



Our vision

Stephen Green, Group Chairman
HSBC Holdings plc

Sandy Flockhart, Chief Executive Officer
The Hongkong and Shanghai Banking Corporation Limited 19 September 2007

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.

Agenda

Our strategic vision: The World's local bank

Stephen Green

**The world's largest and most profitable
international emerging markets bank**

Sandy Flockhart

Closing remarks

Stephen Green

Our strategic vision:
The World's local bank

Our outlook

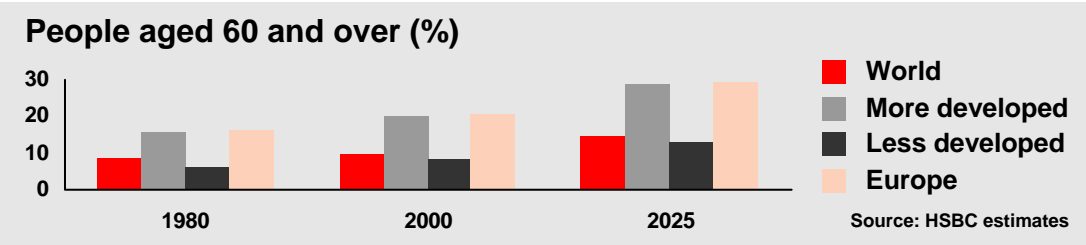
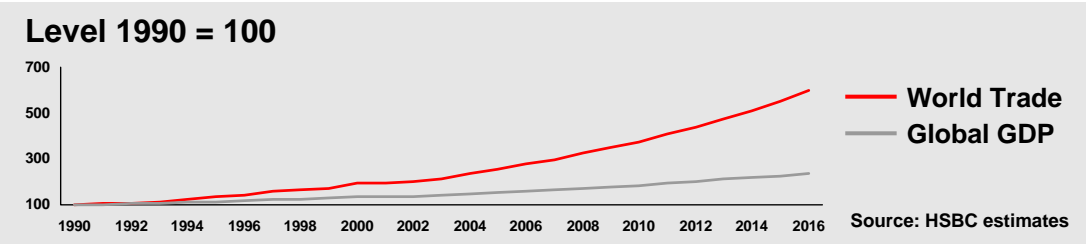
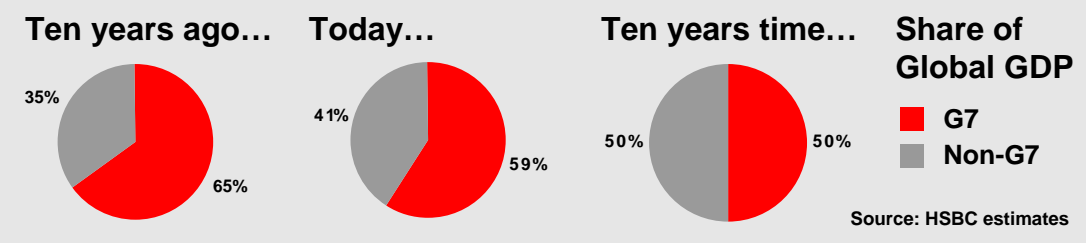
Our strategic vision

Outlook	Strategic Thinking	Our Businesses	Our Geographies
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1. Emerging markets growing faster than rich countries...

2. World trade growing faster than GDP...

3. Longevity increasing virtually everywhere...



The world as we see it evolving

Our strategic vision

Outlook

Strategic Thinking

Our Businesses

Our Geographies

**Global universal bank with
leading emerging markets presence**

Unique international connectivity

Linking developed and developing countries

Split of business by profit before tax¹

Our strategic vision

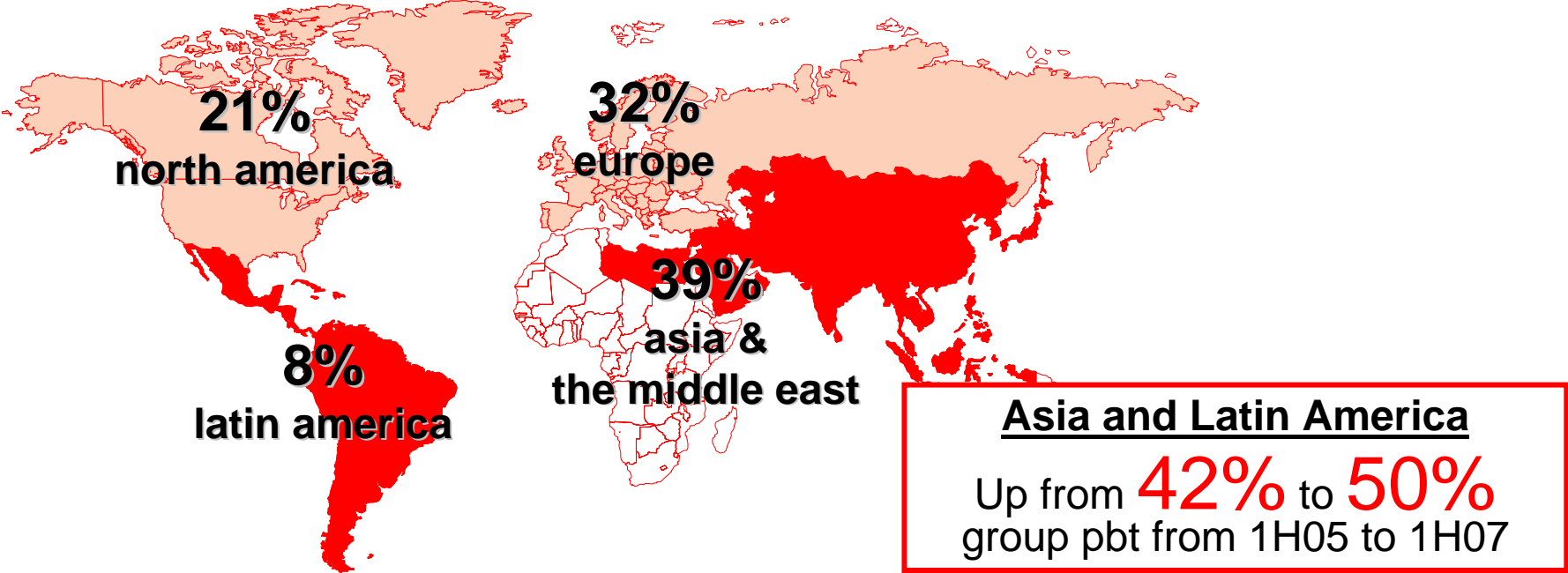
Outlook	Strategic Thinking	Our Businesses	Our Geographies
<p><u>Personal Financial Services</u></p> <p>42%</p> <p><i>preferred provider with top class ethical sales & service culture</i></p>		<p><u>Commercial Banking</u></p> <p>26%</p> <p><i>to be the leading international business bank</i></p>	
<p>Opportunities in Wealth and Insurance</p>			
<p><u>Corporate, Investment Banking and Markets</u></p> <p>28%</p> <p><i>emerging markets-led and financing-focussed</i></p>		<p><u>Private Banking</u></p> <p>5%</p> <p><i>outstanding international service</i></p>	

