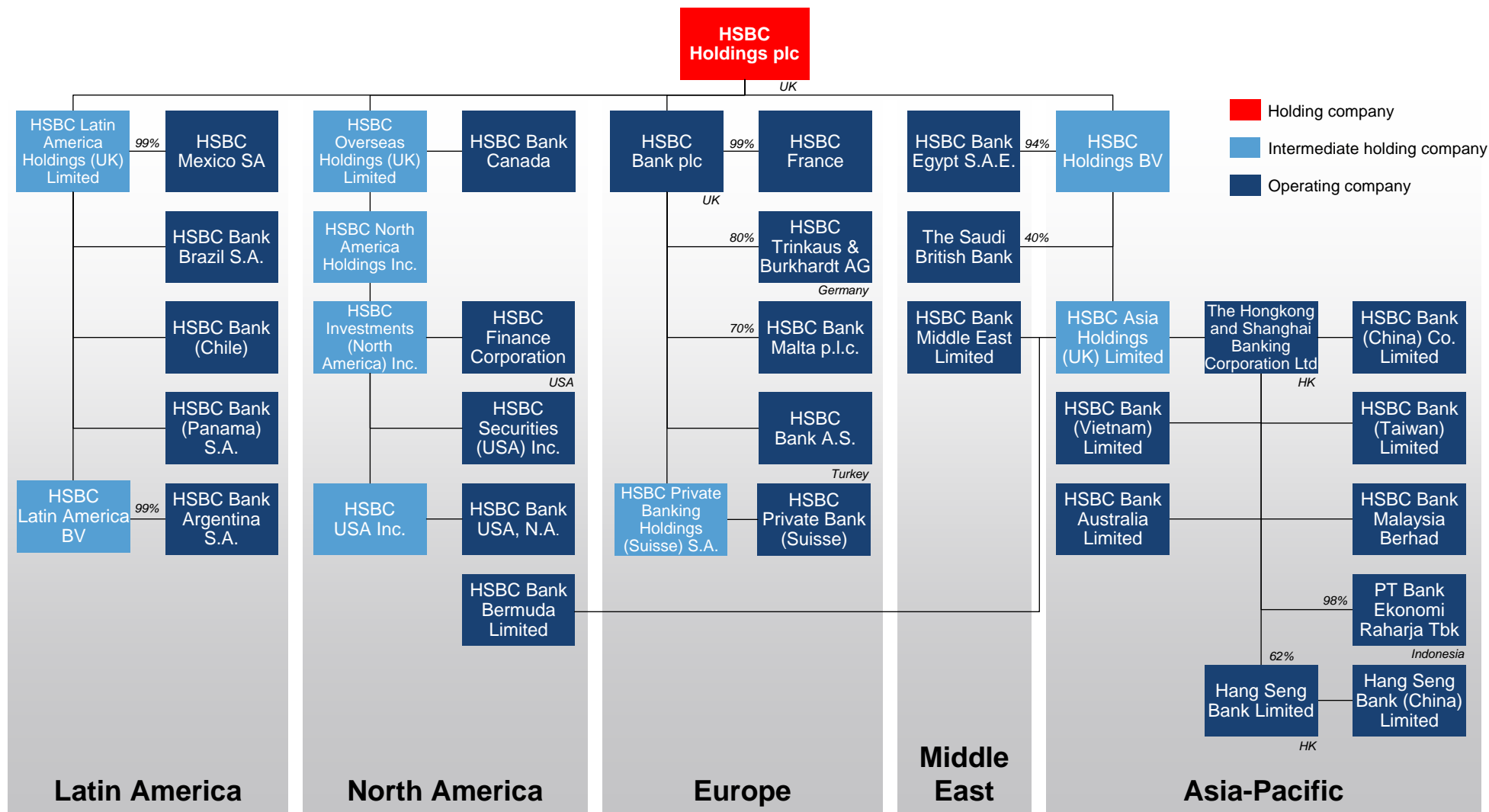
- Achieved USD0.9bn sustainable cost saves, USD1.3bn annualised equivalent
- Pipeline of initiatives developed to support upper end of target sustainable cost saves (USD2.5bn – USD3.5bn)

