HSBC Holdings plc

Singapore

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The world's local bank

Presentation by Alex Hungate

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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

- Singapore fastest-growing economy in the region
- Opportunity: international wealth, trade and financial hub
- Strategy: taking the business to the next level
- Delivering growth
- Summary

Singapore fastest-growing economy in region

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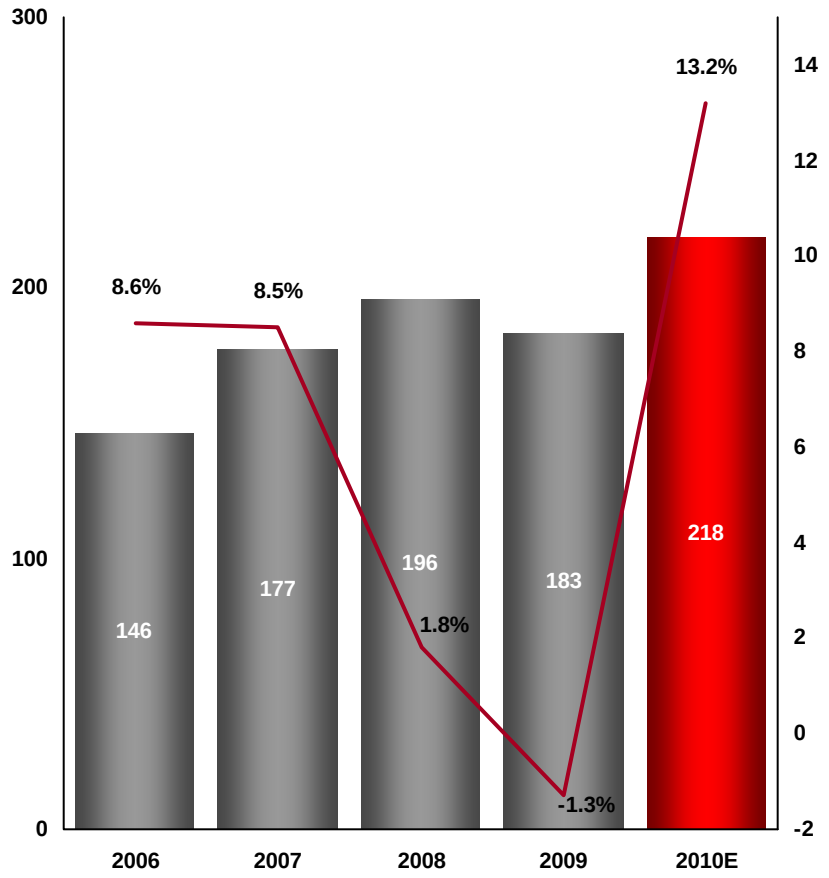
Sharp recovery

Singapore's population one of the world's wealthiest

Nominal GDP (USDbn) and GDP growth (%)[1]



GDP growth[1]: 13.2 %	Fastest-growing in Asia
Merchandise exports[1]: USD337.2bn	Manufacturing accounts for over a quarter of total GDP
Merchandise imports[1]: USD298.4bn	'Entrepot' trade
Population[2]: 5.1m	One in five are either mass affluent or mid-market[3]
Gross GDP (PPP)[2]: USD291.7bn	World's fourth-wealthiest in terms of per capita GDP[4]

Notes:
(1) HSBC Global Research (data are 2010 estimates)
(2) IMF World Economic Outlook, 2010 estimates
(3) HSBC Market Sizing Study (Synovate)
(4) International Monetary Fund

Opportunity: international wealth, trade and financial hub

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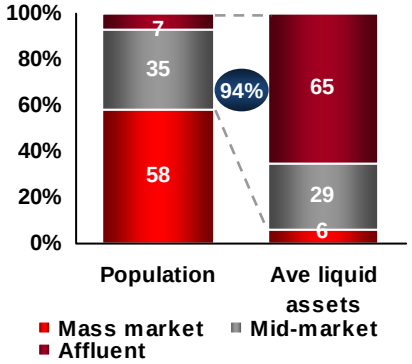
Leading international wealth management hub

