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Global Markets presentation at Columbia  
September 18, 2007

**HSBC**   
The world's local bank



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# Welcome to HSBC Global Markets

Today's Speakers:

**Albert Yu – MD, Head of Global Structured Equity Products, Americas & Head of Structured Derivative Sales, North America**

**Natan Milgram – AVP, '07 Associate Class**

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# Overview of HSBC Group and Corporate Investment Banking & Markets (CIBM)



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## HSBC Group Recent History - Acquisition and Expansion

- HSBC grew rapidly from 1960-1990, with subsidiaries in the Middle East, the UK, Canada, the US, Germany, Egypt and Australia
- In 1992, one of the largest acquisitions in history was made when HSBC Holdings plc completed the purchase of the UK's Midland Bank
- Throughout the 1990's, HSBC acquired banks in Brazil, Argentina, Malta, Malaysia and Luxembourg, and began trading on the New York Stock Exchange
- In 2000, HSBC acquired CCF and was listed on the Paris Stock Exchange
- In 2001-2003, HSBC made major acquisitions in Turkey and Mexico
- At the end of 2003, HSBC acquired the US firm Household International, Inc. for a consideration of USD14.2 billion
- In 2004, HSBC acquired The Bank of Bermuda Limited, as well as 19.9 per cent of Bank of Communications Limited, China's fifth largest bank
- In 2005, HSBC increased its stake in Ping An Insurance (Group) Company of China, Ltd, China's second largest life insurance operation to 19.9%
- In 2006, HSBC entered into an agreement to acquire Panama-based Group Banistmo S.A. for USD1.77 billion

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## HSBC – The World's Local Bank



Employees: 312,000  
Offices: 10,000  
Countries: 83  
Customers: 125 million

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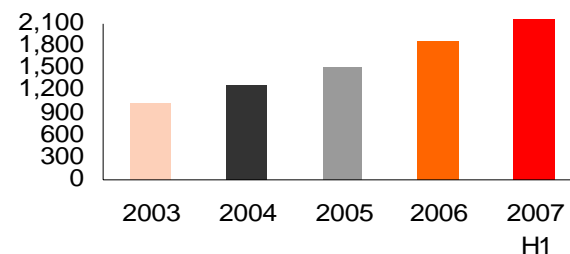


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## HSBC Group Financials – Financial strength

Total assets

USD billion



**2007: USD2,150 billion**

2006: USD1,861 billion

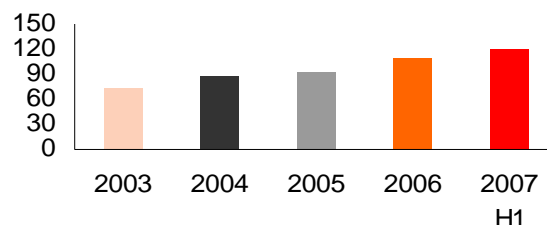
2005: USD1,501 billion

2004: USD1,277 billion

2003: USD1,034 billion

Shareholders' funds

USD billion



**2007: USD119.8 billion**

2006: USD108.3 billion

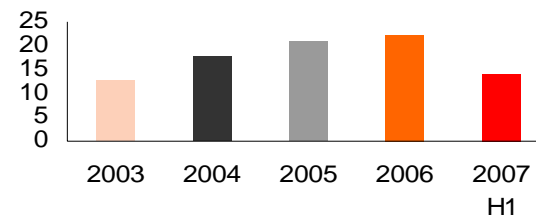
2005: USD92.4 billion

2004: USD86.6 billion

2003: USD74.5 billion

Profit before tax

USD billion



**2007: USD14.2 billion**

2006: USD22.1 billion

2005: USD20.9 billion

2004: USD17.6 billion

2003: USD12.8 billion

Note: 2007 data as per Interim Report of 2007



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## HSBC – The World’s Local Bank

### Widely Held

- HSBC Holdings is listed in London, Hong Kong, New York, Paris, and Bermuda stock exchanges with over 205,000 shareholders from some 100 countries and territories

### Strong Ratings

	Moody's	S&P	Fitch
HSBC Holdings plc	Aa2	AA-	AA
HSBC USA Inc.	Aa2	AA	AA
HSBC Bank USA	Aa3	AA-	AA