Growth

- Increased revenues in faster growing regions (Asia, Latam, MENA) by 10%, accounting for 49% of Group revenues, up from 44%¹ in 2010
- Record year in Commercial Banking, PBT up 30%¹
- Collaboration between Global Banking & Markets and Commercial Banking increased revenues by over USD0.5bn
- Modest progress towards Wealth Management target

¹ On an underlying basis

Simplified structure chart



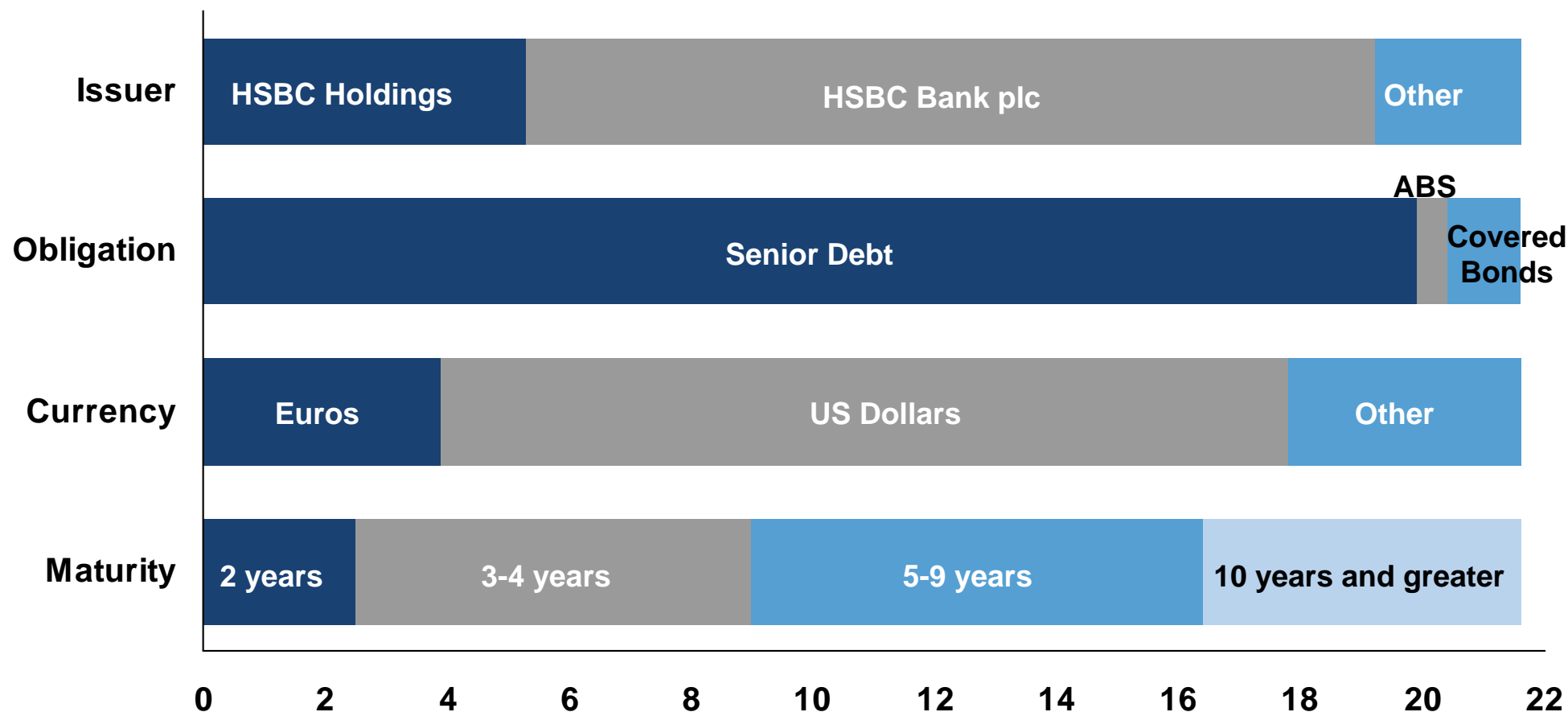
1 All entities wholly owned unless shown otherwise (part ownership rounded down to nearest percent)

