# HSBC Finance Corporation – Q3 2009 Financial Results

| US$ m | Q3 2008 | Q2 2009 | Q3 2009 |
|---|---|---|---|
| Net operating income before loan impairment charges excluding FVO | $ 3,535 | $ 3,450 | $ 2,943 |
| FVO | 1,607 | (4,919) | (1,430) |
| Loan impairment and other related charges | (4,192) | (3,362) | (3,008) |
| Net operating income | 950 | (4,831) | (1,495) |
| Total operating expenses, excluding goodwill impairment | (1,145) | (779) | (773) |
| Goodwill impairment | - | (1,300) | - |
| Profit (Loss) from continuing operations before tax (1) | (195) | (6,910) | (2,268) |
| Profit (Loss) from discontinued operations before tax | (120) | - | - |
| Profit (Loss) before tax | (315) | (6,910) | (2,268) |
| Cost efficiency ratio from continuing operations(2) | 22.3% | nm | 51.1% |
| Cost efficiency ratio - normalized (3) | 32.4% | 22.6% | 26.3% |
| Customer Loans & Advances (as at period end)(4) | 155,772 | 132,262 | 125,873 |

Note: The figures above and following are presented on an IFRS Management Basis. See Note 16 “Business Segments” of Form 10-Q for the period ended September 30, 2009 for a reconciliation of IFRS to U.S. GAAP.

(1) Loss before tax from continuing operations excluding FVO and goodwill impairment for Q308 was $1,802 million, for Q209 was $691 million, and for Q309 was $838 million.

(2) Cost efficiency ratio from continuing operations before tax excluding goodwill impairment charge. Q209 not meaningful (‘nm’).

(3) Cost efficiency ratio from continuing operations before tax excluding goodwill impairment charge, and also normalized to exclude fair value option income.

(4) Customer Loans & Advances included $3,948 million from discontinued operations in Q308, and reverse repo balances of $1,000 million in Q308, $1,000 million in Q209, and $1,050 million in Q309.

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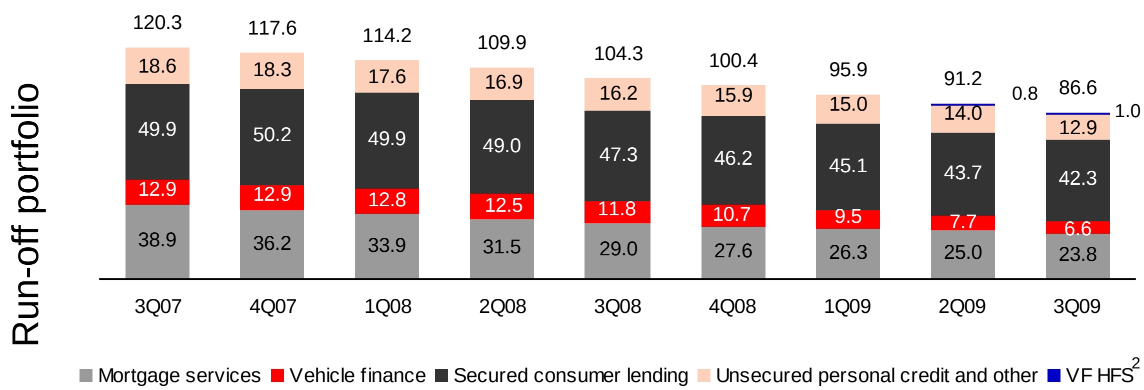
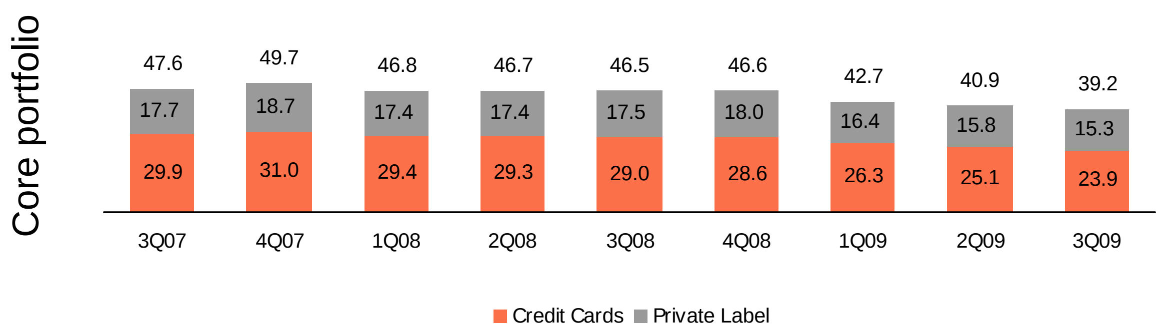
# HSBC Finance Corporation – U.S. Customer Loans