### Key Awards

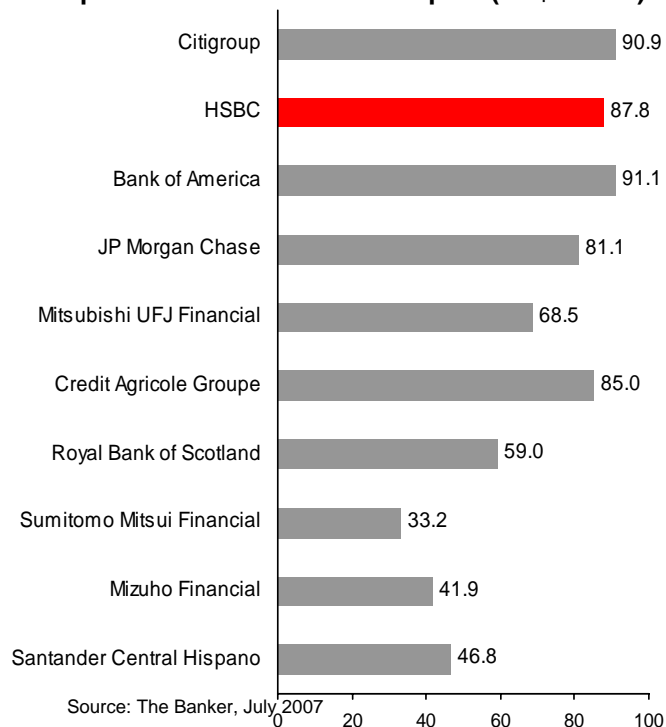
- 2007 Euromoney names HSBC as ‘Best Risk Management House’
- 2006 The Banker Global Awards ‘Global Bank of the Year’
- 2005 Euromoney Awards for Excellence ‘The World’s Best Bank’



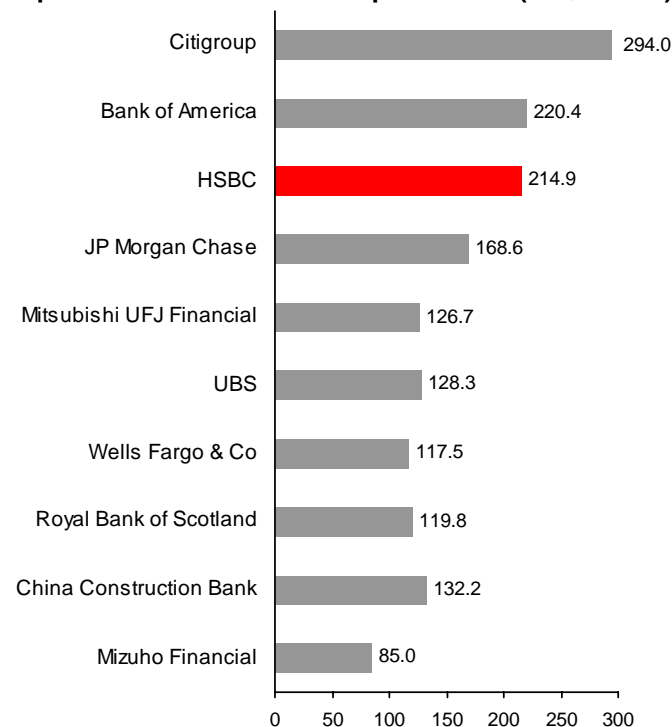
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## HSBC Group Achievements – Strong competitive position

Top world banks – Tier one capital (US\$ billion)\*



Top world banks – Market Capitalization (US\$ billion)\*



\*Based on full-year figures obtained from the most recent annual reports published by the banks

