



Nomura Financial Services Conference

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HSBC 

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 and Interim Report 2012. 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

HSBC Group Interim results 2012

Financial highlights

Summary financial highlights¹

	1H11	2H11	1H12	% Better / (worse)	
				1H12 vs 1H11	1H12 vs 2H11
Reported PBT (USDbn)	11.5	10.4	12.7	11	23
Underlying PBT (USDbn)	11.0	5.8	10.6	(3)	83
EPS (USD)	0.51	0.41	0.45	(12)	10
Dividends ² (USD)	0.18	0.23	0.18	n/a	n/a

Financial targets %

	1H11	2H11	1H12	KPI
Return on average ordinary shareholders' equity	12.3	9.5	10.5	12-15
Cost efficiency ratio	57.5	57.5	57.5	48-52
Advances-to-deposits ratio	78.7	75.0	76.3	<90
Core tier 1 ratio	10.8	10.1	11.3	9.5-10.5

Notes:

(1) All figures are as reported unless otherwise stated

(2) Declared in respect of the period

Global Business contribution

CMB contributed 40% of Group PBT

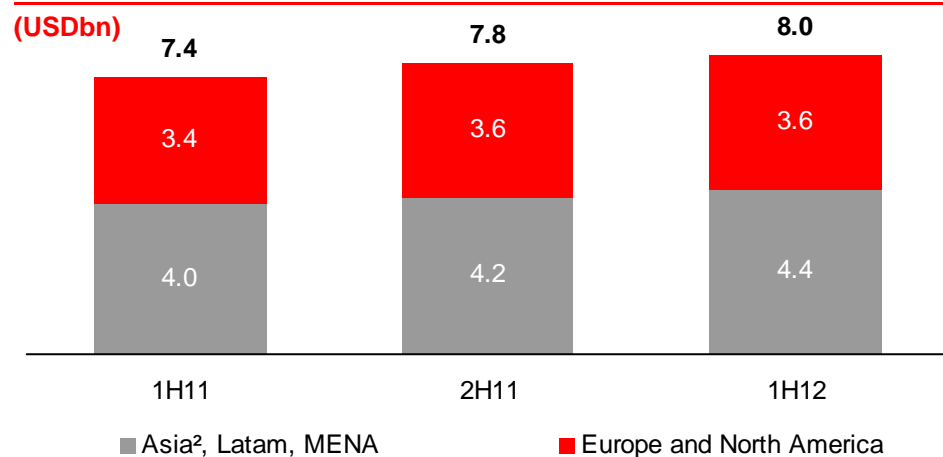
PBT ¹ , (USDbn)	1H11	2H11	1H12	% Better / (worse)	
				1H12 vs 1H11	1H12 vs 2H11
Commercial Banking	4.1	3.7	4.2	3	13
Global Banking and Markets	4.7	2.2	5.0	7	128
Retail Banking Wealth Management	2.9	0.7	2.6	(11)	292
Global Private Banking	0.5	0.4	0.5	(16)	15
Other	(1.2)	(1.2)	(1.6)	(34)	(40)
Total	11.0	5.8	10.6	(3)	83

Note:
(1) Underlying basis

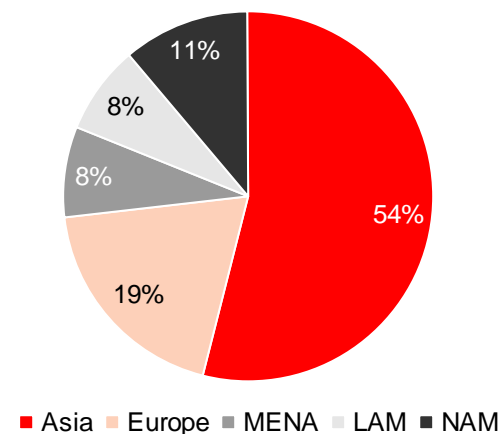
CMB Interim Results 2012¹

Continued revenue growth, >70% of PBT from Faster Growing Markets

CMB Revenue



PBT by Region



Metrics	1H11	2H11	1H12
PBT (USDbn)	4.1	3.7	4.2
CER (%)	44.9	47.3	46.7
Loans & Advances ³ (USDbn)	268	262	273
Deposits ³ (USDbn)	301	306	317
AD Ratio ³ (%)	89	86	86
Period-end RWAs ³ (USDbn)	363.3	382.9	397.8
RoRWA ⁴ (%)	2.3	2.0	2.1

