



CREDIT SUISSE INVESTORS' CONFERENCE

The world's leading international emerging markets bank

Asia strategy update

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HSBC 
The world's local bank

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.

Performance in 2007

Progress on strategy

Reported results – HSBC Group

Profit before tax	Attributable profit
Up 10% to US\$24.2bn	Up 21% to US\$19.1bn
Earnings per share	Return on total shareholders' equity
Up 18% to US\$1.65	15.9%, up from 15.7%
Dividends per share¹	Tier 1 capital
Up 11% to US\$0.90	9.3% against 9.4% in 2006 (Basel 1)

Note: 1. In respect of 2007

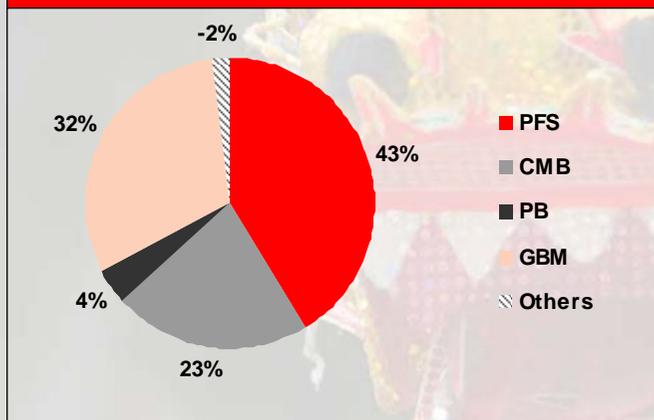
Performance in 2007 | **Progress on strategy** |

- **Record results in a challenging environment**
 - **Very weak performance in the USA driven by higher loan impairment charges**
 - **Exceptional strength in faster growing markets, particularly Asia**
 - **Strong performance from Global Banking and Markets despite write-downs**
 - **Record results from Commercial Banking and Private Banking**
- **HSBC's signature strength in capital and liquidity continues**
- **Over 15 years of double-digit dividend growth**

Asia-Pacific

PBT up **43%** to **US\$11bn¹**

Asia-Pacific PBT by business



- **Pre-eminent emerging markets bank in Asia**
- **Hong Kong: gateway to China**
- **China: two-prong strategy to cement leading foreign bank position**
- **Combination of organic and inorganic investments**
- **In rest of Asia, focused on market expansion in key geographies and profitable segments**

Note: 1. Including Hong Kong and excluding dilution gains and the Middle East

Performance in 2007

Progress on strategy

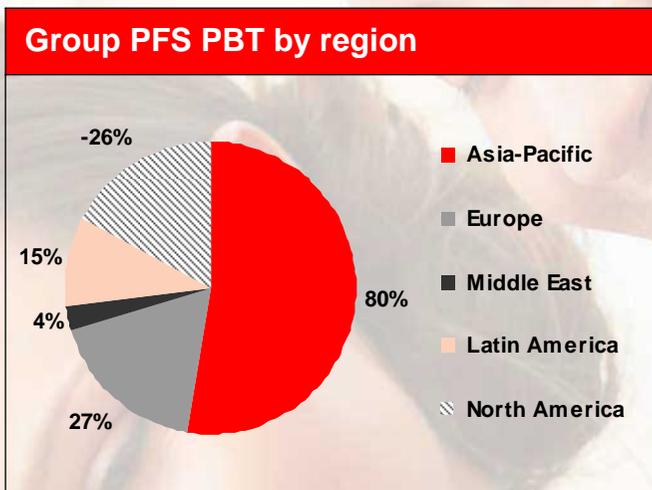
Highlights – Asia-Pacific

	PBT (US\$m) 2007	% change 2007 vs 2006
Asia-Pacific ¹	10,960	43
Hong Kong SAR	7,339	42
Mainland China (ex dilution gains)	1,280	81
Singapore	550	51
India	529	35
Malaysia	330	20
South Korea	123	108
Taiwan	123	635
Indonesia	104	46
Other	582	-10

