HSBC Holdings plc

Global Banking and Markets

HSBC
The world's local bank

Presentation by Anita Fung

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www.hsbc.com

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

- Building on HSBC's distinctive strengths
- Strategy: taking the business to the next level
- Global Banking and Markets: driving force in HSBC
- Summary

Building on HSBC’s distinctive strengths

HSBC

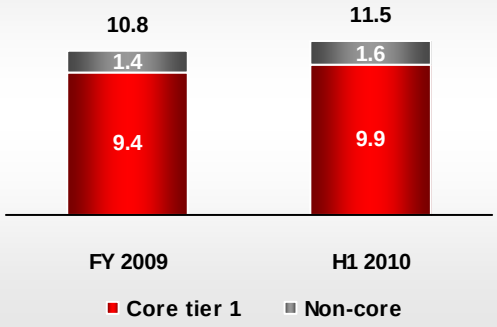
The world’s local bank

HSBC's competitive edge

HSBC well positioned: building on our distinctive strengths

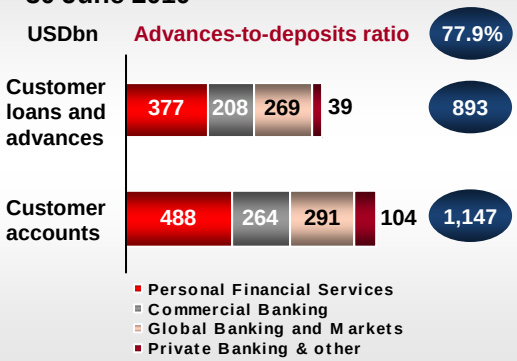
Capital generation

Tier 1 ratio (%)



Strong funding strength

30 June 2010



Global connectivity

- Unique heritage; 145 years of doing international business
- 8,000 offices in 87 countries and territories
- Connecting customers across regions

Client franchise

- Long-term client relationships
- Local presence
- Knowledge of local markets and clients

Product capabilities

- Full product range that meets our clients' needs
- Strengths in DCM capabilities
- Enhancing equities capabilities
- Partnerships with other customer groups to meet customers' needs

Risk discipline

- A prudent risk and capital culture embedded in HSBC values
- Improving trend in loan impairment charges

Strategy: taking the business to the next level

HSBC
The world's local bank

Delivering world-class network and execution platform

'Emerging markets-led and financing-focused'

GLOBAL BANKING

Country/Sector/Product

- Financing and ECM
- Payments and Cash Management
- Other transaction services

GLOBAL MARKETS

Products

- Rates
- FX
- Equities
- Asset and structured finance
- Credit
- Securities Services