Highlights

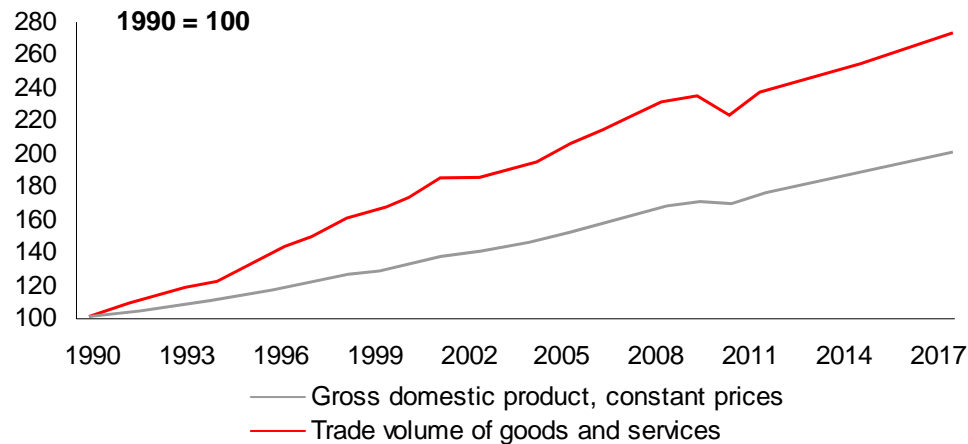
- Revenues from faster growing regions up 12%
- Faster growing regions account for 55% of revenues and 70% of PBT
- Global Trade and Receivables Finance revenues up 14%
- More than a third of our Business Banking revenues were generated by international SMEs during the first half of 2012
- Revenue from GBM collaboration increased by 16%
- Over USD1bn net new money generated for Private Banking in 1H12

Notes:

- All data on an underlying basis except where otherwise stated
- Data for 'Asia' comprises the sum of reported figures for the Hong Kong and Rest of Asia-Pacific geographical regions without the elimination of inter-segments
- On a reported basis
- Calculated using underlying pre-tax return and reported average RWAs

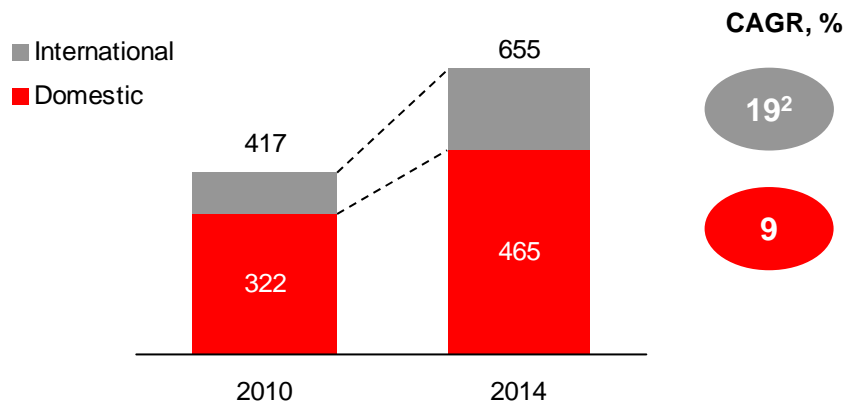
The world is becoming more international and connected

1 Trade will continue to grow faster than GDP¹



- Financial crisis disrupted international trade growth
- But underlying trend is unchanged
- Western markets stimulating trade to drive recovery

2 International Revenue is growing significantly faster than domestic²



- International customers generate more than 2x the revenue of a pure domestic customer
- Forecast revenue pool from international companies is worth up to USD190bn...
- ...and is growing at twice the rate of domestic (19% vs 9%)

Notes:

(1) International Monetary Fund, World Economic Outlook Database, April 2012

(2) HSBC and McKinsey analysis on selected markets

- Risk adjusted revenue

- Forecast international revenue pool includes USD45bn from possible conversion of domestic companies to international based upon HSBC sensitivity analysis

International businesses are faster growing

Need a bank that can connect them to new markets

Governments in the west have recognised the need to look beyond their borders for growth

- *Most European governments are betting on export-led recovery and SMEs need to be at the heart of this¹*
- Only 13% of SMEs have traded outside the EU in the past 2 years²
- Germany has >200% more exporters than Italy while the population size is only 36% greater³

