

HSBC Holdings plc
Insurance
March 2011, Hong Kong

HSBC 
The world's local bank

Presentation by David Fried
Group General Manager and Group Head of Insurance



[March 2011]

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 are provided in the 'Reconciliation of reported and underlying profit before tax' supplement available at www.hsbc.com.

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Agenda

- ▶ Delivering sustainable and profitable growth
- ▶ HSBC Insurance: one of the world's leading bancassurers
- ▶ Maximising the opportunity
- ▶ The leading bancassurer in Asia

Delivering sustainable and profitable growth

Insurance

Most profitable year

USDbn ¹	2009	2010	% Better / (worse)
Net earned premiums	10.5	11.1	+6
Investment income ²	4.0	3.3	(17)
Net insurance claims incurred and movements in liabilities to policy holders ²	(12.3)	(11.7)	5
PVIF movement ³	0.6	0.7	16
Net underwriting result	2.8	3.4	25
Net fee income	1.0	1.0	(2)
Other operating income	0.1	0.1	(34)
Net operating income	3.9	4.5	+16
Total operating expenses	(1.9)	(1.9)	0
Operating profit	2.0	2.6	+31
Associates & joint ventures	0.5	0.7	+40
Contribution from insurance business	2.5	3.3	+33

Notes:

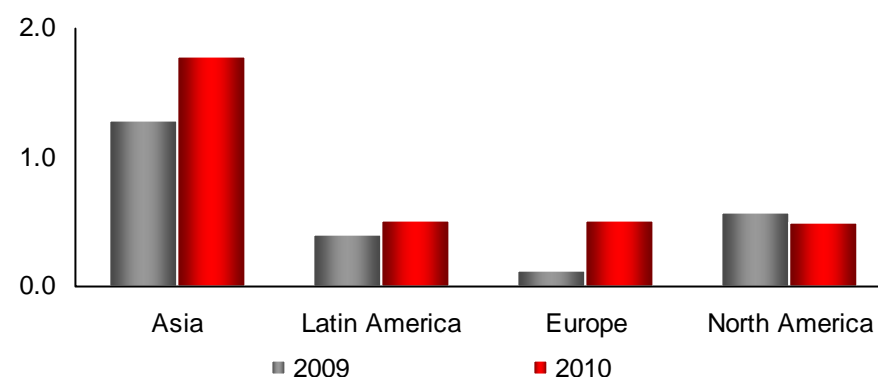
1. Underlying basis

2. Investment income includes net income from financial instruments designated at FV (FY 2009: USD2.4bn, FY 2010: USD1.4bn). To the extent that these investment gains and losses are passed to policyholders, an offsetting entry will flow through the net insurance claims incurred and movements in liabilities to policy holders

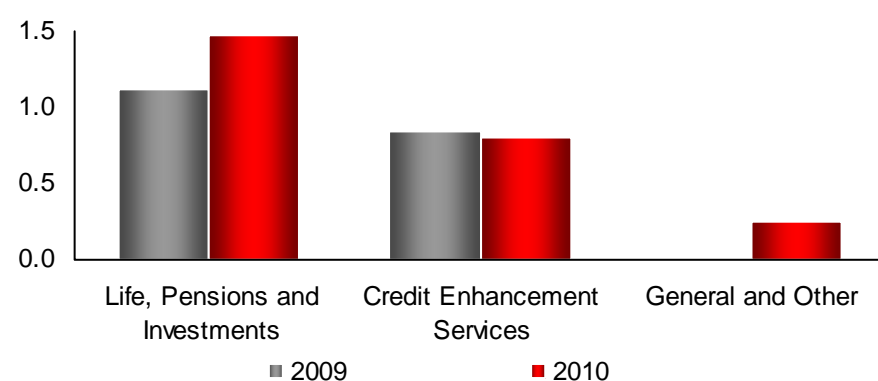
3. Present value of in-force long-term insurance business