## Run-off portfolio: Down 14% from December 2008

**Customer loans[1], US $bn**




Note:
(1) Excludes reverse repo balances
(2) Vehicle finance loans held for sale

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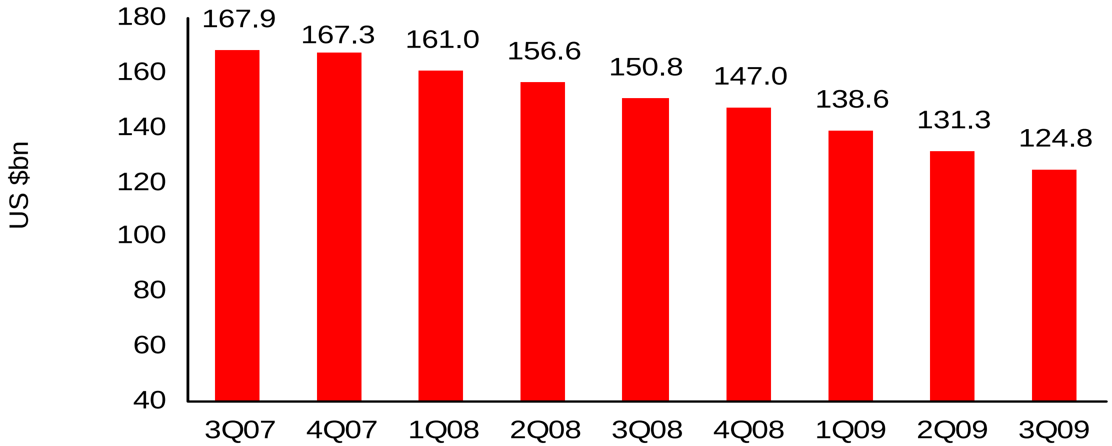
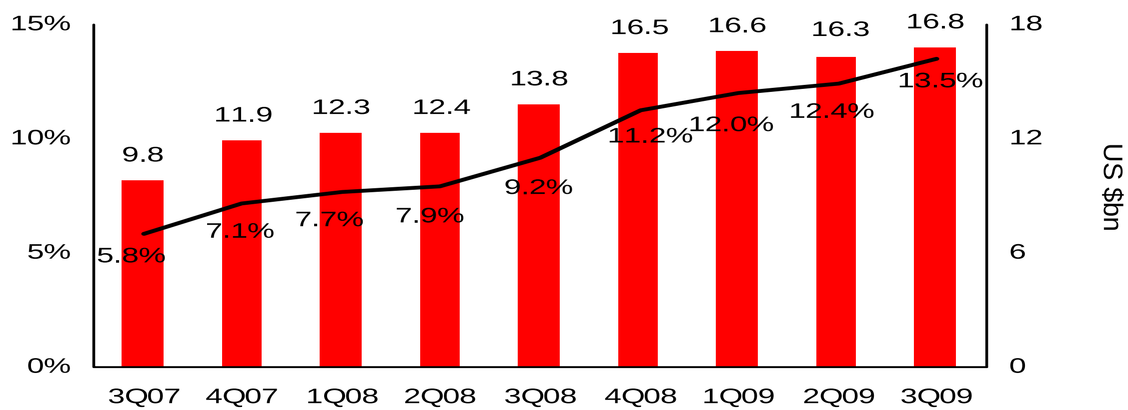
# HSBC Finance Corporation
## Continued reduction of balance sheet in the U.S.

Customer Loans (1)




2+ Delinquency (1) (2)




Note:
(1) Excludes reverse repo balances and vehicle finance loans held for sale
(2) 2+ Delinquency ratio as a percentage of end of period consumer loans

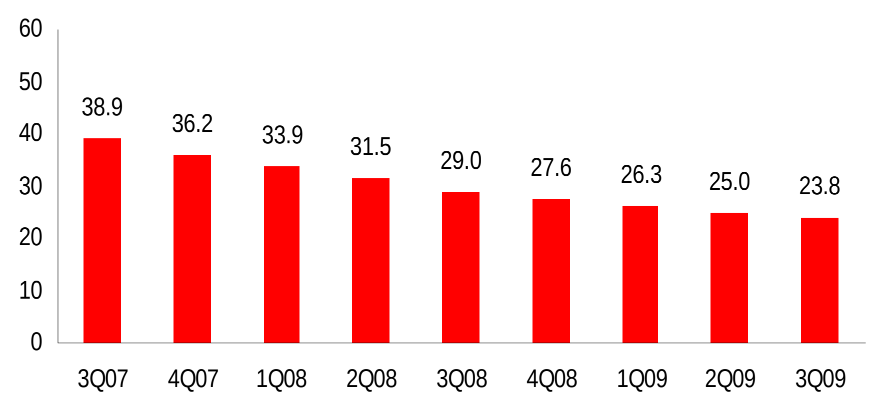
# HSBC Finance Corporation

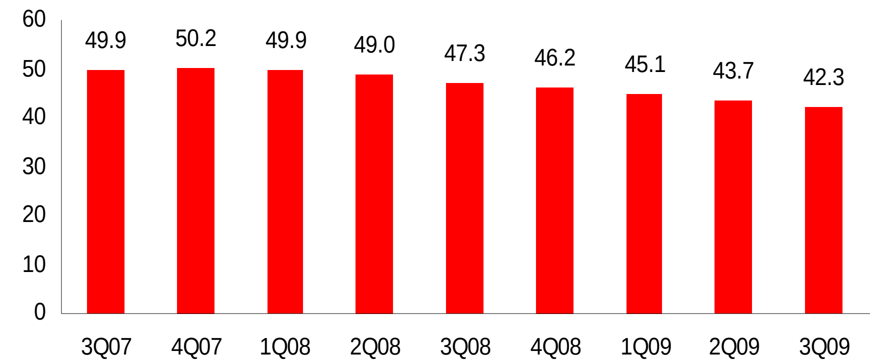
## U.S. Mortgages – continuing to shrink the mortgage portfolio