International businesses are faster growing, more innovative

- 60% of high growth businesses across Europe are international⁴
- 26 % of internationally active SMEs introduced products or services that were new for their sector in their country; for other SMEs the figure was only 8 %⁴

International companies need partnership, not just product

- Going international requires advice and support at both ends of the target trade flow
- Need a bank that can connect them to the opportunity

Challenges for businesses going international

Finding and managing overseas counterparties

Operating in unfamiliar legal jurisdictions

Controlling currency exposure

Gaining access to international finance

Managing extended working capital cycles

Low awareness of support mechanisms

Knowledge of international trade documents

Finding management with suitable expertise

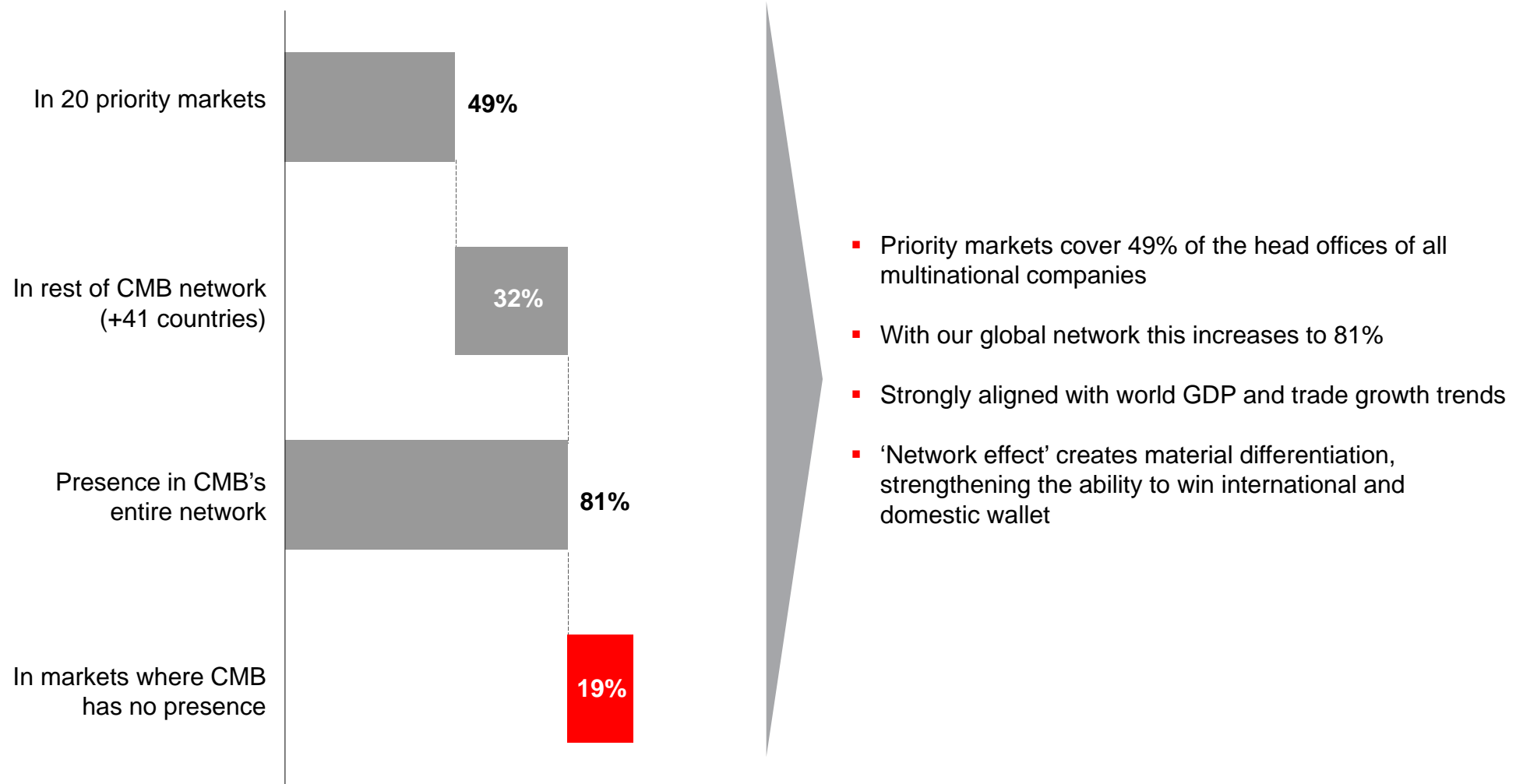
Notes:

