HSBC Holdings plc

India

HSBC
The world's local bank

Presentation by Naina Lal Kidwai

Group General Manager and Country Head

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 Interim Report. Past performance cannot be relied on as a guide to future performance.**

This presentation contains non-GAAP financial information. Reconciliation of non-GAAP financial information to the most directly comparable measures under GAAP can be found in HSBC's 2010 Interim Report in the Operating and Financial Review.

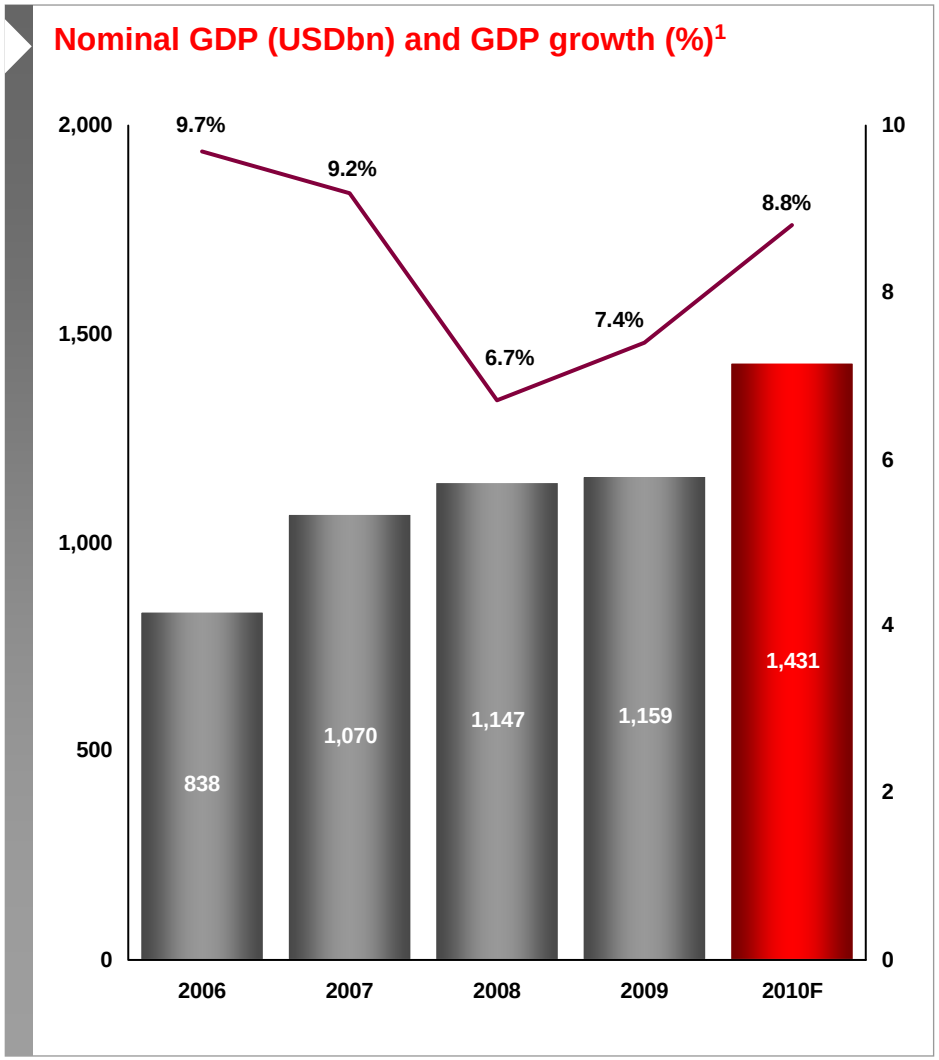
Agenda

- Economic prospects
- Opportunity
- HSBC: leading foreign bank in India
- Strategy: flexing for growth
- Delivering growth
- Summary

Economic prospects

HSBC
The world's local bank

Investments and consumption to support momentum



Population[2]: 1.2 billion	Poised to be among world's biggest consumers
2010 GDP[1]: 8.8 per cent	Robust outlook on investments and consumption
Gross GDP (PPP)[2]: USD4.0 trillion	5 per cent of the world's GDP
Merchandise exports[1]: USD211.7 billion	Manufacturing growth sustainable
Merchandise imports[1]: USD354.3 billion	Increased domestic demand