4. Excludes Ping An

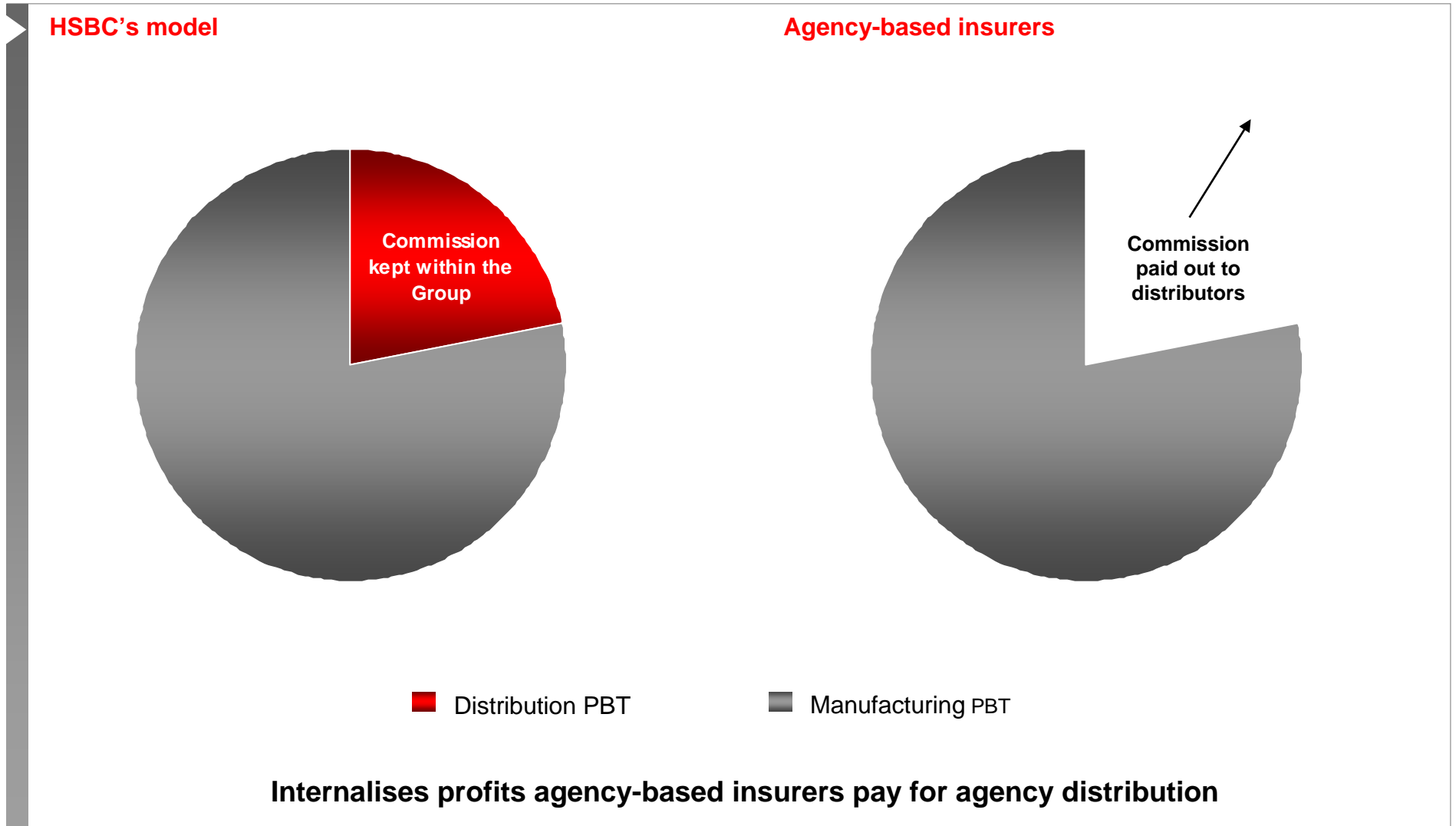
Profit before tax by region, USDbn



Profit before tax by product category⁴, USDbn



Adding value through a world-class bancassurance model

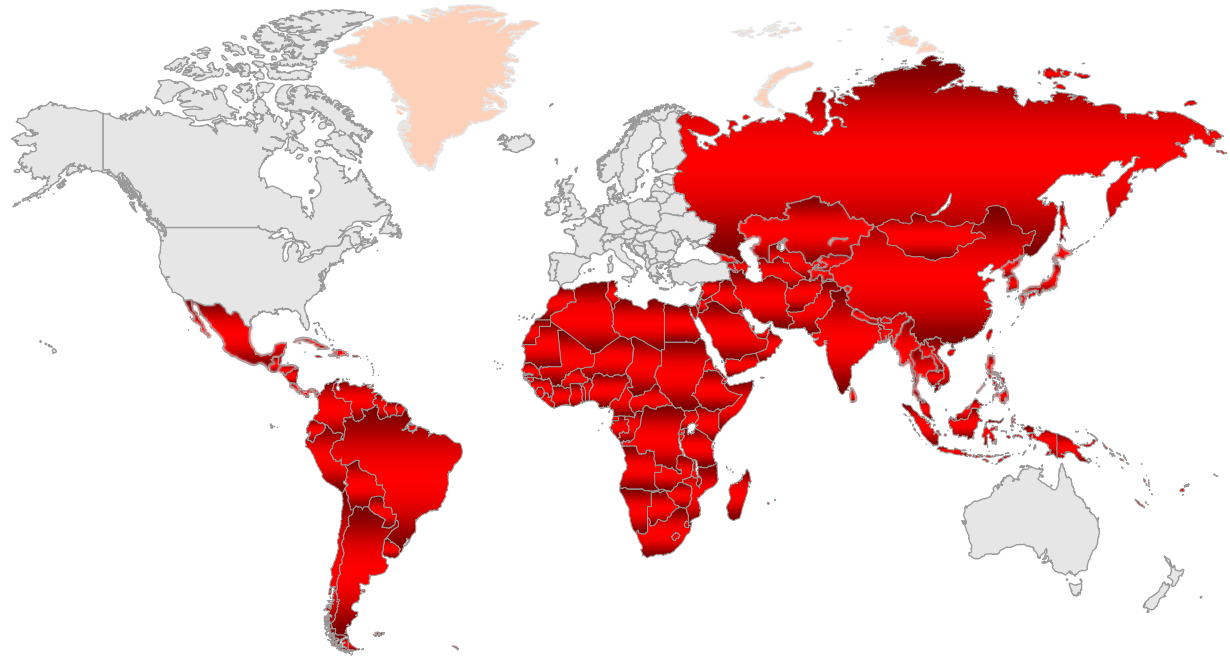


HSBC Insurance:
One of the world's leading bancassurers

Developed markets vs emerging markets

HSBC Insurance's global reach

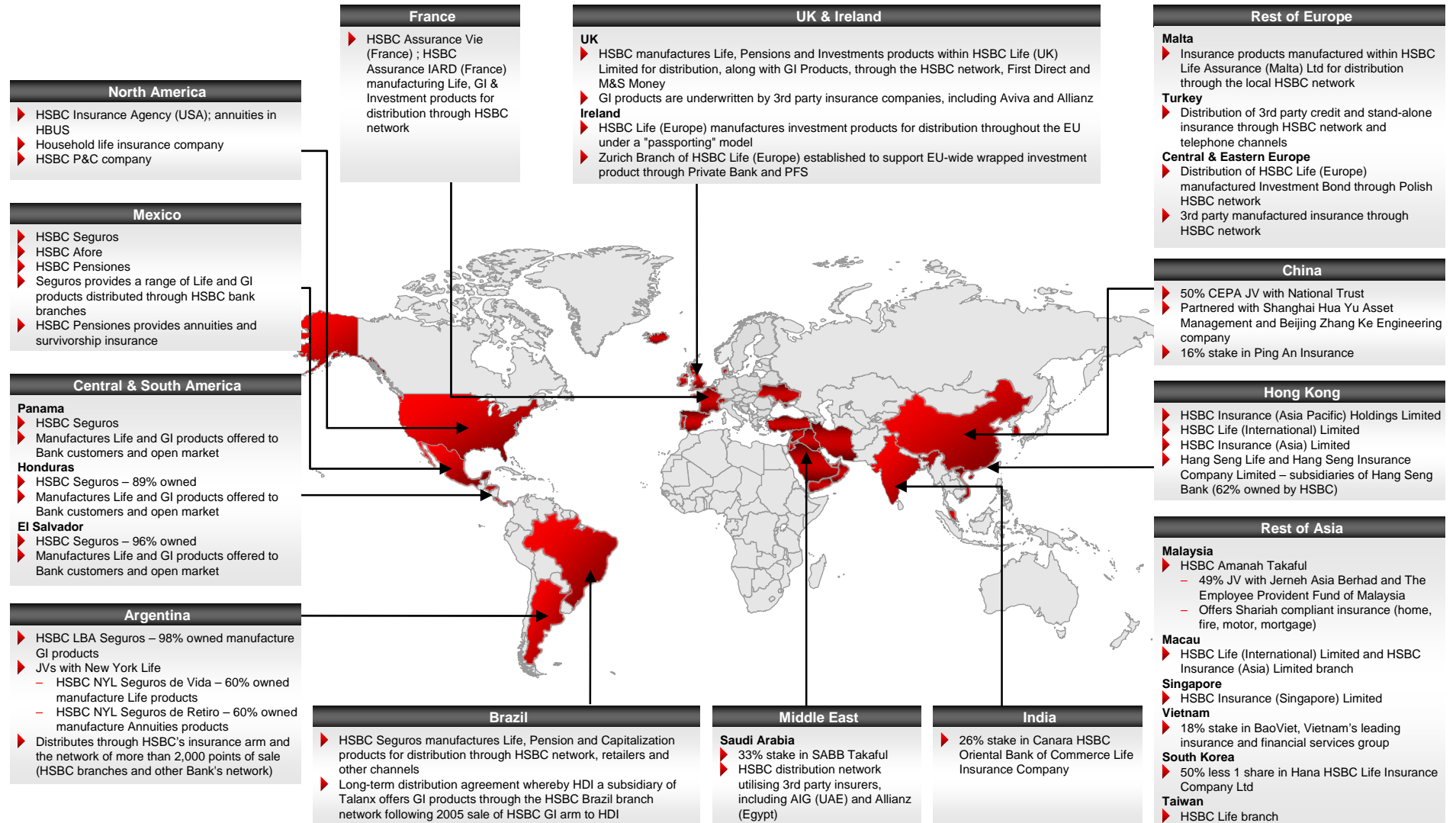
- ▶ Manufacturing life, non-life and pensions businesses in more than 20 countries and territories
- ▶ Distribution capability in around 50 countries and territories
- ▶ 6,500 staff plus 2,000 in joint venture companies
- ▶ c20 million policyholders and access to HSBC's customer base of 100 million



