HSBC Holdings plc

Dubai and Kuala Lumpur

2010 INVESTOR AND ANALYST ROADSHOW

HSBC
The world's local bank

Asia

DAY 1, 26 OCTOBER

Connectivity: Our Competitive Edge

HSBC Holdings plc

Asia Introduction

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Positioned to lead in a new global order

Presentation by Iain Mackay, Chief Financial Officer, Asia-Pacific

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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

- Leading, growing, investing in Asia
- Our Asia opportunity
- Taking our Asia business to the next level
- Uniquely and strongly positioned

Leading, growing, investing in Asia

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Expanding in scope and scale

Investments and strategic partnerships extending reach and position[1]

Mainland China

- 19.03 per cent in Bank of Communications
- 16.13 per cent in Ping An Insurance
- 12.80 per cent in Industrial Bank via Hang Seng Bank
- 20 per cent in Yantai City Commercial Bank via Hang Seng Bank
- 8 per cent in Bank of Shanghai
- 49 per cent in HSBC Jintrust Fund Management
- 50 per cent in HSBC Life Insurance Company Ltd

India

- 98.03 per cent in HSBC InvestDirect (IL&FS Investsmart)
- 26 per cent in Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited
- Agreement to acquire retail and commercial banking assets of the Royal Bank of Scotland

Indonesia

- 98.96 per cent in Bank Ekonomi

Malaysia

- 49 per cent in HSBC Amanah Takaful Malaysia
- First foreign bank to locally incorporate Islamic bank
- Purchased ABN AMRO's retail mortgage portfolio in 2002

South Korea

- 50 per cent less one share in Hana Life

Taiwan

- Integrated assets and operations of The Chinese Bank
- 100 per cent in Chailease Credit Services

Philippines

- 100 per cent in PCI Savings Bank

Singapore

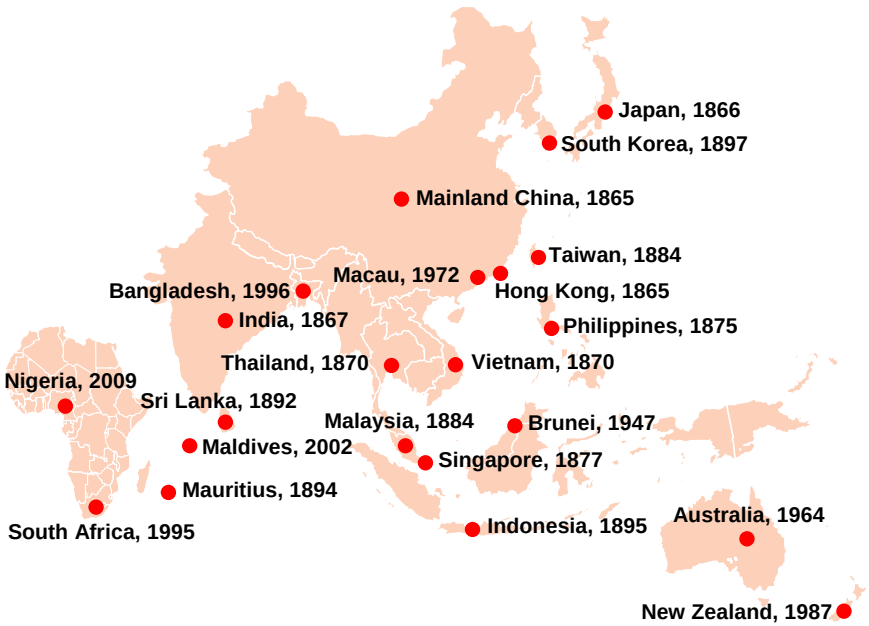
- 100 per cent in Keppel Insurance
- 100 per cent in Asia Fund Services

Australia

- 100 per cent in Westpac sub-custody business

Vietnam

- First foreign bank to locally incorporate
- 19.91 per cent in Techcombank
- 18 per cent in Bao Viet



Scope of HSBC Asia-Pacific business[2]

Outlets[3]		Staff[3]		Advances to deposits ratio[4] (%)		Assets[5]		Profit before tax[5]	
1999	H1 2010	1999	H1 2010	1999	H1 2010	1999	H1 2010	1999	H1 2010
592	784	45,307	117,002	50.4	49.9	220,711	655,615	3,383	5,862

