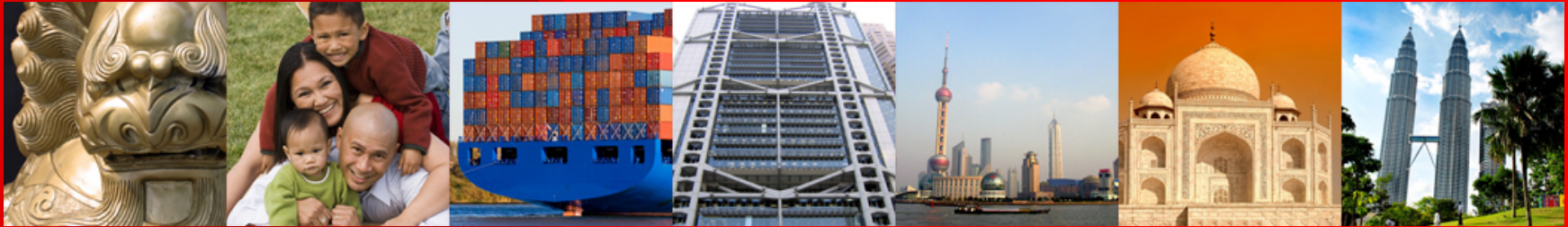


# HSBC Group Asia Strategy Investor Day

**London**  
**29 March 2007**



**HSBC**   
The world's local bank



## Asia – transforming opportunity

Michael Smith

President and Chief Executive Officer  
The Hongkong and Shanghai Banking Corporation Limited



## Forward-looking statements

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.



## Agenda

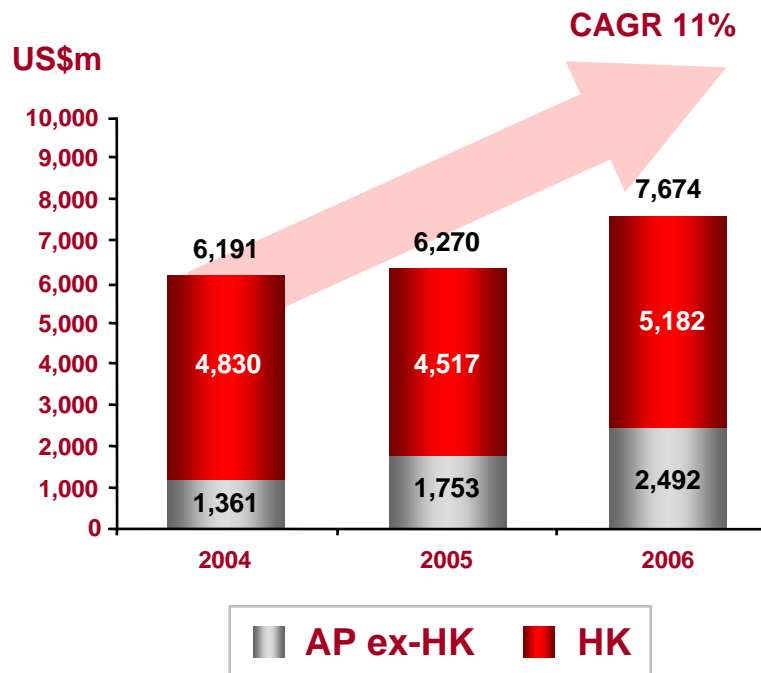
Overview .....	Michael Smith
Personal Financial Services .....	Conrado Engel
Commercial Banking .....	Margaret Leung
Corporate, Investment Banking and Markets .....	Paul Hand
China .....	Peter Wong
India .....	Naina Lal Kidwai
Malaysia .....	Michael Smith
Closing remarks and Q&A session .....	Michael Smith

All financial figures in this HSBC Group presentation for Hong Kong include Hang Seng Bank and references to Asia-Pacific ex-Hong Kong also exclude the Middle East. Financial information for HSBC Group to International Financial Reporting Standards, except for Hang Seng Bank which uses Hong Kong Financial Reporting Standards.



## Asia-Pacific profit before tax, 2006

- Continued dominance in Hong Kong – PBT up 15%
- Strong growth in Asia-Pacific ex-Hong Kong – PBT up 42%
- Asia-Pacific contributes 35% of Group PBT



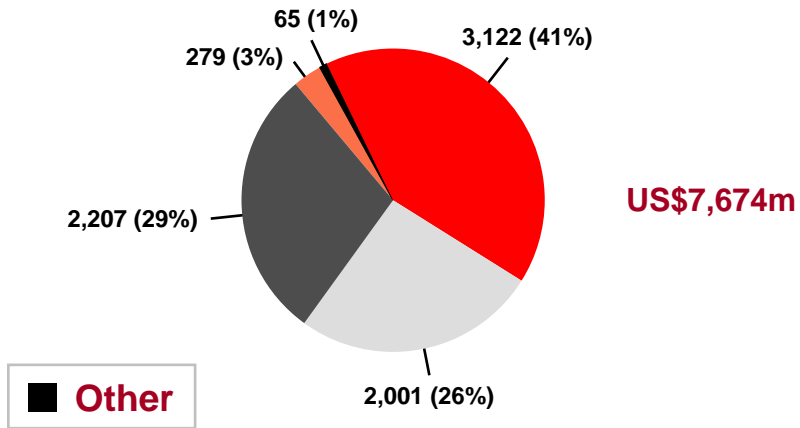
## Key Asia-Pacific markets

Market	Profit before tax (US\$m), 2006	YoY change (%)
Australia and New Zealand	182	+64
Hong Kong	5,182	+15
India	393	+85
Indonesia	71	-37
Japan	123	n/a
Malaysia	274	+16
Mainland China	708	+112
Philippines	58	+41
Singapore	365	+26
South Korea	59	-37
Taiwan	(23)	n/a
Thailand	49	-20

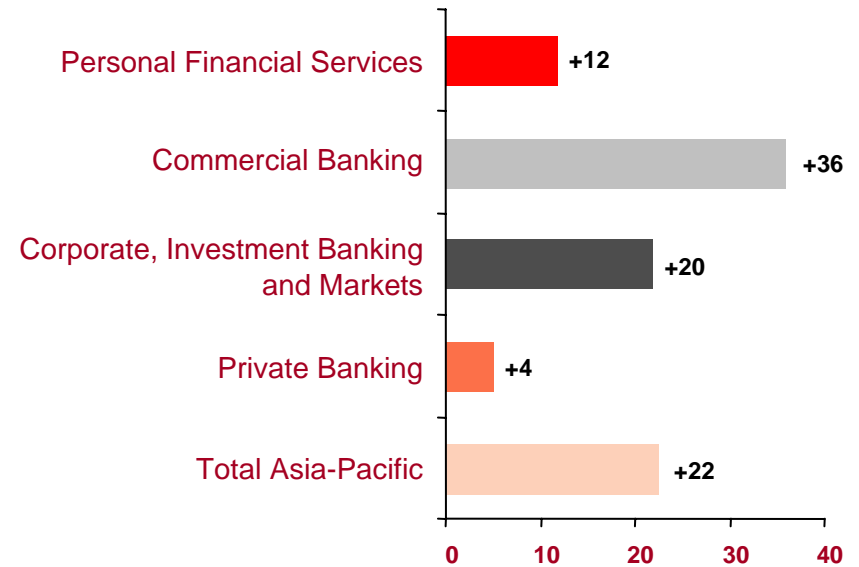


## Business mix

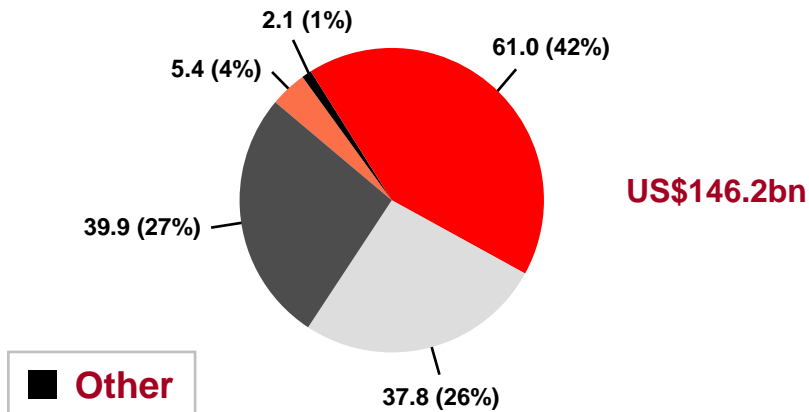
Profit before tax (US\$m), 2006



Growth in profit before tax (%), 2005 – 2006

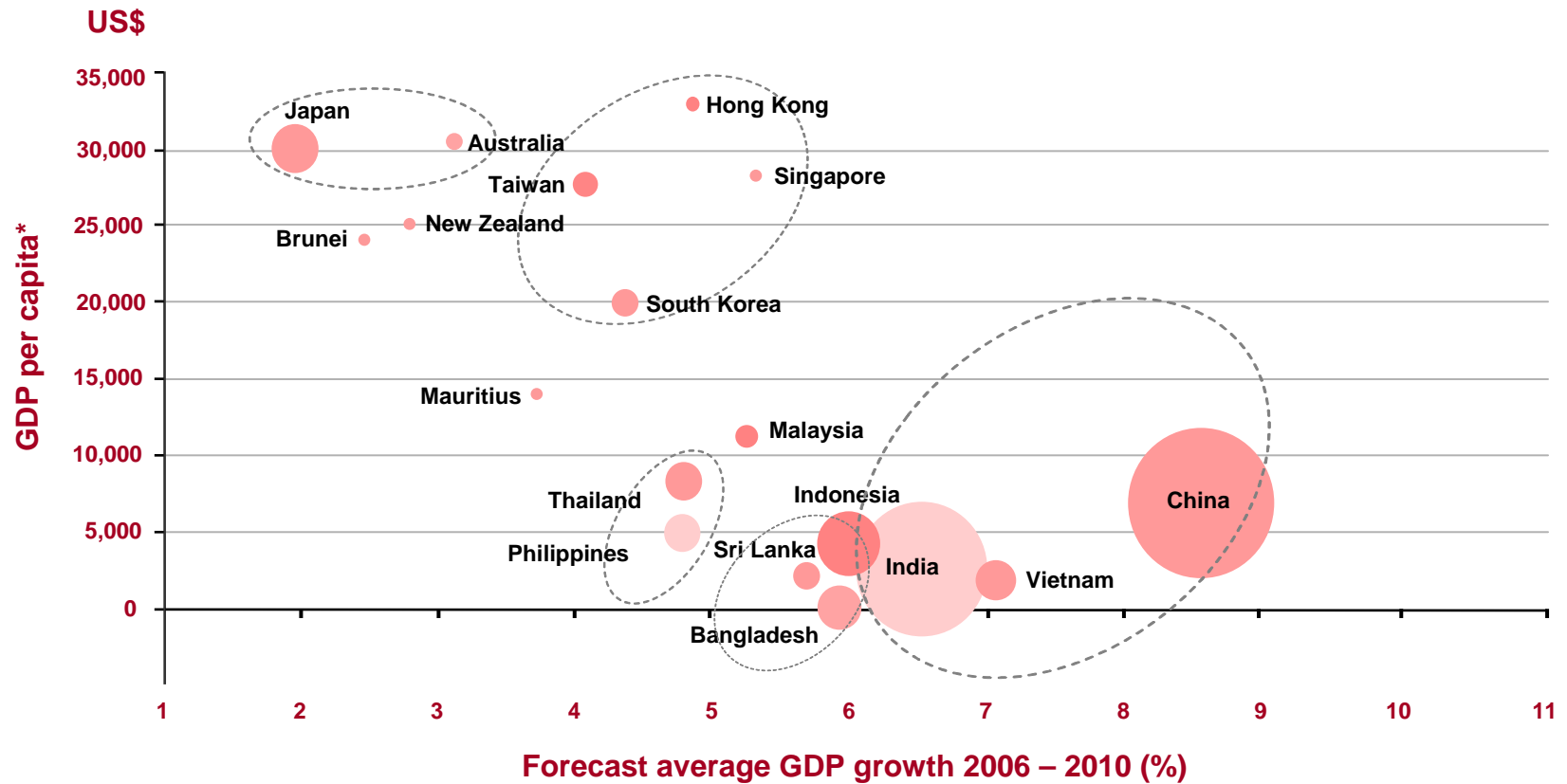


Customer lending (US\$bn), 31 December 2006





## Asia-Pacific has burgeoning affluent and mass consumer markets



\*GDP per capita based on statistics for 2005, adjusted for purchasing power parity (PPP); forecast average GDP growth based on GDP growth forecasts for 2006 to 2010

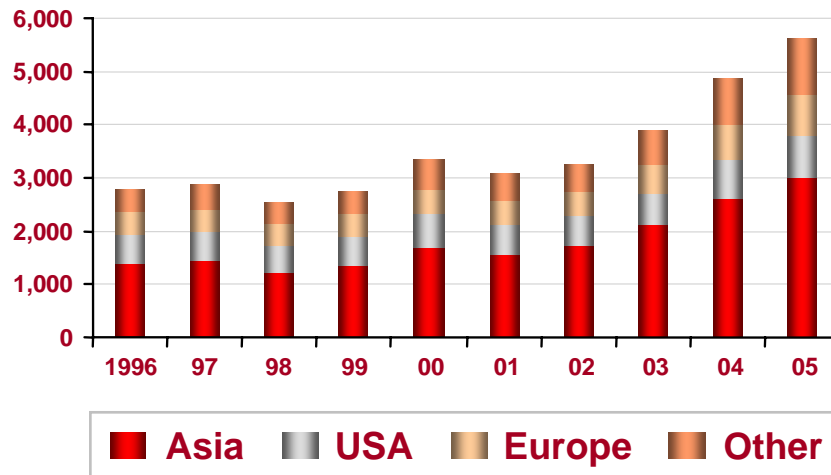
Source: Bloomberg, EIU, International Monetary Fund



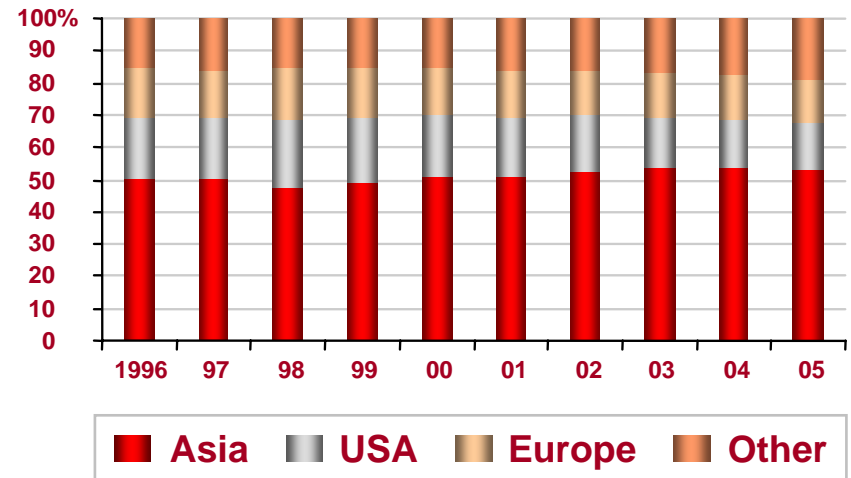
## Intra-Asian trade overtakes trade with rest of world