GLOBAL ASSET MANAGEMENT PRINCIPAL INVESTMENTS

BALANCE SHEET MANAGEMENT

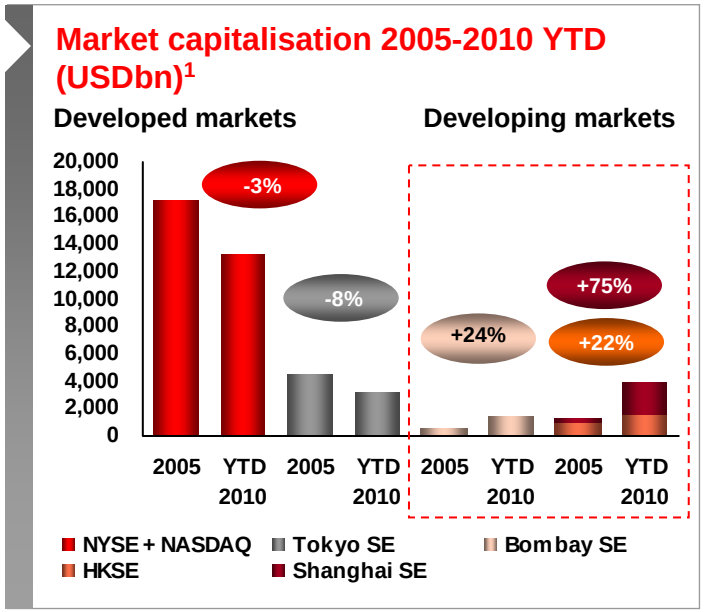
Key business initiatives

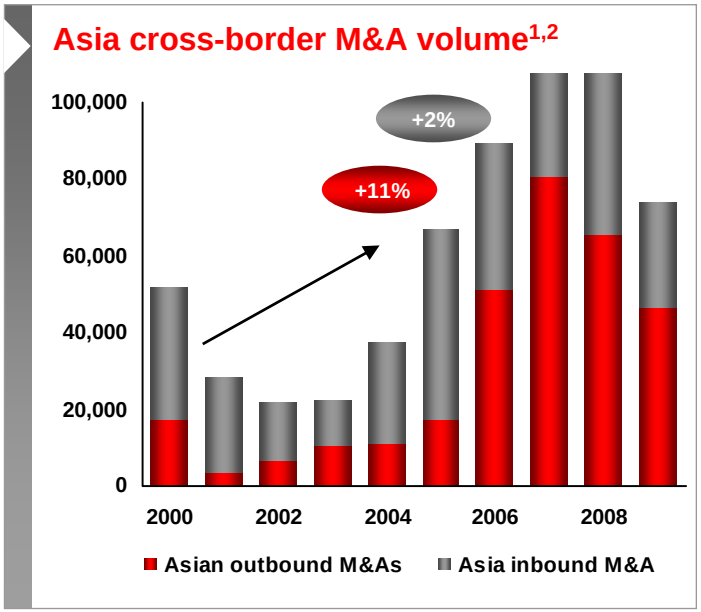
Multinationals build-out	**Dedicated multinationals coverage structure implemented globally** **New client segmentation and prioritisation to focus marketing activities** **Improve processes, notably client onboarding and credit**
Wealth management	**Develop products and increase volumes for existing products** **Develop new wealth management products to meet longevity trend** **Capture flow business from other customer groups (PFS and Private Banking)**
Prime services	**Leverage our balance sheet strengths, brand and capability in securities services to offer a fully integrated solution to clients**
E-commerce	**Improve e-platform to enhance services delivery in FX, credit and rates** **Broaden product range and currencies**
Islamic finance	**Expand product range to serve full range of Islamic banking needs** **Best International Islamic Bank and Best Sukuk House in 2010[1]**

Note:
(1) Euromoney

Focused build-out of equities platform

Opportunity





Country focus

- Hong Kong, Mainland China and Taiwan
- India, South Korea and Singapore

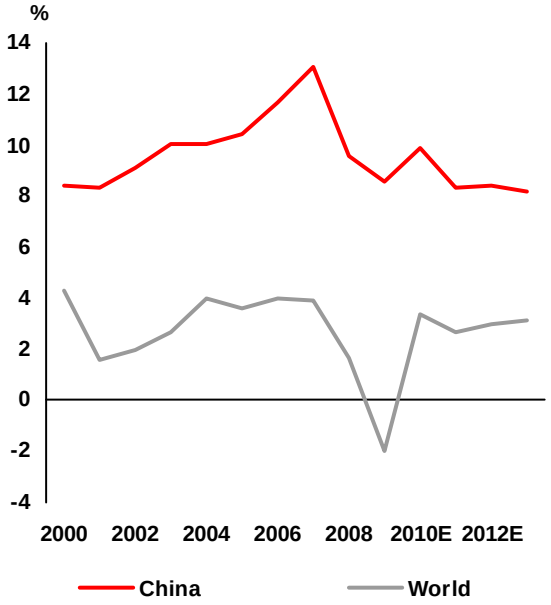
Progress

- Investing in building the platform
- Grew market share to 1.9 per cent from 0.8 per cent[3]
- Best Equity House in Hong Kong 2010[4]