(1) Average over the last 4 half years (1H07, 2H06, 1H06 and 2H05), excluding dilution gains. Average pbt for other customer groups was -1%.

Linking developing and developed markets¹

Our strategic vision

Outlook	Strategic Thinking	Our Businesses	Our Geographies
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(1) Average pbt over the last 4 half years (1H07, 2H06, 1H06 and 2H05). All figures excluding dilution gains.

Developing markets: Asia 1H07

Joining up our geographies



Developing markets: Middle East 1H07

Joining up our geographies

Asia

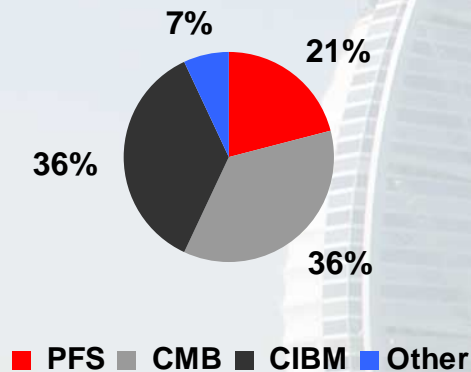
Middle East

Latin America

Europe

North America

pbt up **8%** to **US\$606m**



- Unrivalled historic presence; highly recognised brand; business diversity
- Onshore platform of over 208 branches and offices across 15 countries, with almost 10,000 staff
- Strengthening presence in the Gulf States
- Additional organic investment in infrastructure

Developing markets: Latin America

1H07

Joining up our geographies

Asia

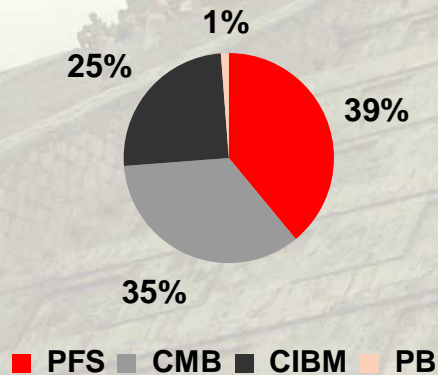
Middle East

Latin America

Europe

North America

pbt up **16%** to **US\$1.0bn**



- A leading regional distribution network
- Expansion to 4,000 offices in less than 10 years in 14 countries
- Integration of Banistmo and BNL (Argentina)
- Replication of global businesses: credit cards, consumer finance, foreign exchange, trade and payments & cash management

Developed markets: Europe 1H07

Joining up our geographies



Developed markets: North America 1H07

Joining up our geographies

Asia

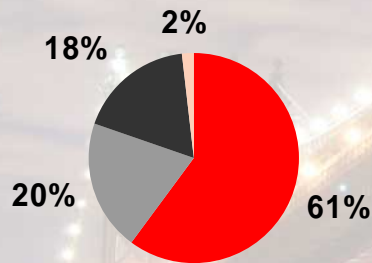
Middle East

Latin America

Europe

North America

pbt down **35%** to **US\$2.4bn**



■ PFS ■ CMB ■ CIBM ■ PB

-1% Other

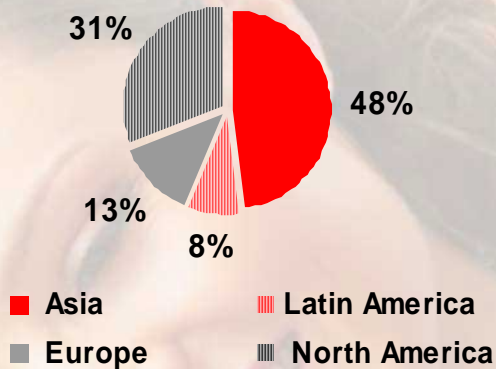
- Re-shaping the business with our differentiated proposition
- PFS: (1) restructuring mortgage services; and (2) focussing on our strengths: credit cards 'a top 5 player' with growing market share; HSBC Direct; global Premier; and links to Latin America
- CMB: capitalising on international connectivity
- CIBM: targeted expansion of the sales & trading operations and various treasury activities

Personal Financial Services 1H07

Joining up our businesses

PFS	CMB	CIBM	Private Banking	Insurance	Global Operations
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pbt down **20%** to **US\$4.7bn**