2 At 31 December 2011

2011 public market issuance

HSBC entities issued USD21.6bn equivalent of new fixed income securities

(USDbn)



HSBC Holdings financial performance 2011

Financial overview

Summary of reported results

USDbn	2010	2011	% Better/(worse) 2011 vs 2010
Income excluding changes in FV of own debt due to credit spread	68.3	68.3	0
Loan impairment charges ¹	(14.0)	(12.1)	14
Operating expenses	(37.7)	(41.5)	(10)
Associates and joint ventures	2.5	3.3	30
Profit before tax, ex changes in FV of own debt due to credit spread	19.1	17.9	(7)
Changes in FV of own debt due to credit spread	(0.1)	3.9	na
Profit before tax	19.0	21.9	15
Profit after tax	14.2	17.9	26

¹ Loan impairment charges and other credit risk provisions (LICs)

All regions and businesses profitable

Profit before tax

USDm	Europe	Hong Kong	RoAP ¹	MENA ²	North America	Latin America	Total
RBWM ³	1,322	3,022	1,641	247	(2,665)	703	4,270
Commercial Banking	1,687	1,608	2,246	537	1,002	867	7,947
Global Banking & Markets	77	1,316	3,089	643	875	1,049	7,049
Global Private Banking	557	188	91	(2)	90	20	944
Other	1,028	(311)	404	67	798	(324)	1,662
Total	4,671	5,823	7,471	1,492	100	2,315	21,872

¹ Rest of Asia Pacific

² Middle East and North Africa

³ Retail Banking and Wealth Management

Exposure to selected Eurozone countries

31 December 2011

USDbn	Greece	Ireland	Italy	Portugal	Spain	Total
Sovereigns and agencies	0.4	0.3	2.3	0.5	1.2	4.7
Banks	0.7	1.9	2.0	0.5	3.1	8.2
Other financial institutions & corporate	3.9 ¹	3.2	2.6	0.1	6.0	15.8
Personal	1.0	–	–	–	–	1.0
Total	6.0	5.4	6.9	1.1	10.3	29.7
Total off balance sheet exposures	1.6	0.3	1.4	–	2.0	5.3