Notes:
(1) Bloomberg; figures in bubbles refer to CAGR
(2) Dealogic
(3) Dealogic: Asia ECM league table ranking as of H1 2010
(4) FinanceAsia

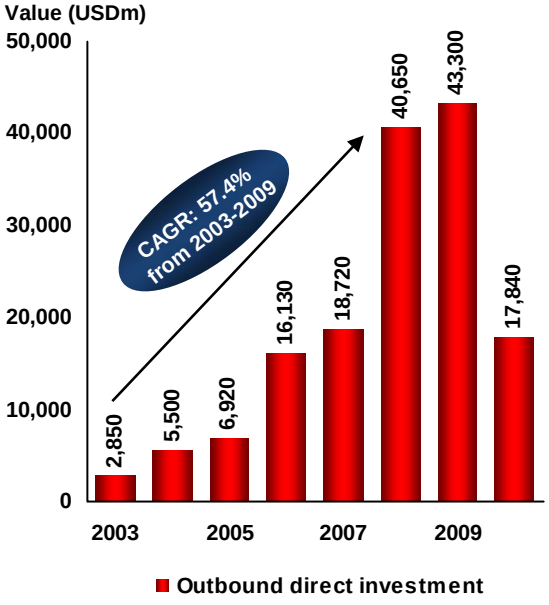
Driving Greater China connectivity

GDP growth rate and forecast (2000-2013E)



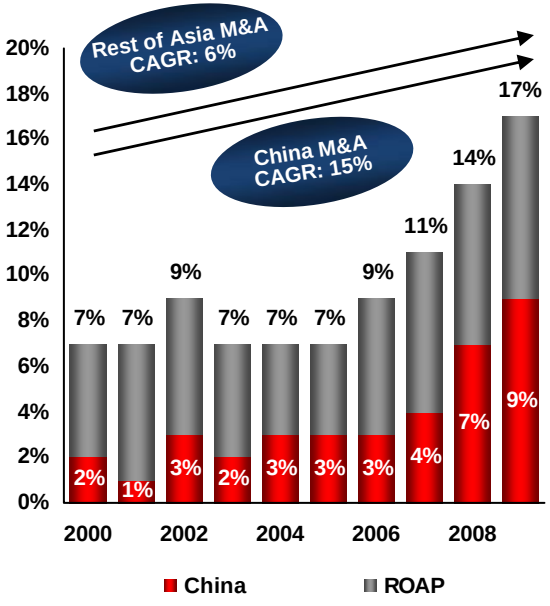
Source: EIU data

Chinese overseas direct investments (non-finance)



Source: MOFCOM, Dealogic

China's share of global M&A volume (%)