### Asia trade

US\$bn



### Asia intra-regional trade reaches 51% of total



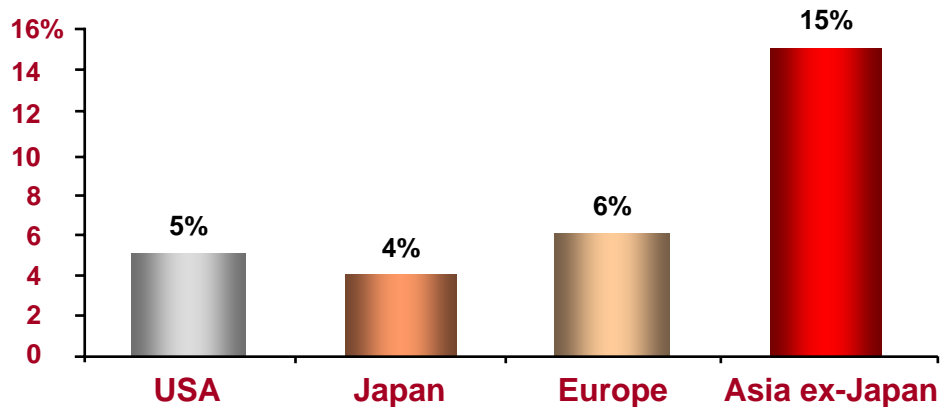
Source: HSBC Economics





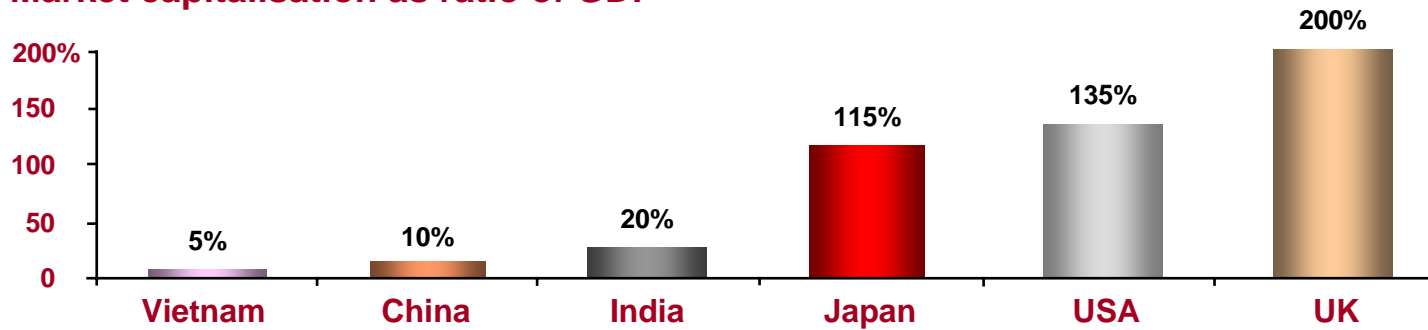
## Asia now a US\$6 trillion capital market with room to grow

Average rate of growth of market capitalisation, 2001 – 2007



Source: Datastream

Market capitalisation as ratio of GDP



Source: CIA – The World Factbook



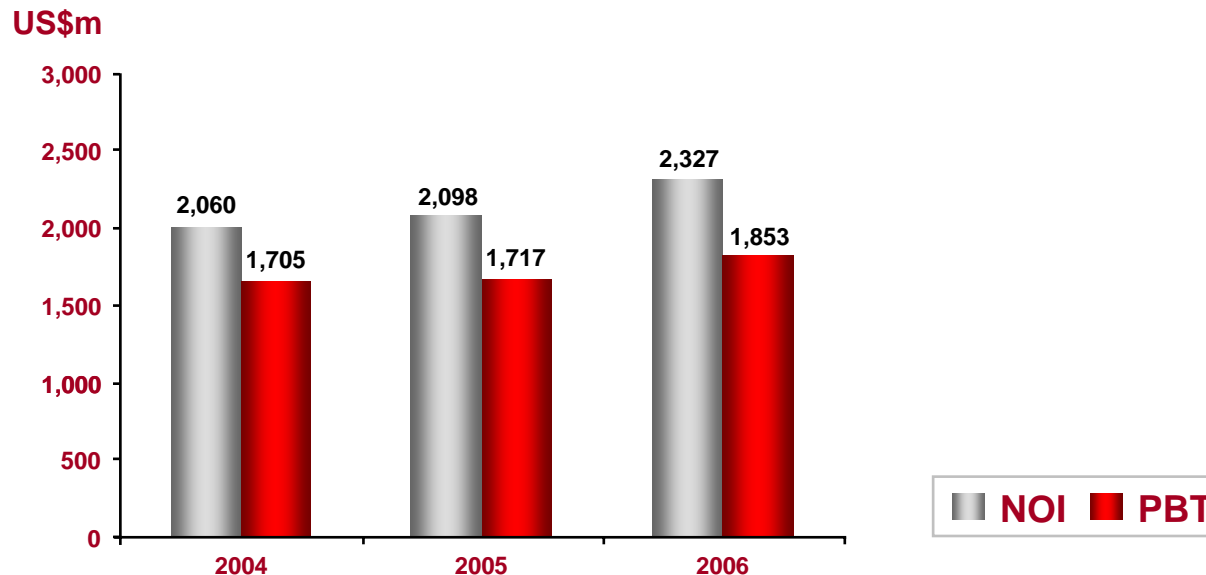
## HSBC in Asia-Pacific – an enviable regional and global network





## Solid capital base supports expansion

- One of Hong Kong's largest listed companies
- Expanding mainland China operations through dual approach
  - Growing Mainland network for organic growth through local incorporation
  - Strengthening strategic partnership with Industrial Bank
- Large commercial customer base in Hong Kong, provides leverage for China business expansion
- Focus on Private Banking, Commercial Banking and China business development





## HSBC in Asia-Pacific summary

- Asia is home to the world's most exciting economies
  - Affluent segments and consumer markets
  - Trade and investment flows
  - Capital markets
- HSBC is uniquely placed to exploit these opportunities





## Personal Financial Services

**Conrado Engel**

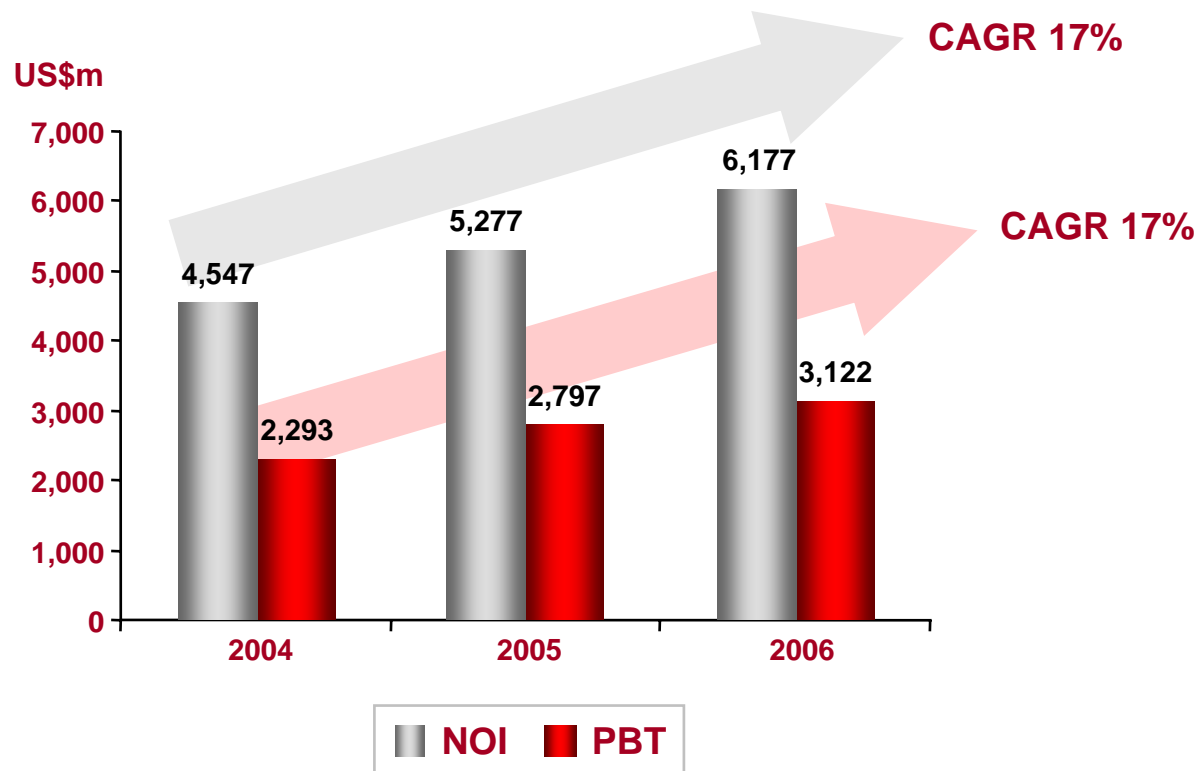
Regional Director

Personal Financial Services, Asia-Pacific



## Asia-Pacific profit before tax, 2006

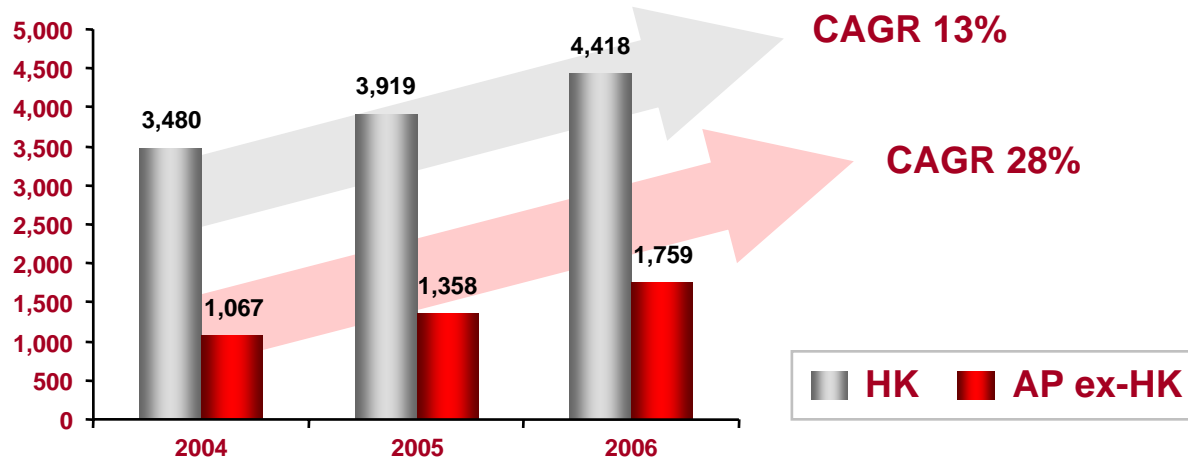
- Record profit before tax of US\$3.12bn, up 12%, while making significant investment
- Continued strong growth in net operating income, up 17%





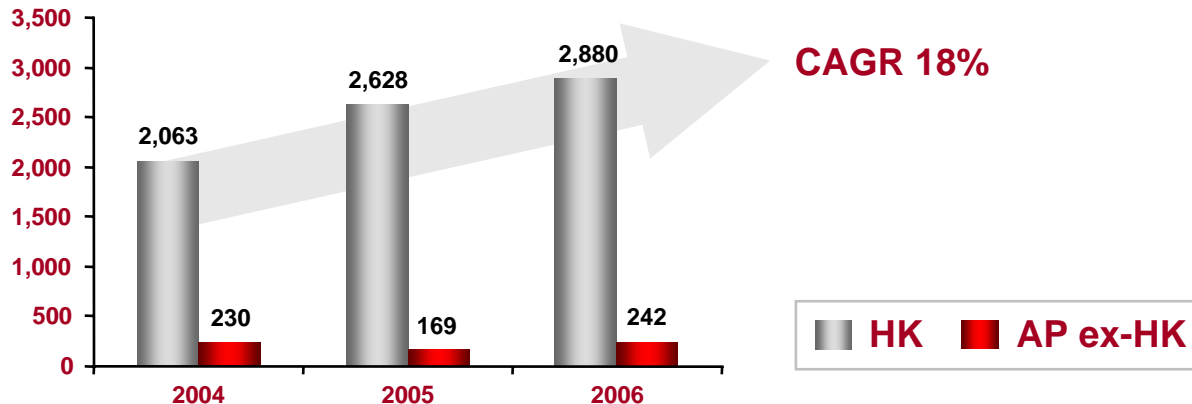
## Strong net operating income growth in Asia-Pacific ex-Hong Kong

US\$m



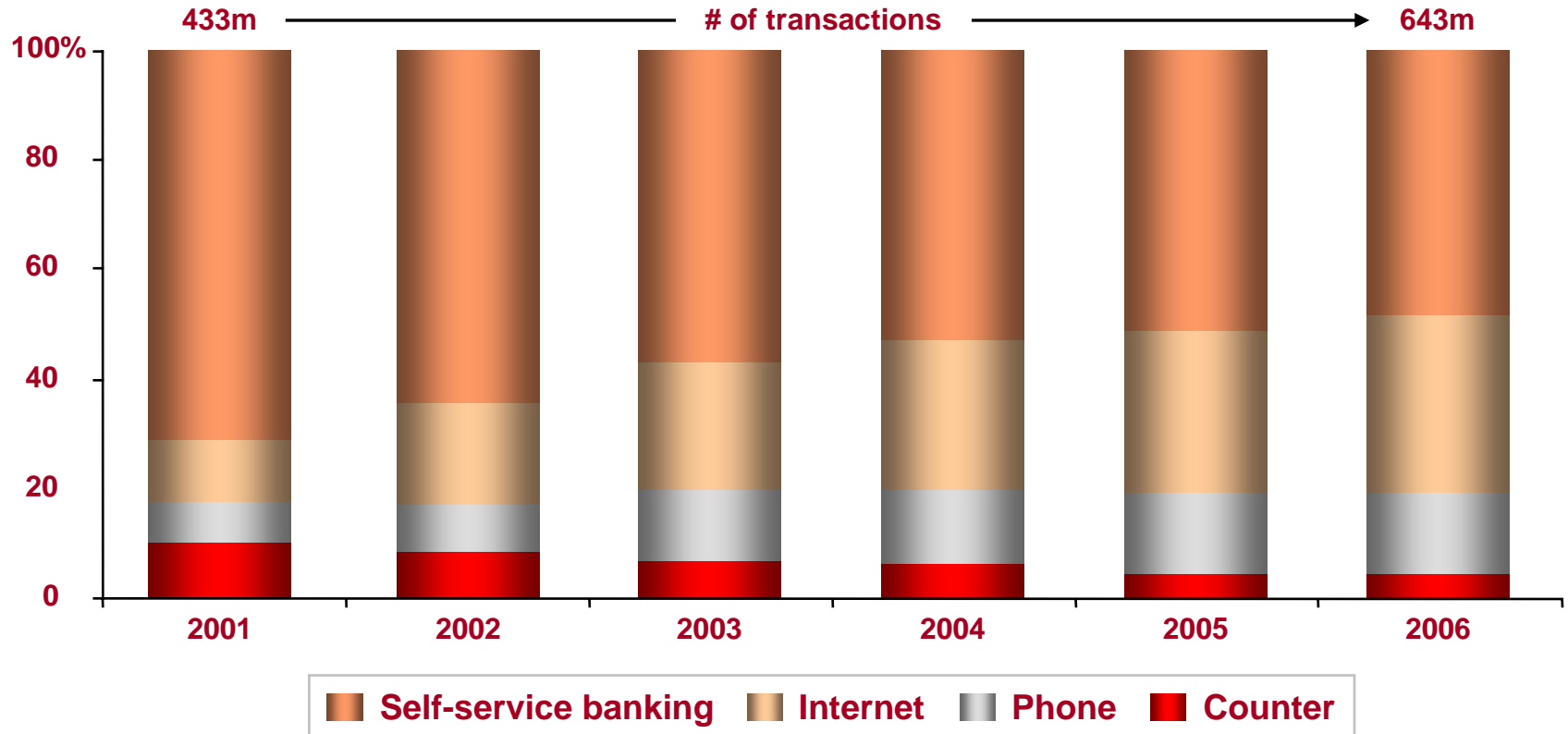
## PBT growth in Hong Kong strong – coming through in rest of the region