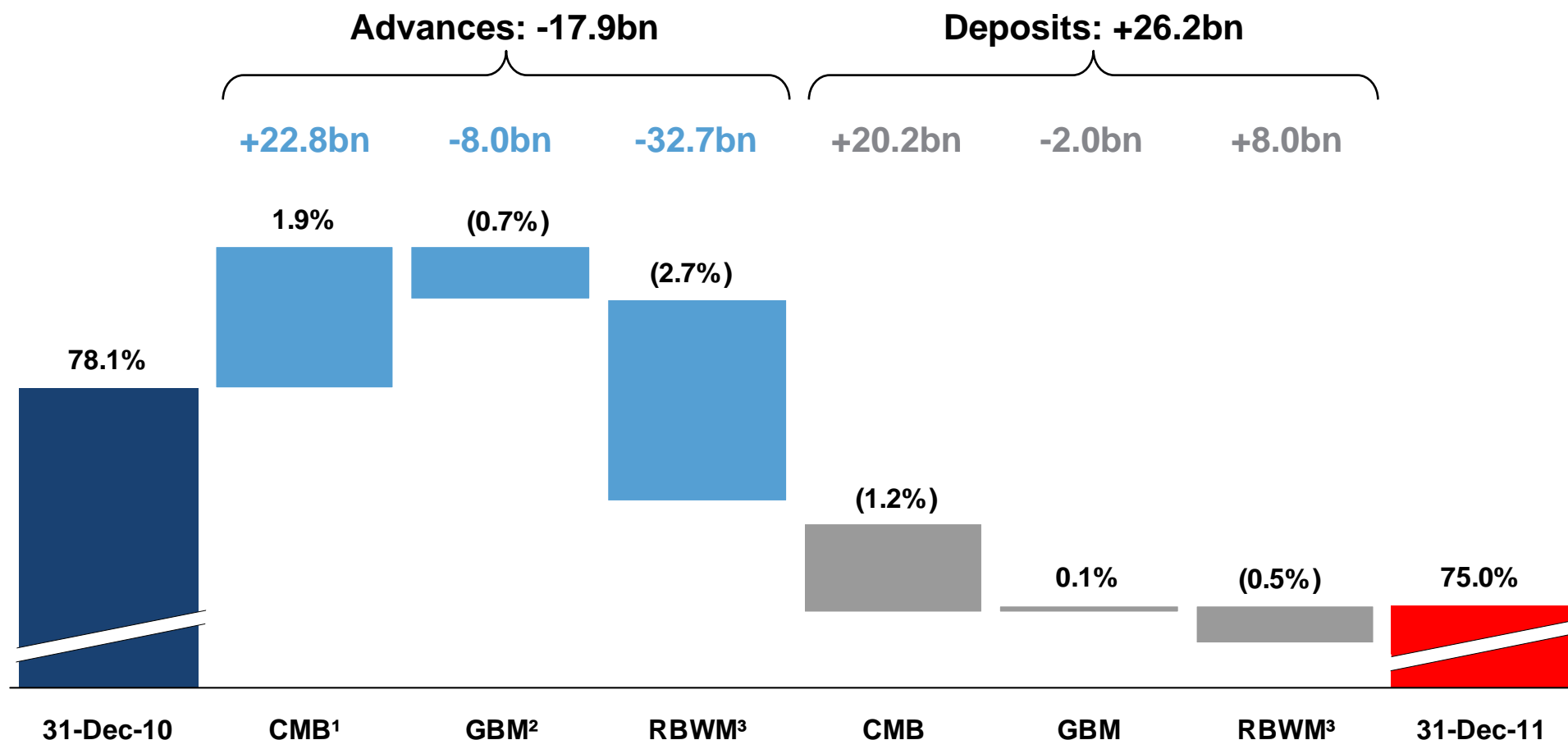
1 Of which \$2.0bn exposure is to Greek shipping companies