Note: 1. Including Hong Kong and excluding dilution gains and the Middle East

Personal Financial Services – Asia-Pacific

PBT up **51%** to **US\$4.7bn¹**



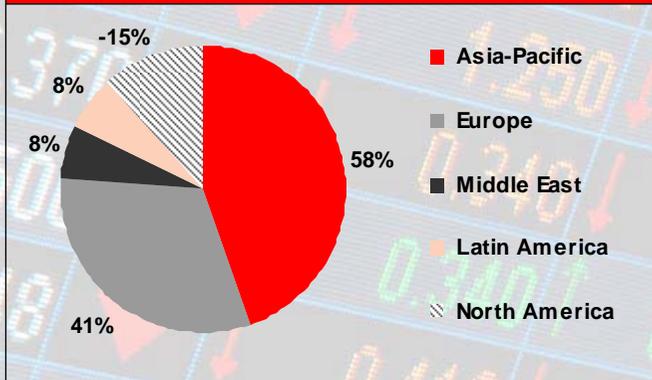
- Use our global scale and local knowledge to grow profitably in selected markets
- 10.9 million customers, up 10%
- Premier – 546,000, up 25%
- HSBC Direct – US\$1.2bn deposits from 376,000 accounts in Asia Pacific²
- Credit cards – 12.6 million
- Consumer finance in selected emerging markets
- Regional roll – out of insurance

Note: Including Hong Kong and excluding dilution gains and the Middle East; 2 including the Middle East

Global Banking and Markets – Asia-Pacific

PBT up **61%** to **US\$3.5bn¹**

Group Global Banking and Markets PBT by region



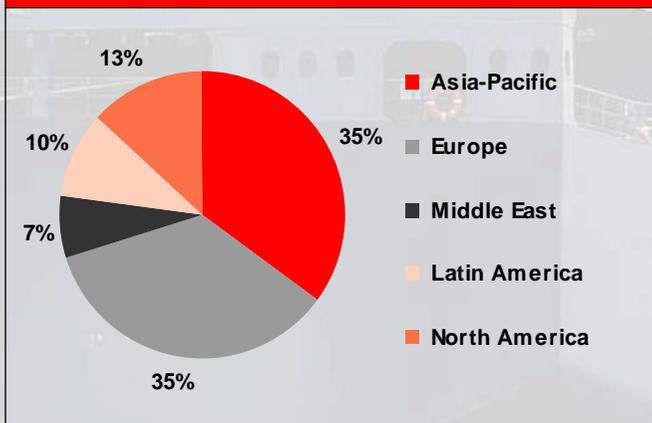
- **Emerging markets-led and financing-focused wholesale bank**
- **Benefit from geographic network and strengthened product capabilities**
- **Global Markets' success broadly based**
- **Global Banking strength in financing and payments and cash management**
- **Group Investment businesses continued expansion in emerging markets**

Note: 1. Including Hong Kong and excluding the Middle East

Commercial Banking – Asia-Pacific

PBT up **24%** to **US\$2.5bn¹**

Group CMB PBT by region



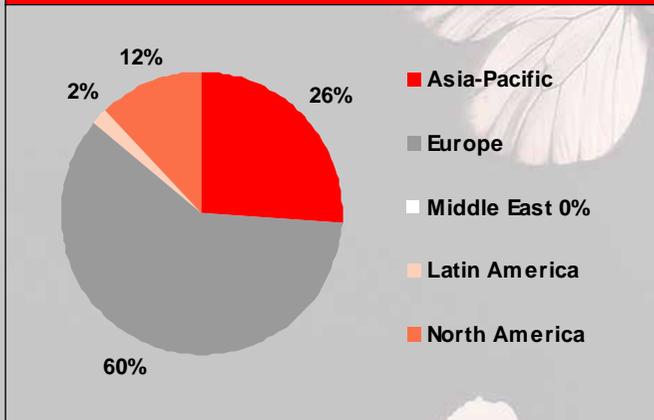
- **The leading international business bank serving small businesses to corporates**
- **Strengthening international connectivity – HK\$32.1bn in cross-border transaction deals**
- **Global Links cross-referral sales increased by 95% in Hong Kong and 87% in rest of Asia-Pacific² over 2006**
- **Expanding customer base with emphasis on SME segment growth – 403,800 customers across Asia**
- **Direct channel usage increase helped by enhanced Business Internet Banking platform**