- Preferred provider with top class ethical sales & service culture
- Direct channels
- Consumer finance in emerging markets
- Focus on delivery of core products
- global Premier
- Insurance

Commercial Banking 1H07

Joining up our businesses



Corporate, Investment Banking and Markets 1H07

Joining up our businesses

PFS	CMB	CIBM	Private Banking	Insurance	Global Operations
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pbt up **32%** to **US\$4.2bn**

Region	Percentage
Asia	43%
Europe	40%
Latin America	6%
North America	11%

- Emerging markets-led and financing-focussed wholesale bank
- Benefit from geographic network and strengthened product capabilities
- Asia and Latin America contributed 49% of PBT
- Global Markets success broadly based
- Global Banking strength in financing and payments and cash management
- Group Investment Businesses continued expansion in emerging markets

Private Banking 1H07

Joining up our businesses



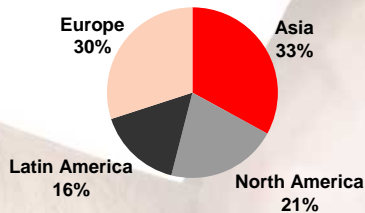
Insurance 1H07

Joining up our businesses

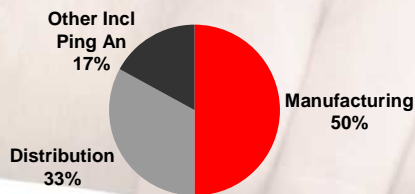
PFS	CMB	CIBM	Private Banking	Insurance	Global Operations
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contributed **US\$1.6bn** or **11%** to group pbt

pbt by region, 1H07



pbt by source of business, 1H07



- A world class bancassurer and top ten player
- Developing our income stream through distribution
- Three transactions initiated: acquired remaining 50% of life & general insurer Erisa in France; J/V with Aviva in UK and plan to create J/V with Oriental Bank of Commerce and Canara Bank in India
- Saudi Takaful IPO 7x over subscribed
- Established HSBC Insurance brand announced 10% investment in Bao Viet in Vietnam (Sep07)

Note: The results of Insurance are reported within customer groups, primarily PFS

Global Operations

Joining up our businesses

PFS	CMB	CIBM	Private Banking	Insurance	Global Operations
<h3>Technology</h3> <p>Build once, deploy many</p> <ul style="list-style-type: none">• One global network, self managed• 230,000 miles of fibre optic cable• 80 global group platforms• 4 global data centre pairs, two regional• 42% of development in low cost countries		<h3>Global Resourcing</h3> <p>Lift & shift to re-engineering</p> <ul style="list-style-type: none">• 10 centres of excellence in 5 countries• 29,000 employees• Wide range of processes: from payments to collections to analytics			<h3>Global Platforms</h3> <p>Linking up</p> <ul style="list-style-type: none">• <u>Credit cards</u>: 116m cards• <u>HSBCnet</u>: 33,000 clients• <u>Global transaction banking</u>: PCM; sub-custody; trade• <u>HSBC Direct</u>: launched in the USA, Korea, and Canada• <u>CRM</u>: Global Premier; Global Links in CMB; and ClientVision in CIBM

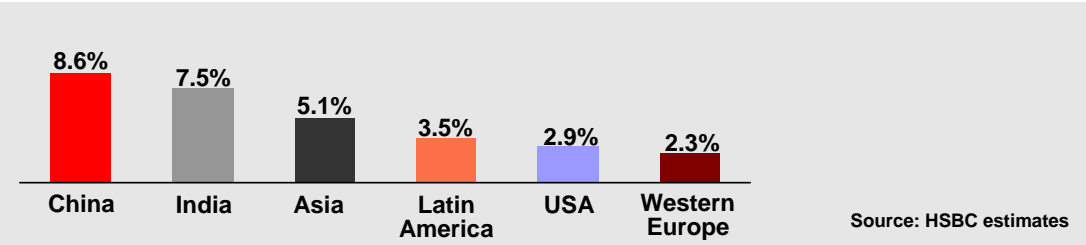
The world's largest and most
profitable international
emerging markets bank

Emerging markets – economic context

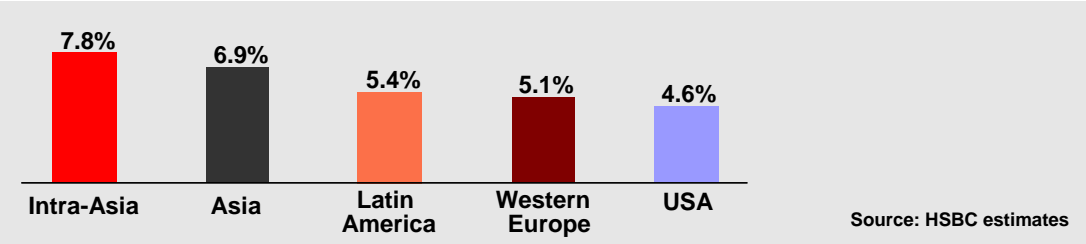
Our outlook

Outlook	Positioning	Our platform
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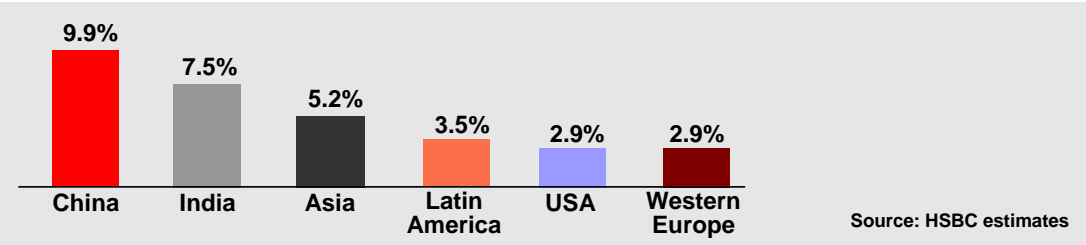
**GDP growth
(2006 – 2020F)**