- Emerging Markets: Asia, Africa, Middle East, Eastern Europe and Latin America
- Developed Markets: North America, Continental Europe, Australia and New Zealand

Note:
All figures are as at 31 December 2010 except otherwise specified. Staff numbers include joint ventures

HSBC Insurance's worldwide operations

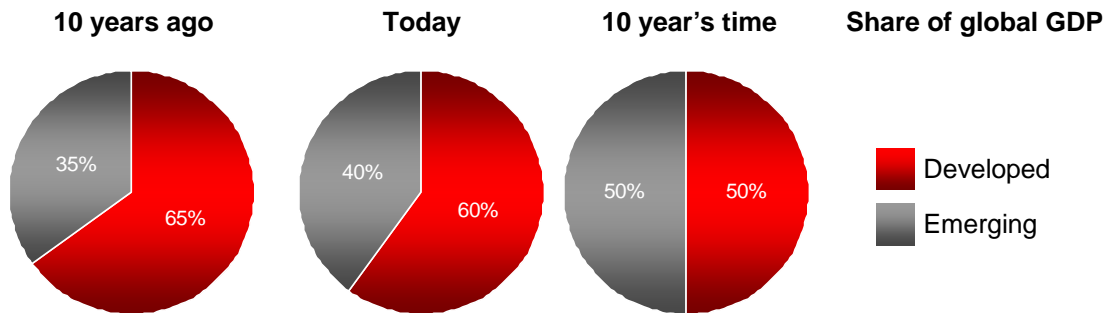


Maximising the opportunity

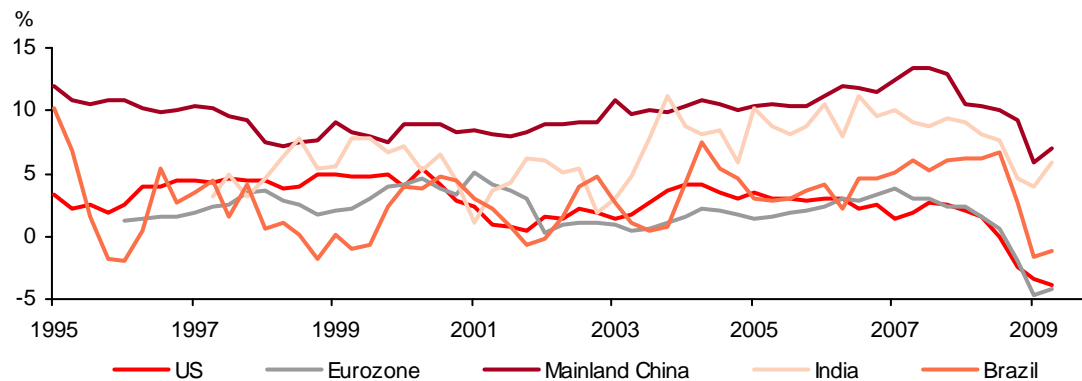
GDP Growth – Emerging Markets vs Developed Markets

Global economic trends

Emerging markets growing faster than developed markets¹



GDP growth², 1995–2009



Note:
 1. HSBC Global Research and IMF as at Sep 2010
 2. Thomson Financial Datastream