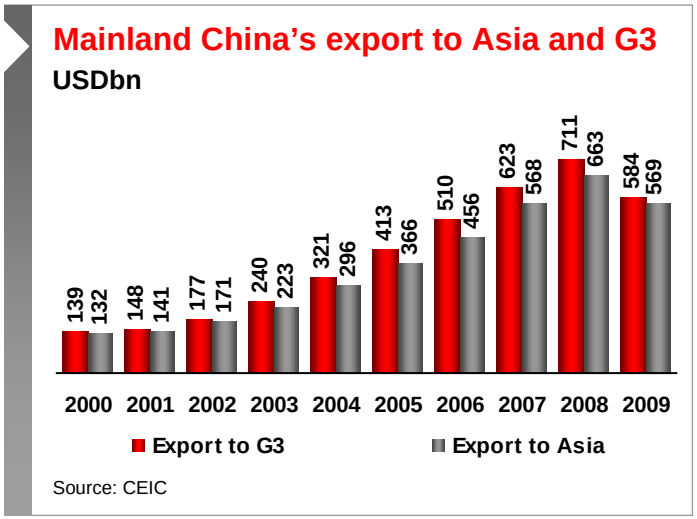


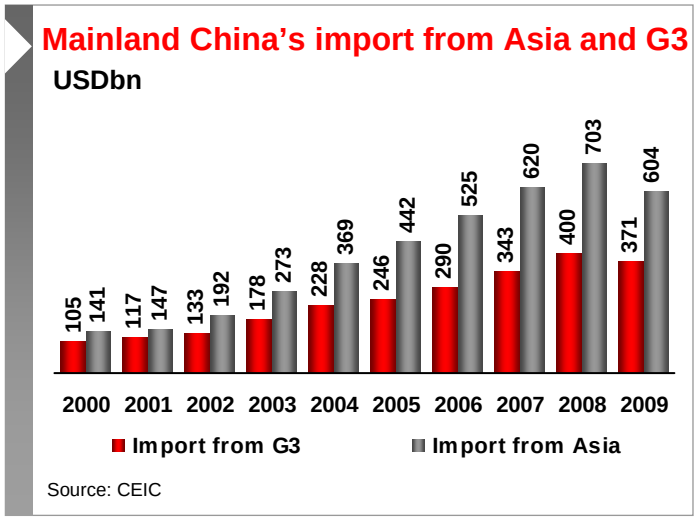
Source: Dealogic, as of Sept 1st, 2010, excluding Japan and Australia

- **Capture potential of Hong Kong and Shanghai as international finance centres**
- **Expand base of local Chinese and multinational companies**
- **Support large domestic Chinese companies expanding overseas**

Staying at the forefront of RMB business

Growth in China's trade with Asia and G3





Growing needs for RMB investment and risk management tools

- **Policy changes in 2010 opened up opportunities to deepen the RMB markets, both onshore and offshore**
- **Expect to stimulate transaction volumes and increase sophistication in onshore/offshore RMB products**

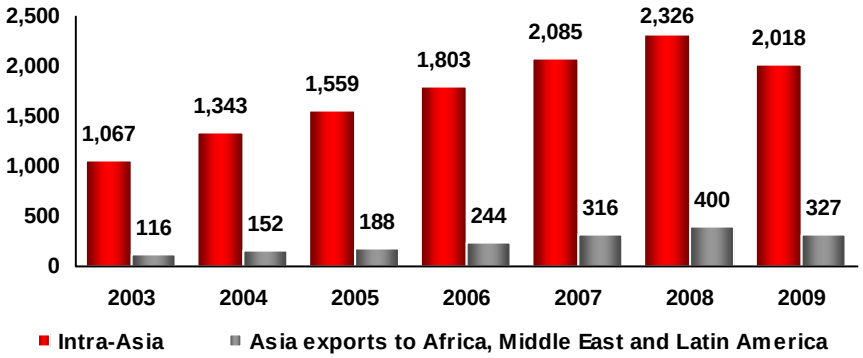
HSBC's strategic positioning

- **Largest foreign bank in mainland China – 102 outlets in 25 cities**
- **Global connectivity supports international trade and investment flows**
- **Leading provider and developer of RMB products**