**Trade growth
(2000 – 2020F)**



**Household consumption
(2006 – 2020F)**



Emerging markets – our positioning

Our outlook

Outlook

Positioning

Our platform

HSBC is the largest and most profitable international emerging markets bank

Strong presence in the world's most dynamic economies

Largest international bank in mainland China, second largest in India, third largest in Mexico and fourth largest in Brazil

Unique global reach – a bridge between developed and developing countries for our customers

Emerging markets

Asia, Latin America and the Middle East

Our outlook

Outlook

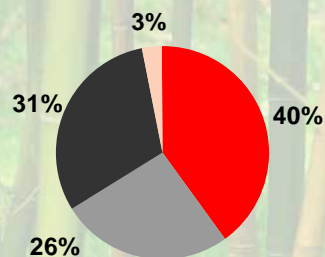
Positioning

Our platform

pbt up **27%** to **US\$6.6bn** ex dilution gains

	PBT (US\$m) 1H07	% change 1H07 vs 1H06
Asia	4,992	33%
Hong Kong SAR	3,330	25%
Mainland China (ex dilution gains)	473	69%
India	299	39%
Singapore	267	44%
Malaysia	145	13%
Indonesia	58	115%
South Korea	58	21%
Taiwan	43	200%
Other	319	24%

	PBT (1H07) 1H07	% change 1H07 vs 1H06
Latin America	1,000	16%
Mexico	475	-8%
Brazil	360	43%
Argentina	95	14%
Other	70	338%
Middle East	606	8%
UAE	295	41%
Egypt	72	45%
Other & Saudi Arabia	239	-22%



Business split by pbt (1H07)

- Personal Financial Services
- Commercial Banking
- Corporate, Investment Banking and Markets
- Private Banking

Asia – pre-eminent international bank

Asia – engine for growth

Strategy	Hong Kong	China	India	Malaysia	Indonesia	Vietnam
Opportunities <ul style="list-style-type: none">• Growing mass affluence• Intra-regional trade and investment flows						
Challenges <ul style="list-style-type: none">• Regulatory constraints on foreign banks						
			Strategy <ul style="list-style-type: none">• Branch network expansion• Internet and alternative channels across all businesses• Strategic partners to broaden reach and gain distribution• Delivering products to Asia and distributing emerging markets funds globally			

Hong Kong – springboard into the Pearl River Delta

Asia – engine for growth

Strategy

Hong Kong

China

India

Malaysia

Indonesia

Vietnam

To grow the leadership position and be the leading cross-border bank

- **Personal Financial Services – leverage success in multi-channel distribution to focus on wealth management, investment and insurance; re-launch Premier**
- **Commercial Banking – grow value from the existing base by servicing regional and global needs**
- **Corporate, Investment Banking and Markets – deliver high margin and cross-border solutions in Global Markets and Global Banking**

China – leading international bank

Asia – engine for growth

Strategy	Hong Kong	China	India	Malaysia	Indonesia	Vietnam
		<p>Organic business</p> <p>HSBC Bank (China) Co. Ltd.</p> <ul style="list-style-type: none">• 15 branches, 30 sub-branches• Local incorporation, full RMB services• Drive expansion of the branch network in key economic zones: Pearl River Delta, Yangtze River Delta and Bohai Rim• Focus on Premier in PFS• Leverage our global network in CMB and CIBM				
						<p>Strategic investments</p> <p>Bank of Communications</p> <ul style="list-style-type: none">• 18.6% ownership• 2,600+ outlets• Co-branded credit cards (>2 million)• Qualified Domestic Institutional Investor scheme, trade and payments• Knowledge sharing• Joint business cooperation <p>Ping An Insurance</p> <ul style="list-style-type: none">• 16.8% ownership• 200,000 agents