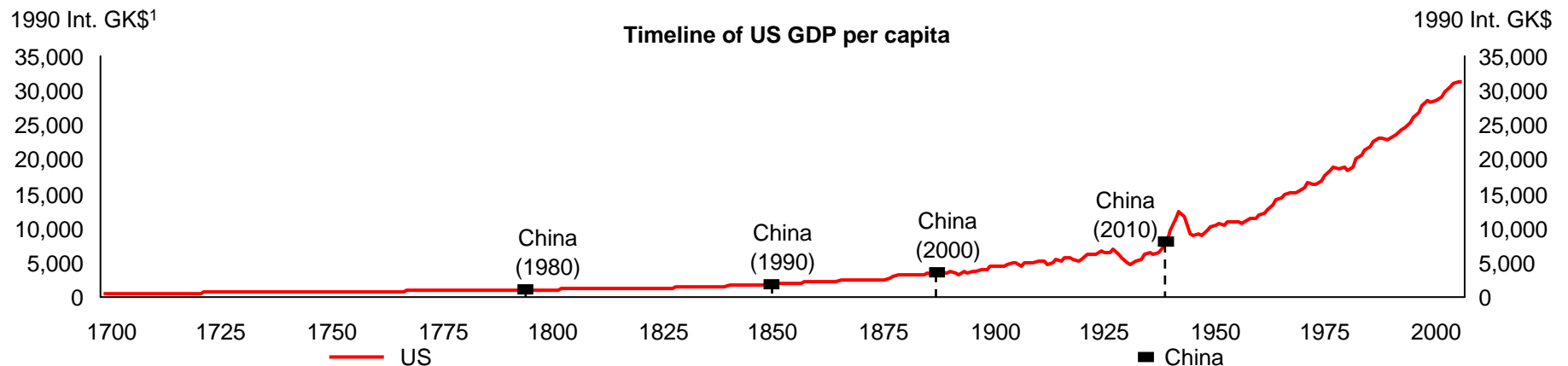
Implications for insurance

- ▶ The enormous consumption power in emerging markets will continue to fuel their economic activities and GDP growth
- ▶ The increase in economic activity will result in more insurance consumption by enterprises big or small to protect their assets, property and employees
- ▶ Growth in personal wealth creates the need for insurance products catering for saving, investment, capital accumulation, wealth management and protection

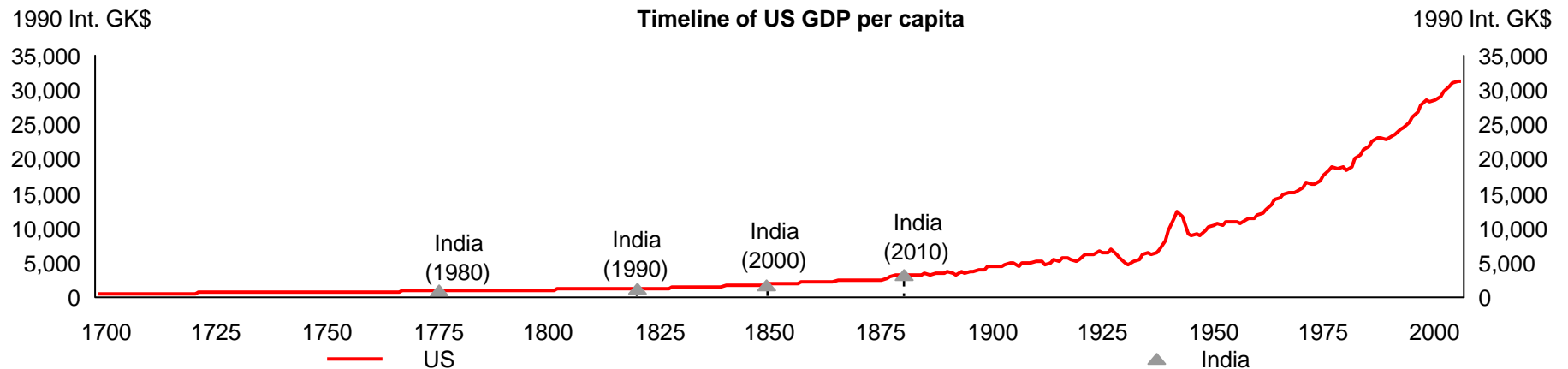
Dynamic GDP growth in Asia's biggest emerging markets

China and India grow 5 and 3 times faster than US over the past 20 years

China is delivering 50 years of US progress every 10 years



India is delivering 30 years of US progress every 10 years



Source: Maddison data, IMF

Note:

1. Geary-Khamis' method of comparing cross-country purchasing power parity levels

Global Trade Growth Shifting to Emerging Markets

Global economic trends

In 2009, trade size within East Asia was almost 90% of US plus EU



▶ The dominant global trade flows used to be from US / Europe to Asia. It is now leaning more towards China and India

▶ In the last two decades:

- Within Asia, the share of global exports increased by almost 30% and the share of global imports increased by nearly 40%
- The share of global exports of Asia to the US decreased by almost 40%
- The share of global imports of Asia from US decreased by almost 50%

▶ Also, Asia's trade flows to other emerging markets such as Latin America and Africa have increased substantially

Implications for insurance

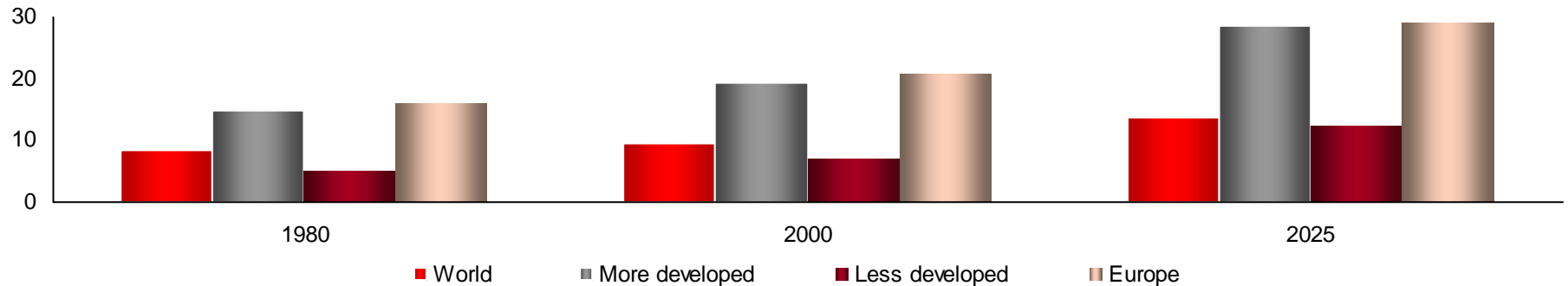
▶ The growing importance of Asia's intra-regional trade especially among the fastest growing emerging markets fuels internal consumption and further economic growth and development. The result is an increase in wealth, leading to increased spending on insurance