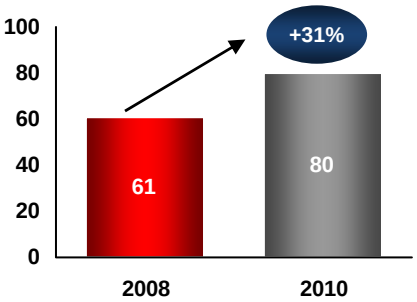
Growing wealth opportunity both ‘onshore’ and ‘offshore’

Onshore:

Share of mass affluent population and average liquid assets[1]



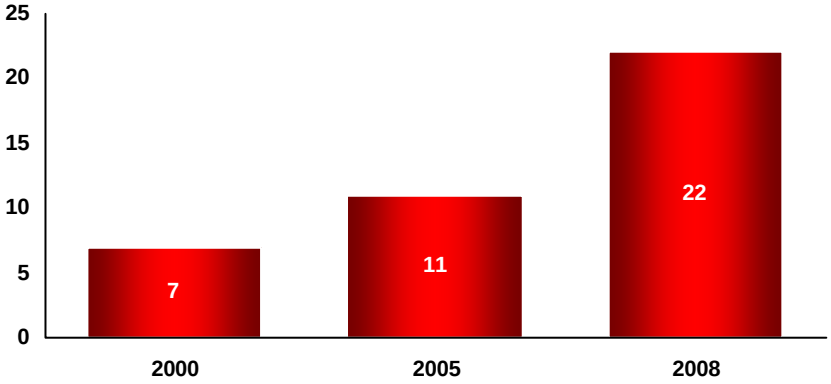
Number of Singaporean Millionaires[1] (‘000s)



- Over 172,000 mass affluent and 865,000 mid-market potential[2]
- Average liquid asset pool of USD63.9bn[2]
- Business/ entrepreneurship main source of wealth (45%)[4]
- A fifth of mass affluent do overseas banking[3]

Offshore:

Offshore mutual funds and deposits (USDbn)[5]



- A rapidly growing offshore banking centre
- Trusted legal and regulatory environment
- Client confidentiality assured in Banking Act
- Strategic location

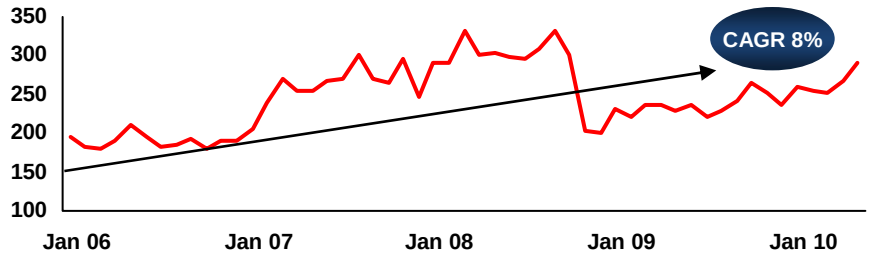
Notes:
(1) Merrill Lynch Wealth Management and Capgemini (High net worth individuals with at least USD1 million in net assets)
(2) HSBC Market Sizing Study (Synovate): mass affluent defined as individuals with minimum total relationship balance of USD150,000 and mid-market defined as individuals with minimum TRB of USD14,200
(3) HSBC Affluent Asian Tracker (Nielsen), July 2010
(4) Datamonitor, Singaporean Wealth Market Review 2010
(5) Datamonitor 2009 Offshore Deposits Database