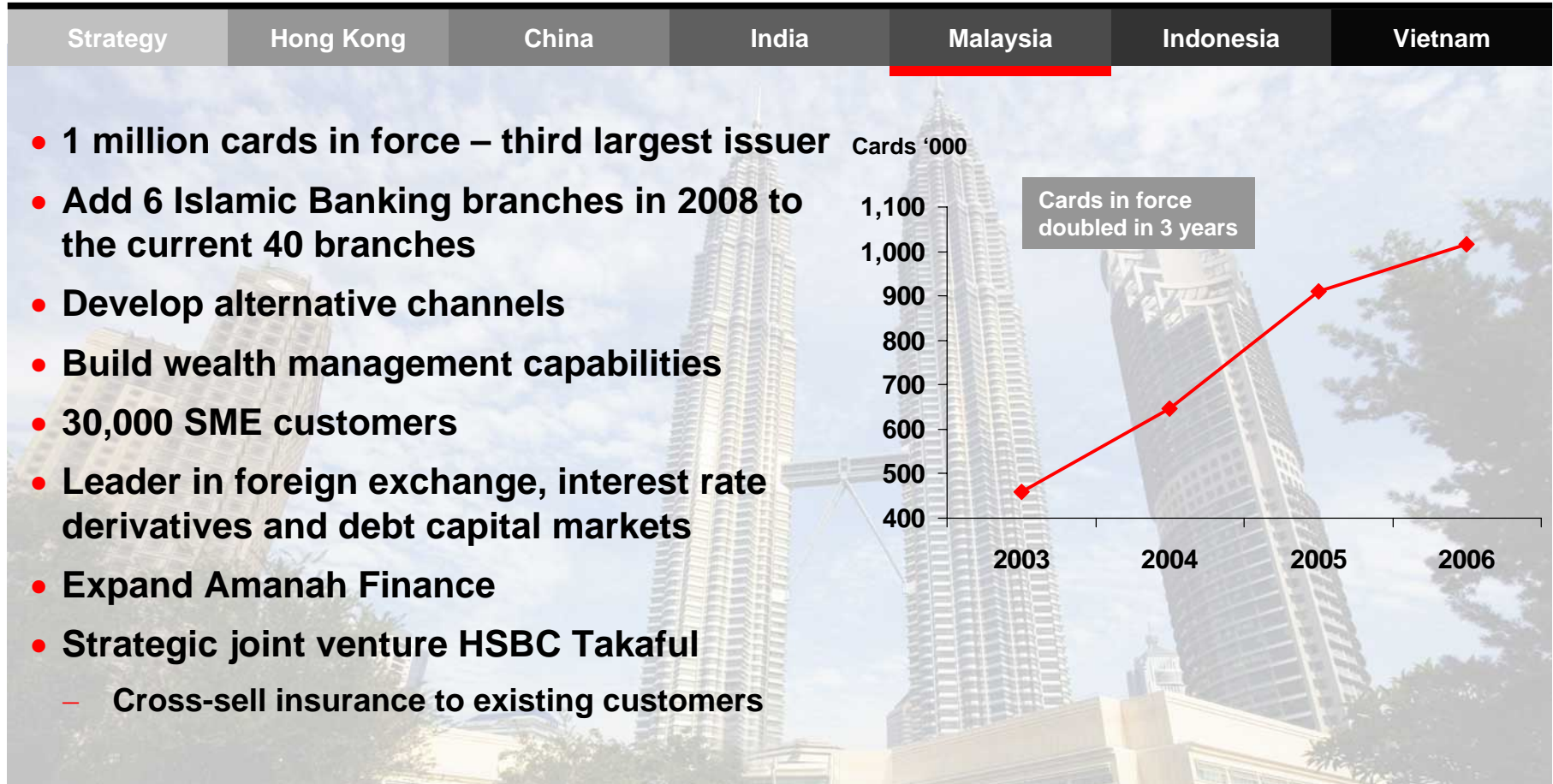
India – a large national franchise

Asia – engine for growth

Strategy	Hong Kong	China	India	Malaysia	Indonesia	Vietnam
<ul style="list-style-type: none">• Investing in Personal Financial Services<ul style="list-style-type: none">– 47 branches, 26 cities– 2.8 million customers– 2.4 million credit cards– Non-resident Indian services in key markets abroad• Launched consumer finance, HSBC Pragati<ul style="list-style-type: none">– 29 branches, 24 cities• Corporate, Investment Banking and Markets and Commercial Banking driving profits<ul style="list-style-type: none">– Facilitates 5% of Indian trade, 30,000 small business customers– Leader in foreign exchange, growing share of debt capital markets and project finance• Strategic partnership<ul style="list-style-type: none">– Insurance joint venture with Canara Bank and Oriental Bank of Commerce						

Malaysia – extend national franchise

Asia – engine for growth



Indonesia – growing the distribution network

Asia – engine for growth

Strategy	Hong Kong	China	India	Malaysia	Indonesia	Vietnam
<ul style="list-style-type: none">• Add 24 branches and 50 consumer finance outlets to reach 168 locations next year• Add 79 automated teller machines to reach 129 ATM outlets next year						
Personal Financial Services:						
<ul style="list-style-type: none">• Premier• Credit cards – 674,000 cards in force (No. 2 position)• Consumer finance – Pinjaman HSBC, the fastest growing in the country						
Commercial Banking and Corporate, Investment Banking and Markets:						
<ul style="list-style-type: none">• Expand our SME business• Build on our leadership position in Payments and Cash Management• Grow our market share among foreign banks in trade finance• Consolidate our 42% market share in custody						
<ul style="list-style-type: none">• Cross-sell insurance to all customer groups• Grow Amanah Finance						