Well placed to capture growing flows of 'South-South' trade

Asia inter- and intra-regional trade flows

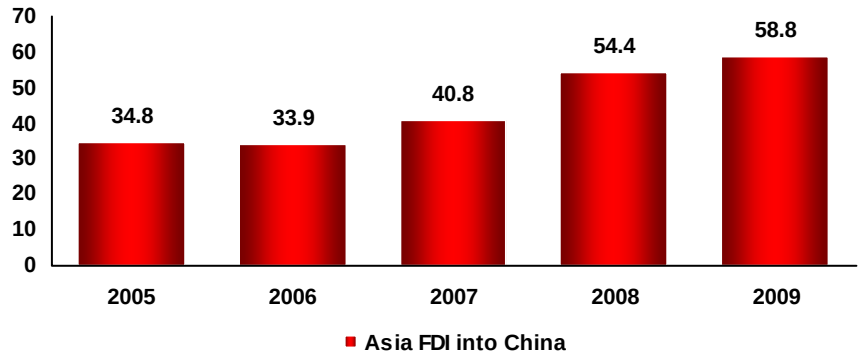
USDbn



Source: CEIC, UNCTAD and HSBC

FDI into China from emerging markets

USDbn



Source: CEIC, UNCTAD and HSBC

Significant transaction wins

South Korea/Malaysia	Hong Kong/China	India/Indonesia	India/Africa	Korea/China	Singapore/UK
July 2010	April 2010	April 2010	March 2010	October 2009	January 2010
Honam Petrochemical Corp	49.5 MW Wind Farm Project in Baicheng, China	Godrej Consumer Products Limited	Bharti Airtel Ltd	Times Ltd.	United Overseas Bank Limited
USD1.25bn Acquisition of 72.32% of Titan Chemicals Corp Berhad	RMB400m Non-recourse Senior Term Loan Facility	Acquisition of the Megasari Group	USD10bn Acquisition of certain African assets of Zain Group	USD628m Takeover of Times Ltd by Lotte Shopping	SGD428m Sale of UOB Life Assurance Limited
Financial Advisor	Sole Structuring Bank, Joint Mandated Lead Arranger, Facility Agent, Security Agent and Account Bank	Sole Financial Advisor	Co-Advisor, Underwriter, Mandated Lead Arranger and Bookrunner	Sole Financial Adviser	Sole Financial Advisor

Growth story in the rest of Asia

India

- India is set to become the world's third-largest economy
- Meeting onshore and offshore financing needs of India's expanding corporates
- Extending client base of local India and multinational companies
- Support large local India corporates' overseas ambitions

Rest of Asia

- Matching multinationals companies and large local corporates' needs
- Leading local currency financing activity
- Capture cross-sell opportunity from increasing intra-Asian trade and connectivity