US $bn

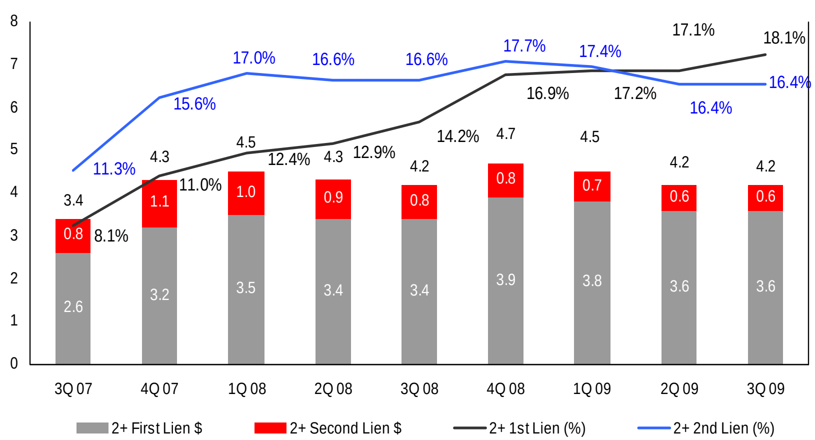
| | Mortgage Services | Consumer Lending |
|---|---|---|

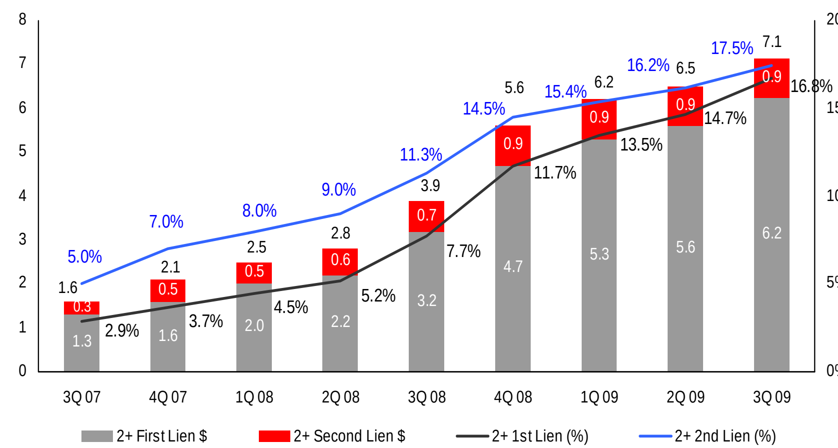
**Customer Loans**




**2+ Delinquencies (1)**



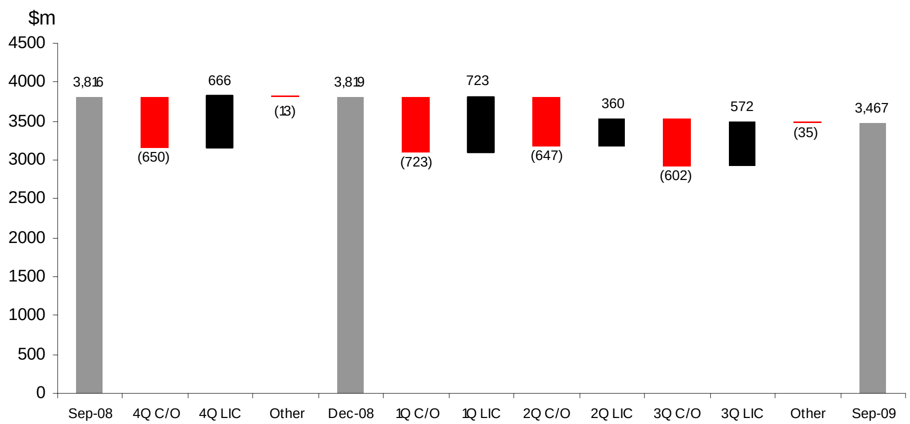




(1) 2+ Delinquency ratio as a percentage of end of period consumer loans

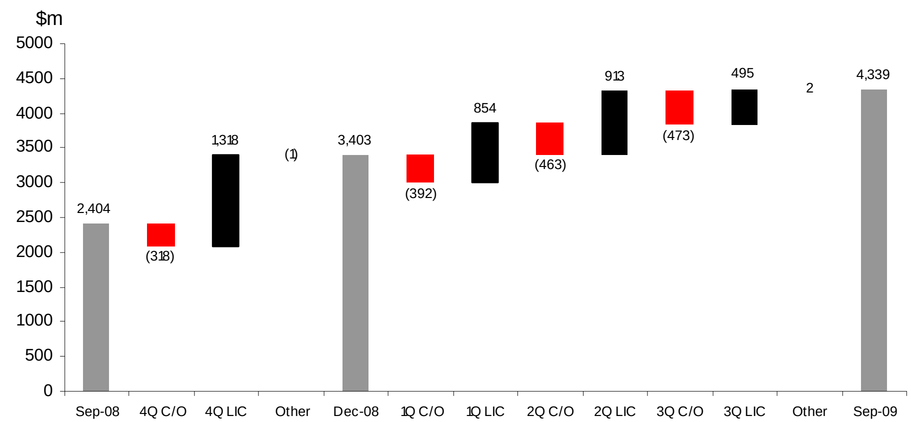
# HSBC Finance Corporation
## Impairment allowance (Reserve)