US\$m





## HSBC in Hong Kong – transforming the channel mix

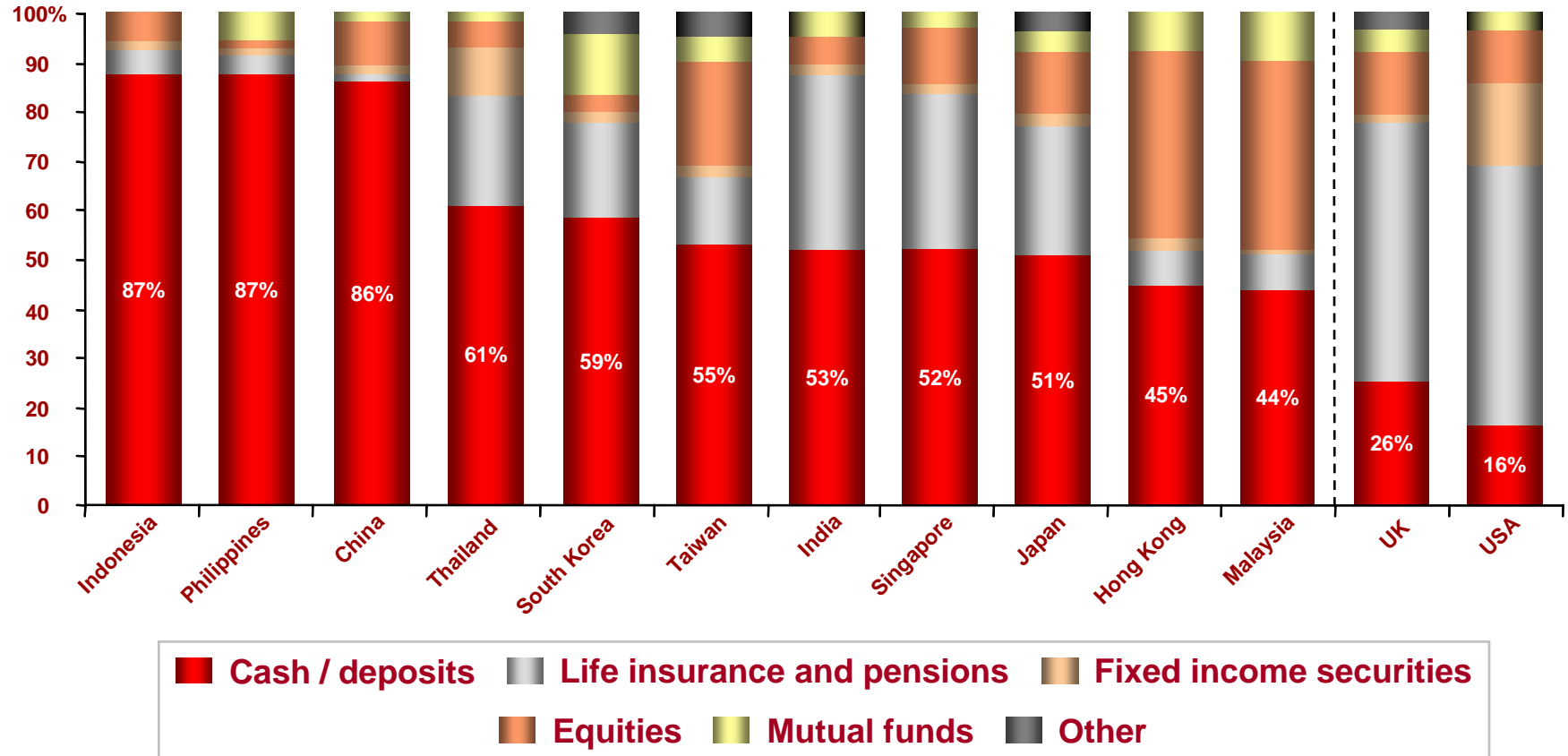






## Asian savers set to migrate into wealth management products

### Household assets distribution in key Asian markets versus UK and USA



Source: Asian Demographics, Asian Banker Research and government statistics



## Strategy tailored to each market and segment

- Growing affluent segment
  - Global Premier
- Mass consumer market
  - Direct banking and core product offerings
  - Consumer finance
- New business initiatives
  - Insurance rollout
  - Islamic financial services



## Growing affluent segment – global Premier

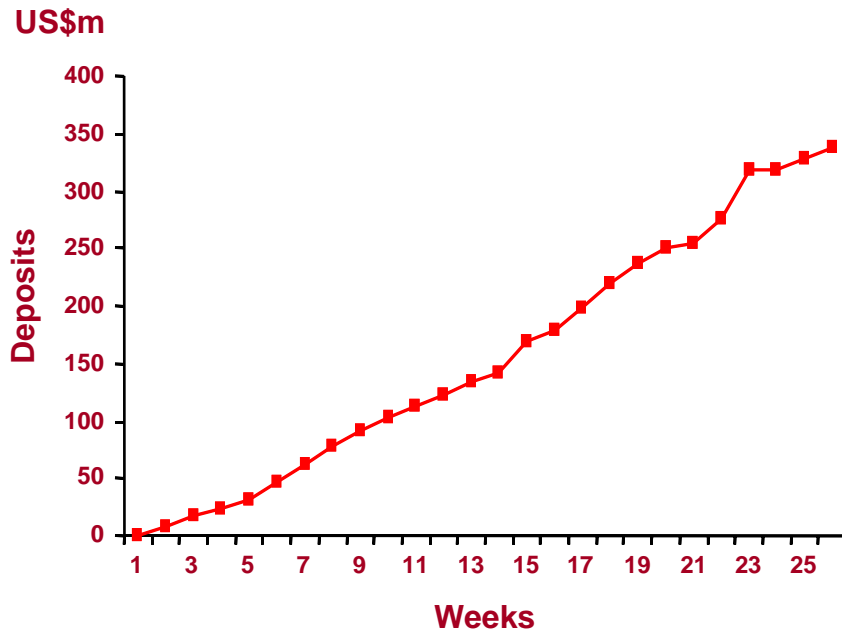
- Launch global Premier, integrated proposition leveraging HSBC's international footprint
  - International recognition and support
  - International and offshore services
  - Credit card loyalty and rewards around the world
  - Financial planning and wealth management
- Within Asia, exploit our branch network to support global Premier sales and service
- Roll out customer service tool kit, Retail Investment Service
- Sell more HSBC-brand products whilst maintaining customer choice by offering full range of third-party products



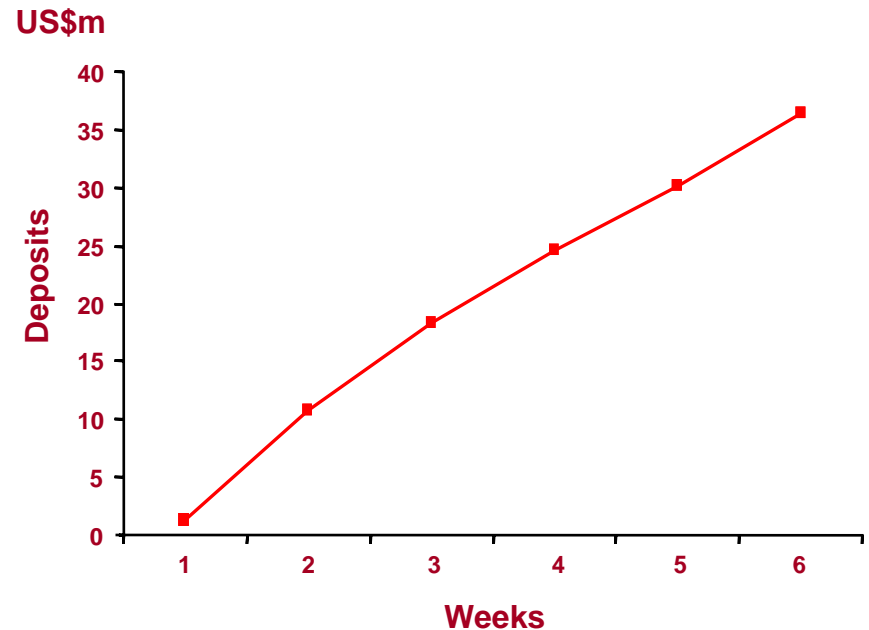
## Mass segment – HSBC Direct

- High deposit interest-paying internet banking service
- Simple, transparent and value driven – extension of product lines progressing

### Taiwan – launched September 06



### South Korea – launched February 07





## Building new businesses

### Consumer finance

- Grow consumer finance in selected markets
  - Australia and China – driven by strategic retail banking partnerships
  - India and Indonesia – driven by expansion of outlets and loan centres
- Balance consumer asset growth with credit risk management

### Insurance

- Build insurance in selected markets
  - Malaysia: Takaful joint venture with Employee Provident Fund and Jernah Asia Berhad – operational October 2006
  - India: joint venture with Canara Bank and Oriental Bank of Commerce – non-binding MOU agreed March 2007
  - Taiwan: branch licence issued by The Ministry of Finance and Economy December 2006
  - Vietnam: representative office opened January 2007
- Expand insurance manufacturing and distribution, including using third-party underwriters, in high- and medium-growth markets
- Develop healthcare, retirement and asset accumulation services



## Personal Financial Services summary

- Continue to invest strongly for growth in key customer segments and markets
  - Exploit growing affluent segments
  - Exploit mass consumer market opportunities
- Building platform advantage
  - Reach beyond branch network through multi-channel approach targeted at relevant customer segments
  - Continue to transform the operating platform to improve efficiency and increase sales capacity
  - Apply technology to create product and service offering edge and improve straight-through processing capability
- Track record of robust growth – building a consumer business portfolio for long-term material profit



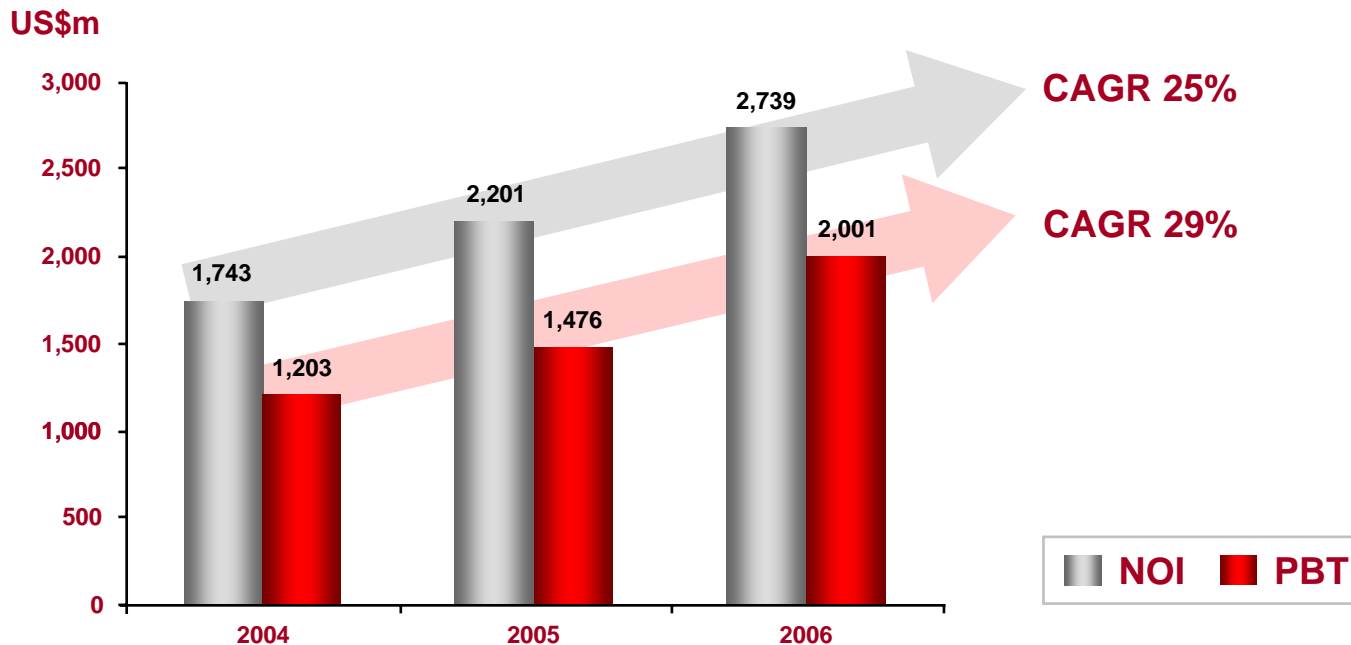
## Commercial Banking

**Margaret Leung**  
Co-Head, Commercial Banking, Asia-Pacific



## Asia-Pacific profit before tax, 2006

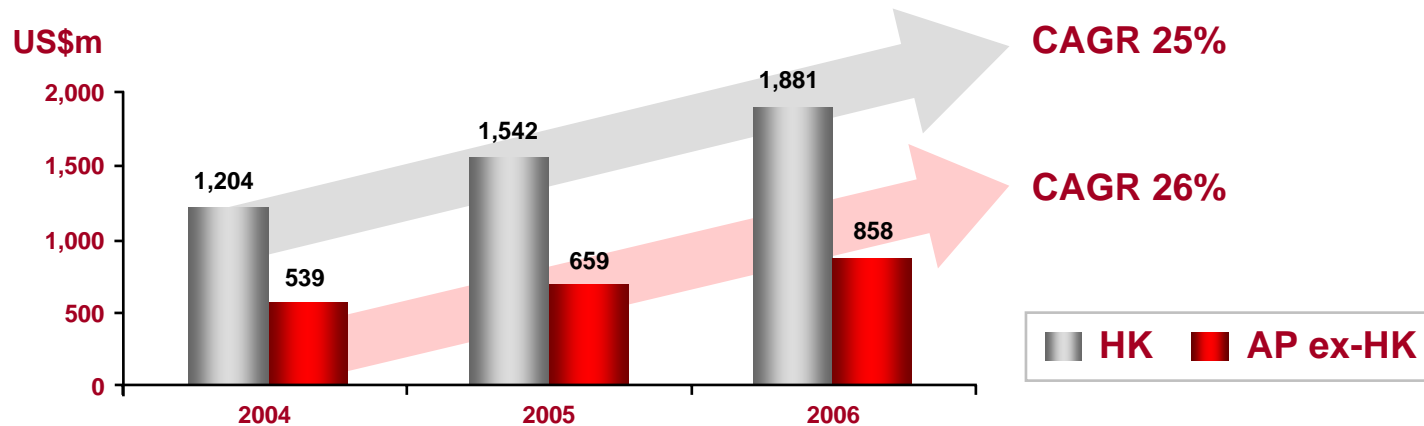
- Record profit before tax US\$2.0bn, up 36%
- Contributes 33% of global CMB PBT
- Ideally positioned to capture opportunities from the growth of SME sectors across the region