Global Ageing Population, especially in Asia

Global population trends

Longevity increasing virtually everywhere...

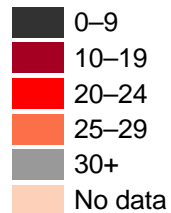
People aged 60 and over (%)



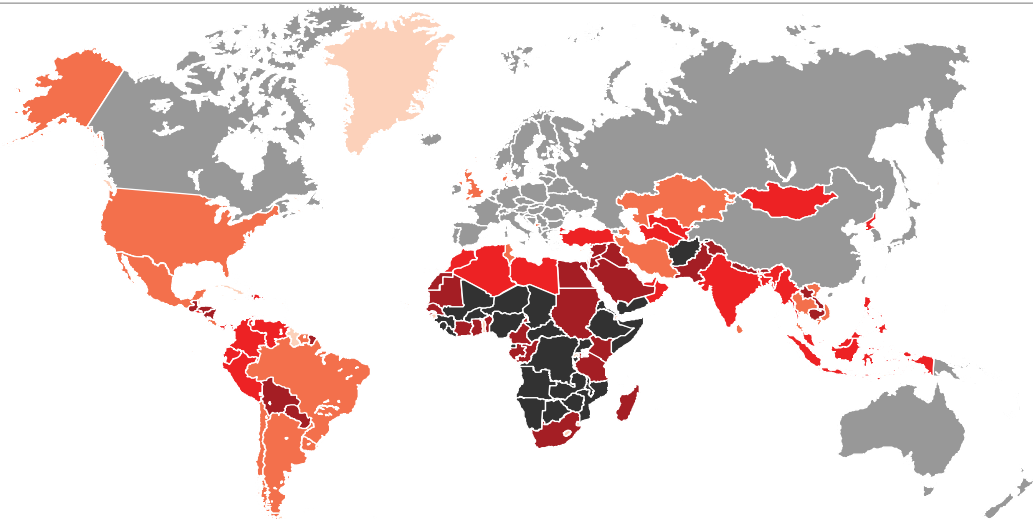
Source: HSBC estimates

By 2050, of the 2 billion global population aged over 60, 62% or 1.24 billion will be residing in Asia's emerging markets