Notes:
(1) HSBC Global Research 2010 estimates
(2) IMF World Economic Outlook Database, 2010 estimates

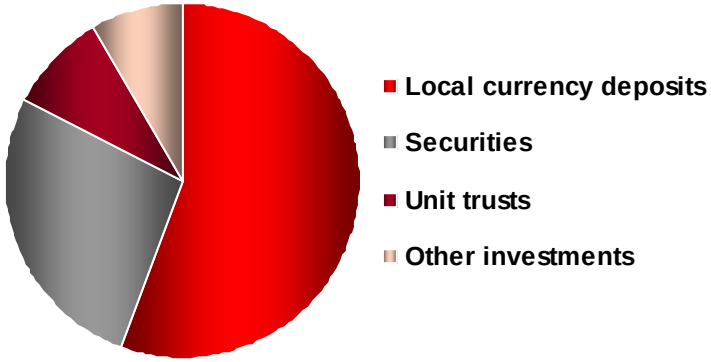
Opportunity

HSBC
The world's local bank

Emerging affluent segments onshore and globally

Solid mass affluent potential with room to grow asset allocation

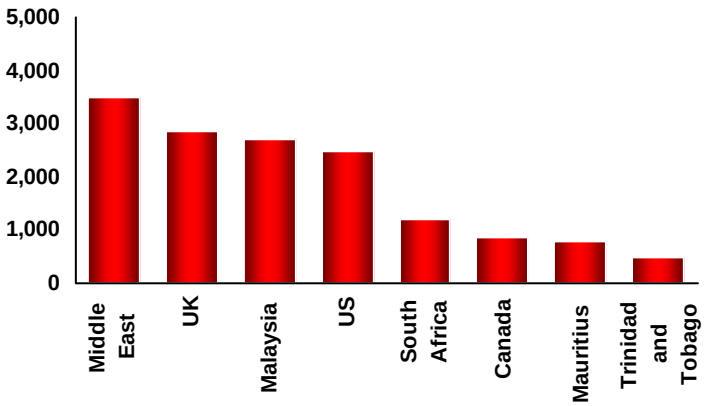
Deposit-to-investment value share (%)[1]



- Over 4.5 million affluent and mid-market individuals[2]
- Mass affluent average liquid assets of USD56,000; mid-market average liquid assets of USD5,400[2]
- 60 per cent of affluent assets in cash[1]

Non-resident Indian (NRI) and People of Indian Origin (PIO) estimated at 29m globally[3]

NRI and PIO populations ('000s)[3]



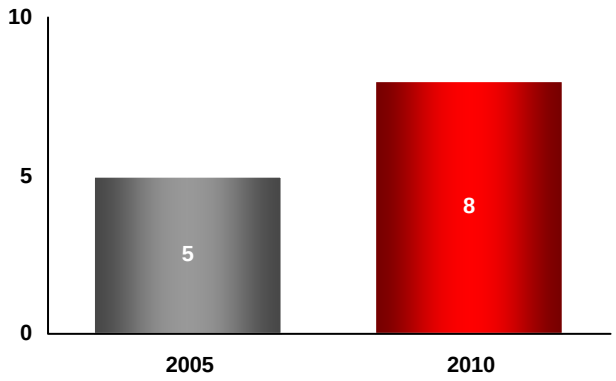
- Total wealth of NRIs estimated at USD1 trillion[4]
- USD55 billion of inward remittances from NRIs in 2009[5]
- Over 45 per cent of remittances invested in banks and real estate[4]

Notes:
(1) HSBC Affluent Asian Tracker (Nielsen), Q1 2010
(2) HSBC Market Sizing study (Synovate)
(3) NRI Online, Press Trust of India
(4) India Resource Centre – www.ibef.org
(5) Reserve Bank of India (RBI)