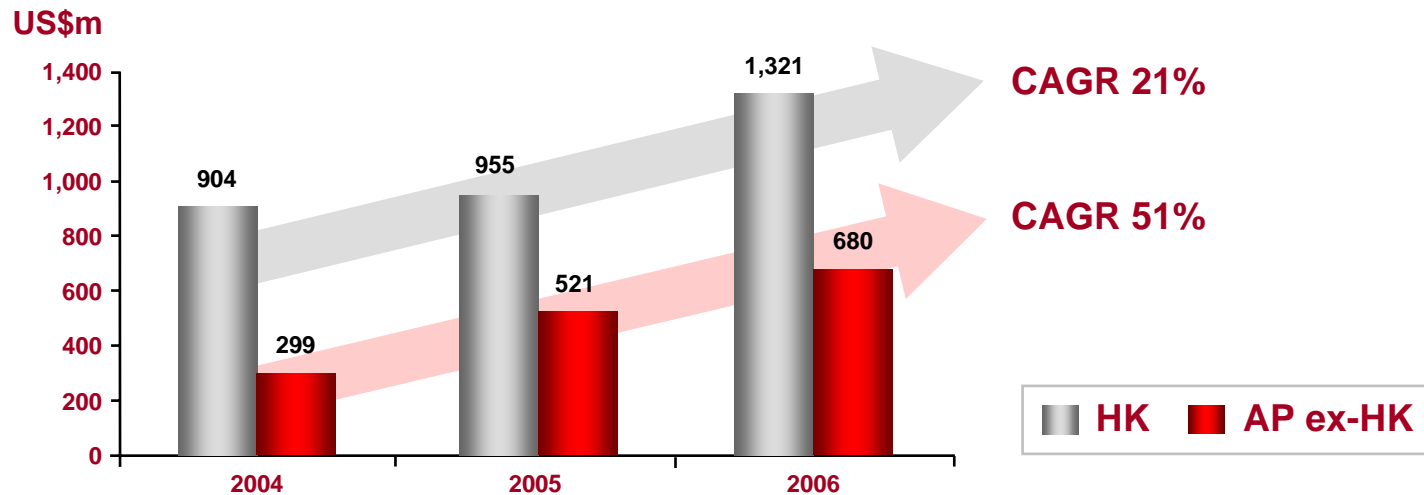




## Strong net operating income growth ...



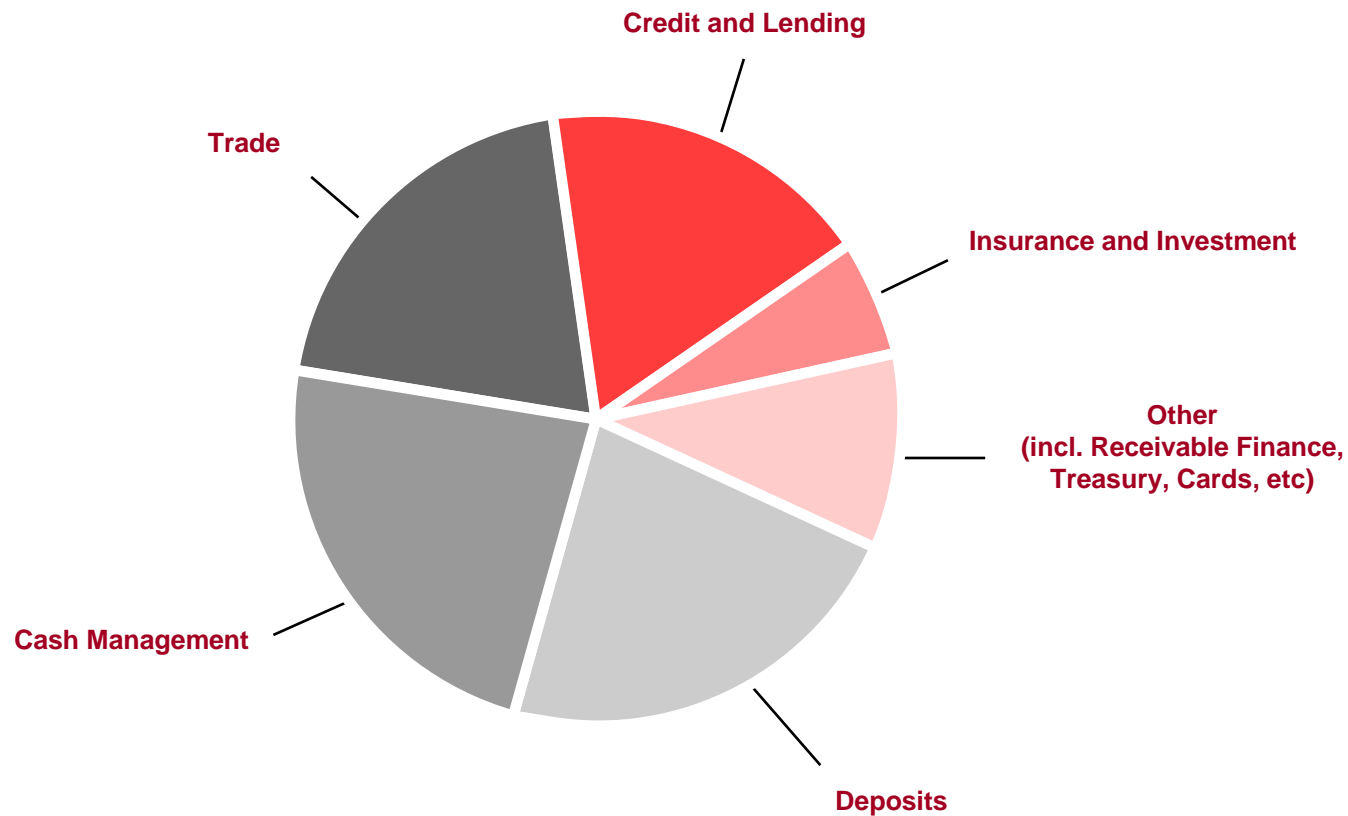
## ... and profit before tax





## Balanced core product mix with strategic focus on growth of receivable finance, investment and insurance businesses

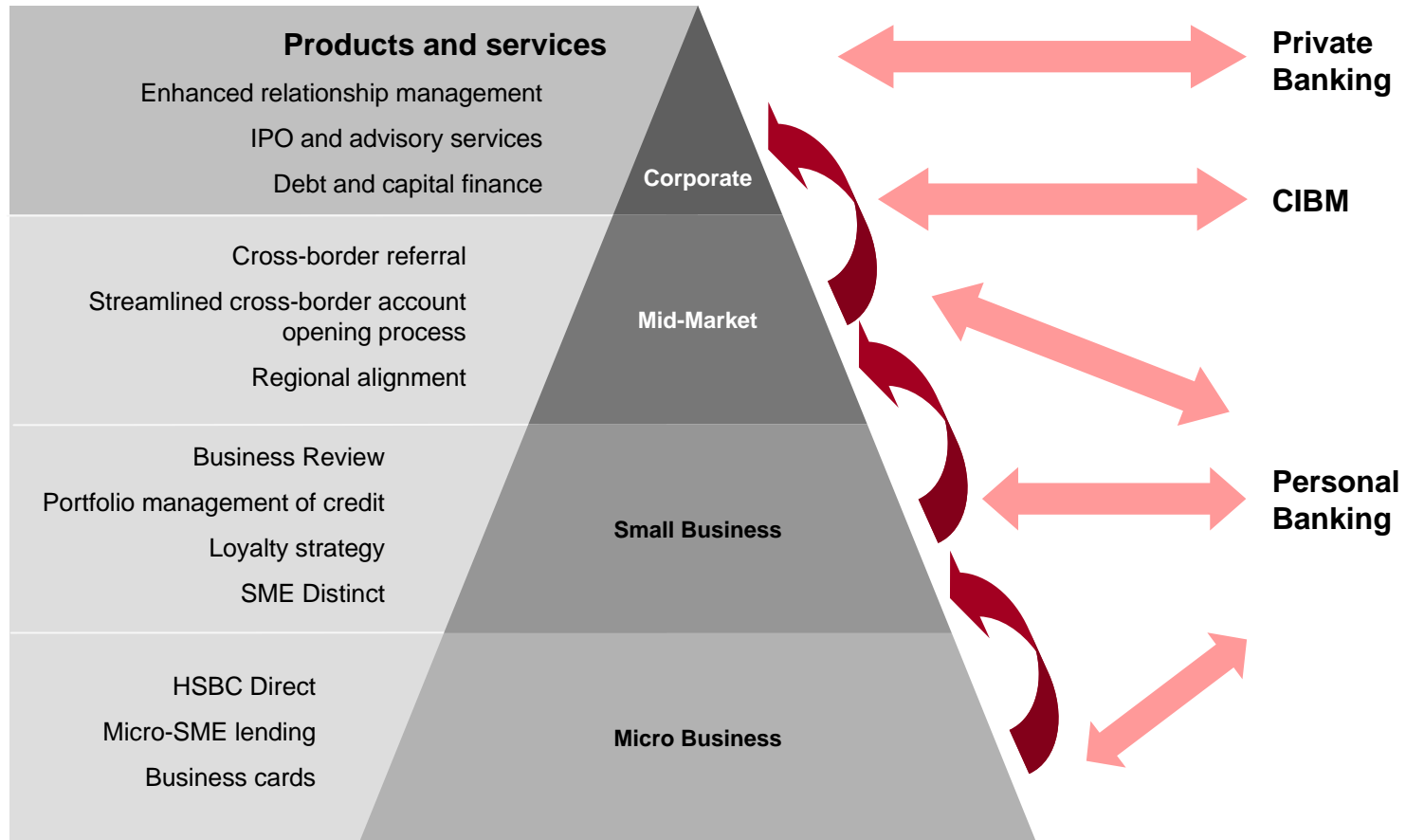
### Net operating income, 2006



Financial information from management accounts, unaudited



## Products and services matched to segments, from micro to IPO Referrals between customer groups fuelling growth

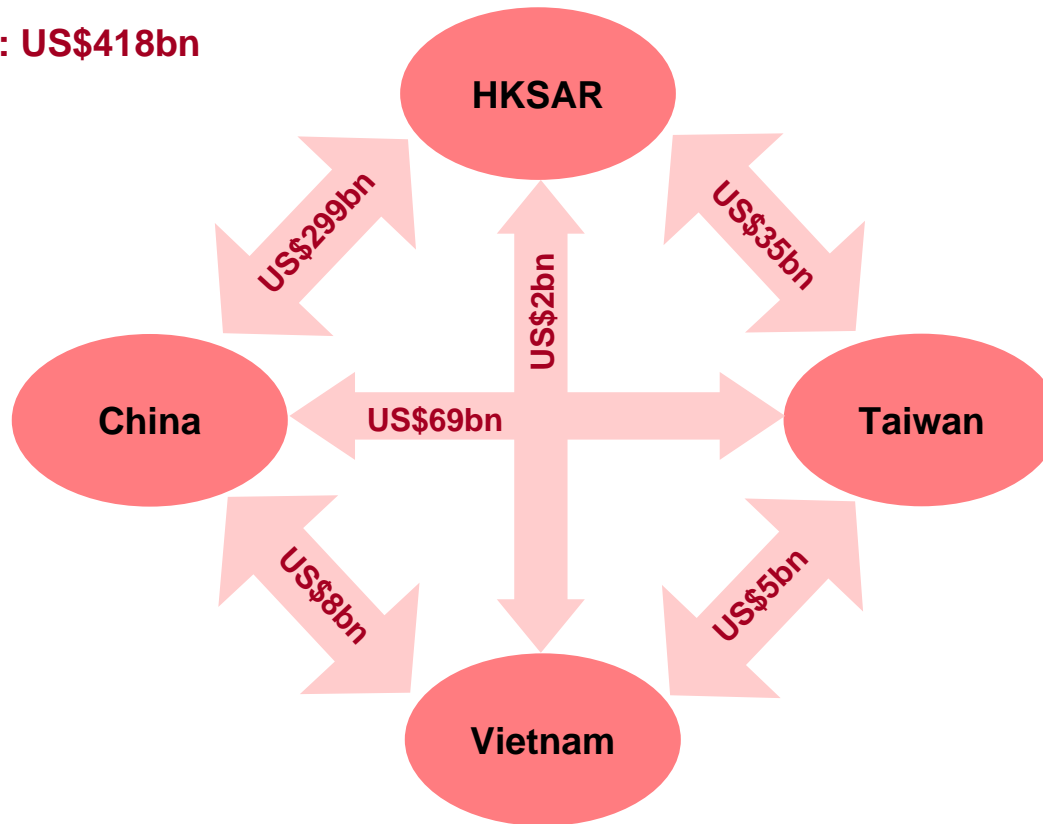




## Regional alignment around growing intra-regional trade and investment flows

- Trade for the region represents close to 12% of the world's total

Trade flows, 2006: US\$418bn



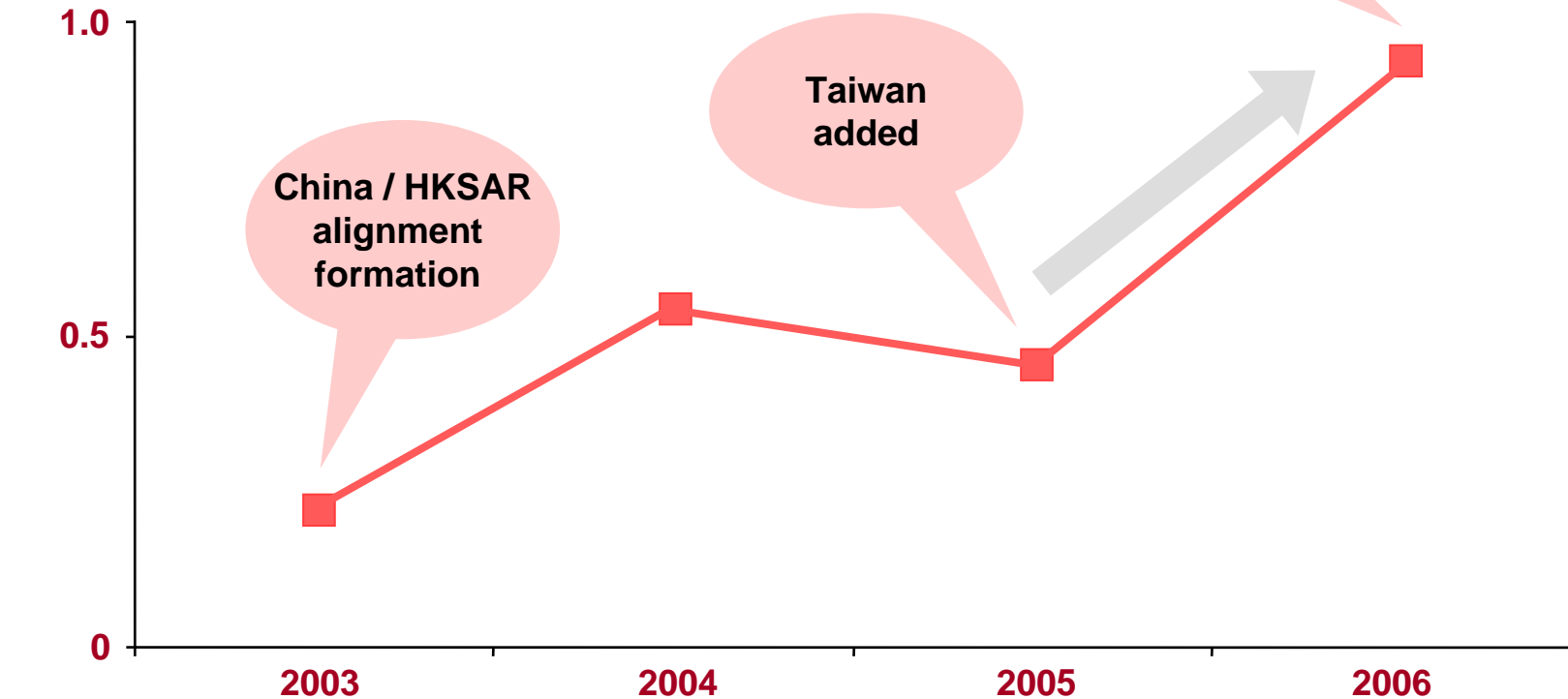
Source: Statistical Bureau of China, Government of HKSAR Census and Statistics Department, Hong Kong Trade Development Council, Ministry of Economic Affairs of Taiwan and Vietpartners of Vietnam