**US$m**

### Mortgage Services – Real Estate Secured




### Consumer Lending – Real Estate Secured




Note: C/O = Net Charge-offs (amounts written off)
LIC = Loan Impairment Charge

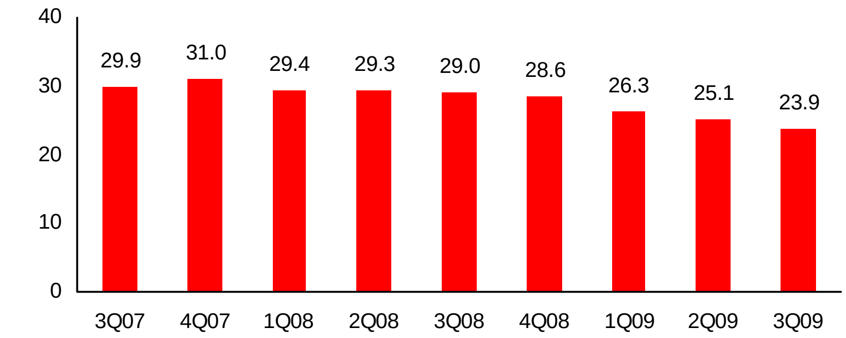
# HSBC Finance Corporation

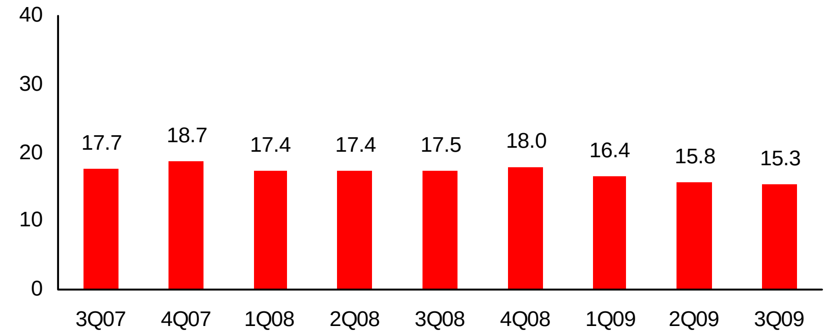
## Managing risk in Cards

US $bn

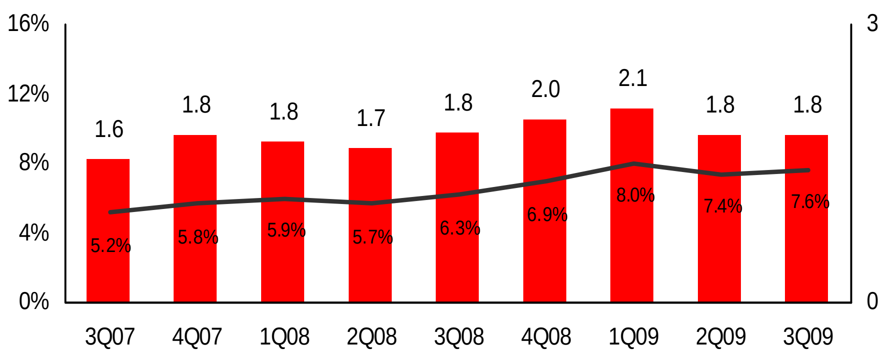
| Credit Card | Private Label |
|---|---|