Strengthening position as a global financial centre

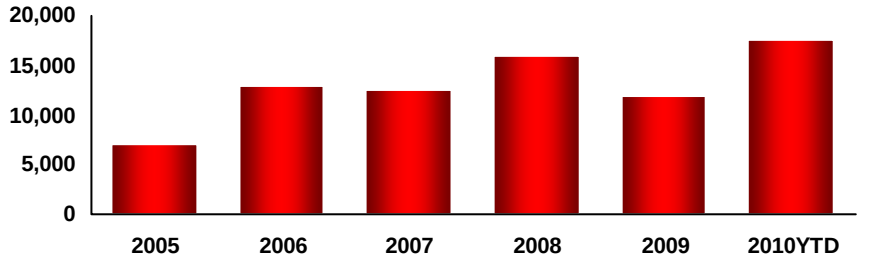
International financial services hub

Asian dollar market	International market for transactions in foreign currencies sized at USD920bn[1]
Foreign exchange market	World's fourth largest and Asia's second largest with daily average turnover of USD266bn in 2010[1]
Commodities and derivatives market	Offshore commodities trading hub for over 300 global companies
Capital markets	Largest stock market in SE Asia[1] 2010 SGD bond issuance volumes at highest levels in 10 years
REITs and real estate business trusts	Largest REIT/real estate business trust market in Asia ex-Japan and Australia[3]
Asset management	Assets under management up 40 per cent at USD861 billion in 2009[1] (80 per cent from outside Singapore)

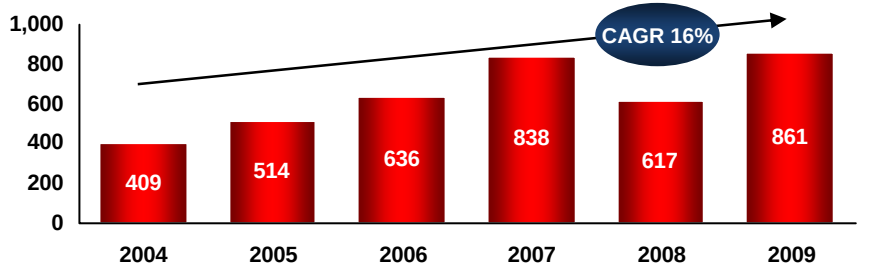
Singapore daily FX volumes[1]



Singapore SGD bond issuance (vol SGDm)[2]



Singapore assets under management (USDbn)[1]



Notes:
(1) BIS daily averages April 2010; Singapore stock market has over 700 companies with USD671bn in market capitalisation
(2) Bloomberg
(3) Reuters, 2010

Strategy: taking the business to the next level

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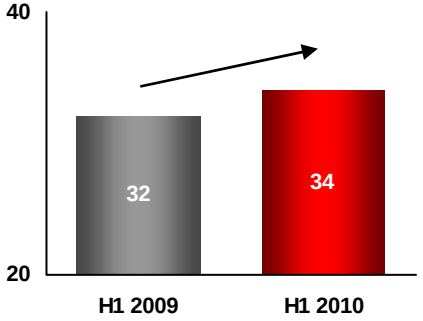
Build cross-sales platform to grow wealth base

Targeting internationally-oriented affluent investors onshore and offshore

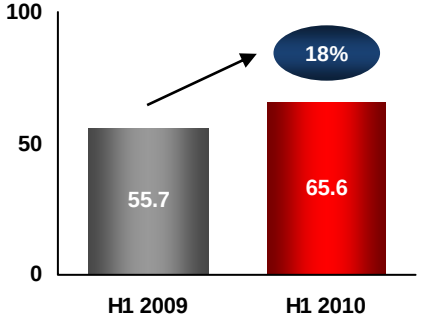
Strengthen and deepen relationship banking

Expanding mass affluent customer base

HSBC mass affluent market penetration[1] (%)



HSBC Premier customer growth ('000s)

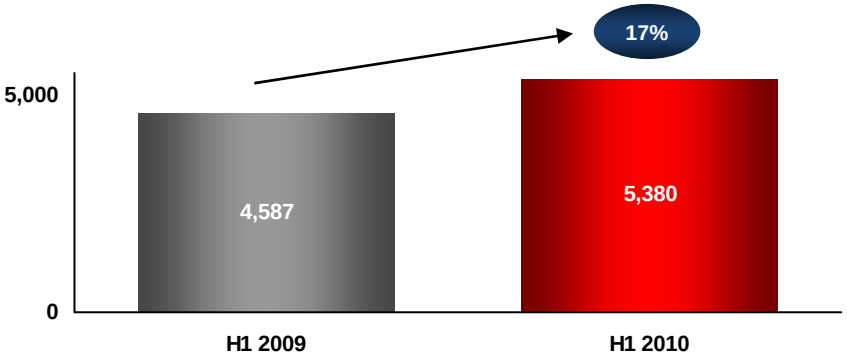


Year-on-year growth successes:

- Premier customer base up 18 per cent
- Offshore customer base up 36 per cent
- No 1 Bank in customer satisfaction[2]

Increase share of wealth revenues

Residential mortgage lending growth (USDm)



Year-on-year growth successes:

- HNW insurance sales more than doubled – focus on life insurance
- Private banking assets under management growing
- Mortgage sales up – an anchor relationship product

Notes:
(1) HSBC competitive benchmarking research
(2) Singapore Management University Customer Satisfaction Index of Singapore 2009

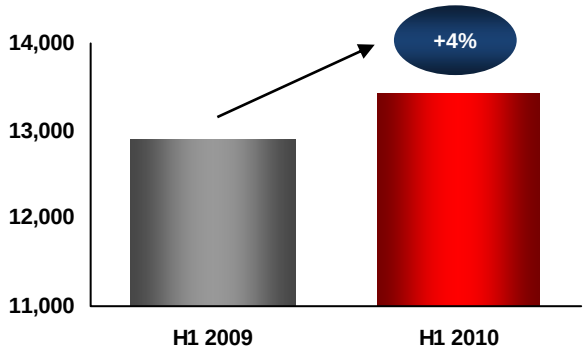
Strengthen trade and cross-border capabilities

Capture growing international business among small and middle market companies

Capitalise on traditional strengths and international connectivity

Grow base of internationally oriented customers

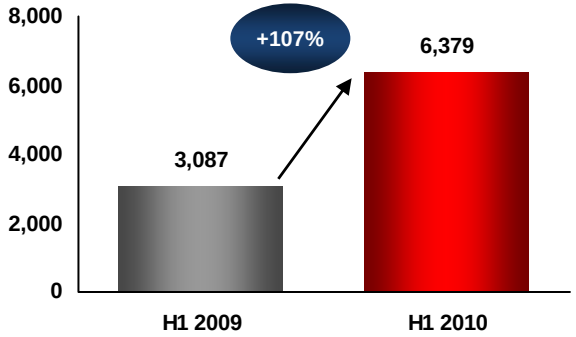
CMB customers



- **Total CMB customers up 4 per cent y-o-y**
- **47 per cent of MME and 31 per cent of SME customers have international needs**

Increase share of client revenues

Commercial, international trade and other loans and advances to customers (USDm)



- **Trade finance driving commercial asset growth**
- **Grow fees and commissions**
- **Offer hire purchase financing for MMEs**

Lead in high-value international corporate services

Emerging market focus, financing-led

Capitalise on traditional strengths and international connectivity

Leverage global capabilities to support corporates' growth plans

- **Leading Bookrunner in SGD bonds[1]**
- **No 1 in market penetration and quality index in FX services, fixed income and IR derivatives in Singapore[2]**
- **Multi-asset delivery and dedicated support to PFS/CMB and PB product teams**
- **Significant growth in client assets, especially trade**
- **Best corporate/institutional internet banking in Singapore[3]**

Tailor strengths to broaden sector coverage

Leading Bookrunner in SGD bonds[1]

OLAM	TEMASEK HOLDINGS	TEMASEK HOLDINGS	SingTel	sembcorp	Land Transport Authority
January 2010	February 2010	February 2010	March 2010	March 2010	May 2010
SGD250m	SGD1bn	SGD1bn	SGD600m	SGD300m	SGD575m
Joint Lead Mgr + Bookrunner	Joint Lead Mgr + Bookrunner	Joint Lead Mgr + Bookrunner	Joint Lead Mgr + Bookrunner	Joint Lead Mgr + Bookrunner	Joint Lead Mgr + Bookrunner