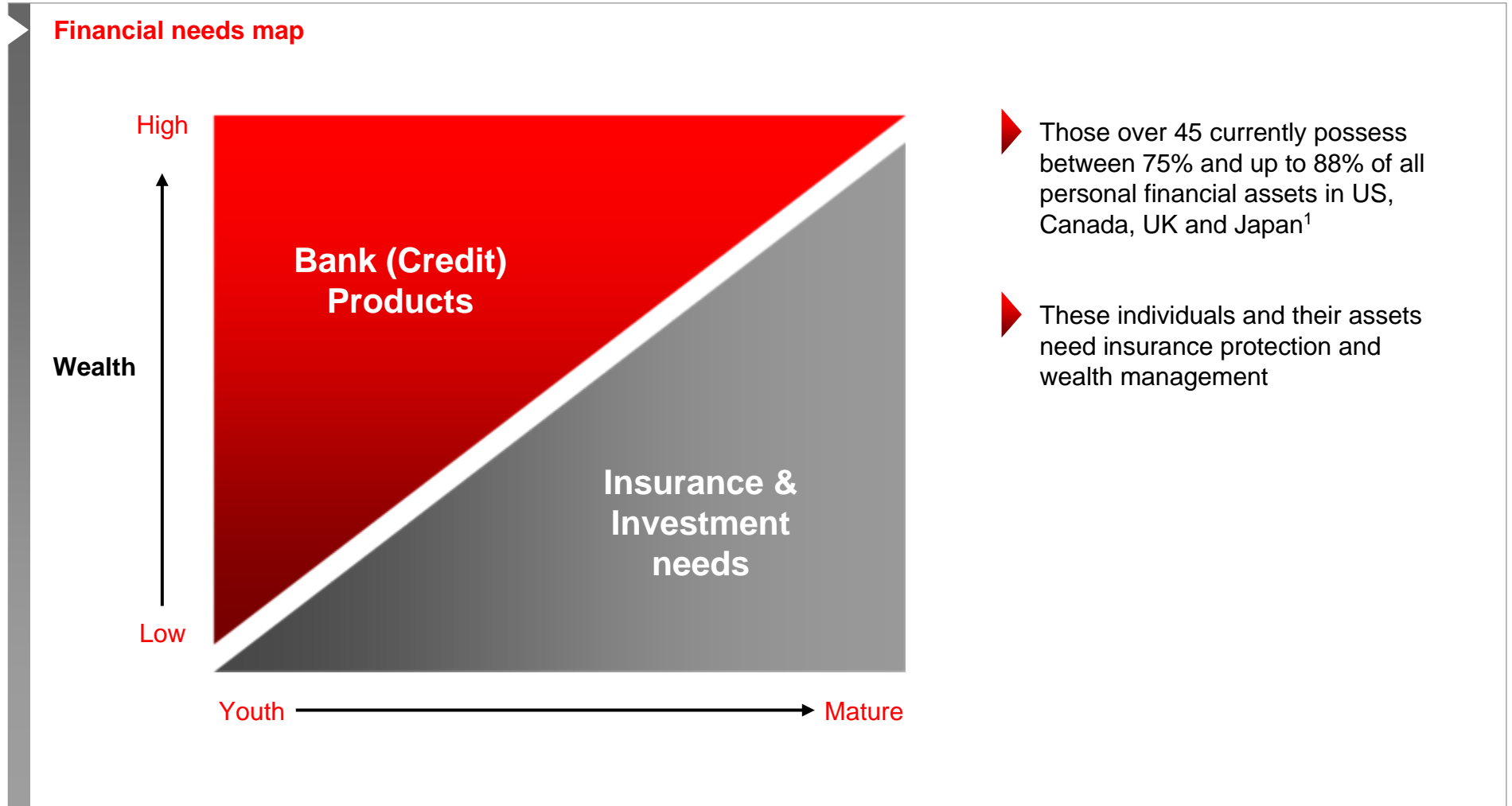
Percentage aged 60 or over



Source: UN Population Ageing 2006

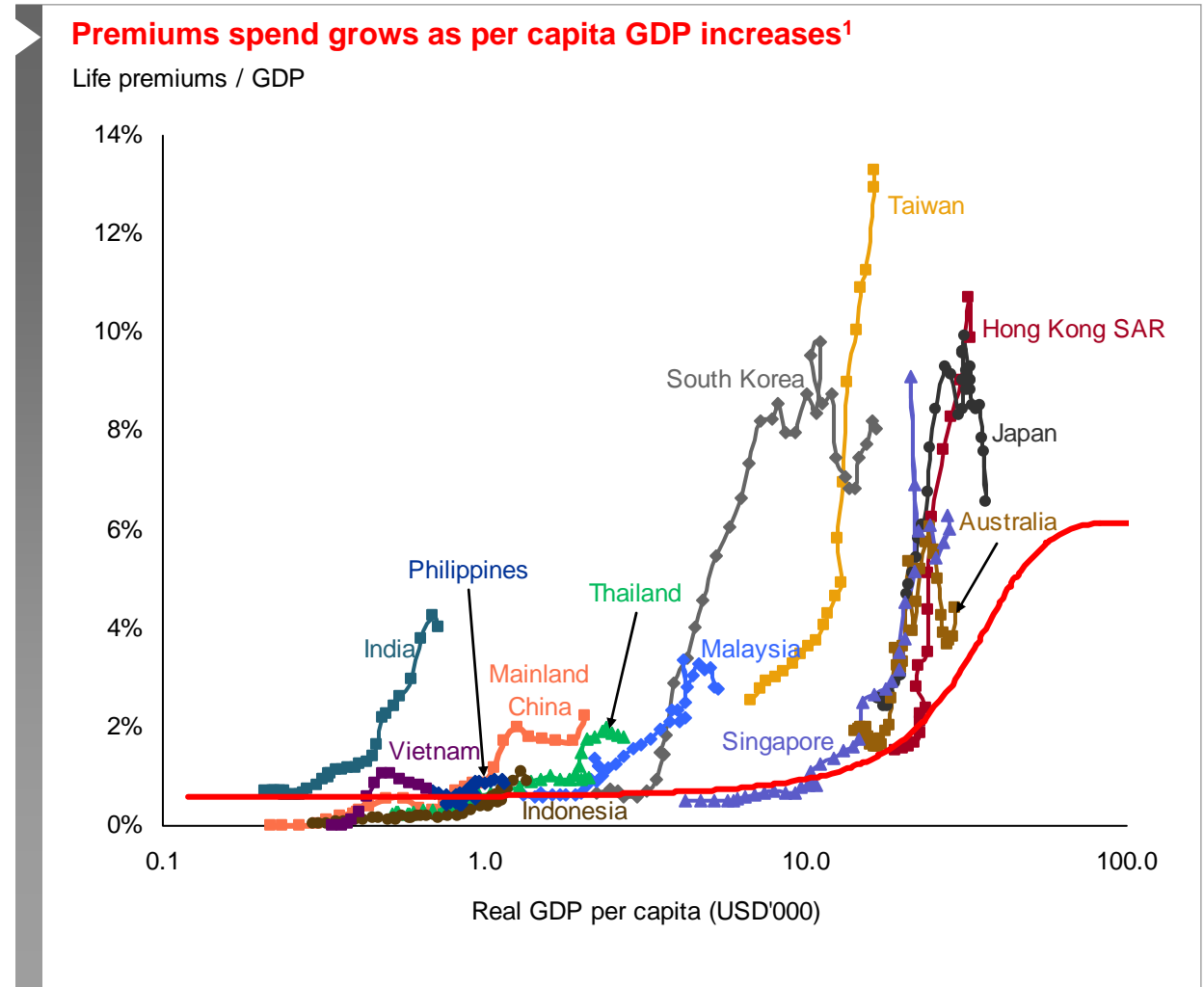
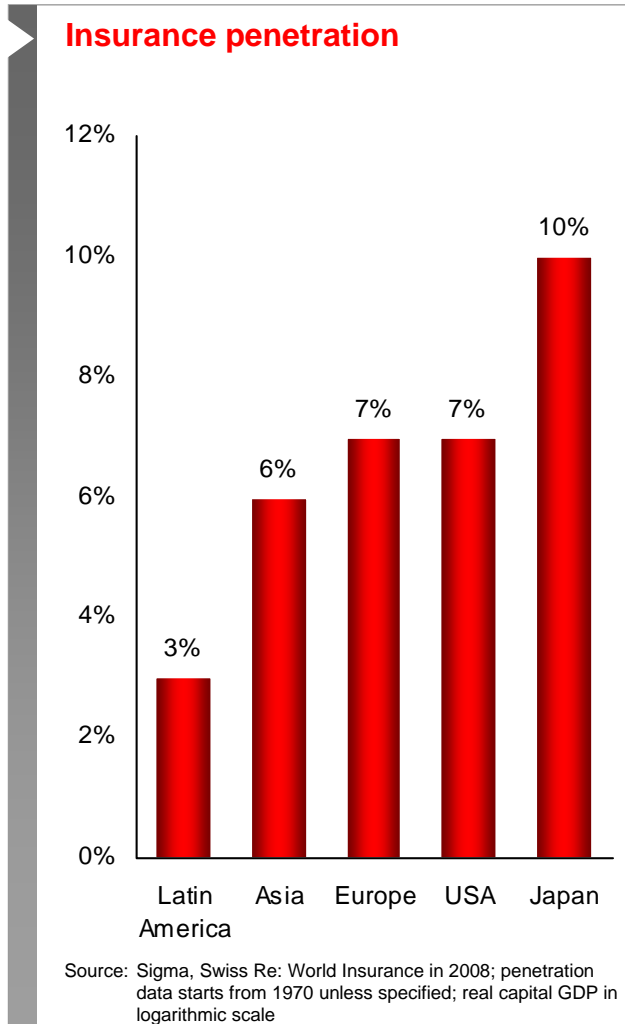