## Successful cross-border alignment captures new business through referrals

### Successful referrals

US\$bn





## Strategic focus – Leading International Business

- Strengthen regional franchise and expand cross-border banking capability
  - China-related intra-regional economic development
  - ASEAN bloc
  - South Asia bloc including Mauritius
- Connect intra-regional business opportunities with the Group's unique global footprint
- Up-skill global relationship management capability in China, Malaysia and Indonesia
- Continue to roll out International Banking Centres and country desks in priority countries and territories



## Strategic focus – Best Small Business Bank

- Widen customer base by developing SME segmentation strategy in selected markets
- Expand geographic reach by investing in delivery channels and internet banking
  - Roll out new business internet banking platform and enhanced call centre service to selected countries and territories
  - Expand into Tier 2 cities in India
  - Reach beyond Java area in Indonesia
- Develop and implement mass SME segment products and services
  - Revamp SME lending in South Korea
  - Launch SME loyalty programme
  - Roll out direct banking service in India and Taiwan
  - Roll out credit cards in selected countries and territories



## Trade Services – market-leading franchise in Asia-Pacific

- Trade revenues at record levels, driven by rapidly growing China, India and South-East Asia markets
- Full product range delivered across all customer segments, from simple trade financing to highly structured and sophisticated solutions
- Trade capabilities delivered in 20 countries and territories, with focus on fast growing intra-Asia trade
- Largest trade team with more than 2,000 staff in the region
- Market-leading industry recognition



Best Trade Finance Bank  
FinanceAsia 1997 - 2006



Best Trade Finance Bank in Asia  
Global Finance 2002 - 2006



Best Trade Finance Bank  
Cargonews Asia 2003 - 2006



Best Trade Finance Bank  
The Asset 2003 - 2006



Best Trade Bank in Asia  
Trade Finance 2004 - 2006





## Payments and Cash Management – leveraging the rise of the Asian MNC

Record results through strong client acquisition, increased balances and improving spreads

- Well positioned for growth in Asian multi-national corporations seeking regional cash management solutions with wide product range and regional presence
- Strong transaction fees from intra-Asian trade flows

Committed to investment in innovative cash management solutions

- 1,890 product developments and enhancements throughout 2006
- Korea Xpress cash management suite
- eWallet product solution in Malaysia
- eTaxplus solution in Indonesia

Strategic focus across key markets, segments, product solutions and people

- Focus across strong growth markets – China, Korea and India
- Drive further client acquisition via a clear ‘sector-approach’
- Continue investment in innovative product and client service solutions

Market leadership recognised across the industry



Best Overall Bank for Cash Management in Asia, 2007



Best Cash Management Bank in Asia, 2006 (Client Poll Result)



Most Innovative Cash Management Provider in Asia, 2006



Most Innovative Payment Solution Asia, 2007



Best Cash Management Bank in Asia, 2006



## Commercial Banking summary

- Diverse customer base reach – from micro to international corporate – with the product and service range to match
- Strong knowledge capital of customers creates an ultimate competitive edge
- Best Small Business Bank strategy broadens our customer base and deepens our customer penetration
- Leading International Business strategy drives our cross-border services
- PBT CAGR at 29% over the past two years

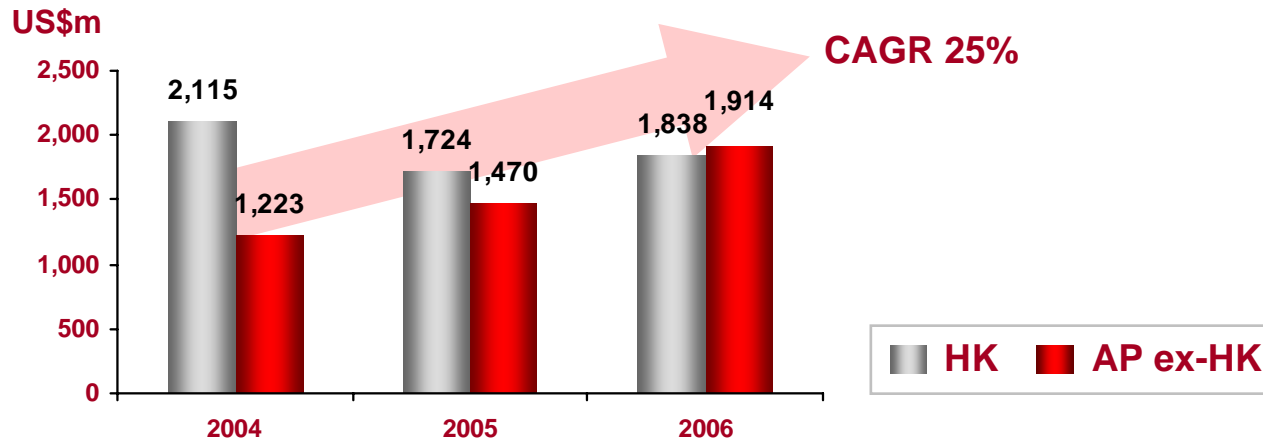


# Corporate, Investment Banking and Markets

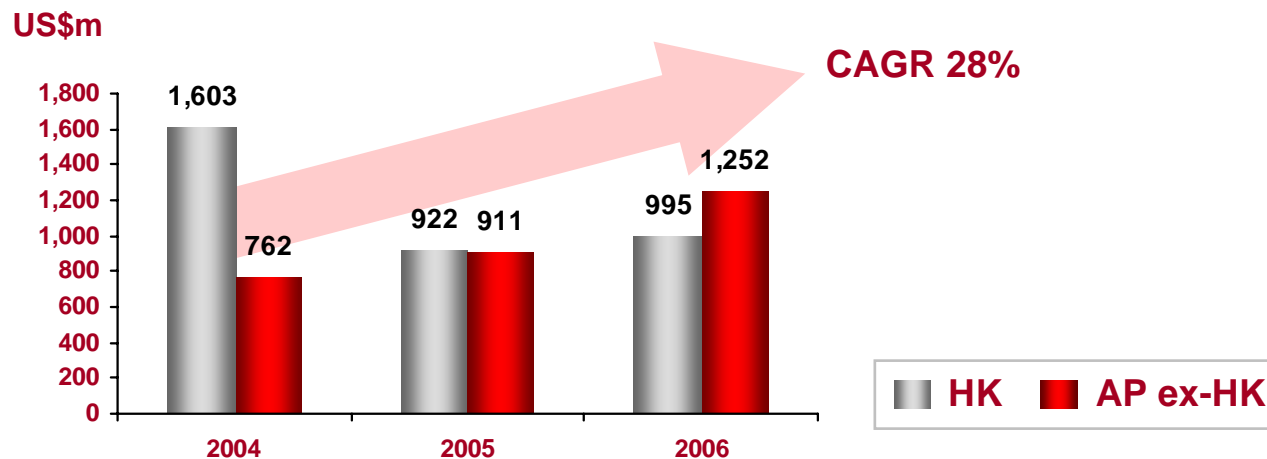
Paul Hand  
Co-Head, Global Banking



## Strong net operating income growth in Asia-Pacific ex-Hong Kong



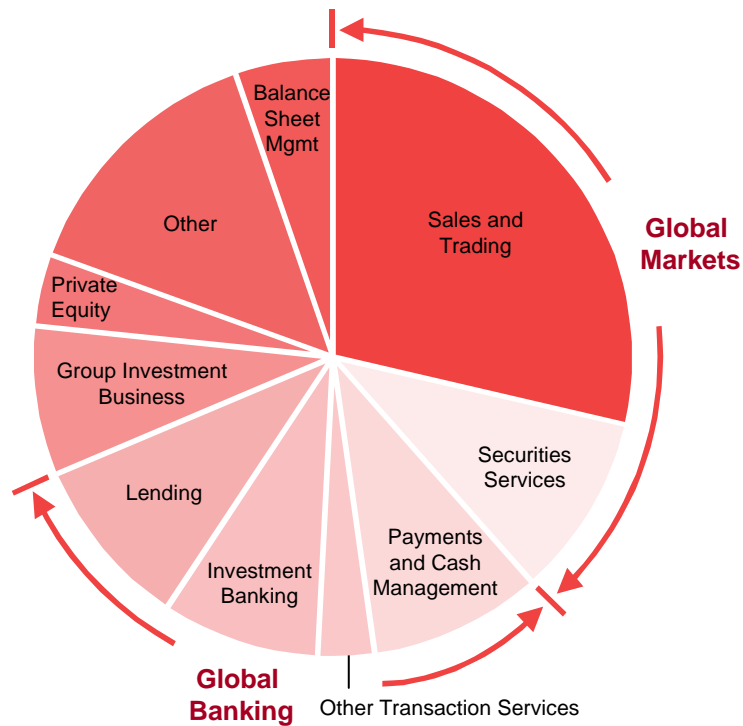
## Profit before tax growth in Asia-Pacific ex-Hong Kong outpaced Hong Kong



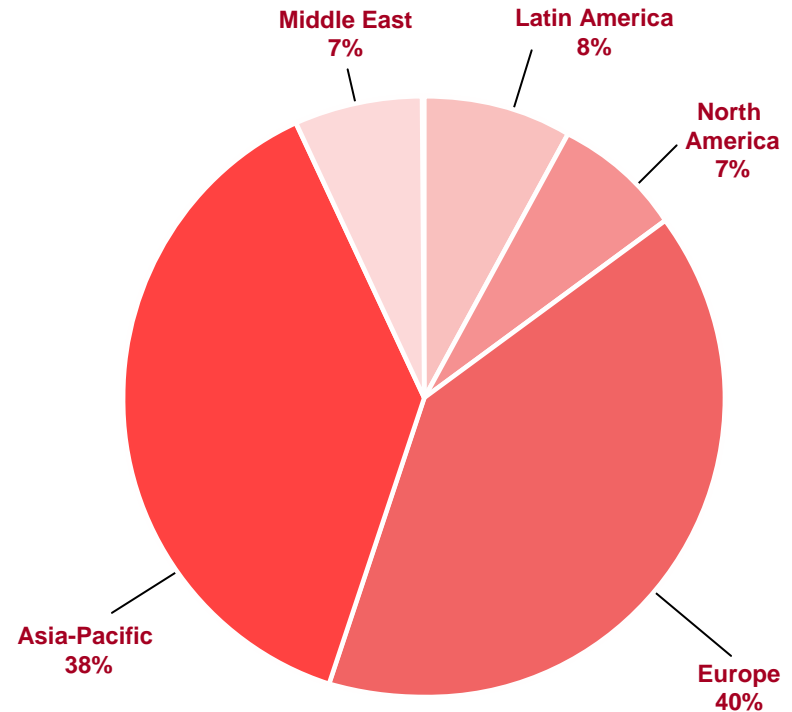


## Asia-Pacific contributes 38% of global CIBM profit before tax on balanced net operating income business mix

Net operating income, 2006



Profit before tax, 2006

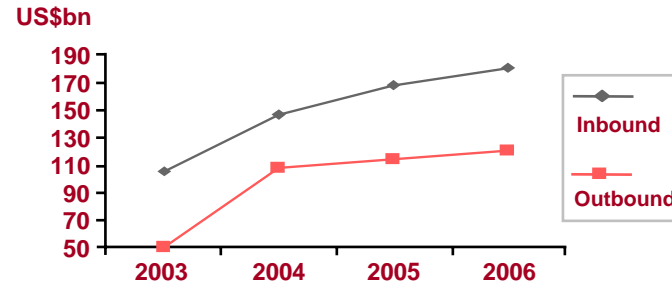




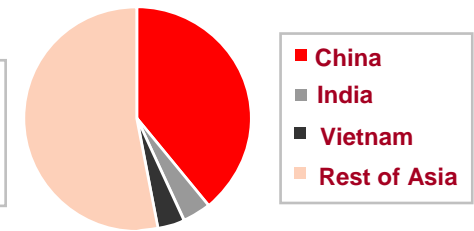
## Evolution of Asia's wholesale banking market

Investment flows increasingly important

Total Asia foreign direct investment

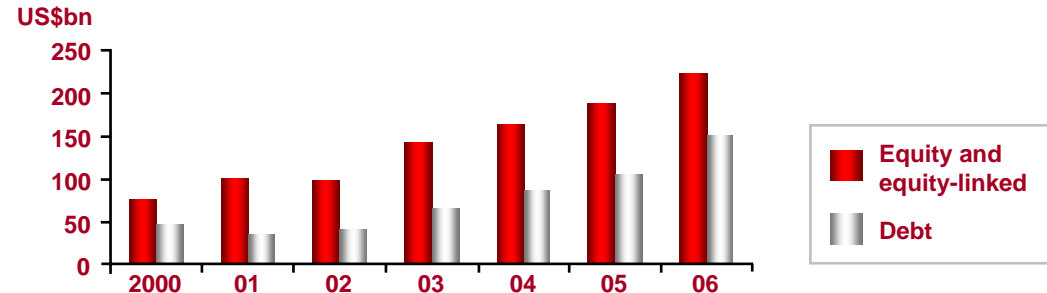


Key emerging markets' share



Capital markets financing taking off...

Capital-raising Asia (ex-Japan)



...giving rise to critical mass of Asian titans

122

Number of Asian companies in Fortune 500

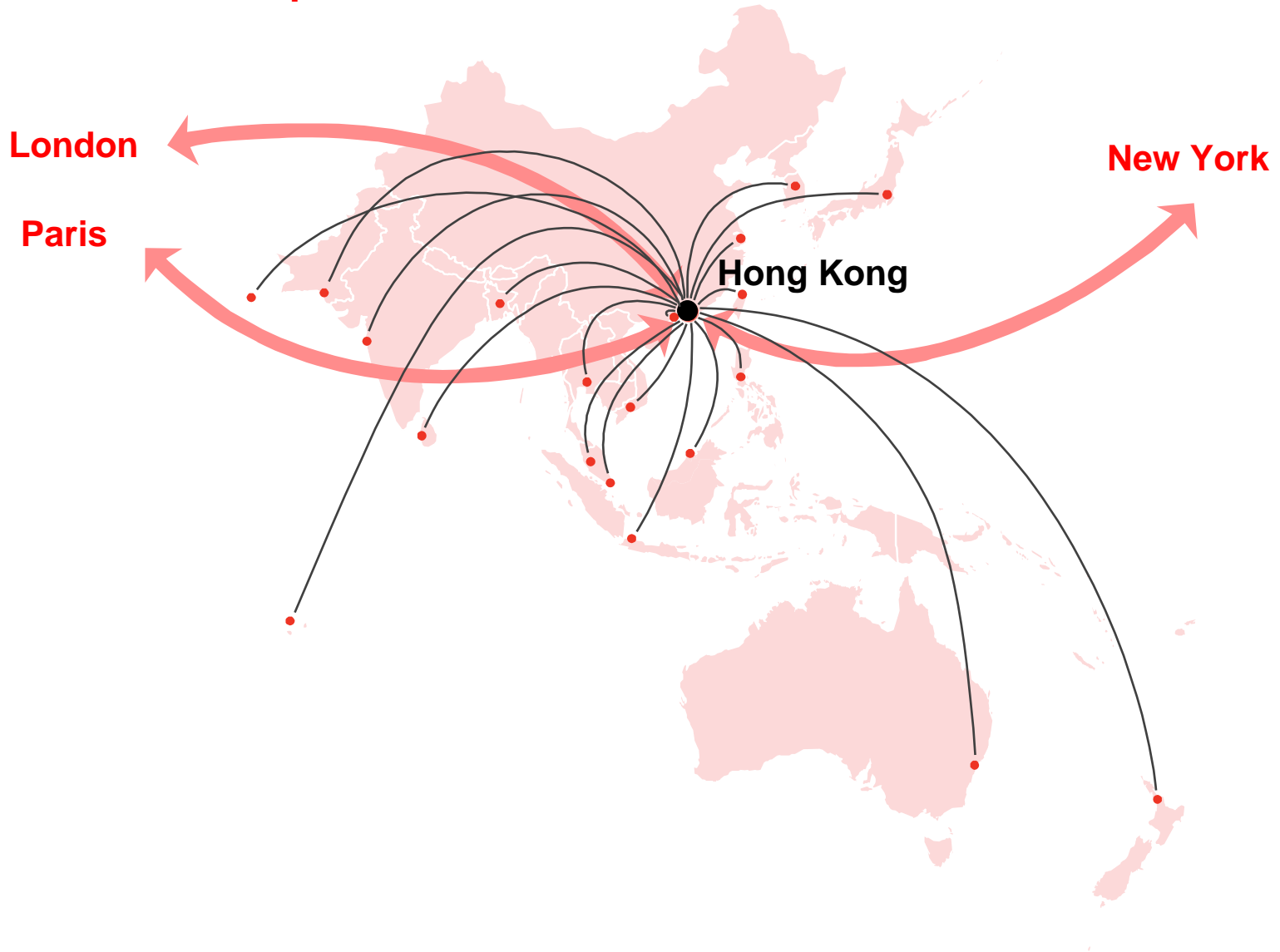
380%

Increase since 2001 in number of Asian (ex-Japan) companies with market cap at US\$10bn+