Notes:
(1) Bloomberg
(2) Greenwich Research 2009
(3) Global Finance 2009

Delivering growth

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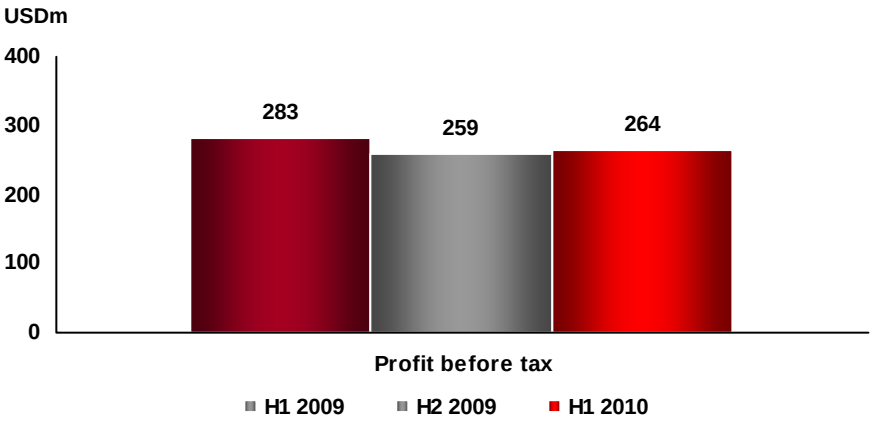
Stable, diversified earnings

Solid platform for growth

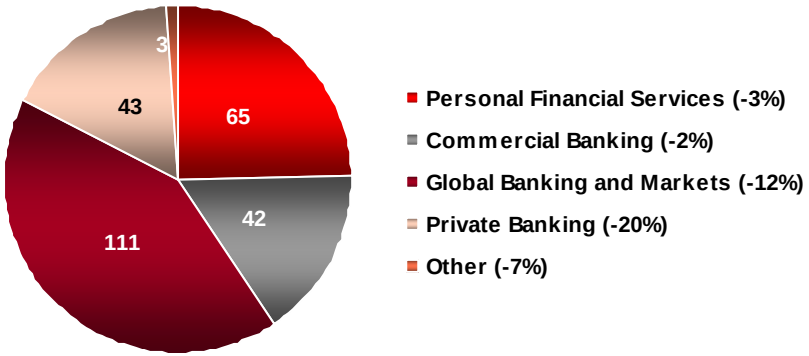
Profit before tax at USD264m in H1 2010



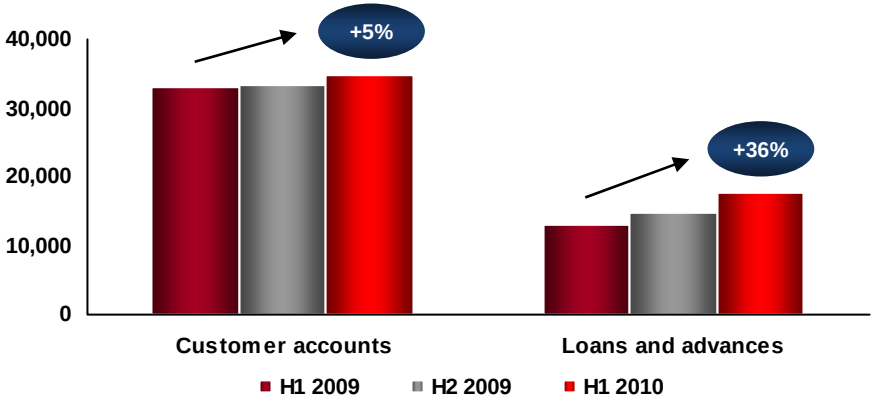
Highlights

- Loans and advances grew 36 per cent year-on-year – notable growth in trade balances and mortgages
- Continued margin compression impacted net interest income across businesses

PBT (USDm) by customer group (% change y-o-y at H1 2010)



Customer accounts and loans and advances (USDm)



Summary

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Focus on fast-growing international segments

- **Strongly positioned to capture international wealth, trade and global financial links**
- **Cross-sales and cross-referrals to drive and deepen relationships as main banker to customers**
- **International connectivity advantage to strengthen cross-border leadership**