Global Banking and Markets: driving force in HSBC

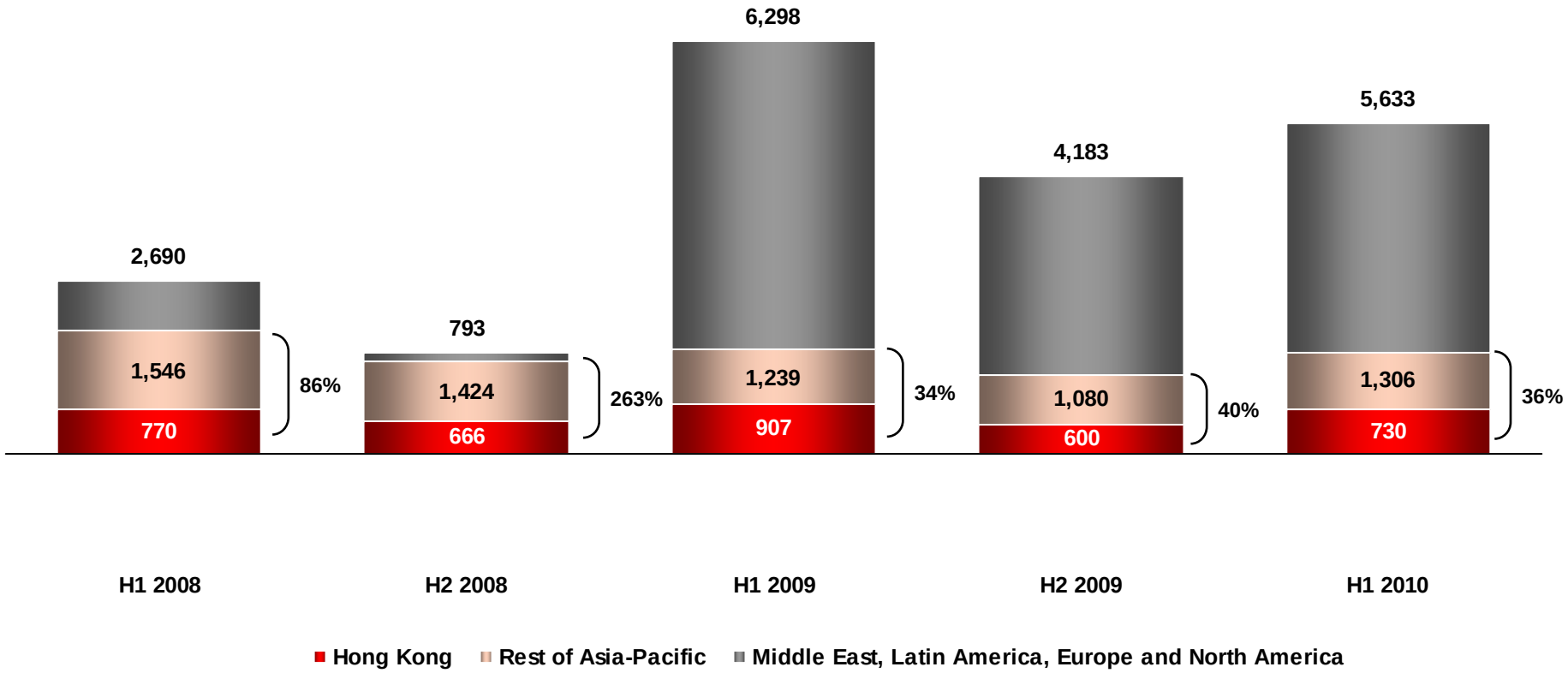
HSBC

The world's local bank

Asia providing strong contribution

Regional mix[1], H1 2008 – H1 2010

Profit/(Loss) before tax, USDm

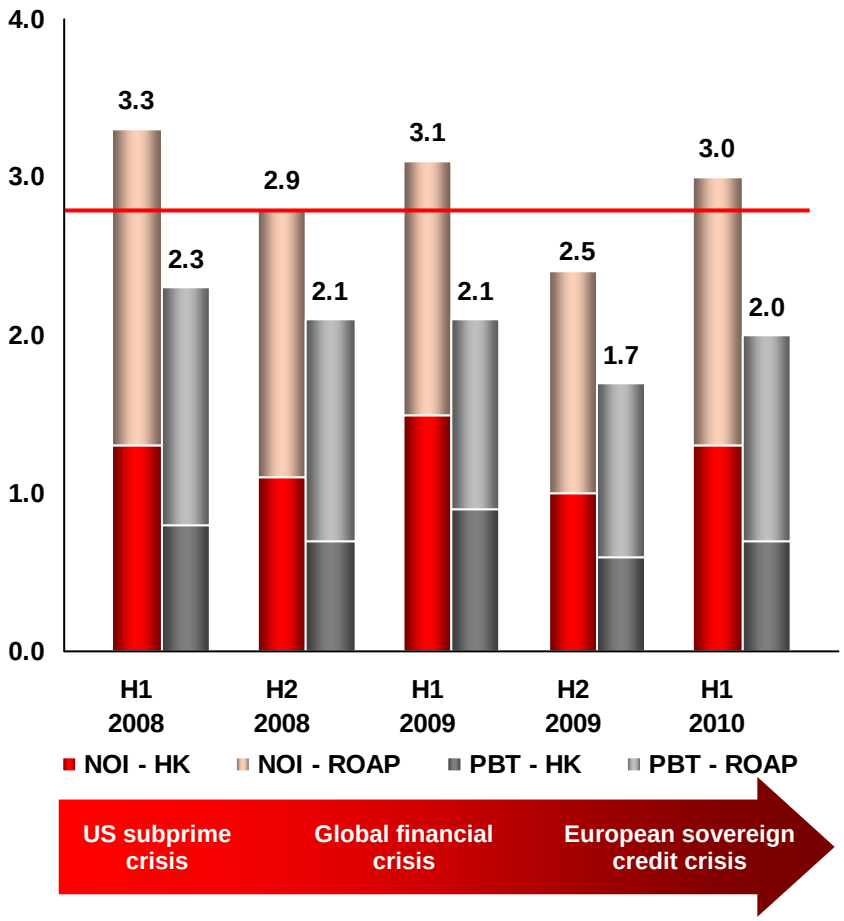


Note:
(1) In H1 2008, North America reported a loss of USD1.625bn; in H2 2008, North America reported a loss of USD950m and Europe a loss of USD995m. Asia share in Group GBM PBT indicated above.