IBM  
(PC Division)  
Corus Novelis  
Recent profile cross-border acquisitions from Asia



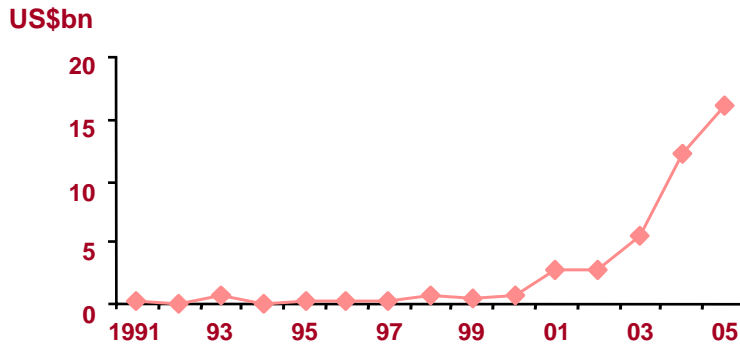
## CIBM's hub-and-spoke business model





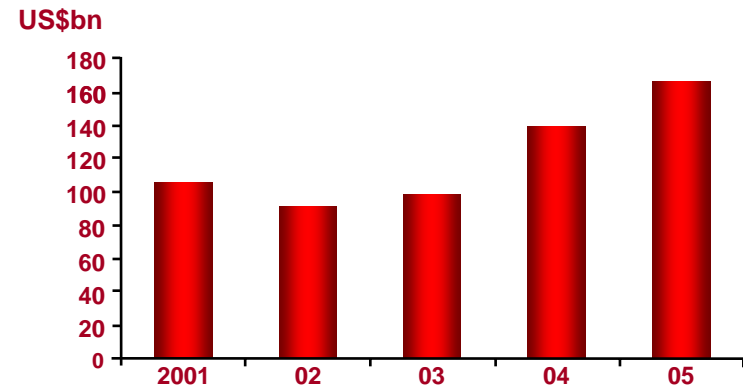
## 'South-North' and 'South-South' investment flows increasingly important

### China outward direct investment



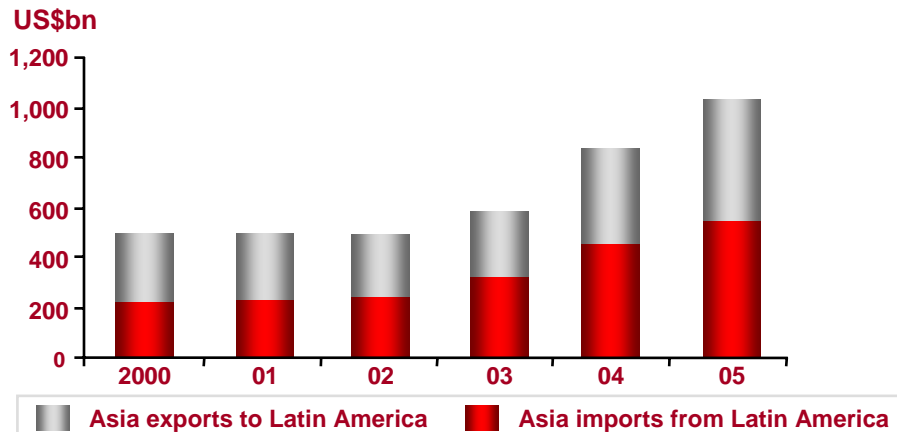
Source: CEIC

### FDI inflows to South, East and South-East Asia



Source: UNCTAD

### Asia trade with Latin America



Source: International Monetary Fund

### Asia trade with the Middle East



Source: International Monetary Fund





## Successfully delivering our product into Asia and gaining recognition



### Asia-Pacific Loan of the Year / Syndicated Loan of the Year

**Reliance Petroleum US\$2bn loan**

*"The loan was a standout deal due to its complexity, size, structure and successful execution"*



### Asia Domestic Bond House



### Hong Kong Bond House of the Year

*"HSBC is the house to beat when it comes to Hong Kong dollar-denominated bond issues. HSBC, as a counterparty, completed the first-ever renminbi non-deliverable interest rate swap transaction in Hong Kong"*



### China Loan House of the Year

*"HSBC put on a storming performance in the China loan markets in 2006, coming from nowhere to make a significant impact on the league tables and outpace its peers with a roster of innovative, well structured and successfully distributed transactions"*



### Equity-Linked Deal of the Year / Malaysia Capital Markets Deal of the Year

**Khazanah Nasional's US\$750m EB**

*"Bond's success was striking given the obstacles... it was flawlessly structured and executed"*



### Philippines Capital Markets Deal of the Year

**Ayala Corp's Ps5.8bn hybrid**

*"The deal marked Asia's first ever publicly offered local currency hybrid and directed regional investor attention towards Manila"*



### European Loan of the Year

**GBP8.97bn**

*"The loan's innovative structure set the standard for all subsequent deals"*



### European Loan House of the Year

*"Through its product-wide restructuring and the ramping up of its M&A advisory capacity, HSBC has been present on almost all the acquisition-related deals that made headlines in 2006 and it also broke records with its \$16 billion underwrite for E.ON's jumbo loan"*



### US IPO

**Mastercard US\$2.6bn**

*"Priced amid a hostile time for new issues, MasterCard faced its share of adversity ahead of its public offering... For overcoming structural complexities and operational hurdles, MasterCard's US\$2.6bn flotation is IFR's US IPO of the Year"*

HSBC also won 'Asia-Pacific Structured Equity Issue of the Year' and 'Asia-Pacific Domestic Bond House of the Year'

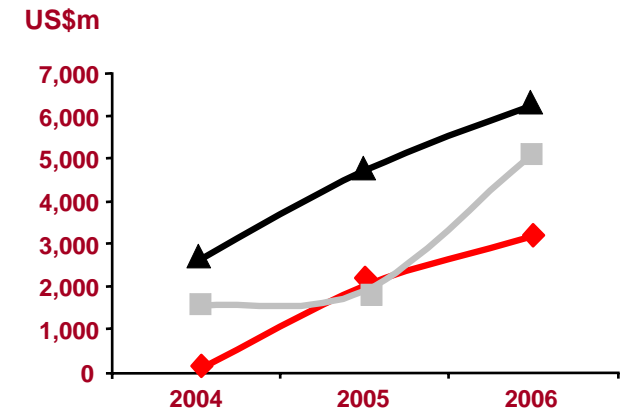
Source: International Financing Review



## Group Investment Businesses – progress in Asia

- Fund management JV in China operational in 2006
  - Three funds already launched
- Fast-growing fund management business in India, which launched first fund in 2002
- Ongoing development of innovative funds for HSBC and third-party distribution
- Leading distributor of emerging markets funds in Japan
- Continued development of Multimanager business across region
- Largest pension manager in Hong Kong
- *Asia Asset Management* Best of the Best Award, Most Innovative Product (China)

### High alpha funds have experienced rapid growth



- ◆ BRIC Freestyle
- Chinese equities
- ▲ India equities

Assets of HSBC Global Investment Funds, based in Luxembourg and distributed worldwide



## Securities Services – leading provider in Asia-Pacific

- Acquired Westpac's domestic custody business in Australia and New Zealand
- Continued geographical expansion across all business lines
- Re-aligned corporate trust/loan agency business to focus on strategic product segments
- Completed evolution of funds services business to be leader in Asian emerging fund markets
- Won landmark business deals in all businesses



Best Sub-Custody Bank in the World  
Best Sub-Custodian in Asia and Caribbean  
Best Sub-Custodian in the Middle East



Best Sub-Custodian in Asia



Best Fund Administrator (Traditional Funds) in 2005



Best Sub-Custodian in Asia  
Best Fund Administrator



Top Rated Agent Bank Globally, Asia, the Middle East and North Africa regions  
Top rated Agent Bank in Australia, Argentina, Bahrain, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Saudi Arabia, Singapore, Taiwan and Thailand

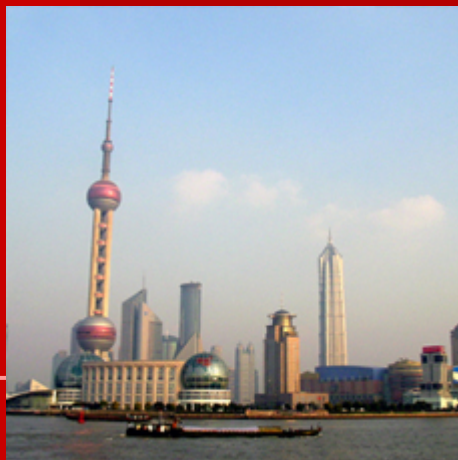


Trustee of the Year 2006



## Corporate, Investment Banking and Markets summary

- To be the leading emerging markets-led financing-focused wholesale bank
  - Roll out of successful Asian hub-and-spoke model to Europe/Middle East/Africa and the Americas to support expansion of distribution in key emerging market geographies enabling us to leverage the investment in product development
  - Enhancement of the product suite to grow our capabilities in structured derivatives, fixed income and equities
  - Build out debt and equity capital markets presence
  - Build out targeted advisory platform
  - Creation of market leading e-delivery platforms
  - More efficient use of the Group's balance sheet
  - Build out leveraged finance
  - Enhancement of equity derivatives



**China**
















**Peter Wong**  
Executive Director

The Hongkong and Shanghai Banking Corporation Limited

**HSBC**   
The world's local bank



## Competitive positioning – leading foreign bank in China

2006	First	Second	Third
Assets	HSBC 	citi 	 MUFG
Deposits	HSBC 	citi 	
Loans	HSBC 		 MUFG
Profits	HSBC 	 MUFG	
Outlets	HSBC 		

Source: HSBC research and annual reports of various foreign banks in China

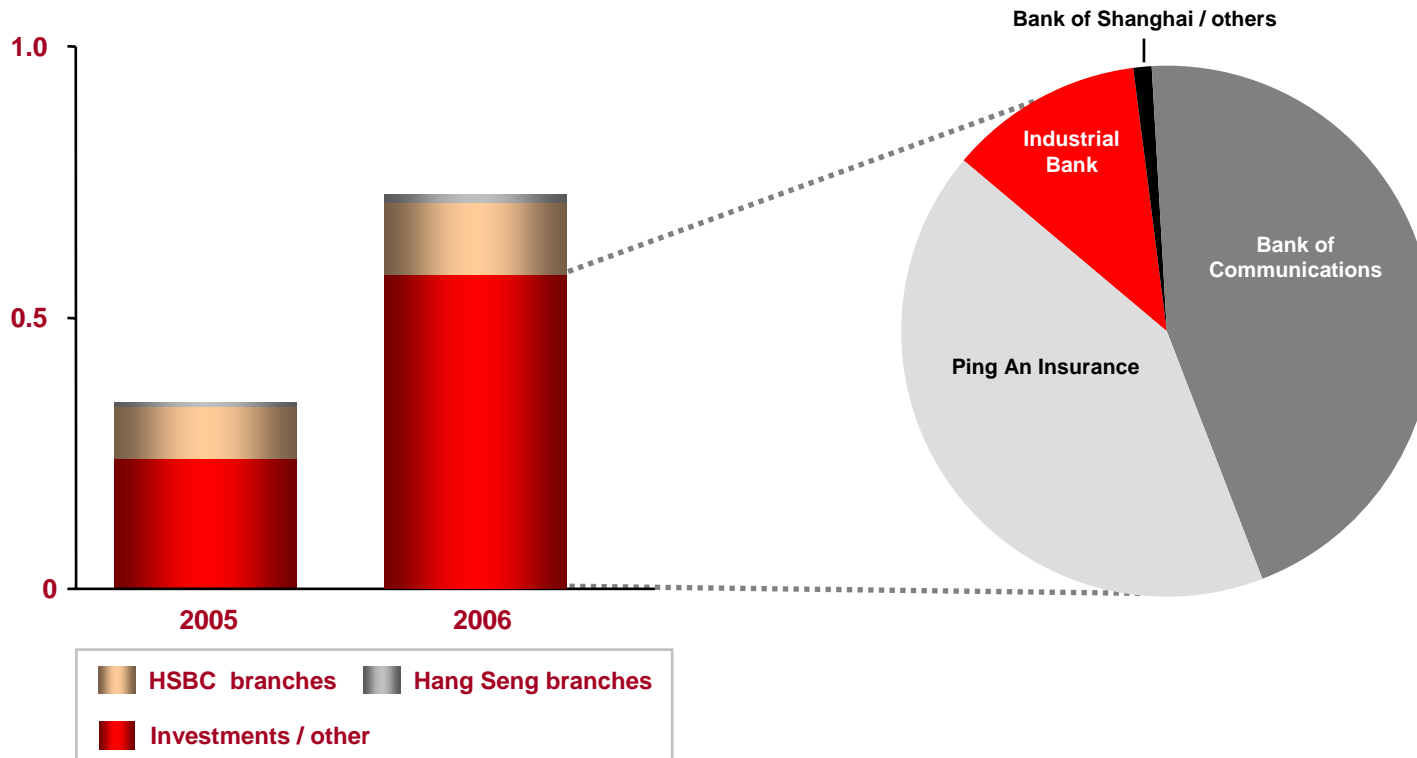


## Profits from China – profit before tax, 2006

- Profit before tax US\$708m, up 112%

Strong profit before tax growth – partnership strategy paying off

US\$bn





## Our strengths – branding in China

- Air bridges in Shanghai and Beijing
- HSBC Golf Championships
- The Bank of Communications – HSBC Forum
- Corporate responsibility activities





## Our strengths – HSBC Group bridging China to the world through global and local network

- 10,000 offices worldwide in 82 countries and territories
- 21 branches and 29 sub-branches in China
- 3,000+ staff plus 3,800 in Group Processing Centres





## Strategy – organic business

- Local incorporation
  - HSBC Bank (China) Co. Ltd.
  - Expand our branch network aggressively
  - Drive retail and commercial banking expansion
- Regional focus
  - Focus on three major regions: Bohai Rim, Yangtze River Delta and Pearl River Delta
  - Natural extension to Pearl River Delta
- Leverage our global network
  - Expand our wholesale and corporate businesses
  - Build wholesale operations on our global market capability



## Strategy – working with our partners

### Bank of Communications

- Business cooperation
  - Co-branded credit cards
  - Qualified Domestic Institutional Investor products (Huijutong)
  - Trade (ChinaExpress)
  - Payments (Express Remittance)
- Knowledge sharing
  - Secondments (retail banking)
  - Consultants
  - Short-term attachments
  - Executive Training Programme
  - Regular staff training