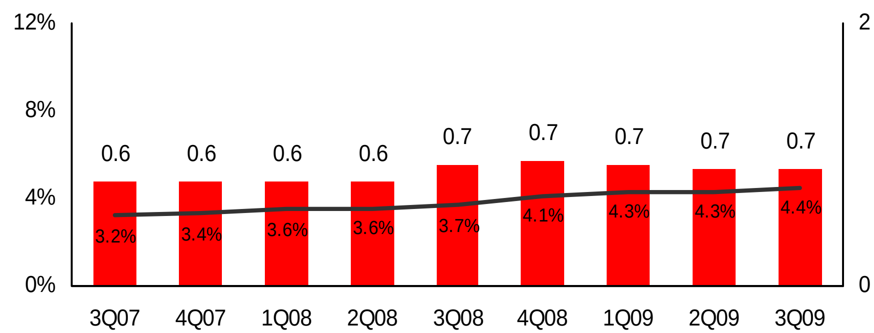
**Customer Loans**




**2+ Delinquencies (1)**




(1) 2+ Delinquency ratio as a percentage of end of period consumer loans

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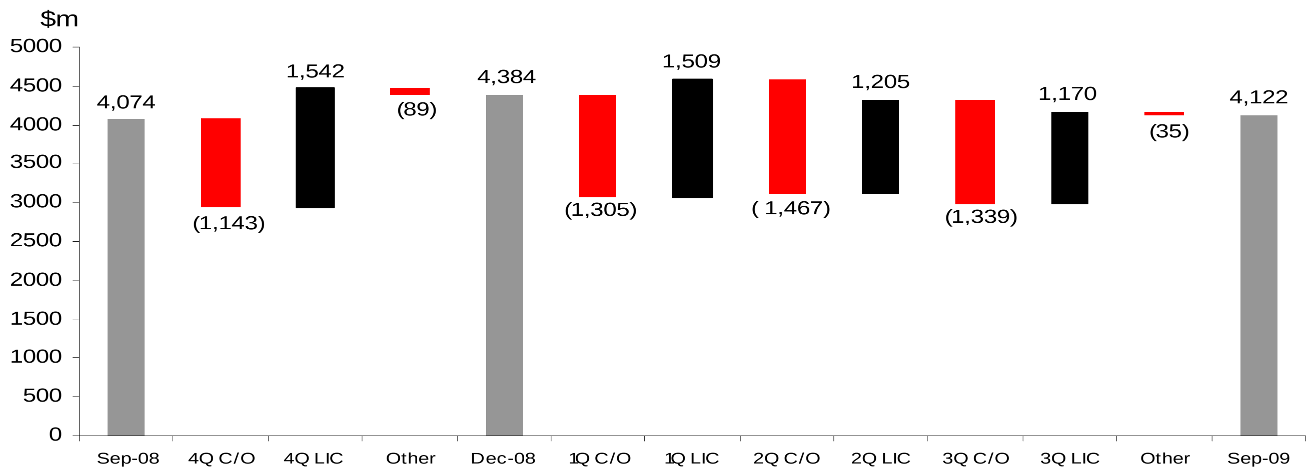
# HSBC Finance Corporation
## Impairment allowance (Reserve)

**US$m**

**Credit Card and Private Label**




Note: C/O = Net Charge-offs (amounts written off)
LIC = Loan Impairment Charge

# HSBC Finance Corporation

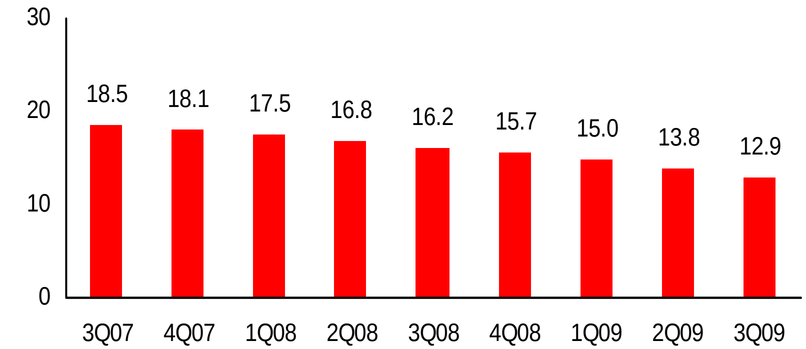
## Manage personal non-credit card and vehicle finance run-off

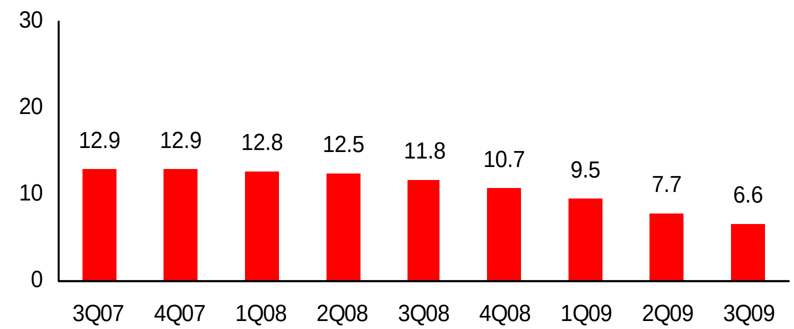
US $bn

**Personal Non-Credit Card and Other Unsecured**

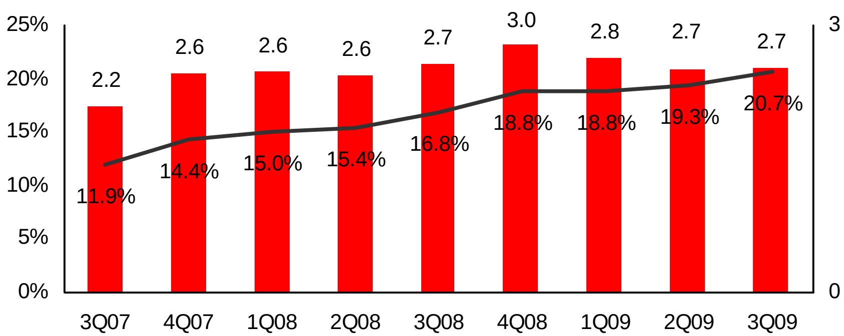
**Vehicle Finance** (1)