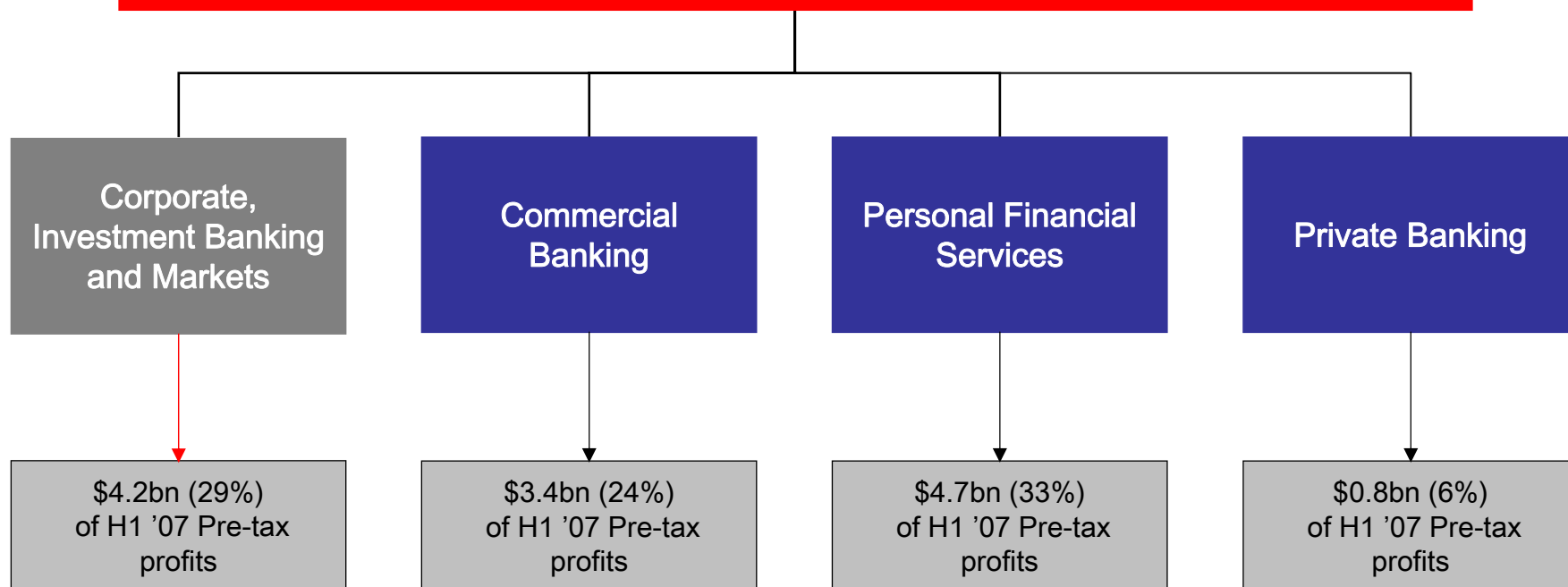
Source: The Banker, July 2007





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## Comprehensive range of financial services offered

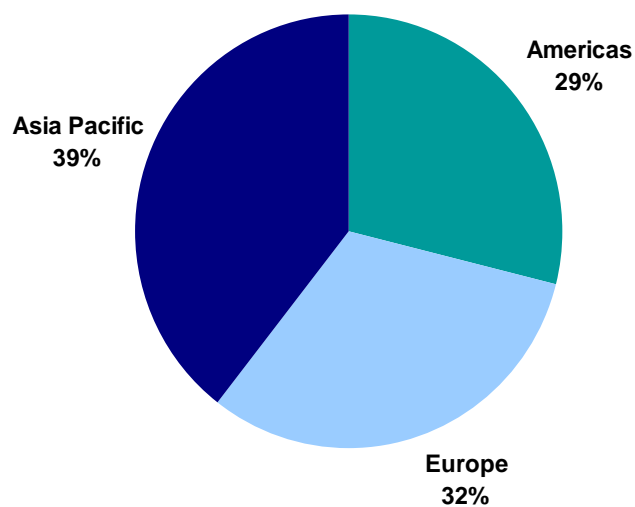




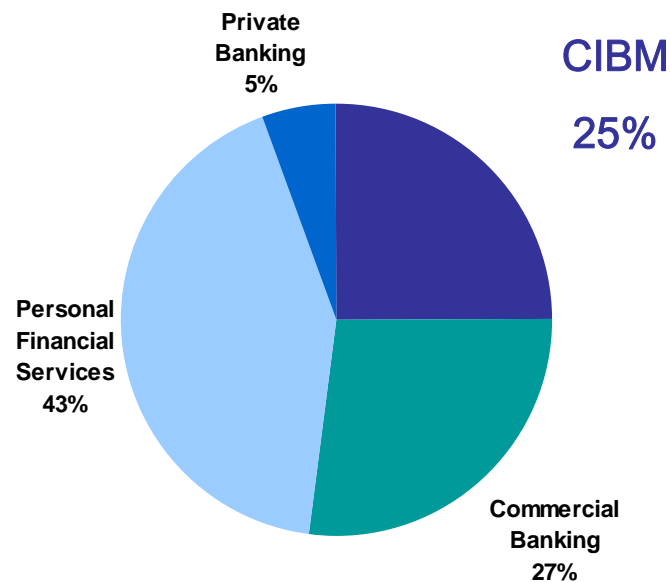
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## HSBC Profitability by Region and Customer Group