Notes:
(1) As at September 2010
(2) Includes a representative office in Nigeria (2009) and South Africa (1995)
(3) Outlets and staff in 1999 include Middle East; outlets in H1 2010 belong to The Hongkong and Shanghai Banking Corporation Limited and exclude the Middle East; staff in H1 2010 excludes Middle East
(4) 1999 and H1 2010 exclude the Middle East based on the accounts of The Hongkong and Shanghai Banking Corporation Limited
(5) In USDm; 1999 assets and PBT include Middle East and are reported in accordance with UK GAAP while H1 2010 assets and PBT exclude Middle East

Solid contribution – 58 per cent of Group profits from Asia

PBT at USD5.6bn, up 20 per cent year-on-year in H1 2010

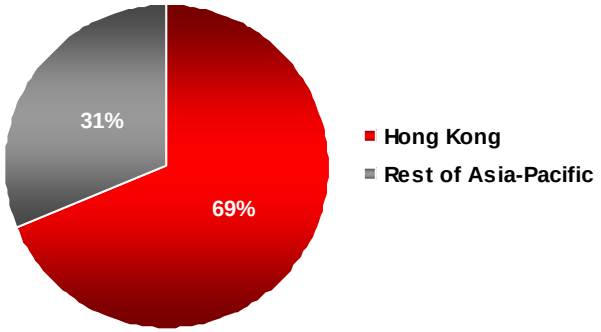
Underlying profit before tax, H1 2010

USDm

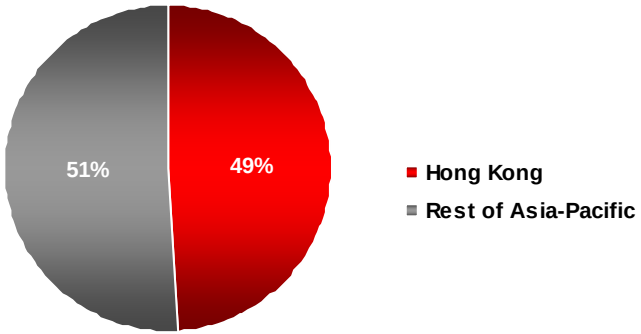
			% better / (worse)
	H1 2009	H1 2010	H1 2010 vs H1 2009
Hong Kong	**2,499**	**2,821**	**+13**
Rest of Asia-Pacific	**2,149**	**2,773**	**+29**
Latin America	647	883	+36
Middle East	643	393	(39)
Europe	3,497	2,840	(19)
North America	(2,050)	(80)	+96
Total	**7,385**	**9,630**	**+30**

Growing contribution from markets outside of Hong Kong

Asia PBT[1], H1 2005



Asia PBT[1], H1 2010



Notes:
(1) On a reported basis

Diversified profit streams

Profitable across all customer groups

Profit before tax[1], H1 2010 (Hong Kong and Rest of Asia-Pacific)

USDm

			% better / (worse)
	H1 2009	H1 2010	H1 2010 vs H1 2009
Personal Financial Services (PFS)	1,472	1,898	+29
Commercial Banking (CMB)	883	1,429	+62
Global Banking and Markets (GBM)	2,146	2,036	(5)
Private Banking (PB)	153	162	+6
Other	(131)	337	+357
Total	**4,523**	**5,862**	**+30**