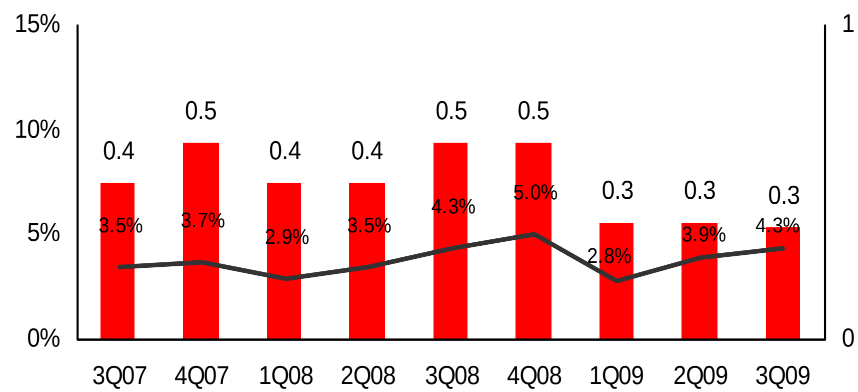
**Customer Loans**




**2+ Delinquencies (2)**



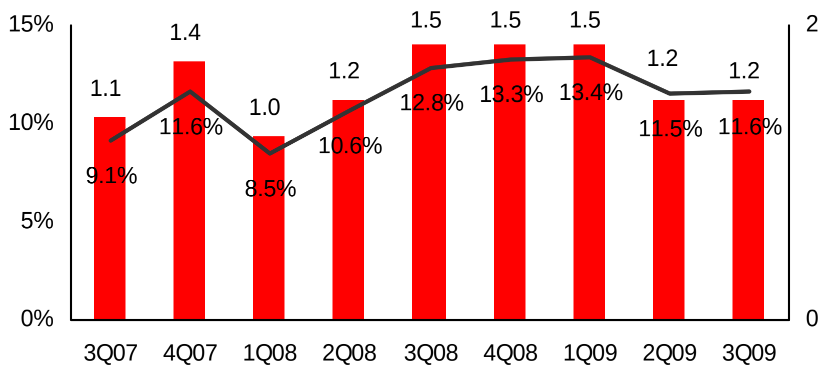

(1) Vehicle Finance data excludes $963 million of customer loans and $43 million of delinquency for loans held for sale in Q309

(2) 2+ Delinquency ratio as a percentage of end of period consumer loans

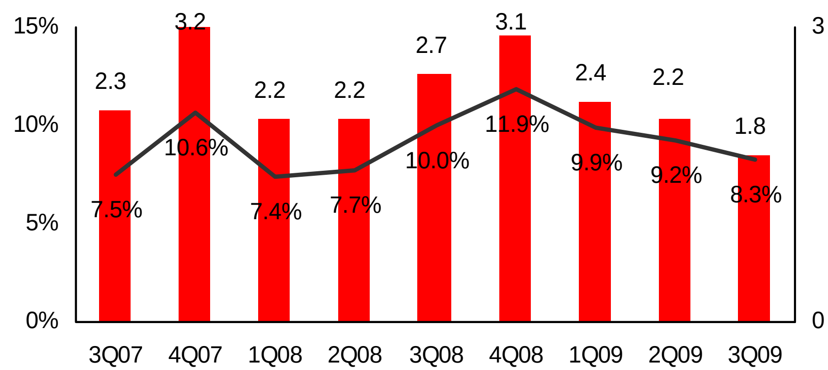
# HSBC Finance Corporation (U.S.)
# Loan Impairment Charges[1][2]

US $bn

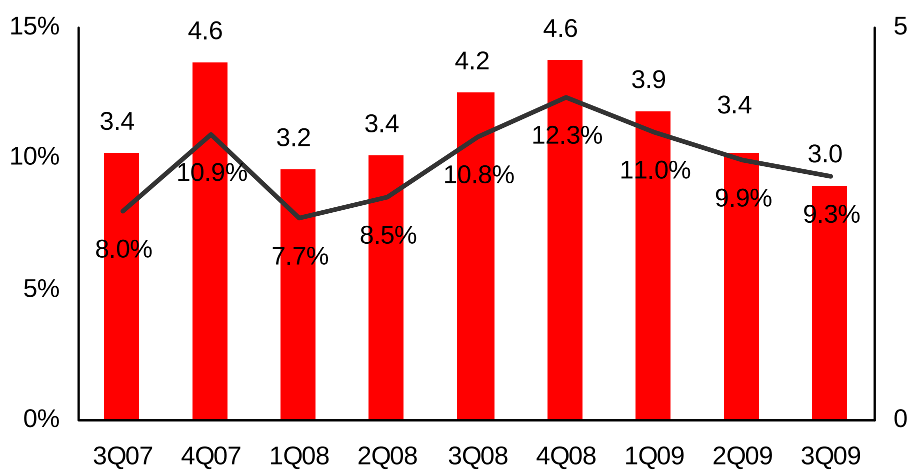
**Core Portfolio**




**Run – Off Portfolio**




**Total HSBC Finance Corp**

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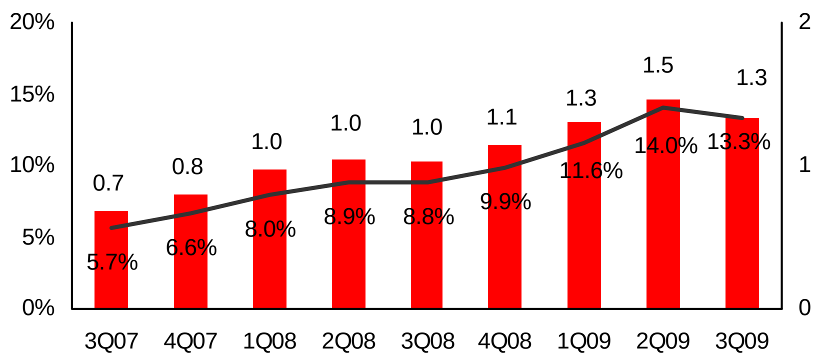
(1) Excludes reverse repo balances