Notes: 1. Including HK and excluding the Middle East 2. Including Middle East

Private Banking – Asia-Pacific

PBT up **41%** to **US\$394m¹**

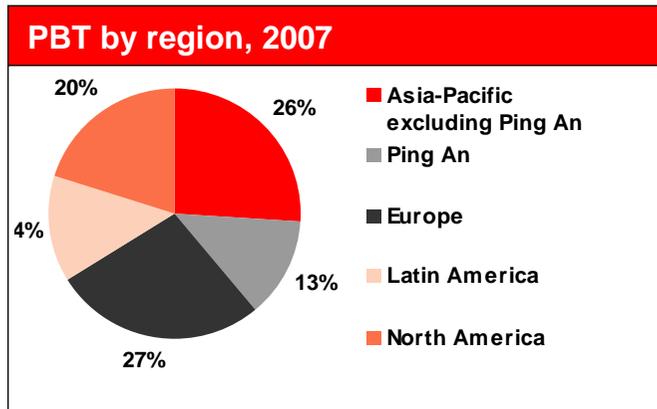
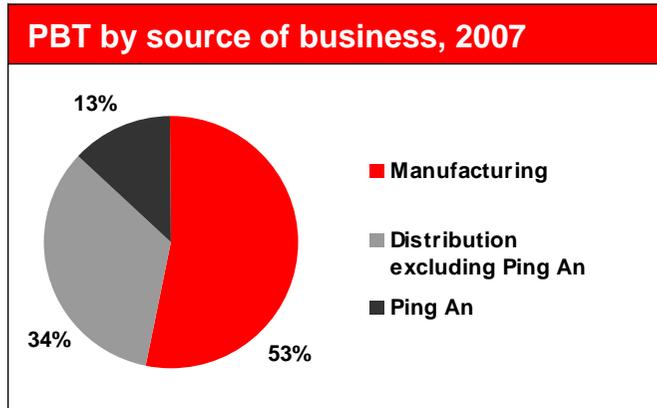
Group PB PBT by region



- A world-leading international private bank integrated into a unique distribution network
- Client assets increased by 38% to US\$93bn
- Net new money in at US\$12.9bn
- Onshore private banking in China launched in January 2008 – Shanghai, Beijing, Guangzhou
- Expanding onshore in Japan, India and other markets; growing in Singapore

Note: 1. Including Hong Kong and excluding the Middle East

Good progress building our insurance business



- Insurance contributed US\$3.1bn¹, 13% of Group PBT
- Strengthening links with Personal Financial Services and Commercial Banking and leveraging global distribution network
- Four transactions initiated: acquisition in South Korea; joint ventures initiated in India and mainland China; and a 10% share acquired in Bao Viet in Vietnam
- Established HSBC Insurance brand in key economies

Note: 1. The results of Insurance are reported within customer groups, primarily PFS; excludes the effect of the US\$485m Ping An Insurance dilution gain

Hong Kong – local market leadership and springboard to China

- **PBT up 42% to US\$7.3bn**
- **Loans and advances to customers up 6% to US\$89.6bn**
- **Customer deposits up 19% to US\$234.5bn**
- **Personal Financial Services**
 - Leader in cards (4.9 million cards¹), wealth management (167% growth in retail securities transactions), insurance (Number 1 market share in new single life premium)
 - Premier customers up 15% to 292,000
- **Commercial Banking**
 - Increased sales in investment products, remittances and trade services
 - 176,000 internet banking customers – 40% of transactions through direct channels
- **Global Banking and Markets**
 - 43% increase in operating income
 - Balanced sheet management revenues and trading income from structured derivatives, foreign exchange and equities

Note: 1. Including Hang Seng Bank

China – leading international bank

- **PBT up 81% to US\$1.3bn¹**
- **Loans and advances to customers up 92% to US\$11.7bn**
- **Customer deposits up 109% to US\$14.5bn**
- **Organic growth**
 - HSBC Bank (China) Co Ltd – Driving expansion of the branch network in: Pearl River Delta, Yangtze River Delta and Bohai Rim – 17 branches, 49 sub-branches in 17 cities
 - Consumer segment – focus on Premier and Private Banking
 - Small business – tap cross-border transactions with South Korea, Vietnam, Hong Kong and Taiwan
 - Global Banking and Markets – first foreign People’s Bank of China Open Market Operation primary dealer, first foreign bank to underwrite government bonds since 2004
 - Joint Lead Manager and Book Runner on RMB5m two-year senior Reg. S bonds issued by China Development Bank; number 1 foreign bank in Corporate Lending (PwC’s *Peer Review*)
- **Strategic investments**
 - Bank of Communications – 19% ownership; 2,600+ outlets; co-branded credit cards (>5 million)
 - Knowledge sharing and joint business cooperation
 - Ping An Insurance – 16.78% ownership; 200,000 agents
 - 50% joint venture with National Trust Ltd