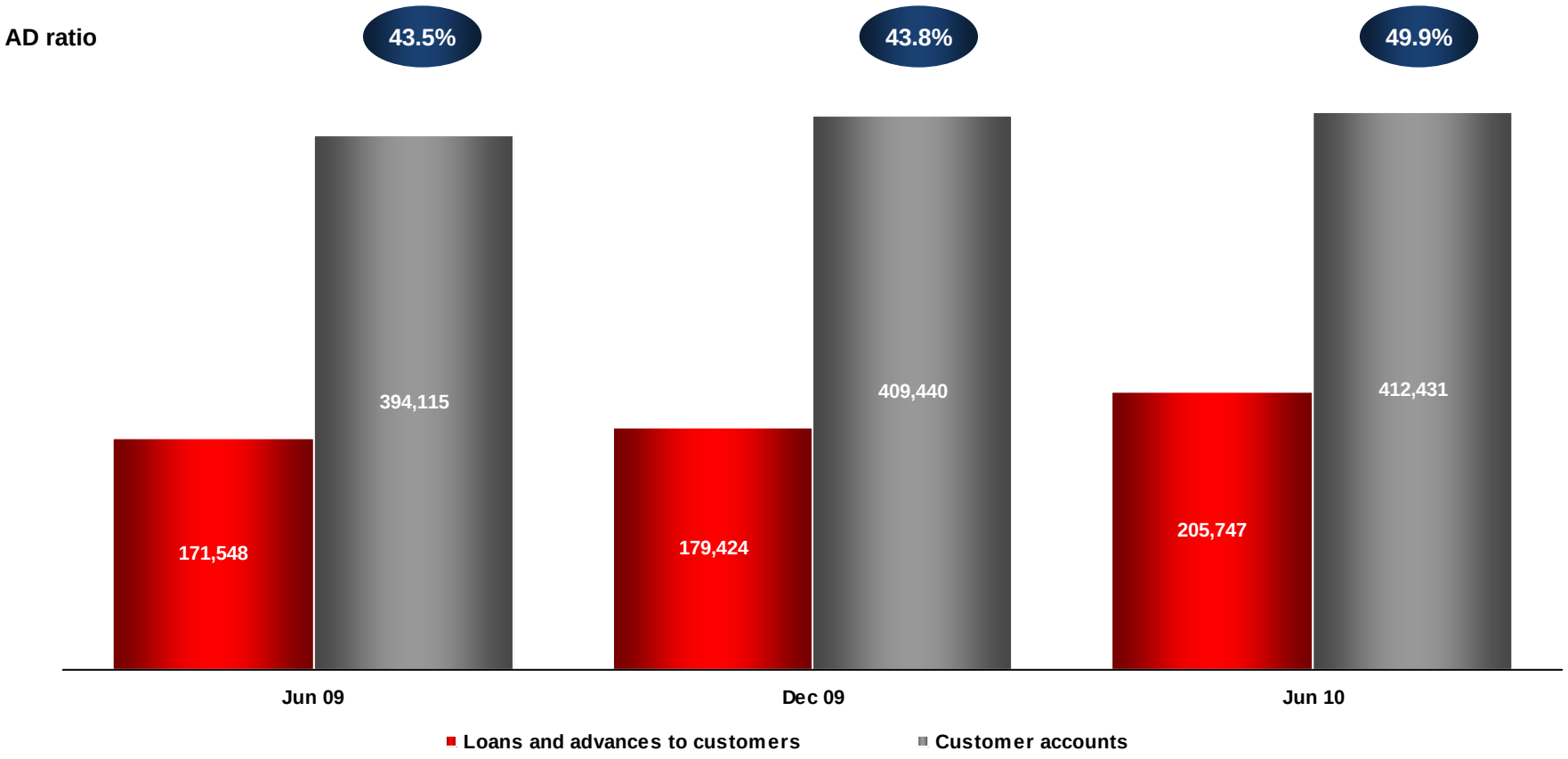
Notes:
(1) On a reported basis

Positioning for growth

Building our balance sheet

Customer accounts and loans and advances to customers (Hong Kong and Rest of Asia-Pacific)

USDm



Our Asia opportunity

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Asia to drive global trade, investments and consumption

Economic centre moving East

Trade

- Emerging markets to account for 65 per cent of global trade in 2018[2]
- Emerging Asia to account for over half of global trade in 2018[2]

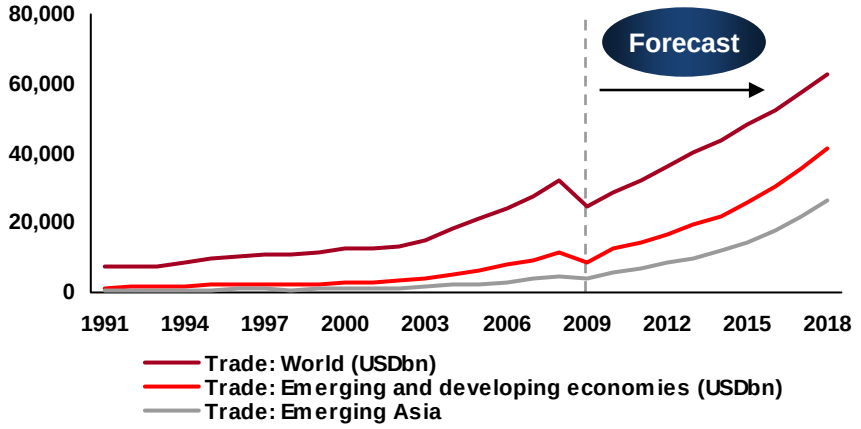
Foreign direct investments[1]

- China and India among top 5 investment sites in next two years
- China among top 5 investors globally in next two years