Vietnam – poised for growth

Asia – engine for growth

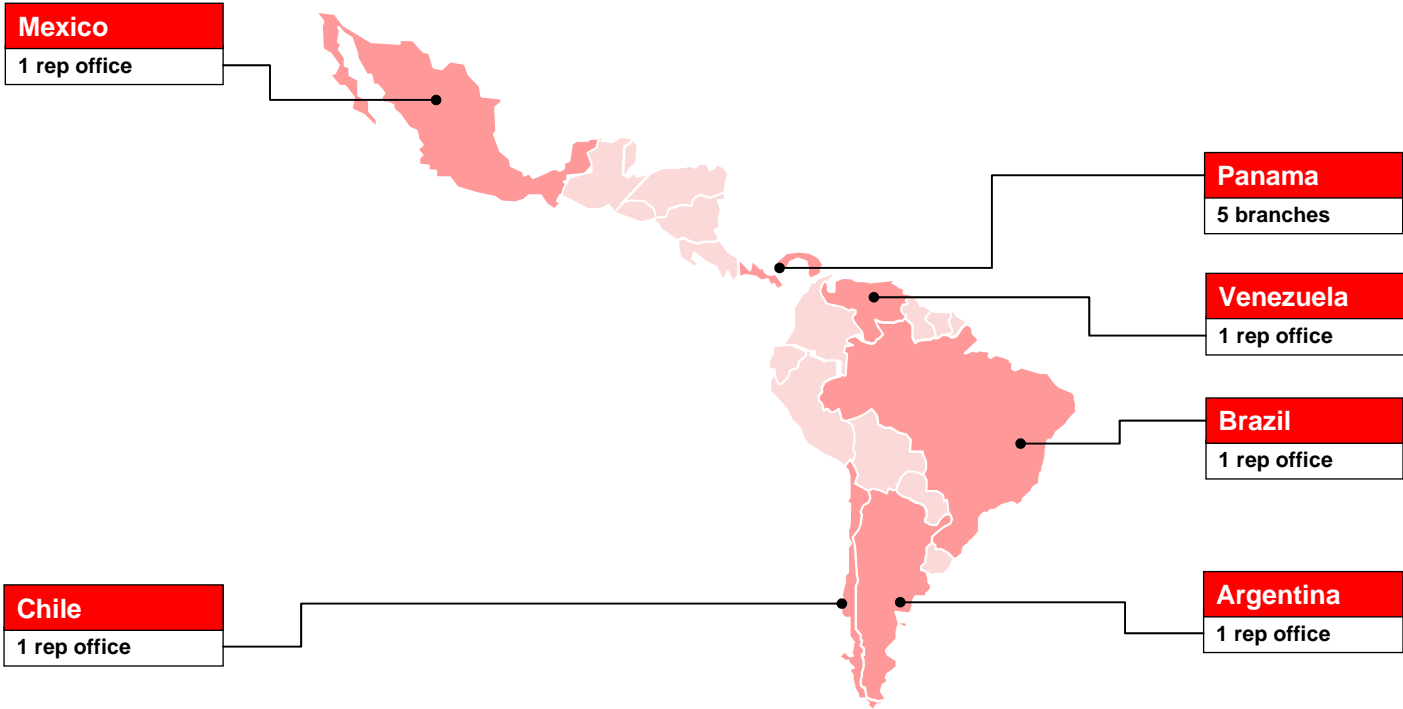
Strategy	Hong Kong	China	India	Malaysia	Indonesia	Vietnam
Well positioned for market growth <ul style="list-style-type: none">• Concentrate on cards and personal loans• Mid and upper SME commercial banking• Corporate, international and sophisticated local corporates• Pioneer and participate in development of Vietnam capital market						
Strategic partnerships <ul style="list-style-type: none">• Techcombank: 5th largest bank, agreement for 15% stake with intention to reach 20%• Bao Viet: largest insurer, 10% stake with pre-emptive rights to reach 25%• Offer distribution and scope for collaboration in businesses such as cards, bancassurance and asset management						

Latin America – a leading regional network

Latin America – platform for growth

Expanded network	Strategy	Mexico	Brazil
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From 10 offices in 1997 ...

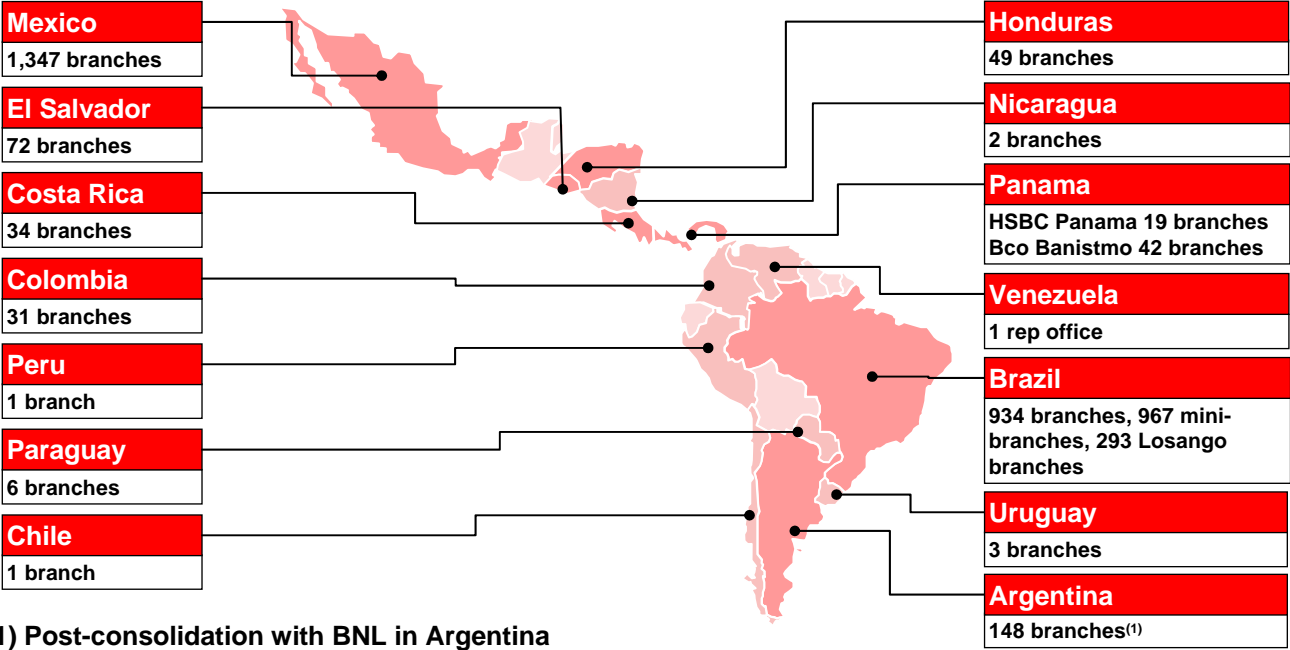


Latin America – a leading regional network

Latin America – platform for growth

Expanded network	Strategy	Mexico	Brazil
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... to 4,000 offices today
plus 8,500 automated teller machines and 20,000 retail partners



HSBC also has offices in the Bahamas, the British Virgin Islands and the Cayman Islands

Latin America now has more than 20% of HSBC's employees, over 67,000

■ Significant banking presence
■ Presence

(1) Post-consolidation with BNL in Argentina

Latin America – strategy

Latin America – platform for growth

Expanded network

Strategy

Mexico

Brazil

- **Grow organically and focus on value:**
 - Premier targeted to the mass affluent
 - Mass market through consumer penetration, **SME** and insurance
- **Leverage our extensive distribution capacity**
 - Cost efficiency
 - Direct channels
- **Acquisitions to fill strategic gaps**
 - Banistmo (Central America)
 - BNL (Argentina)