Note: 1. Excluding dilution gains

Taiwan – integrating new acquisition

- **PBT up 635% to US\$123m**
- **Customer deposits up 23% to US\$9.4bn**
- **Integration of The Chinese Bank bringing**
 - 44 branches and 3 licences
 - Access to 1 million new customers
- **Re-branded acquisition Chailease Credit Services, now HSBC Factors Taiwan Limited, driving bigger market share in export sector**
- **HSBC Life International launch to grow bancassurance business**
- **HSBC Direct extends customer reach**
- **Capture cross-border opportunities in Greater China and Vietnam for trade, cash management, debt capital markets and other financing solutions**

India – investing to grow

- **PBT up 35% to US\$529m**
- **Loans and advances to customers up 47% to US\$7.2bn**
- **Customer deposits up 51% to US\$12.0bn**
- **Personal Financial Services**
 - 47 branches in 26 cities; 2.6 million credit cards – second largest issuer
 - 2.4 million active PFS customers, up 23%
 - HSBC Pragati – 29 consumer finance outlets in 24 cities
- **Commercial Banking**
 - PBT up 91% to US\$88m
 - Focus on export lending and entering provincial cities
 - Landmark deals – first carbon credit deal (EUR35m structured trade finance); Islamic banking – US\$50m first syndicated equipment lease
- **Global Banking and Markets**
 - PBT up 55% to US\$429m
 - Largest convertible bond – joint bookrunner US\$1bn convertible bond issue – largest INR Bond issue by a corporate – lead arranger/joint bookrunner of INR15bn three-year bond for Tata Sons Ltd – number 1 underwriter for Domestic Bonds (Bloomberg)

Indonesia – extending national franchise

- **PBT up 46% to US\$104m**
- **Loans and advances to customers up 23% to US\$1.6bn**
- **Customer deposits up 24% to US\$2.6bn**
- **Largest foreign bank branch network**
 - Target 100 outlets in Q1 08 from 87 outlets in January 2008
 - Target over 160 consumer finance outlets in 2009 from current 78 outlets
- **Personal Financial Services**
 - Build Premier – grow credit cards and consumer finance; currently No. 2 in Visa cards; >700,000 cards in force
 - First foreign bank to offer Shariah retail banking products
- **Commercial Banking**
 - Expand our SME business and capability
 - Launch Shariah-compliant services to SME segment
- **Global Banking and Markets**
 - Expand market share in custody – focus on institutional clients and country-specific business
 - Grow debt capital markets business – co-lead underwriter on PT Berlian Laju Tanker IDR900bn IDR bond; joint lead management/joint bookrunner for US\$2bn sovereign US dollar bond for Republic of Indonesia

Vietnam – positioned for growth

Well positioned for market growth

- Local incorporation of HSBC Bank (Vietnam) Ltd to drive organic growth – extend physical presence
- Strategic partnerships in banking and insurance sectors

Personal Financial Services

- Focus on cards, personal loans and insurance

Commercial Banking

- Drive mid and upper SME segments with bundled products and Business Internet Banking launch
- Capture cross-border trade with Greater China and other areas with cross-border servicing desks

Global Banking and Markets

- Focus on multinational and sophisticated local corporates and financial institutions
- Playing lead role in the development of Vietnam capital markets
 - Saigon Port Container Terminal – US\$100m 12-year term loan – first project finance in Vietnam

Strategic partnerships

- Techcombank: third-largest bank – 14% stake with intention to reach 20%
- Bao Viet: largest insurer – 10% stake with pre-emptive rights to reach 25%

Rest of Asia-Pacific – building presence

- **Australia – focus on businesses with natural advantage**
 - Consumer finance – co-branded credit cards and use of point-of-sale financing
 - Woolworths General Purpose credit card
- **Japan – entry into high-end retail banking market**
 - Launched Premier in January 2008
 - Rolling out insurance and mortgage products
- **South Korea – investing to drive momentum**
 - Agreement to acquire 51% of Korea Exchange Bank (subject to regulatory approval)
- **Malaysia – building Islamic banking hub**
 - Local incorporation of HSBC Amanah Berhad – first foreign bank with Islamic banking subsidiary licence

Performance in 2007 | Progress on strategy |

Measuring Group success

Financial measures	Target range
Return on total shareholders' equity	15 - 19% through the cycle
Cost efficiency ratio	48 - 52%
Tier 1 capital (Basel 2)	7.5 - 9.0%
Total shareholder return	Above peer group average

HSBC in 2008

Leading in Asia

Largest international emerging markets bank

Unique international network

Uniquely international customer base

Unquestioned financial strength