Insurance & Investment Needs Accelerate when People Mature



Note:
1. From Federal Reserve Bank of St. Louis, Human Resources and Skills Development Canada, HM Revenue and Customs and Ageing in Japan: The Health and Wealth of Older Persons

Insurance Penetration – Premiums as a percentage of GDP



Note:

1. Swiss Re Jan 07; penetration data starts from 1970 unless specified; real capital GDP in logarithmic scale

The leading bancassurer in Asia

HSBC Insurance in Asia

Strategic Expansion 2006–2009

- ▶ Malaysia, 2006
- ▶ Taiwan, 2007
- ▶ Vietnam, 2007
- ▶ South Korea, 2008
- ▶ India, 2008
- ▶ Mainland China in 2009

HSBC Insurance also has manufacturing capacity in

- ▶ Hong Kong, 1974
- ▶ Macau, 1984
- ▶ Singapore, 2002

Significant investment in 2002

- ▶ Ping An in Mainland China

Presences in Asia's fastest growing emerging markets

Macau – Life & Non-life

- ▶ Branches of HSBC Insurance (Asia) Ltd and HSBC Life Int'l Ltd

Malaysia – Life & Non-life

- ▶ HSBC Amanah Takaful Sdn Bhd – 49% owned

Taiwan – Life

- ▶ Branch of HSBC Life International Ltd

India – Life

- ▶ Canara HSBC Oriental Bank of Commerce Life Insurance – 26% stake

Hong Kong – Life & Non-life

- ▶ HSBC Life (Int'l) Ltd – 100% owned
- ▶ HSBC Insurance (Asia) Ltd – 100% owned
- ▶ Hang Seng Life and – 62.14% owned Hang Seng Insurance Company Ltd

Singapore – Life & Non-life

- ▶ HSBC Insurance (Singapore) Pte Limited – 100% owned

Vietnam – Life & Non-life

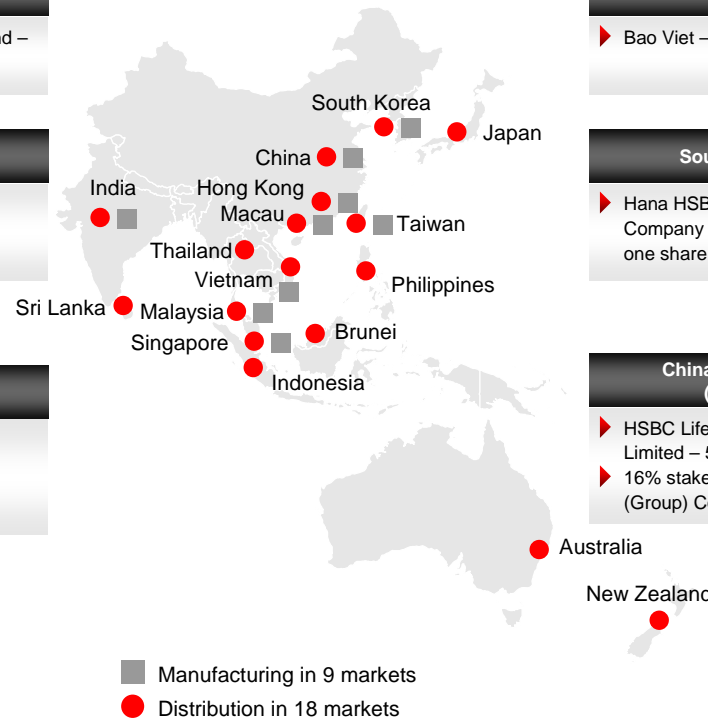
- ▶ Bao Viet – 18% stake

South Korea – Life

- ▶ Hana HSBC Life Insurance Company Limited – 50% less one share

China – Life & Non-life (incl Ping An)

- ▶ HSBC Life Insurance Company Limited – 50% owned
- ▶ 16% stake in Ping An Insurance (Group) Company of China