Mexico – mass market presence

Latin America – platform for growth

Expanded network	Strategy	Mexico	Brazil
		<ul style="list-style-type: none">• 19% market share in branches and 23% of ATMs• 7.8 million customers and 11 million non-customers use our network• The cost of acquiring Bital in 2002 was more than matched by profits within 4 years	
		<p>Continued organic investment in select market segments</p> <ul style="list-style-type: none">• Added 2 million new personal customers in last three years• 186,000 Premier customers• Achieved build out of a Corporate, Investment Banking and Markets business from nothing to top 3 market player• Rollout of a packaged SME product for the mass market• Re-positioning the balance sheet with higher yielding assets – cards, personal loans and SME	
		<p>A bright future</p> <ul style="list-style-type: none">• Increase cross sales/share of wallet to add value from our customer base• Implement alternative channels to improve efficiency• Target quality mass market growth, tapping the demographics and youth market	

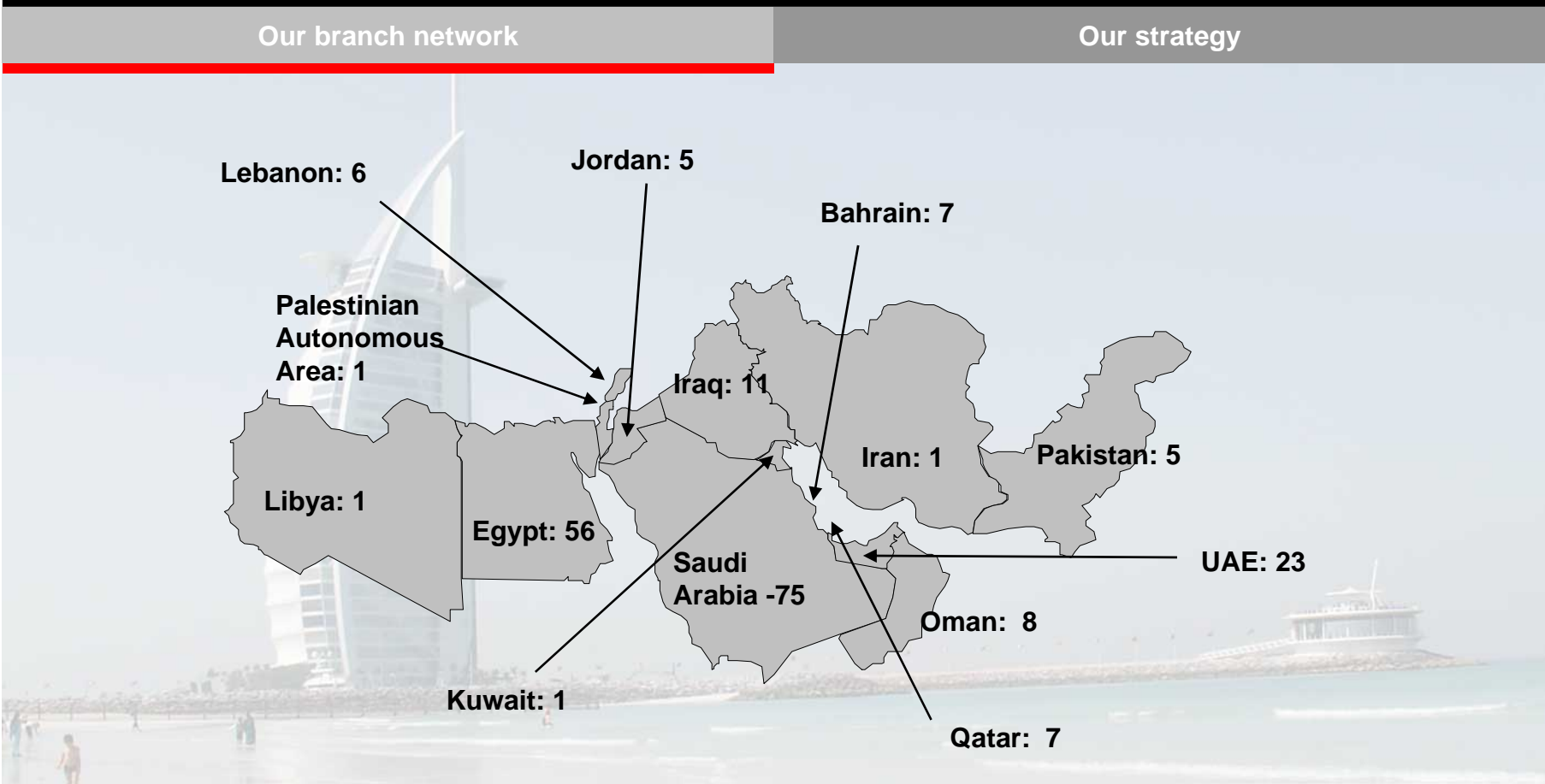
Brazil – building scale

Latin America – platform for growth

Expanded network	Strategy	Mexico	Brazil
	<ul style="list-style-type: none">• Focus on secured lending holds down credit losses• Business growth driven by relationship and experience with retailers, providing:<ul style="list-style-type: none">– Consumer Finance, CMB and CIBM services– Strong focus on cross-referral opportunities for PFS, Private Banking, and Investment Services• Build scale in key businesses such as cards, auto finance and private label• Make Premier a key focus• Drive strong growth in CIBM and CMB trade-related opportunities with the rest of the Group• Cross-sell insurance to all customer groups		