- (1) ACCA
- (2) European Commission – Enterprise and Industry
- (3) France Diplomatie
- (4) ACCA – High Growth SMEs

Our network enables us to serve the international customers we want to bank

Covers 81% of multinational companies

Coverage of Multinational Head Offices (%)



Traditional competitors are constrained; retrenching to home markets

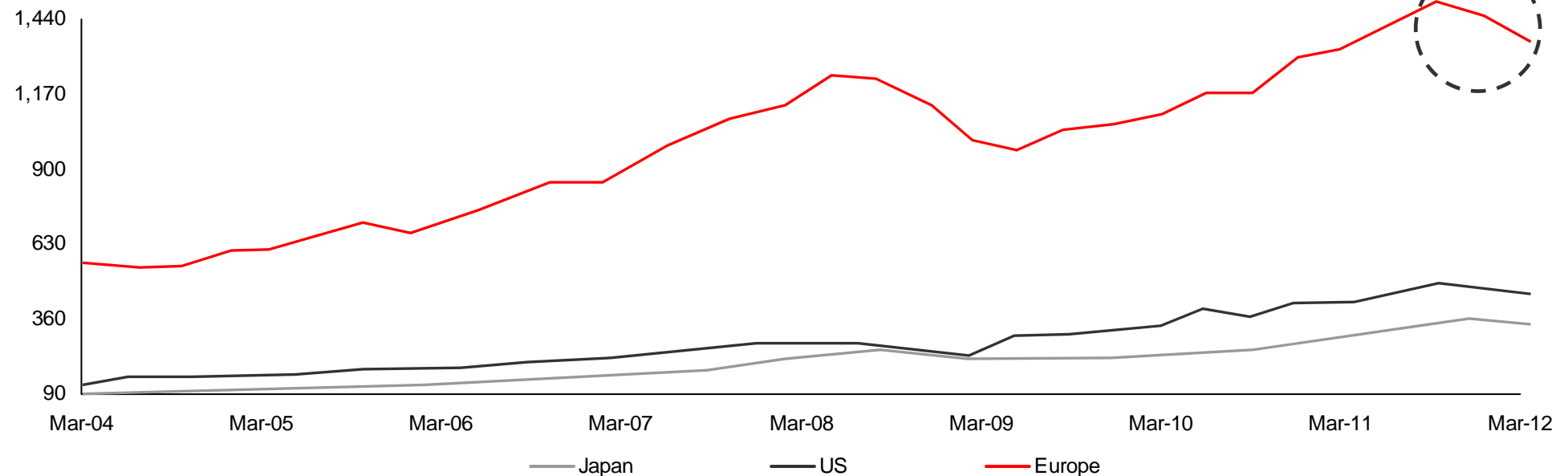
Creates opportunity for CMB

European banks are reducing their exposure to faster growing markets

- IMF estimates that European banks could cut their total assets by a further EUR2 trillion by the end of 2013¹
- Lending to Asia was down USD100bn in Q4 2011 alone¹
- 30% reduction in European bank cross border credit lines to Latin America in 2H 2011²
- French banks reducing exposure to traditional strength in commodity finance

Sharp reduction in European bank lending to Asia in 2H 2011

International bank lending to emerging Asia (USDbn)

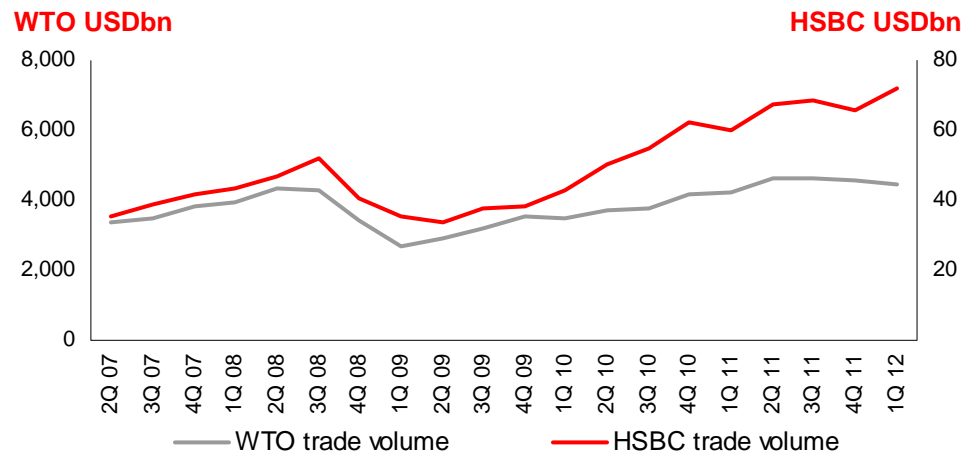


Source:
(1) European Bank deleveraging and Asia, HSBC Global research, April 2012
(2) Latin America Economics, No harm from European bank pull-back, but risks remain: HSBC Global research, May 2012