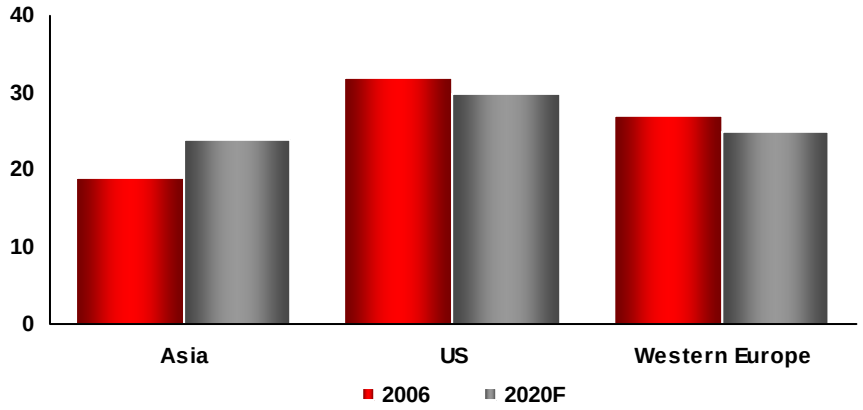
Consumption

- Asian consumers to spend over USD24 trillion in 2020, matching Western Europe[3]

Emerging markets trade[2]



Global household consumption (% share)[3]



Notes:
(1) UNCTAD
(2) IMF, HSBC Global Research
(3) HSBC Global Research

Emergence of internationally-oriented consumers and businesses

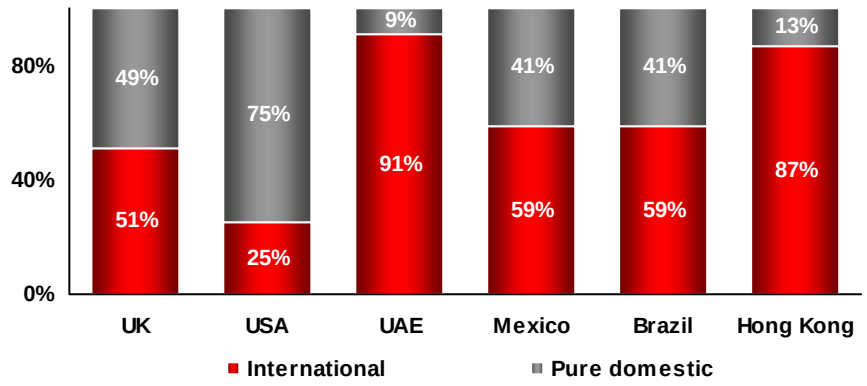
Financial aspirations extending cross-border

Asian affluent

Increasing cross-border wealth with growing family migration and business expansion

38 per cent of businesses have international needs[1]

% of businesses with international needs

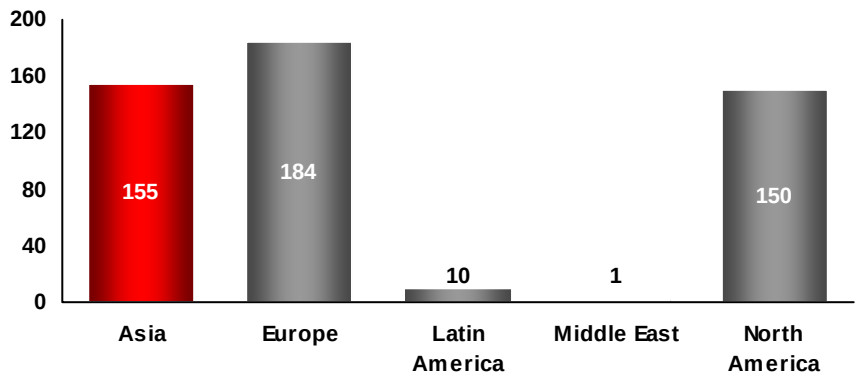


Asian multinational

Number of Asian companies in Fortune Global 500 surpassed North America in 2009

Fortune Global 500, 2009

Global – by continent



Notes:
(1) UNCTAD

Capturing the Asia opportunity

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Building on our distinct strengths

Strengthening differentiation

Unrivalled platform	**Unparalleled network, diverse customer base, global capabilities, strong brand**
International connectivity	**End-to-end coverage with strong on-the-ground presence and global footprint**
Funding and capital structure	**Strong balance sheet and tier 1 capital**
Management depth and strength	**Diverse, international team with depth of experience**

Challenges

Growing the business in a fast-changing world

Regulation	**Well-positioned for the regulatory framework of the future**
Competition	**Differentiated competitive strengths to outperform competition**
Economic cycle	**Building quality revenues by growing, broadening and deepening relationships**

Transforming our business

Common operating systems	Eliminate barriers to entry
Common business processes	Leverage our global distribution capability
Common products	Improve customer experience
Centres of Excellence	Improve cost efficiency

Uniquely and strongly positioned

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Delivering long-term sustainable growth

Cross-sell

Cross-border

Building on our international connectivity advantage