Middle East

Middle East – unrivalled presence



Middle East

Middle East – unrivalled presence

Our branch network

- Largest international foreign bank in region
- UAE – largest foreign bank by asset base and No.1 deposit market share across all customer groups
- Surpassed 1 million credit cards in the region
- First online savings proposition in region, reaching over US\$270m in less than 6 months
- Joining up with Asia to attract global business
- Non-Resident Indian customer proposition One World launched with HSBC India
- Dubai is the centre for HSBC Amanah
- Saudi Arabia – about 10% market share of PFS and CMB and a leader in IPO advisory

Our strategy

- Seek rapid growth in key geographies such as Qatar, Egypt and Pakistan
- Grow Premier, wealth management and insurance propositions
- Improve HSBC Shariah compliant offerings across the region for PFS, CMB and CIBM
- Expand and upgrade distribution channels
- Invest in technology; regional centralisation of back office operations

Emerging Europe

Emerging Europe – organic expansion

Turkey	Eastern Europe	Russia
<ul style="list-style-type: none">• 213 branches• Mass market, organic growth strategy focused on PFS, SME and Insurance• 2.7 million customers, 15% growth year-on-year• Investment in channels: 80% of customers use direct channels; 10% of deposits from direct deposit proposition• Launch of Premier and Private Banking• Over 80,000 SME customers in first year• CIBM: Market-leading business	<ul style="list-style-type: none">• 25 branches by end 2008• Organic growth: Poland, Czech Republic, Hungary and Slovakia• PFS: Premier and mass affluent through a direct banking model• CMB: initial focus on international MME and SME segments• CIBM development underway and yielding strong results; expanding Treasury a core focus• Consumer finance businesses being upgraded and re-branded	<ul style="list-style-type: none">• One branch in Moscow with expansion in 2008 to five including in St. Petersburg – 35 branches by 2010 with presence in additional cities/regions• PFS launch in 2Q08: Premier and direct banking• CMB: target SME and mid-market companies focused on trade and requiring strong payments and cash management• CIBM: continued investment, including top-rated treasury function

Outlook

The world's largest and most profitable international emerging markets bank

Pre-eminent international bank in Asia

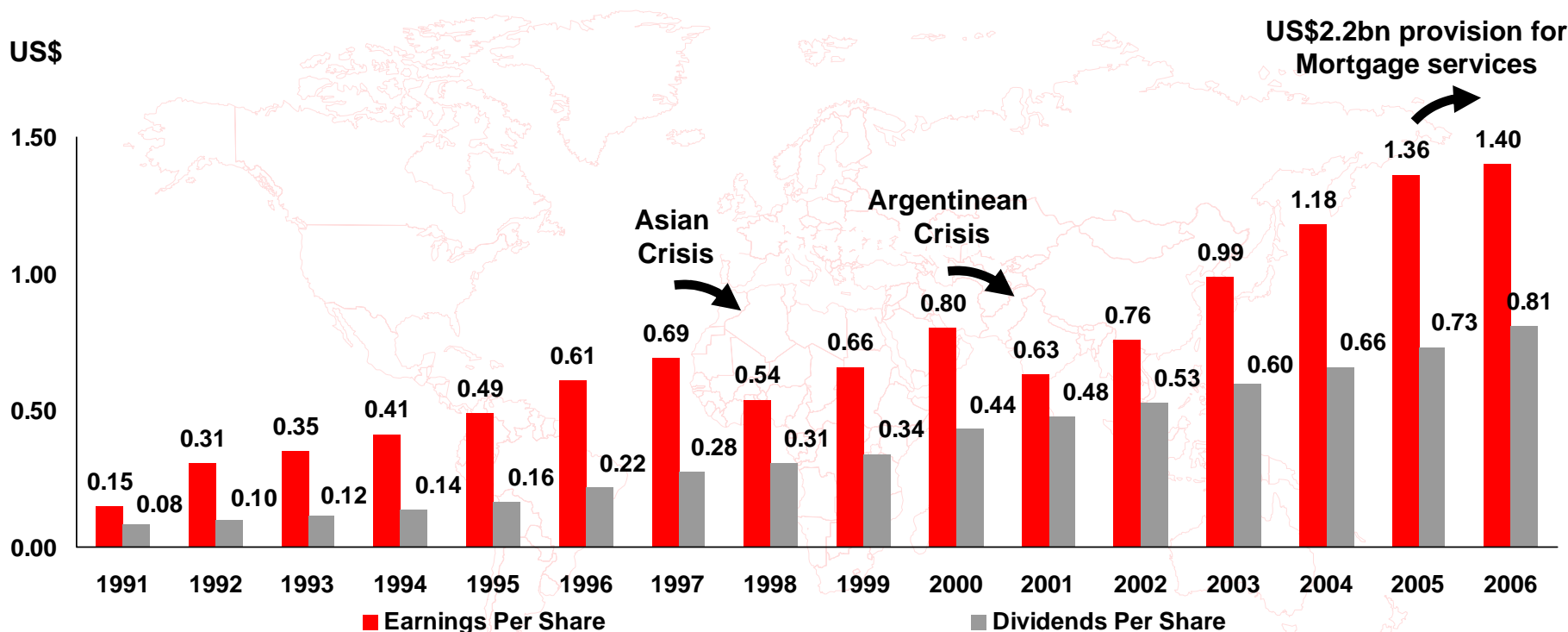
A leading network in Latin America

Unrivalled historic presence in the Middle East

Closing remarks

Where we have come from

The benefits of global diversification



(1) UK gaap to 2003, IFRS basis from 2004
 (2) Dividends per share in respect of each year

The benefits of global diversification

Financial Performance

HSBC's Positioning

**Global universal bank with
leading emerging markets presence**

Investing for diversified growth

Maintaining strong capital ratios

Continued prudent stance on risks