CMB's competitive position in international business has been strengthened

The world's leading Trade Finance bank with 9% global market share¹

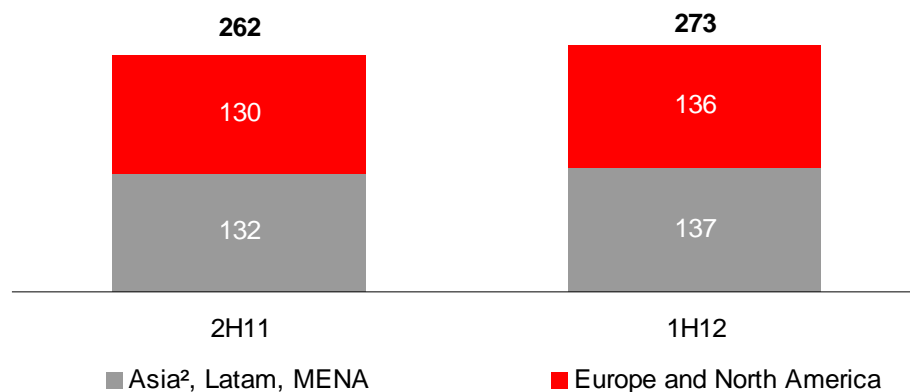
HSBC share of global trade is increasing⁴



- Steady increase in trade market share since the financial crisis
- Demonstrates HSBC is in the right locations with the product solutions international customers need

And CMB's balance sheet is growing

Loans and Advances to Customers, USDbn³



- Despite a challenging economic environment CMB has achieved balance sheet growth

Notes:

- Source: Global market share by revenue, Oliver Wyman Global Transaction Banking survey 2011
- Data for 'Asia' comprises the sum of reported figures for the Hong Kong and Rest of Asia-Pacific geographical regions without the elimination of inter-segments
- On a reported basis
- Based on WTO data and Internal Management Information

HSBC is already the preferred bank for international business

Deploying additional propositions to attract new customers

International proposition is outperforming competitors

- Engagement survey of multi-banked HSBC customers ranked HSBC #1 of 9 leading international banks¹
- Customers choose HSBC for strength as a relationship bank and for international business
- Analysis in CMB UK shows a direct correlation between engagement and profitability

Increasing focus on international SMEs will unlock value

- International SMEs generate more than 2x the revenue of domestic SMEs
- Global rollout of proven international SME proposition is underway
- UK pilot delivered significant uplift in customer satisfaction and value

"HSBC were extremely proactive in assisting our overseas sales team with local market knowledge and potential routes to market before any formal talks had taken place [to start a relationship with HSBC]. Dedication to delivering tangible results was one of the key characteristics our Board was looking for when reviewing its financial arrangements, and we are confident HSBC will deliver."

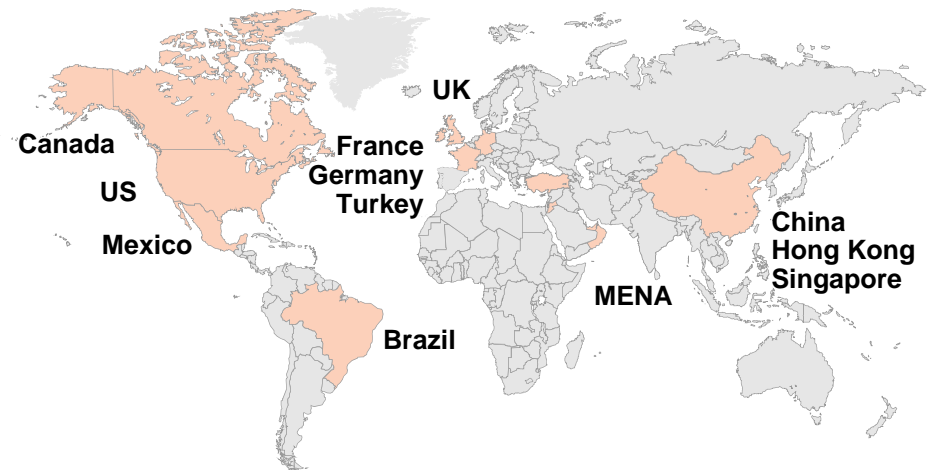
CEO, Tomatin Group

Notes:

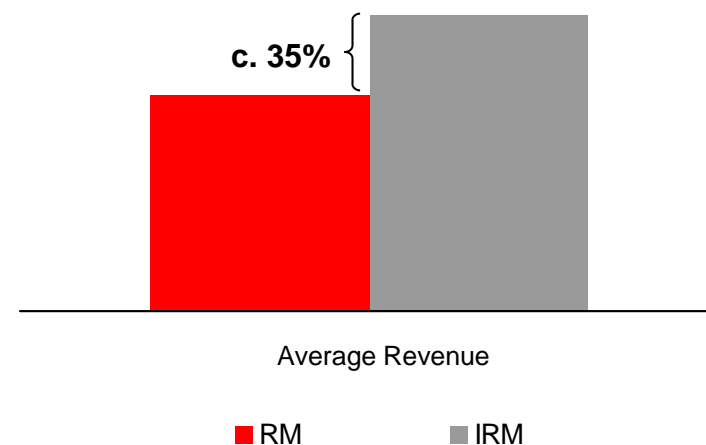
(1) Source: HSBC Customer Engagement Program

(2) Average revenue per customer – Aug YTD 2012. IRM - International Relationship Manager; RM – Relationship Manager

Validating delivery to customers in key markets

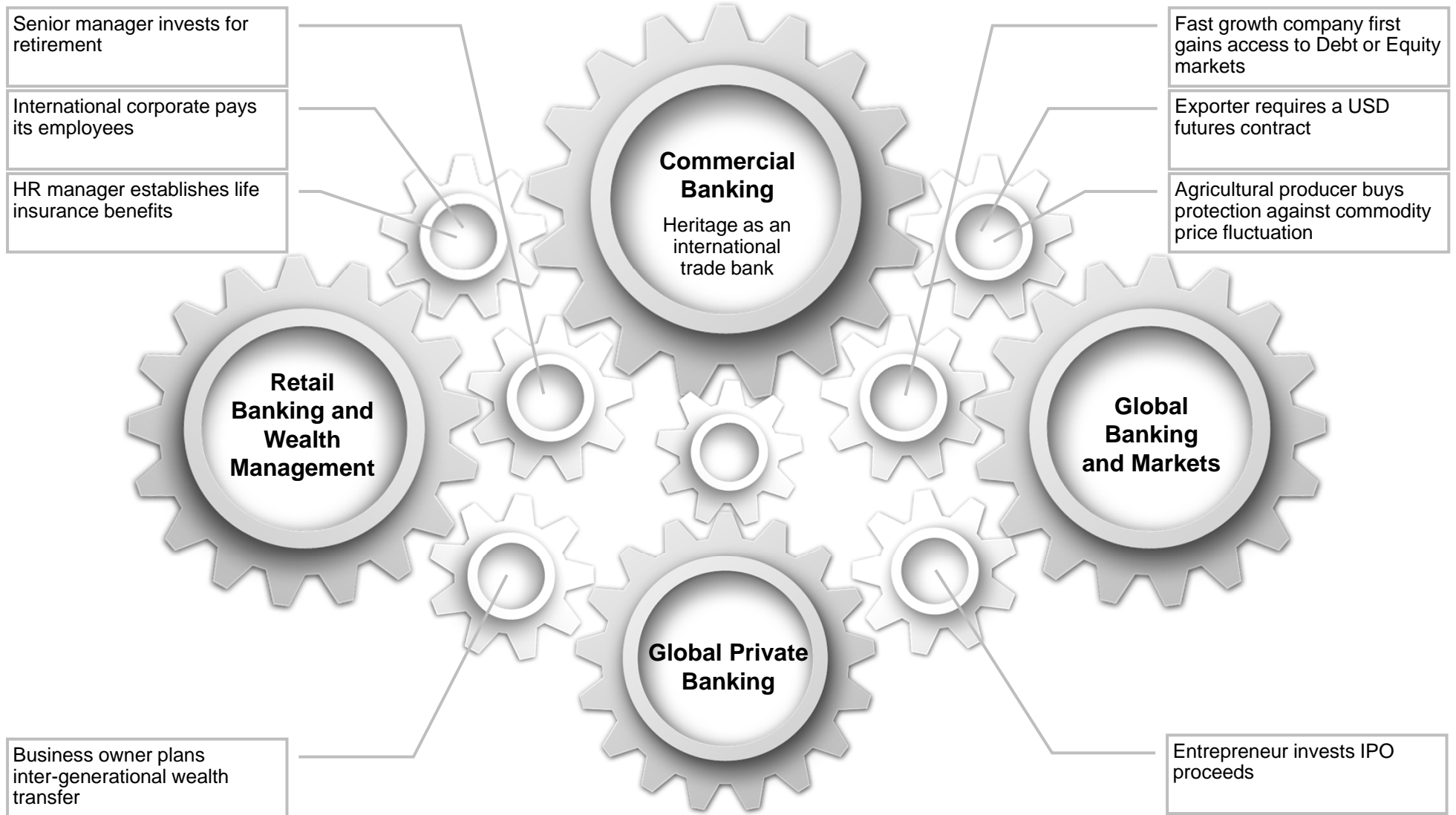


Impact of the international SME model (UK)²



Internal collaboration increases the value of our international advantage

Customer needs identified and matched to relevant Group expertise



Collaboration to deliver USD2bn of incremental revenues for the Group

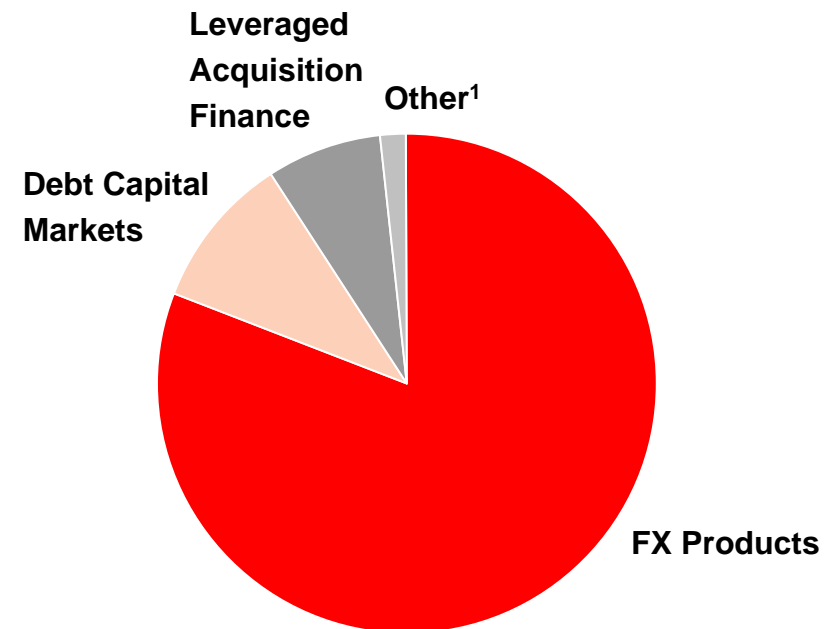
Double original target

Total collaboration upside in the medium term (Revenues, USDbn)



Revenue from sales of GBM products up 16% yoy

Incremental GBM revenues delivered in 1H12



Notes:

(1) Other GBM products such as equity capital finance, project finance, advisory and other derivatives

Running CMB as a Global Business is improving performance

Customers and shareholders benefiting from consistent approach

1 Improving experience for international customers

- Globally consistent customer segmentation implemented
- Global CRM system implemented for all corporate customers, enabling HSBC to operate as virtual relationship team across all markets
- Simplifying cross border credit processes to make it easier to do business

2 Improving efficiency and productivity

- CMB a core part of Group Organisational Effectiveness Program
- Credit process improvement identifies low risk credit reviews and targets a 25% reduction in the principal administrative task currently completed by relationship managers

3 Strengthening governance and controls, making CMB easier to manage

- Consistent global business model implemented, simplifying CMB, strengthening governance
- Global Executive Committee and Risk Committee drive decision making and oversight

Key Messages

- 1 International opportunity is faster growing, more profitable**
- 2 CMB is well positioned and gaining market share**
- 3 Internal collaboration extends advantage, unlocking revenues**
- 4 Global operating model improves performance and controls**