Customer lending and funding

Growth in Commercial Banking while maintaining signature strength

Advances to deposits ratio

USDbn



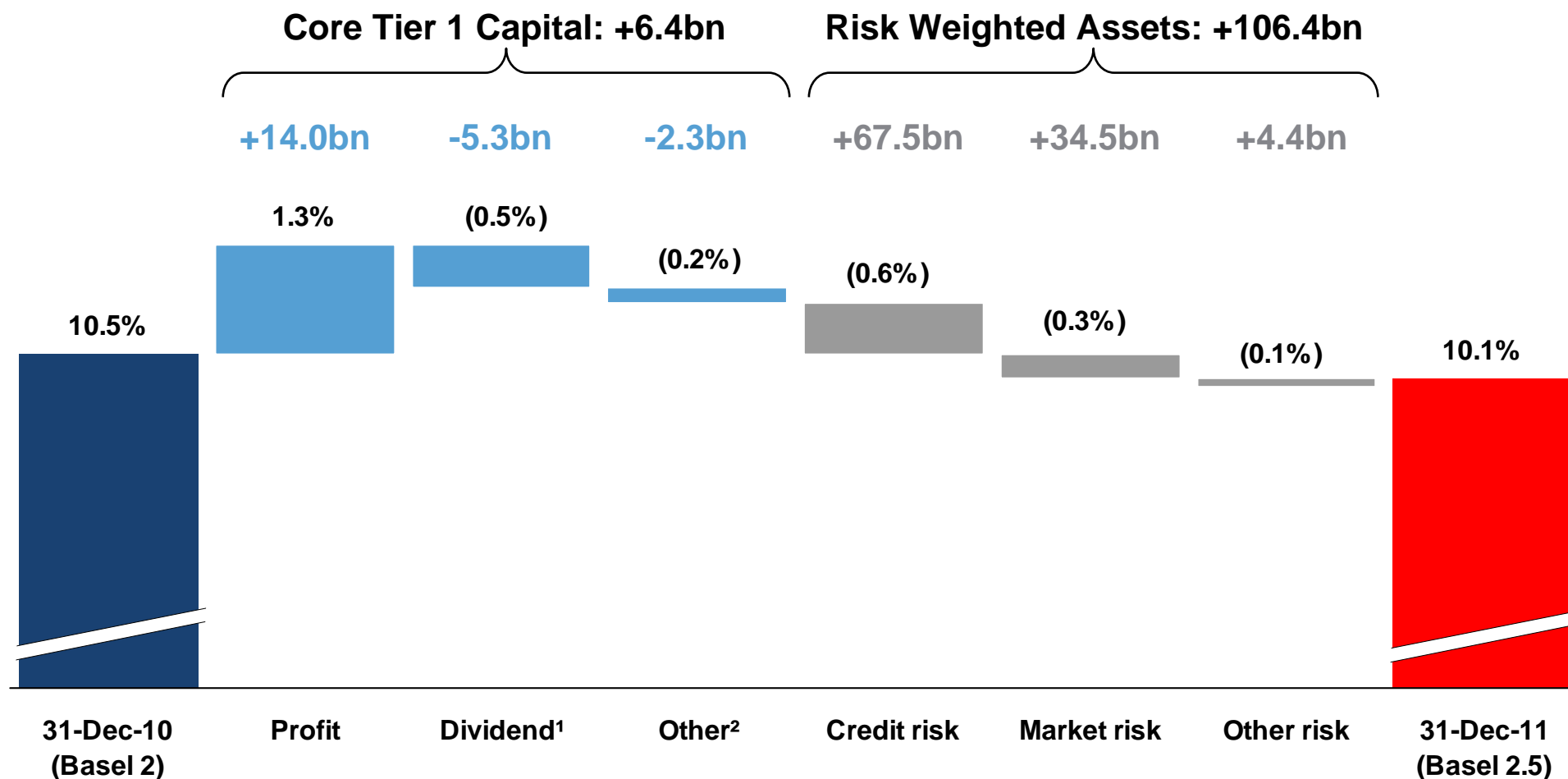
1 Commercial Banking
 2 Global Banking and Markets
 3 RBWM and others

Capital adequacy

Continued capital generation and introduction of Basel 2.5

Core tier 1 ratio

USDbn



¹ Net of Scrip
² Including FX translation

Conclusions

Why should you own HSBC?

Distinctive position	<ul style="list-style-type: none"> • Network of countries relevant for international connectivity • Access and exposure to high growth markets and businesses • Strong balance sheet generating resilient stream of earnings 		
Strategy	<ul style="list-style-type: none"> • International connectivity; markets & businesses • Wealth creation; relevant and profitable markets 		
Execution focus	<ul style="list-style-type: none"> • Capital deployment; five filters and turnaround actions • Cost efficiency; sustainable cost saves & simplification • Growth: faster growing markets; wealth opportunity; intra-group connectivity 		
Financial targets	Basel III Core Tier I ratio	9.5-10.5%	Strong capital generation
	Return on Equity over the cycle	12-15%	1.8-2.6% pre-tax RoRWA
	Cost Efficiency ratio by 2013	48-52%	Sustainable cost saves