### Ping An Insurance

- Joint business cooperation task force

#### HSBC partners in China

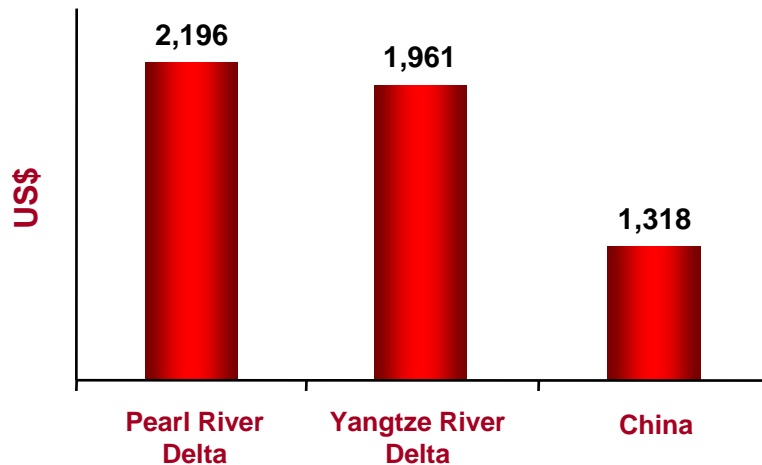
	% Ownership	Outlets
 <b>Bank of Communications</b>	19.9%	2,600+
 <b>中国平安</b> <small>专业·价值 PING AN OF CHINA</small>	16.8%	200,000 agents
 <b>Bank of Shanghai</b>	8.0%	246
 <small>兴业银行股份有限公司 INDUSTRIAL BANK CO.,LTD.</small>	12.78% (via Hang Seng)	369



## Pearl River Delta – natural extension of our Hong Kong business

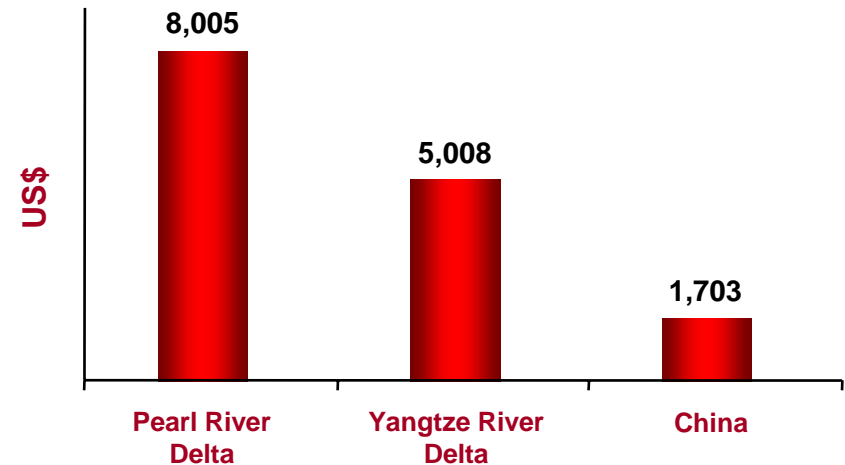
- Hong Kong businesses already a strong presence
- High per capita income and growth
- Strong consumer and small business banking potential in region

### Per capita disposable income of urban households, 2005

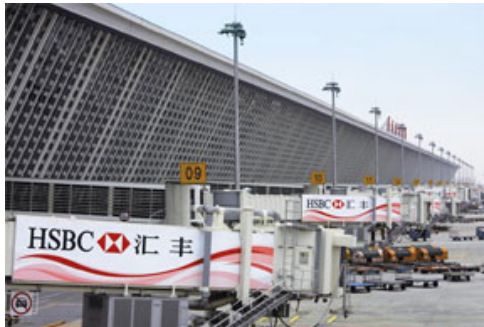


Source: Statistical Yearbook of China, Guangdong Statistical Yearbook and Invest HK

### Per capita GDP, 2005\*



\*Per capita figures are all based on registered population





**India**

**Naina Lal Kidwai**  
Chief Executive Officer, India

**HSBC**   
The world's local bank



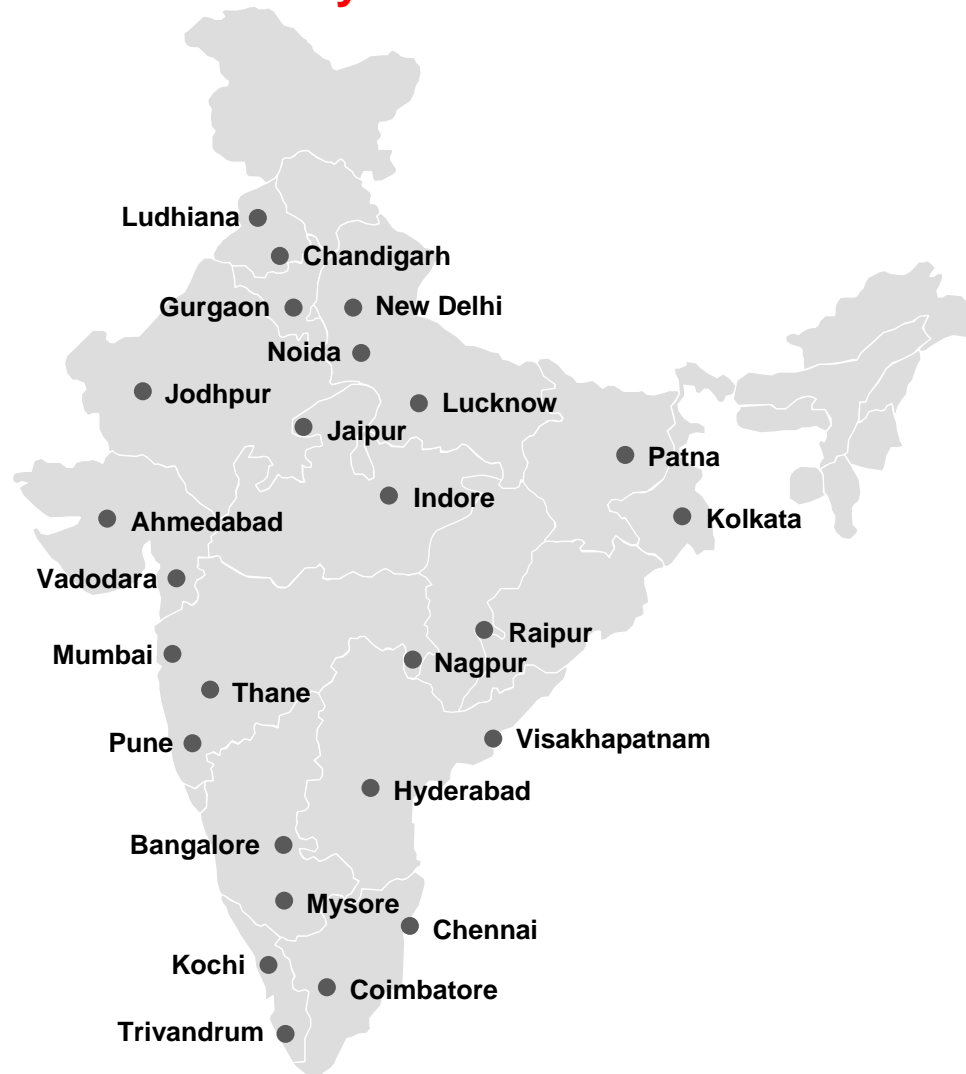
## HSBC in India one of the fastest growing Group contributors with scope for growth

- Growing Personal Financial Services
  - Two million customers
  - Two million credit cards
  - New consumer finance business through 29 HSBC Pragati branches in 22 cities
  - New non-resident Indian services in key markets abroad
- Strong Commercial Banking with growing SME position
  - Facilitates 5% of Indian exports and 6% of imports
  - Over 30,000 small business customers
  - Pioneered landmark cash management transactions
- Expanding CIBM capabilities
  - Leading custodian with 50% market share in custody and clearing and US\$60 billion of assets in custody
  - Managing over US\$10 billion invested in Indian markets



## Extensive branch network covers key cities and economic zones

- 47 branches
- 170 ATMs in 26 cities
- 27,000 staff



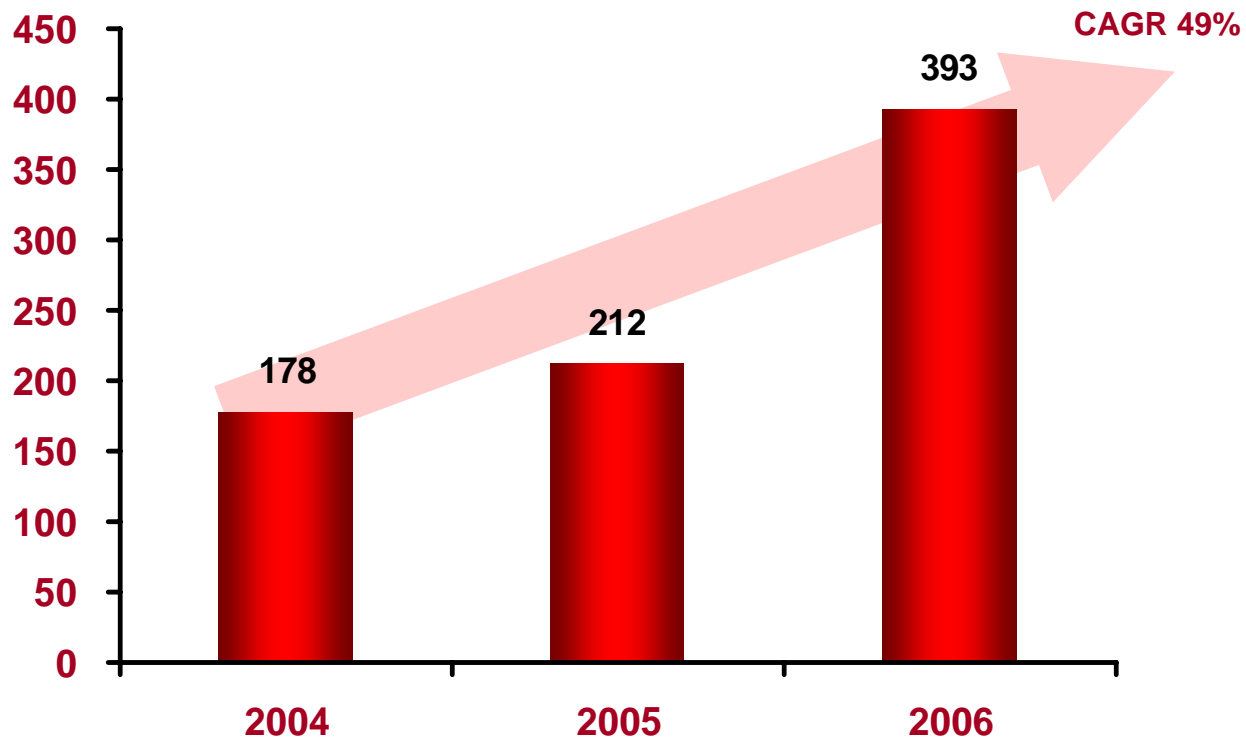




## India third largest profit contributor in Asia-Pacific, 10th largest in Group

Profit before tax

US\$m



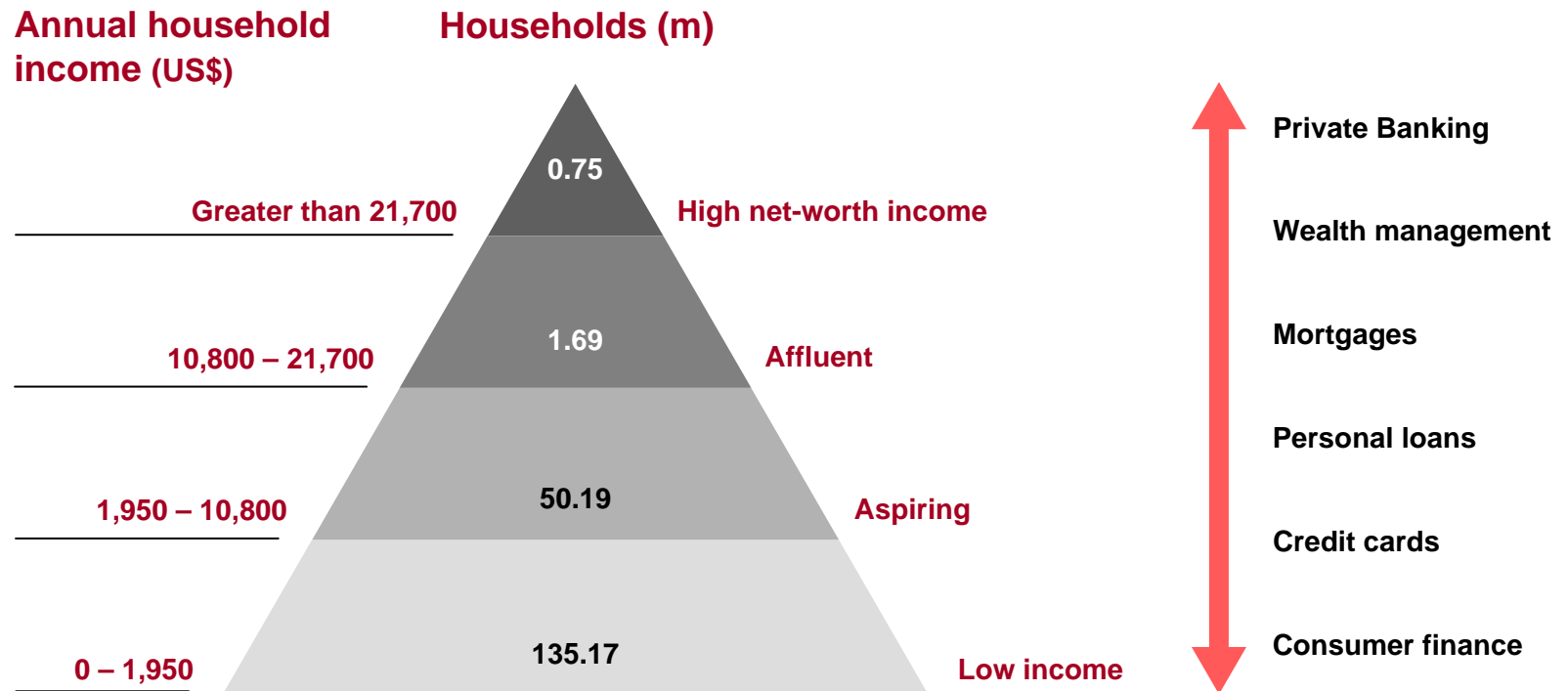


## Economic and social transformation offers opportunities

- Accelerated growth
  - GDP forecast at 8% for 2007
  - FDI at US\$7.8bn in 2006, from US\$4.5bn in 2005
  - Private consumption at 9% in 2006, against 8.3% in 2005
- Rising middle class
  - Affluent households set to triple in eight years
  - 83,000 Indians with financial assets of over US\$1m
- Growing trade with the world
  - India's major trading partners are the EU, USA and China
- Growing small business sector
  - 5.8% of GDP and employs 30 million
  - Small companies on growth trajectory – 40% of top companies today were mid cap eight years ago
  - Capital expenditure planned at US\$30bn



## Products and services match population segments



Source: National Council of Applied Economic Research



## Personal banking strategy

### Build scale to encompass all segments – mass and affluent

- Grow affluent: launch global Premier, expand PowerVantage and build Private Banking
- Grow mass consumer: build consumer finance and credit cards as lead acquisition products
- Expand non-resident Indian customer base in Asia, Middle East, UK and USA
- Build presence in main cities and penetrate Tier 2 cities via new branches, e-channels and mobile sales force
- Leverage new partnership with Canara Bank and Oriental Bank of Commerce to grow insurance business
- Strengthen bancassurance partnership with Tata-AIG