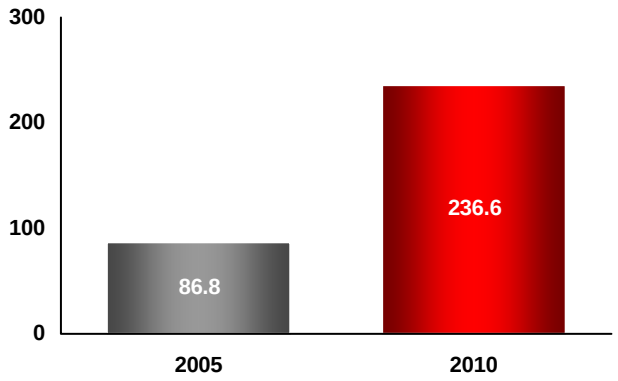
The Indian transnational growing in scale and scope

Indian companies in Fortune 500 with combined revenues of USD236.6bn

No of Indian companies in Fortune 500[1]

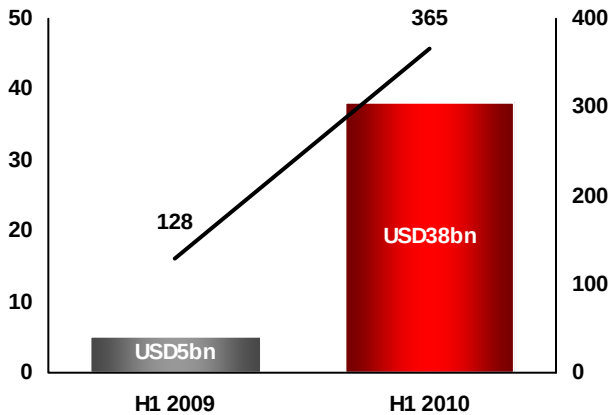


Revenues (USDbn)[1]

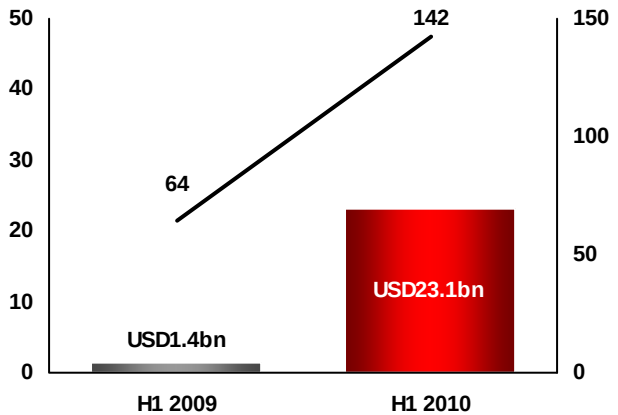


Indian M&A activity growing exponentially

Total M&A number and value[2]



Cross-border M&A number and value[2]



Notes:
(1) Fortune 500, 2005 and 2010
(2) Grant Thornton, July 2010

HSBC: a leading foreign bank in India

HSBC

The world's local bank

Fast-growing presence: building out Group platform and capability

One of the largest financial services groups – 174 outlets in 63 cities[1]

- 50 HSBC branches
- 78 HSBC InvestDirect outlets
- 10 Global Resourcing Centres
- 5 Global Technology Centres
- 31 offices via Canara HSBC Oriental Bank of Commerce Life (CHOICe) insurance JV
- 1.8 million bank customers[1]
- Over 35,000 staff[2]

Significant investments in India's financial services[3]

- HSBC Asset Management – 100 per cent owned
- HSBC InvestDirect – 97.36 per cent owned
- CHOICe – 26 per cent owned
- Agreement to purchase retail and commercial banking businesses of Royal Bank of Scotland (RBS) for extended footprint and larger customer base – target completion in 2011[4]

Notes:
(1) As at August 2010
(2) 18,000 work in HSBC's 10 Global Resourcing Centres
(3) As at September 2010
(4) Subject to regulatory approval