Leveraging network and strategic partnerships

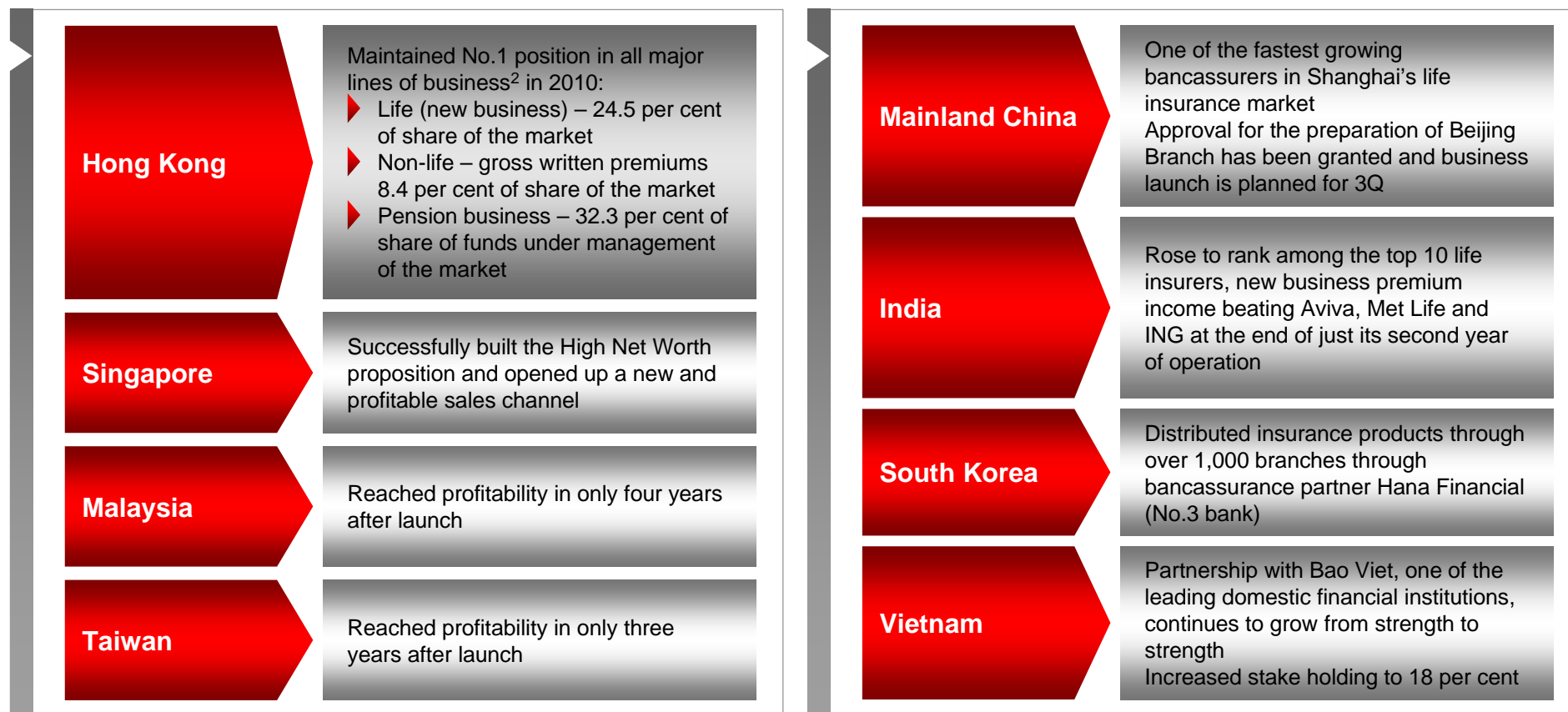
	Distribution channels					
Sites with manufacturing capability	HSBC's branch network	Branch network of subsidiary banks	Branch network of other banks	Other financial institutions	Tied agency forces	Insurance Brokers / Independent Financial Advisers
Hong Kong	Grey bar	Dark red bar				Black bar
Singapore	Grey bar		Light brown bar		Grey bar	Black bar
Malaysia	Grey bar	Dark red bar				Black bar
Taiwan	Grey bar		Light brown bar			
South Korea	Grey bar		Light brown bar	Orange bar	Grey bar	
India	Grey bar		Light brown bar	Orange bar		
Mainland China	Grey bar	Dark red bar	Light brown bar		Grey bar	Black bar
Vietnam	Grey bar		Light brown bar		Grey bar	Black bar
Macau	Grey bar		Light brown bar			Black bar

Through HSBC's branch networks, products are also distributed in Indonesia, Thailand, the Philippines, Japan, Australia, New Zealand, Brunei, Mauritius and Sri Lanka

Market leading in Asia with dynamic propositions

Leading insurance provider and bancassurer in the region

- ▶ PBT exceeded USD1bn¹
- ▶ Provides protection, wealth and retirement solutions to nearly 4 million customers through more than 6,600 outlets in 18 markets





















Note:

1. Excludes Ping An

2. Office of the Insurance Commissioner of Hong Kong and the Mandatory Provident Fund Schemes Authority, Hong Kong Special Administrative Region

The views of the market

 <p>The Best SME Partners in Insurance Hong Kong (2010)</p>	 <p>The Best SME Partners in MPF Hong Kong (2010)</p>	 <p>Award for Excellence in Bancassurance Hong Kong (2009)</p>	 <p>Insurance Company of the Year Hong Kong (2009–2010)</p>	 <p>Excellent Brand for MPF Management Service Hong Kong (2010–2011)</p>	 <p>Excellent Brand for Travel Insurance Service Hong Kong (2010)</p>
 <p>Winner for Insurance Category – Merits of Achievement in Banking and Finance Hong Kong (2010)</p>	 <p>Service Awards for Life Insurance Category Hong Kong (2009–2010)</p>	 <p>Service Awards for MPF Category Hong Kong (2010)</p>	 <p>Service Awards for Medical Insurance Category Hong Kong (2009–2010)</p>	 <p>Distinguished Sales Person Award Insurance – MPF Sales Hong Kong (2010)</p>	 <p>High Flyers Outstanding Enterprise 2010 – Life Insurance Hong Kong (2008–2010)</p>
 <p>Korea Management Association Certified Best Call-Centres Korea (2010)</p>	 <p>Distinguished Policy Designer Award For Life Insurance Taiwan (2010)</p>	 <p>Insurance Company of the Year – High end Customer's Insurer Choice China (2010)</p>	 <p>Customer Service Collective Encourage Award China (2010)</p>	 <p>Most Innovative Bancassurer of the Year China (2010)</p>	 <p>China's Top Employers China (2010)</p>

Positioned to become the world's leading bancassurer

Helping our customers to grow wealth and protect their families with simple, reliable and sustainable solutions

Lead in wealth and protection as affluence and longevity impact on Asian consumer needs

Cross-sales key to increase penetration into HSBC's robust customer base

Bancassurance strength in Asia as growth platform

Expansion of High Net Worth proposition throughout the Asia Pacific Region

Maximising the utilisation of distribution channels

For further information, please contact Investor Relations:

<http://www.hsbc.com/1/2/investor-relations>