### Build multi-channel distribution

- Open financial centres for distribution of investment and insurance products
- Increase call centre capacity by 50% to drive sales and enhance service



## Consumer finance presents exciting opportunity

### Strengthen consumer finance capability

- Build distribution through HSBC branches – presently operational in all cities where HSBC has a presence
- Increase loan origination through mobile credit officers
- Launch new products
  - Insurance, home equity/home purchase, credit card offers
- Launch consumer finance model in micro-SME segment
- Expand consumer finance in Tier 2 and 3 cities upon Non Bank Financial Companies licence approval



## Consumer finance – building a controlled business

### Origination



Face-to-face Know Your Customer  
Over 90% of business originated through managed channels  
Strict sales executive hiring regime

### Underwriting



Tight verification process  
In-depth interview to establish customer's ability to pay  
Thorough fraud avoidance procedures  
Underwriting process independent of origination

### Post approval

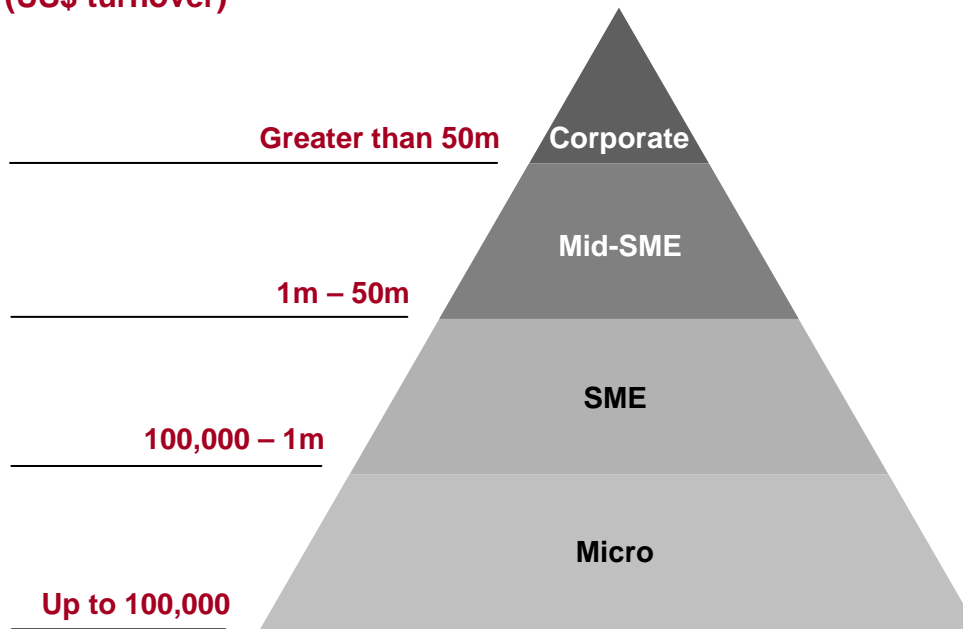


100% call back of all customers before  
the first cheque is presented  
Process and underwriting audit on funded applications  
Post approval audit scoring of files



## Products and services match customer segments

### Customer segments (US\$ turnover)



### Products

Customised business account  
Cash management / Trade facilities  
Working capital / Term finance

Business account  
Cash management / Trade  
Factoring facilities  
Secured working capital  
Term finance  
Chequing account

Chequing account  
Small unsecured finance



## Commercial Banking to focus on two fronts

### Best Small Business Bank

- Drive customer acquisition and increase wallet share using segmentation approach
- Set up desk for mid-market firms with more complex transactions
- Sell structured products, investment banking and derivatives to upper mid-market segment
- Expand mass SME segment offer to Tier 2 cities
- Explore micro-SME model with personal banking with focus on alternative channels

### Leading International Business

- Develop additional geographic coverage by forging alliance bank network
- Capture cross-border payment opportunities through enhanced remittance product





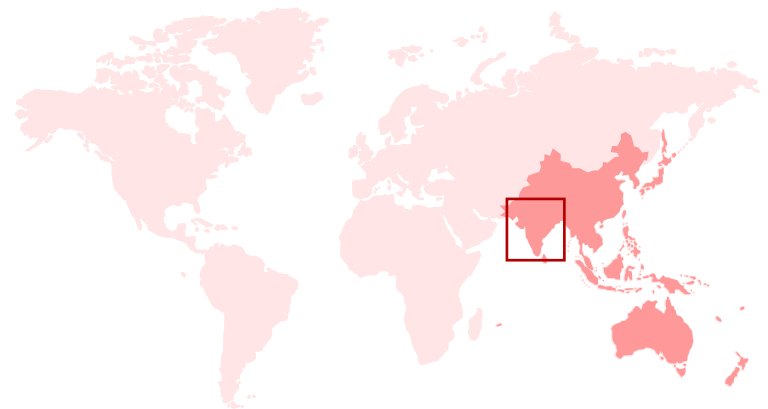
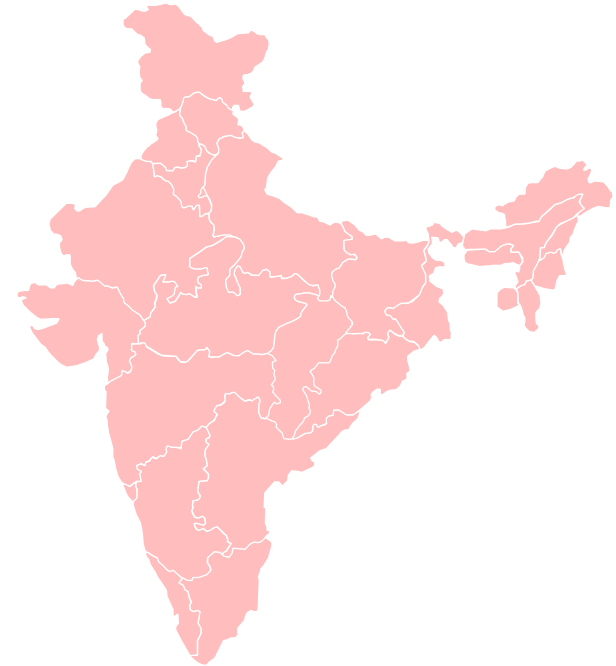
## Corporate, Investment Banking and Markets to leverage global footprint

- Support Indian corporates and institutions with global aspirations
  - Offer investment banking services to local banks seeking access to overseas bonds and loan markets and to large corporates with cross-border investment and acquisition ambitions
  - Tap Group resources to build project finance, structured trade, forfaiting and leveraged finance capabilities
  - Build on successful lead advisory roles in international transactions



## HSBC in India summary

- We are well placed to take advantage of economic growth, international integration and consumer affluence in India
- We are tapping new markets through consumer finance and insurance
- We have delivered PBT CAGR at 49% over the past two years





**Malaysia**

**Michael Smith**

Chairman

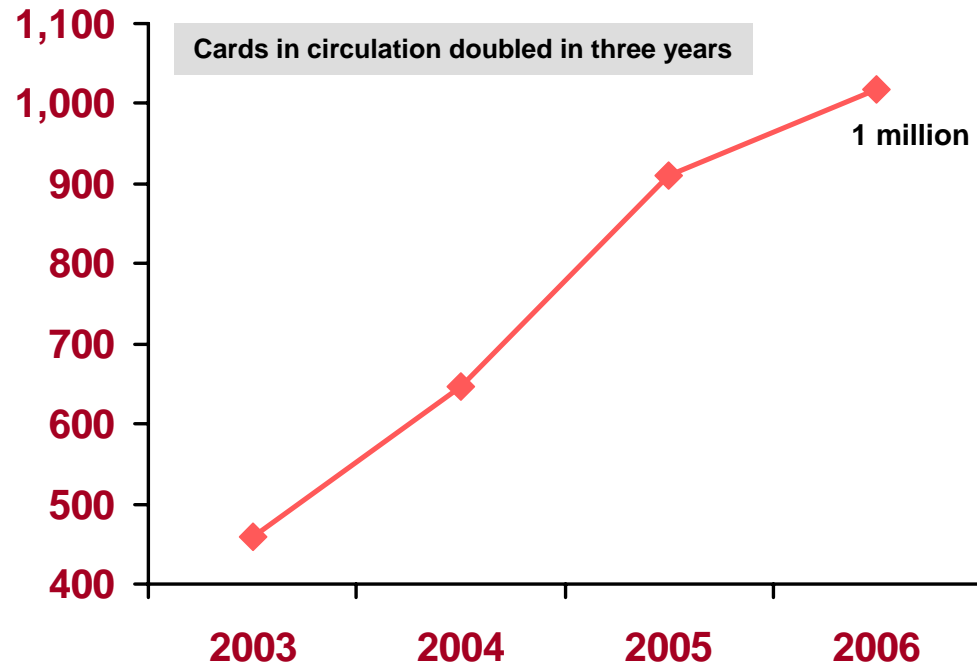
HSBC Bank Malaysia Berhad

**HSBC**   
The world's local bank



## Cards – a driver of revenue growth

Cards in circulation (000's)





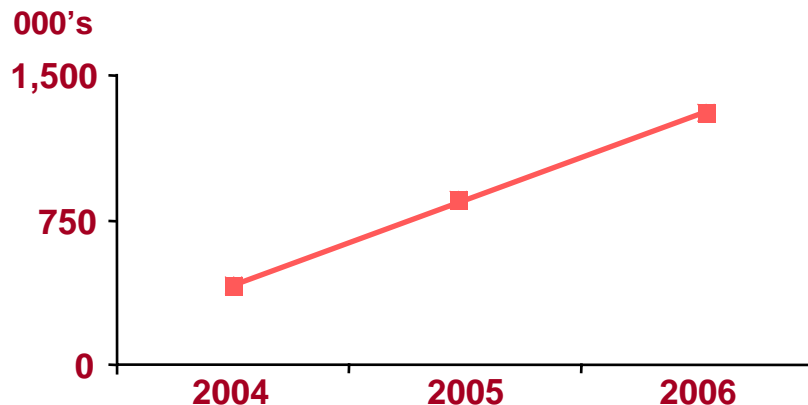
## Build wealth management capabilities to tap affluent market

- Launch global Premier
- Build on position as leading unit trust agent and develop retirement planning services
- Grow bancassurance through HSBC Amanah Takaful

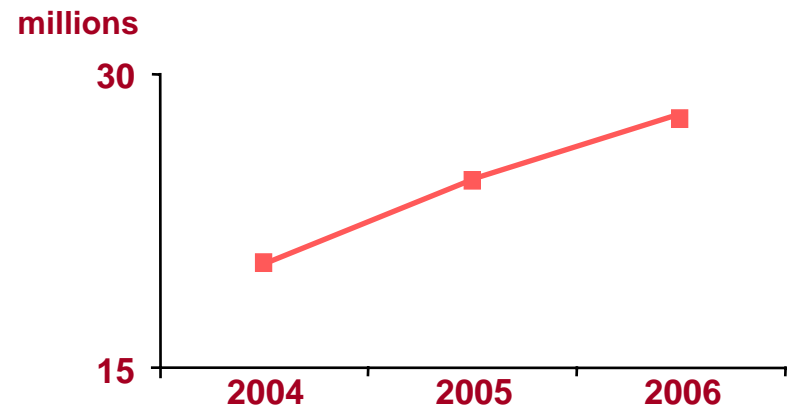
## Expand distribution channels

- Open 5-7 branches, four sales subsidiary outlets
- Drive sales through e-channels and telesales
- Grow momentum of internet banking usage

### Internet transactions



### Self-service transactions





## 2007 strategy

- Open a dedicated subsidiary for Islamic banking
- Become the regional hub for Amanah
- Expand product range for Personal Banking and Commercial Banking
- Expand CIBM reach in Bumiputra market



## 2006 milestones

- Only foreign bank awarded a Takaful insurance licence

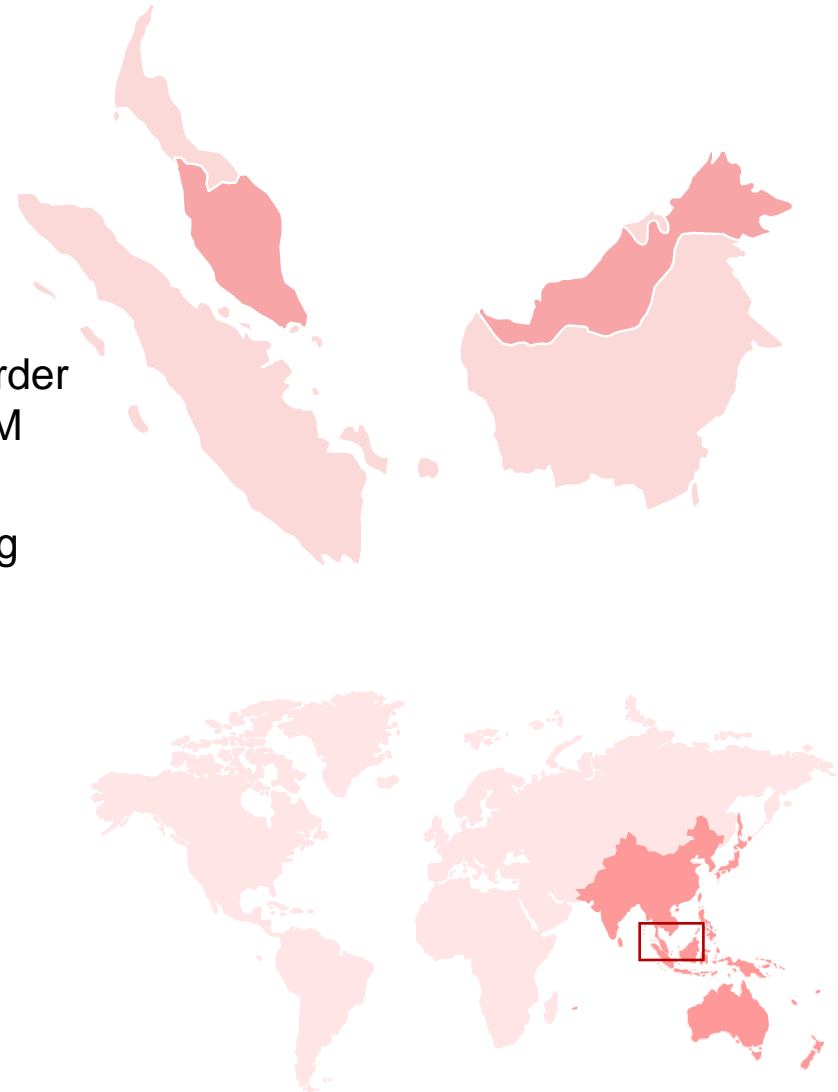
## 2007 strategy

- Deploy dedicated Takaful Personal Banking and Commercial Banking sales force
- Expand product range to support bancassurance, investment-linked life insurance and retirement services
- Provide products and services aimed at Commercial Banking and CIBM customers



## HSBC in Malaysia summary

- Grow organically and focus on value
- Deepen product penetration and distribution in the consumer market
- Exploit growing affluent segment through global Premier
- Leverage our global network to grow cross-border opportunities in Commercial Banking and CIBM
- Expand Islamic banking capabilities to drive wealth management, commercial banking and investment banking services







## Closing remarks

Michael Smith

President and Chief Executive Officer

The Hongkong and Shanghai Banking Corporation Limited



## **Asia No.1 – US\$7.7bn PBT**

- **Asia-Pacific contribution to HSBC Group**

**2006 – 35%**

**2005 – 30%**

**We have the people, the history and the local knowledge**

**We have a unique global network**