Investing for the long term

	Ownership[1]	Opportunities[2]
InvestDirect	97.36 per cent stake	150,000 customers in 53 cities 78 outlets and 100 franchisee outlets
CHOICe insurance JV	26 per cent stake	170,000 customers Access to 60 million customers via 5,500 branches
Royal Bank of Scotland's retail and commercial banking businesses	Awaiting regulatory approval on agreement to purchase USD1.8bn gross asset value	Scaling up business, distribution, staff and customers Increased participation in India's growth story

Notes:
(1) As at September 2010
(2) As at August 2010

Strategy: flexing for growth

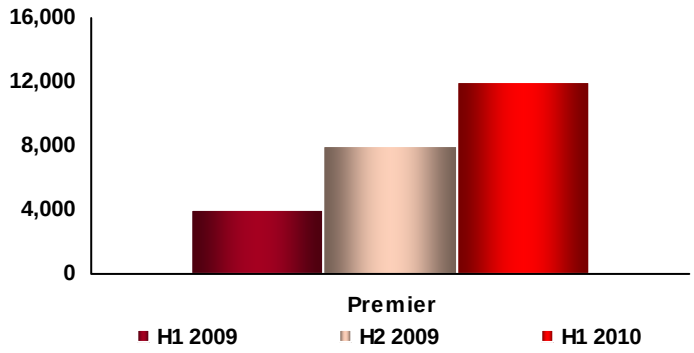
HSBC
The world's local bank

Cross-sales to drive organic growth: retail

Grow mass affluent and mid-market share

- Expand wealth management product range
- Deepen Premier and Advance customer relationships
- Focus on mortgages and consumer asset growth across Premier and Advance
- Tap customer groups for Premier referrals

Premier customer growth, H1 2009 versus H1 2010



- Premier base up 20 per cent
- Launched Advance – over 300,000 HSBC customers

Customer referrals

- Corporate Employee Programme → Over 13,000 PFS accounts from 1,070 corporate clients
- HSBC Private Banking → Over 700 Premier customers referred from CMB/GBM
- Other customers

Cross-sales to drive organic growth: wholesale

Build share in SME, MME and corporate segments

- Expand SME coverage via direct sales, channels and referrals
- Extend lending, investment and insurance tailored to CMB segments
- Focus asset growth and fee income on MME/corporate sectors

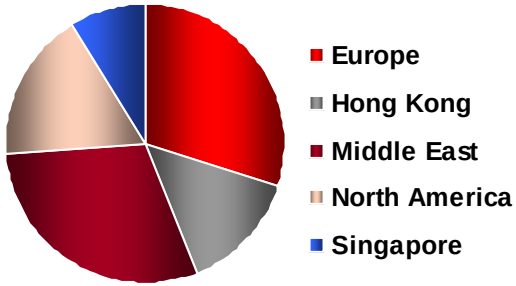
- Over 4,500 new Business Banking customers
- Launch SME Business Centres in seven cities
- Launch insurance for high-end CMB customers
- Launch working capital financing collateralised by trade finance or mortgages

Cross-border leadership to differentiate our business

Build on international connectivity

Focus NRI acquisition on key locations via Premier

Geographical distribution of HSBC NRI customers



- Opened two NRI centres in Canada and Australia
- 5.4 per cent share in NRI deposits – a growth of 27 per cent registered over the last two years
- 40 per cent of Premier base are NRIs

Build on International Banking Centre and bilateral trade propositions

- Set up inbound relationship management team for international business
- Set up bilateral trade service with China, UK, US, Singapore, Malaysia and Brazil
- Outward referrals up 33 per cent by count in H1 2010

Secure key role in international M&As and transactions

- Strategic dialogue with core Indian clients for cross-border issuances/M&A/balance sheet support
- Proactive management of multinationals to grow share of wallet and tap new clients setting up in India

Building on connectivity

Delivering growth

HSBC InvestDirect

- Profitable transition for mono line retail broker to preferred wealth management provider for premium customers
- Expand distribution - transform outlets to 'lite' sales focused branches
- Centralised dealing rooms to deliver segmented service

HSBC Asset Management

- One of the largest managers of onshore and offshore funds in India
- Partner with group businesses to deepen penetration
- Build on strong investment performance in H1 2010