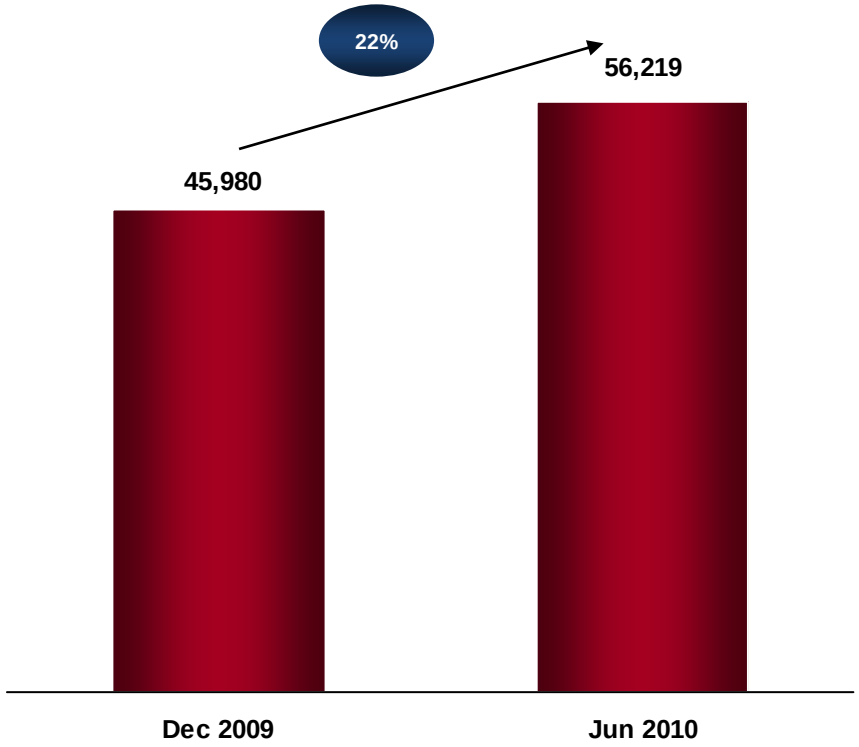
Asia's performance

Sustainable income streams

Net operating income (NOI) and profit before tax (PBT) progression 2008 – H1 2010 (USDbn)



Loans and advances to customers (USDbn)



Successful execution of strategy

Market share growth and improved league table ranking

	2009		Q3 2010	
	Rank	**Market share**	**Rank**	**Market share**
Asia local currency bonds	1	11.7%	1	8.9%
Asia-Pacific ex-Japan bonds	1	4.9%	1	5.0%
Emerging markets bonds	1	6.0%	1	6.8%
Asia M&A	14	2.3%	15	4.5%
Asia ECM	23	0.8%	13	1.1%

Source: Bloomberg and Dealogic

Best Debt House in Asia

Euromoney

Best Global Emerging Markets Debt House

Euromoney

Best Local Houses in Hong Kong: Best Equity House

FinanceAsia

Best Local Houses in Hong Kong: Best Investment Bank

FinanceAsia

Summary

HSBC
The world's local bank

Harnessing global capabilities and platform

Best-in-class comprehensive, client-centric solutions

- **Delivering on emerging markets-led and financing-focused strategy**
- **Strong performance in Global Banking and Markets**
- **Strengthening cross-sales and cross-referrals platforms to broaden and deepen customer base**
- **Build on international connectivity and global capabilities to boost growth momentum in Asia**