(2) Loan Impairment Charge ratio as a percentage of average total loans (quarter annualized)

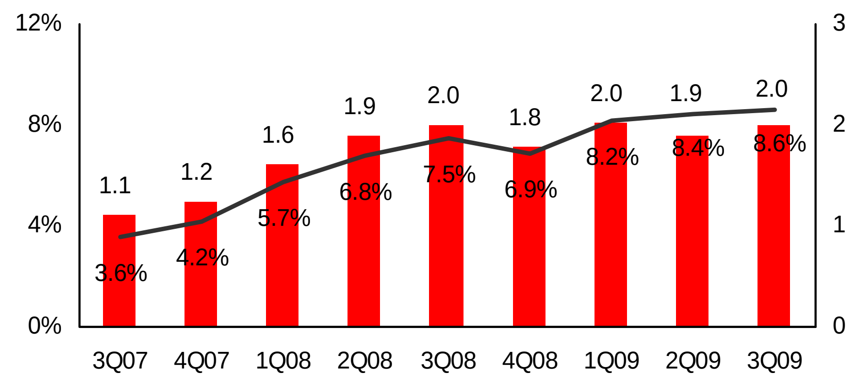
# HSBC Finance Corporation (U.S.)
# Amount Written–Off (Charge–Offs)[(1)(2)]

US $bn

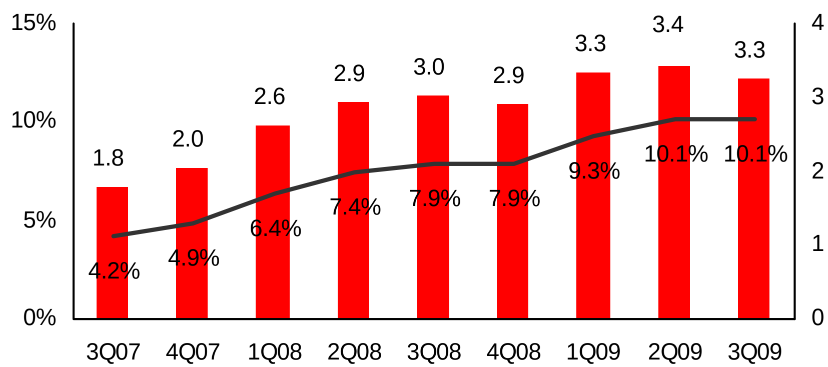
**Core Portfolio**




**Run – Off Portfolio**




**Total HSBC Finance Corp**



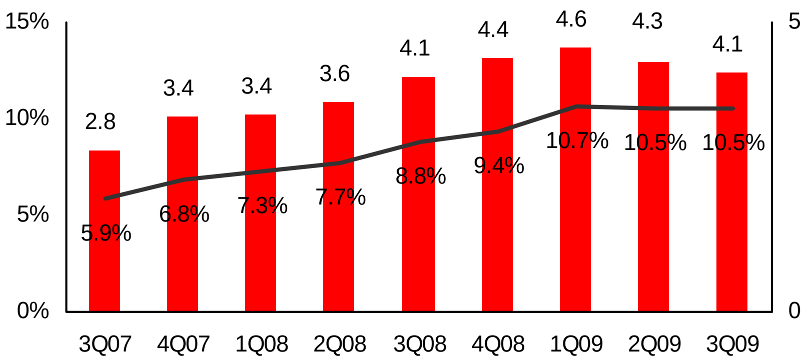

(1) Excludes reverse repo balances

(2) Amount written-off ratio as a percentage of average consumer loans (quarter annualized)

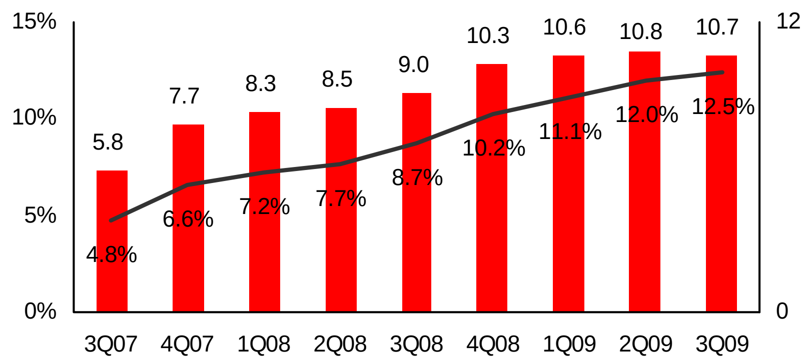
# HSBC Finance Corporation (U.S.) Impairment Allowance (Reserve)[1][2]