CHOICe insurance JV

- Develop an attractive model post regulatory changes covering unit-linked investment products
- Extend CHOICe product range to target corporate market and rural customers
- Increase sales through new channels: InvestDirect and regional/rural banks

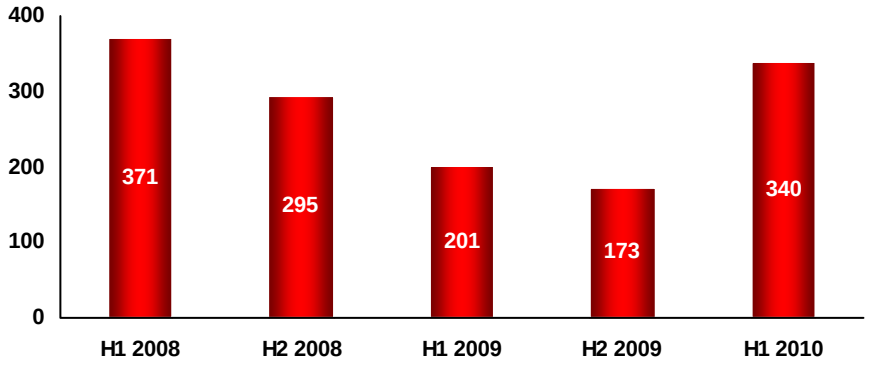
Delivering growth

HSBC
The world's local bank

Strong results, delivering on strategy

PBT up 69 per cent year-on-year to USD340 million in H1 2010

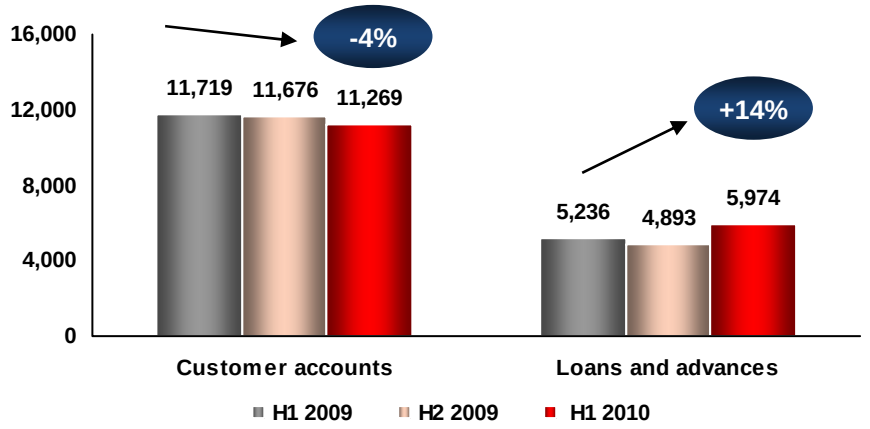
Profit before tax, USDm



PBT by customer group, H1 2010

	H1 2009 (USDm)	H1 2010 (USDm)	% better/(worse)
Personal Financial Services	(124)	(50)	+60
Commercial Banking	(39)	39	+200
Global Banking and Markets	244	245	NA
Private Banking	0	3	NA
Other	120	103	-14
Total	**201**	**340**	**+69**

Customer accounts and loans and advances, H1 2010



Highlights

- **Improved profitability: reduced non-relationship managed cards and personal loans**
- **Maintained strong Global Banking and Markets performance and contribution: capacity expansion in domestic corporates**
- **Commercial Banking returned to profitability: asset book growth and impairments in check**
- **Loans up over 14 per cent: proactive lending in a challenging environment**
- **CMB customer growth: up 12 per cent on average in SME segment**
- **Largest custodian – 35 per cent market share[1]**

Notes:
(1) Securities and Exchange Board of India data

Summary

HSBC
The world's local bank

Well positioned to capture long-term prospects

Brand strength, unique global capabilities, international connectivity

- **HSBC Group in India flexing muscle to deliver growth**
- **Focus on international mass affluent and businesses to capture trade, investment and wealth flows**
- **Cross-sales, cross-border leadership and balance sheet strength to drive growth**
- **Continuing to invest through acquisitions and strategic partnerships**