2006 Pre-tax Profit by Geography



2006 Pre-tax Profit by Customer Group



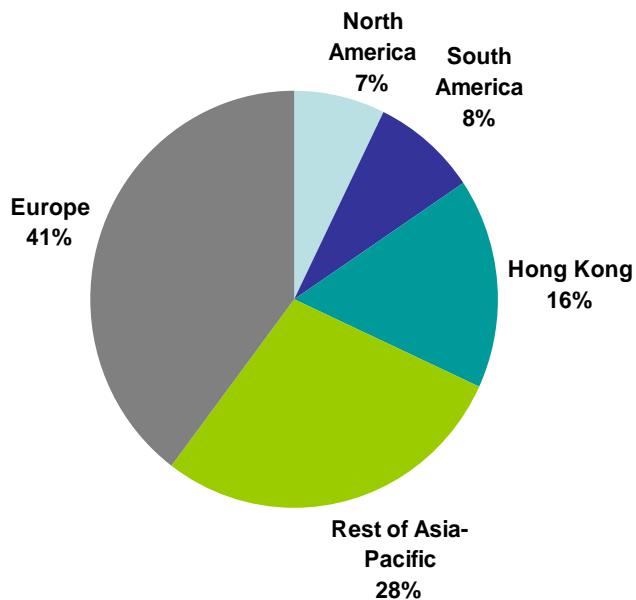
Total USD \$22.9bn  
(Excluding Goodwill amortisation)



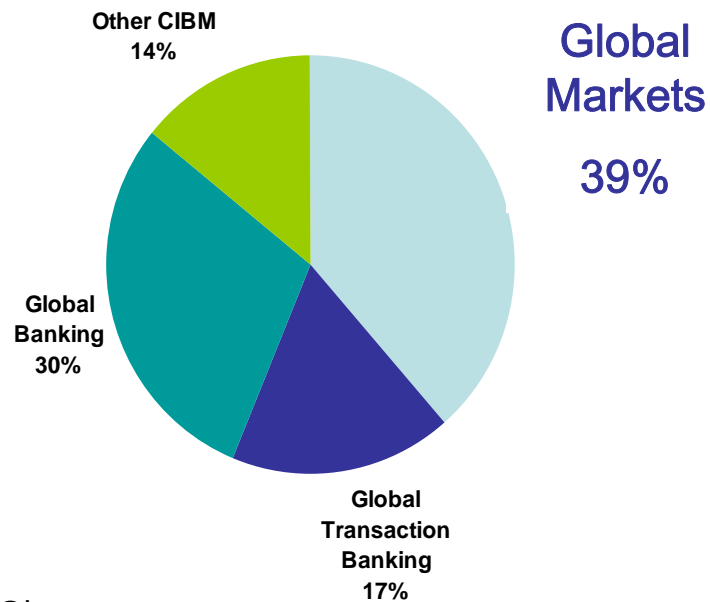
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## CIBM - Financial performance

**CIBM Worldwide**  
2006 Pre-tax Profit by Geography



**CIBM Worldwide**  
2006 Pre-tax Profit by Business Line



Total USD \$5.8bn  
(Excluding Goodwill amortisation)

\*Includes Group Investment Business and Private Equity



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## Industry Recognition



Best Risk Management House



### Regional Awards

- Best Risk Management in Asia
- Best Foreign Exchange in Asia
- Best Project Finance in Asia
- Best Risk Management in Middle East
- Best Cash Management in the Middle East
- Best Cash Management in North America

### Country Awards

- Best Bank in Hong Kong
- Best Debt House in Hong Kong
- Best Debt House in Saudi Arabia
- Best M&A House in Saudi Arabia
- Best Bank in Honduras

# EUROMONEY

### Euromoney Islamic Finance Awards

- Best International Islamic Bank
- Best Sukuk House
- Best Project Finance House
- Best Project Finance Deal – Rabigh Refinery and Petrochemical Project
- Best Sukuk Deal – Khazanah Nasional Berhad



Best Cash Management House

# EUROMONEY

### Foreign Exchange Poll 2007

#### Ranked #1

- Who's best where? – Asia and Middle East
- Best for currencies – Hong Kong dollar
- Best for currencies – Chinese Yuan
- Best for currencies – Middle Eastern currencies
- Best for currencies – Asian currencies
- Best for currencies – \$/£



- Crossborder deal of the year 2007 – Arcelor-Mittal
- Financing package of the year 2007 – BAA-Ferrovial





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## Analyst Affirmation

The positive surprises were concentrated in CIBM...Investment banking revenue growth is now likely to pick up, representing a return on the investments in this area and generating higher overall group revenue growth.