US $bn

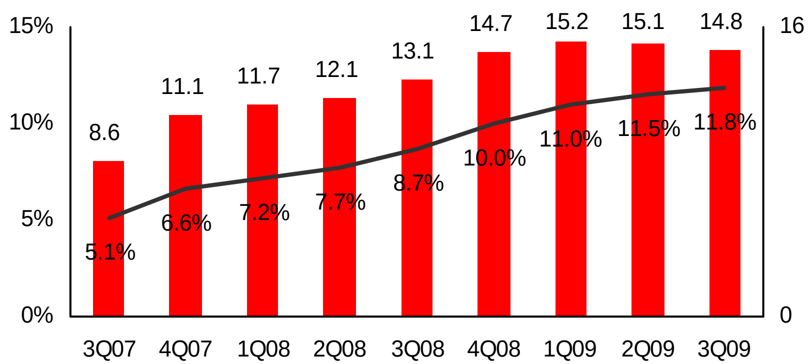
## Core Portfolio




## Run – Off Portfolio




## Total HSBC Finance Corp

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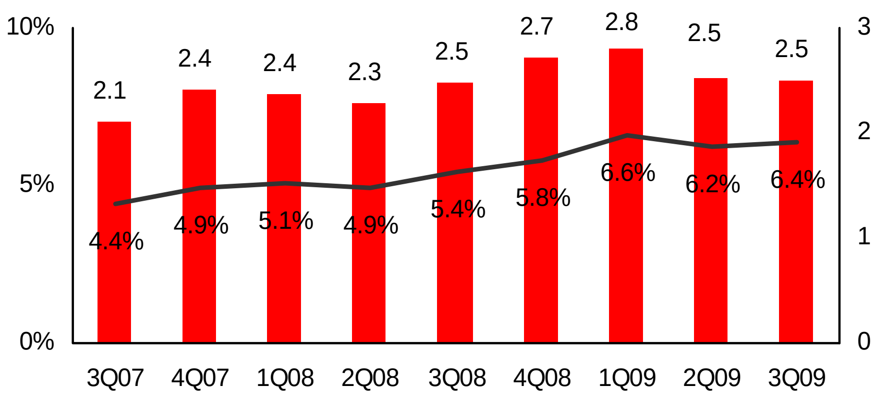
[1] Excludes reverse repo balances

[2] Impairment Allowance ratio as a percentage of end of period total loans

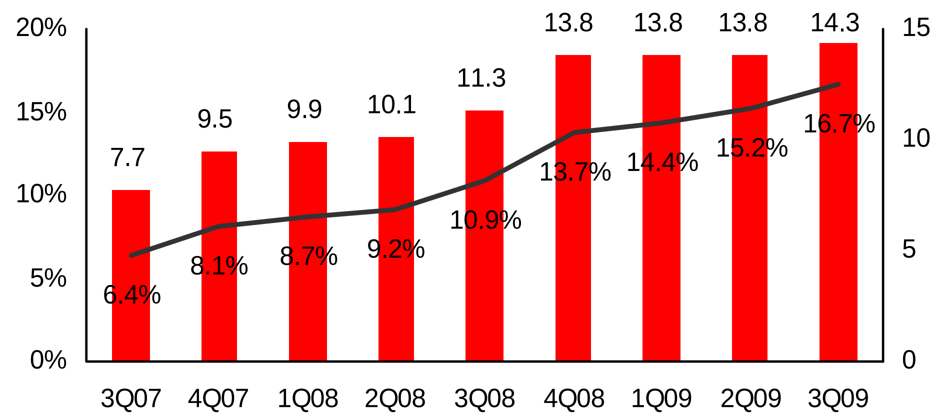
# HSBC Finance Corporation (U.S.)
# 2+ Delinquency[(1)(2)]

US $bn

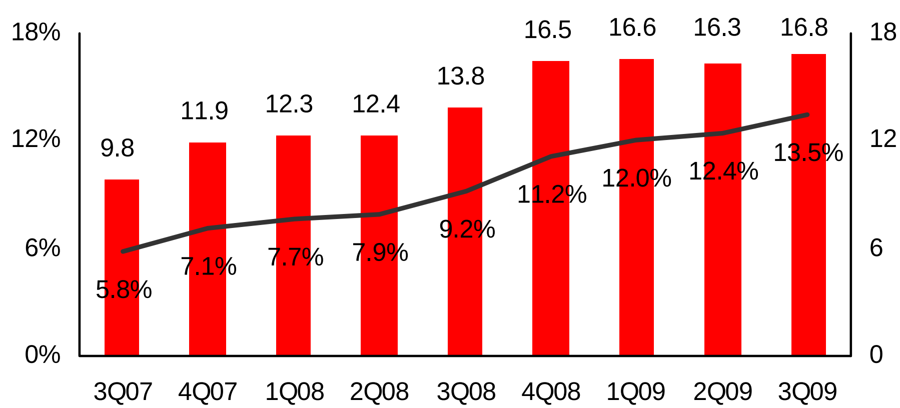
**Core Portfolio**




**Run – Off Portfolio**




**Total HSBC Finance Corp**

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(1) Excludes reverse repo balances

(2) 2+ Delinquency ratio as a percentage of end of period consumer loans