– Lehman Brothers

We see evidence of the CIBM investment program bearing fruit...we believe the investment program in its totality is set to deliver good results.

– UBS

CIBM produced strong earnings, showing the investment HSBC made is working...CIBM has caught the market by surprise...

– Goldman

CIBM delivered a strong turnaround, marked by higher revenues sequentially and also positive jaws...

– Morgan Stanley

CIBM results surprised us as they came 33% better than our conservative expectations...

– Merrill Lynch

The main area of excess over our expectation was in the CIBM division...which benefited from realization gains. In addition this division benefited from having built up a trading platform, which could exploit favorable market conditions, while the rate of cost growth has passed its peak

– Standard & Poors



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## Global Markets

- HSBC's global markets business is one of the largest of its kind in the world. It combines sophisticated 24-hour global coverage with a detailed knowledge of local markets. Our services are offered both online and offline, through a network of 87 treasury sites in more than 60 countries and territories worldwide
- Our trading and sales forces attend to customers that include the world's central banks, international and local corporations, institutional investors, financial institutions and other market participants
- Given the varied regulatory conditions globally, the range of products offered and their liquidity for each market differs, but HSBC typically aims to offer customers access to both onshore and offshore markets
- We specialize in foreign exchange, credits and rates, structured derivatives, equities and debt, equity and equity-linked capital markets



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# Key Business Areas

- **Structured Products**
- **Emerging Markets**

HSBC trades derivatives in all G7 currencies as well as Asian and emerging markets currencies (onshore and offshore). These include forwards (deliverable, non-deliverable), FX options, currency swaps and customized structures





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## Structured Products

**We offer full-service derivatives capabilities integrated across the seven main risk classes interest rate, credit, equities, funds of funds, hedge funds, mutual funds and managed funds - on underlying markets around the world.**

- **Global Structured Credit**
  - HSBC's Global Structured Credit Products group (GSCP) customizes Structured Credit products to suit specific risk management and investment strategies of HSBC's broad Corporate and Institutional client base. GSCP is a top-tier player in the structured credit market with a total book size in excess of \$70bn
- **Structured Rate Derivatives**
  - HSBC's Structured Rate Group in NY retains 12 Sr. Sales professionals and 7 traders who work with corporations to advise and assist them to hedge their interest rate risks. They are a leading originator of derivative funding solutions for government agencies.
- **Global Structured Fund**
  - HSBC Global Structured Fund Products (SFP) team offers full-service derivatives capabilities integrated across four main risk classes – funds of funds, hedge funds, mutual funds and managed accounts – on underlying markets globally. Our goal is to help clients meet their complete financing, investment and hedging needs by providing creative and customized solutions, and derivative markets liquidity. Our highly qualified and experienced team focuses on the derivatives needs of governments, supnationals, central banks, international and local corporations, institutional investors, hedge funds, financial institutions, private and individual investors.
- **Structured Equity Product**
  - HSBC's Structured Equity product team covers all aspects of equity derivative business facing institutional and corporate clients, as well as the private banking and retail client base. It is a global team with trading and structuring centers in New York, Paris, and HK, acting through sales people and centers scattered around the globe.





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## Foreign Exchange and Emerging Markets

- **Foreign Exchange**
  - HSBC is a leading market maker globally, quoting competitive prices in all tradable currencies. We trade FX in 75 of our treasury sites in 60 countries and territories. There is a strong emphasis on strategic partnership between our sales and trading teams.
- **Emerging Markets**
  - Our EM business draws on over 100 years of experience in Asia to offer a market-leading comprehensive service portfolio in foreign exchange, debt, equity and derivative products in the world's key emerging markets.



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# Program Overview

Natan Milgram

2007 Associate Class – Foreign Exchange Trading

2007 Columbia MSFE Graduate

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## Training Program

- Classroom Training
  - Economics
  - Spot FX, Metals/Commodities
  - Swaps, Futures & Options
  - Mortgage Backed Securities
  - Credit Derivatives/Credit Risk
  - Risk Management
- Trading Simulation
- Online Fixed Income and Equity Tutorials
- Lunch Seminars
- Multi-Product Exposure
- Team Building Activities



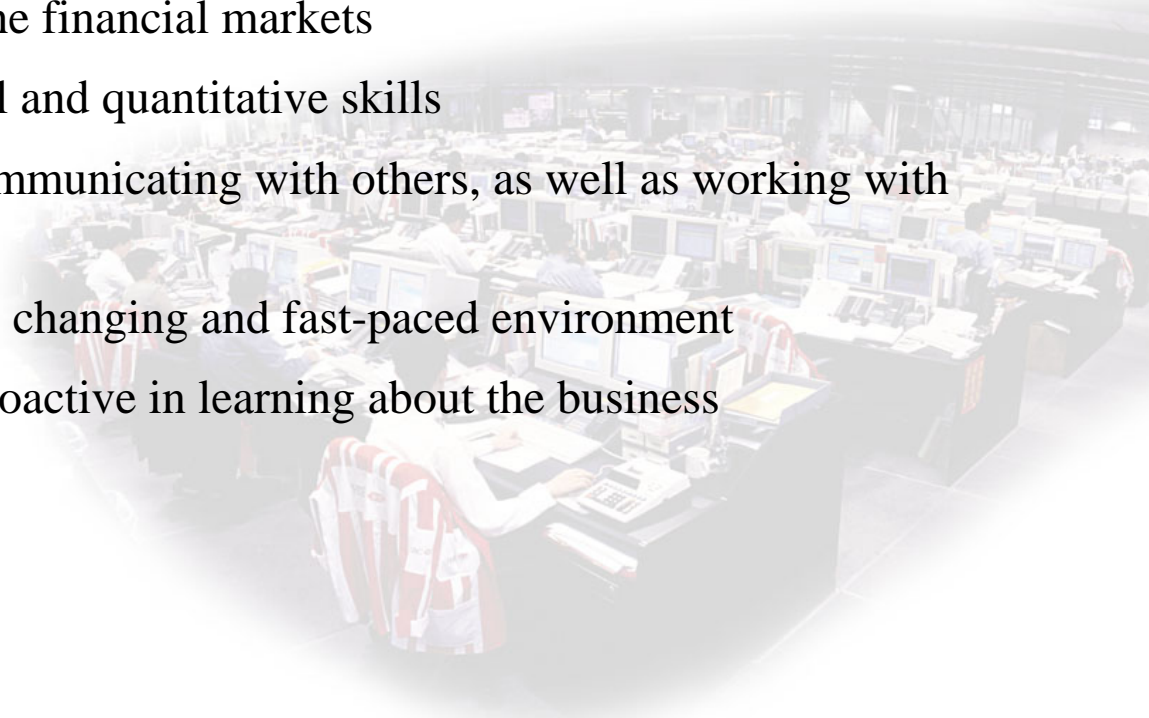


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## HSBC Global Markets

### Successful Candidates:

- Show strong interest in the financial markets
- Have advanced analytical and quantitative skills
- Are highly capable of communicating with others, as well as working with facts and figures
- Can adapt to a constantly changing and fast-paced environment
- Take initiative and are proactive in learning about the business







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## Why HSBC?

### Work for a world-class organization

- Truly global footprint with extensive client base
- Strong financial position and determined to win
- Infrastructure for graduates
- Career Mobility
  - Within and between businesses
  - Opportunities to move overseas
- An opportunity to join businesses as they are being built out
  - Great Business Exposure
  - Accelerated Responsibility



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## How To Apply

- **MSFEs:** Please apply via e-mail to: [jenny.mak@columbia.edu](mailto:jenny.mak@columbia.edu)
  - Reference Subject Line: HSBC Sales & Trading
- **MBAs:** Please apply online at [www.hsbcnet.com/ibcareers](http://www.hsbcnet.com/ibcareers)
  - **Resume Drop Deadline: October 1, 2007**
  - **First round interviews on campus: October 18, 2007**
  - **Final round interviews in our New York City office**



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