

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



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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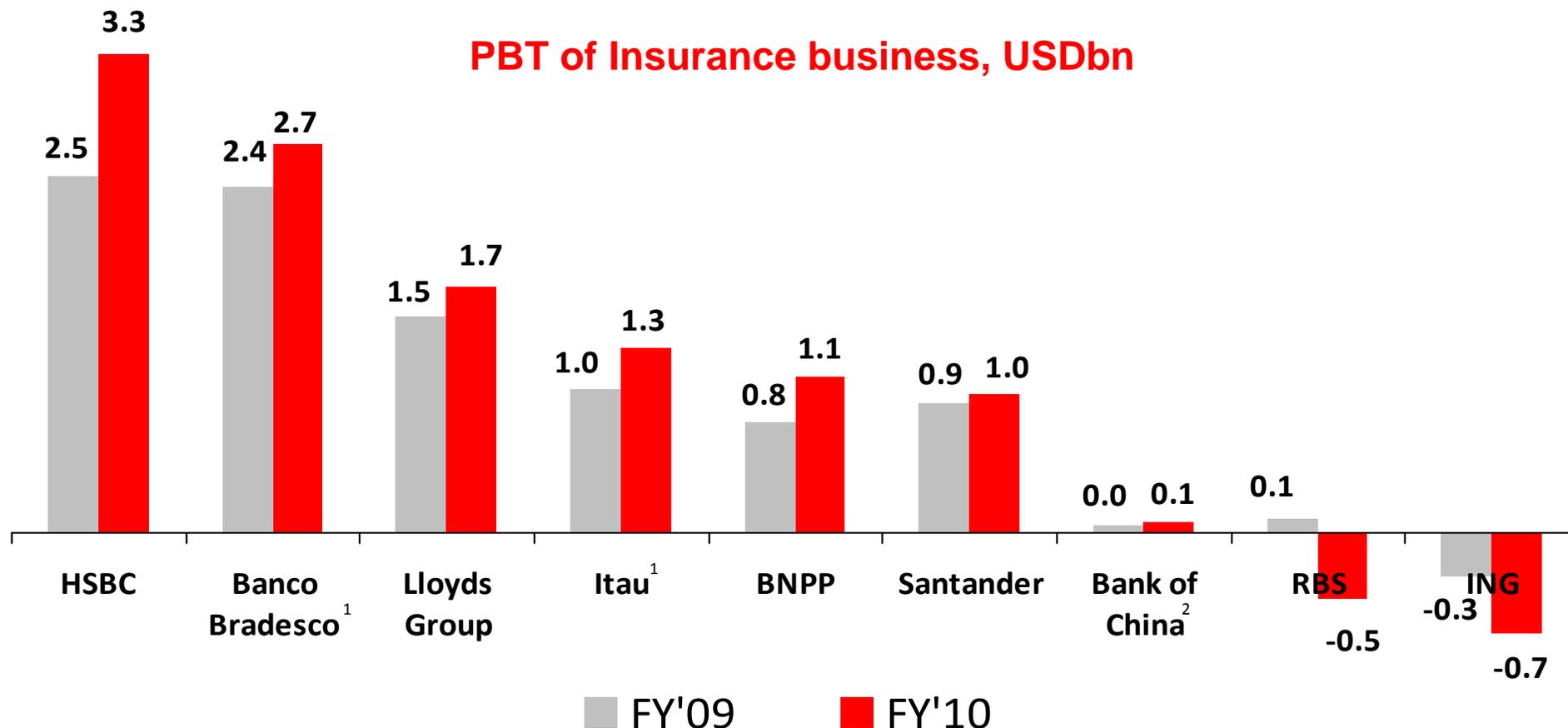
Agenda

- ▶ HSBC Insurance: one of the world's most profitable bancassurers
- ▶ International reach and global presence
- ▶ Maximising the opportunity
- ▶ Global insurance business
- ▶ The leading bancassurer in Asia

**HSBC Insurance:
One of the world's most profitable bancassurers**

In the past two years, HSBC Insurance has been one of the most profitable bancassurers...

PBT of Insurance business, USDbn



Notes:

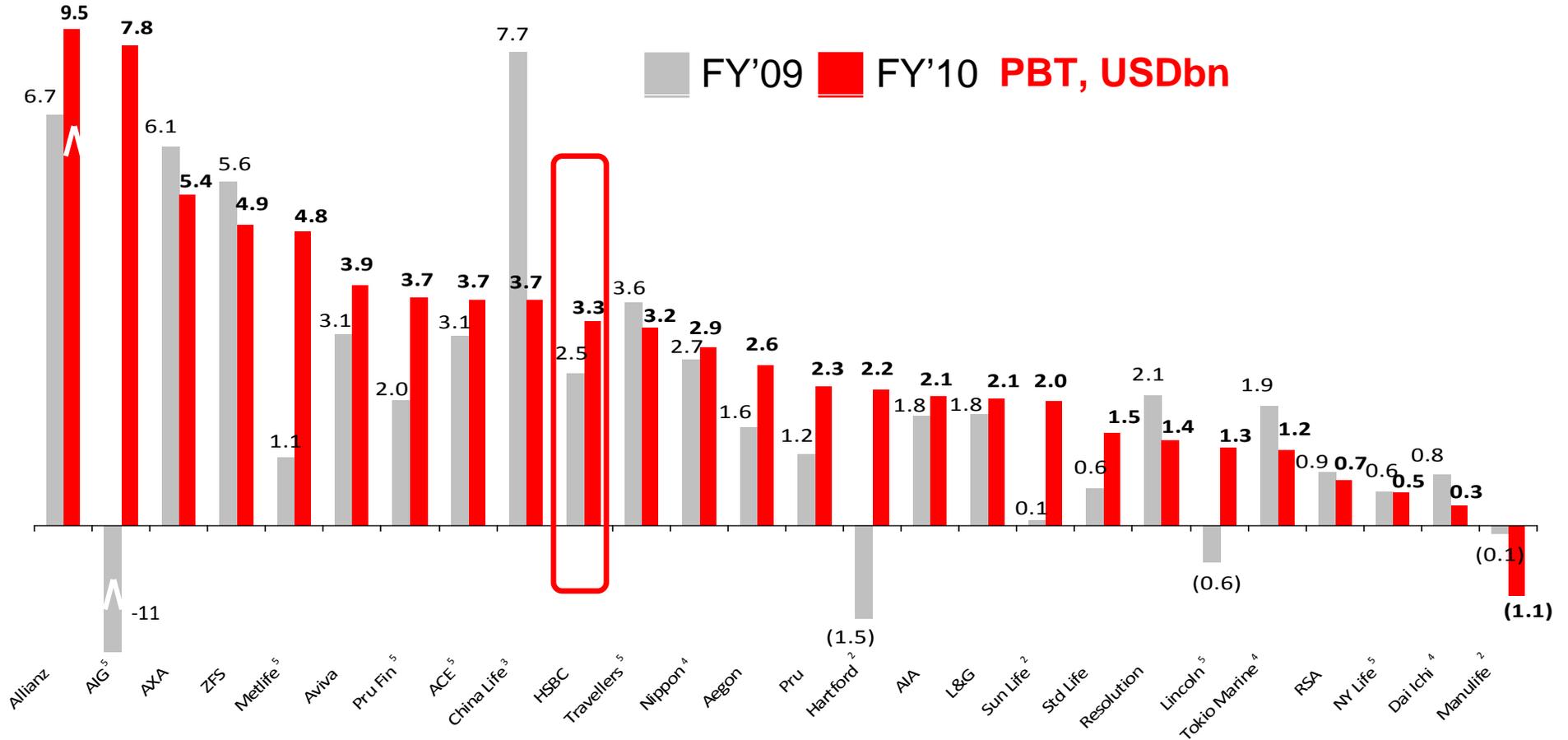
All figures are IFRS unless stated otherwise
 1 as per Brazil GAAP
 2 as per China GAAP
 Conversion to USD at FY2010 average rates

Source:

- HSBC Holdings plc – 2010 Annual Results Presentation
- Banco Bradesco – ivianagement, Preparation and Disclosure of the Report on Economic and Financial Analysis and the Consolidated Financial Statements of Bradesco Organization
- Itau Unibanco Holding S.A. – 4th Quarter 2010, Management Discussion & Analysis and Complete Financial Statements
- Lloyds Banking Group – 2010 Results
- Santander – 2010 Financial Report
- BNP Paribas – Consolidated Financial Statements Year ended 31 December 2010
- ING – Fourth Quarter 2010 Results
- RBS – Annual Results 2010: Financial Supplement
- Bank of China – 2010 Annual Results Announcement

... and among the most profitable insurers in the world

FY'09 FY'10 PBT, USDbn



Notes:

- PBT as per IFRS unless otherwise stated
- ² as per Canadian GAAP
- ³ as per China GAAP
- ⁴ as per Japanese GAAP
- ⁵ as per US GAAP
- Conversion to USD at FY2010 average rates

Source:

- Allianz – Preliminary key figures 4th quarter and fiscal year 2010
- AIG – Financial Supplement Fourth Quarter 2010
- AXA – Full Year 2010 Earnings, Financial Supplement
- ZFS – Business Operating Profit By Business Segment, Zurich, Financial Services Group
- Aviva – Preliminary Results 2010
- Pru Fin – Quarterly Financial Supplement, Fourth Quarter 2010, Prudential Financial, Inc.

- ACE – Annual Report 2010
- China Life – Announcement of results for the year ended 31 December 2010
- Met Life – Fourth Quarter Financial Supplement, December 31, 2010
- HSBC – HSBC Holdings plc 2010 Annual Results Presentation
- Travellers – Financial Supplement – Fourth Quarter 2010, The Travelers Companies, Inc.

- Aegon – Q42010 Results
- Nippon – FY2010 Results
- Pru – Prudential plc 2010 Results
- Hartford – Annual Report 2010, The Hartford Financial Services Group, Inc.
- Tokio Marine – FY2011 Business Plan (Adjusted Earnings Basis)
- AIA – 2010 Results Presentation
- L & G – Legal & General Group plc Preliminary Results 2010

- Sun Life – 2010 Fourth Quarter Supplementary Financial Information, Sun Life Financial Inc.
- Standard Life – Preliminary Results 2010
- Resolution – Preliminary audited results for the year ended 31 December 2010
- Lincoln – Statistical Report Fourth Quarter 2010

- Dai Ichi – Financial Results for the Fiscal Year Ended March 31, 2011
- RSA – Media Release for Year End Results 2010
- Manulife – Statistical Information Package Q4 2010
- New York Life – Annual Statement for the year ended December 31, 2010

Insurance

Delivering sustainable and profitable growth

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:

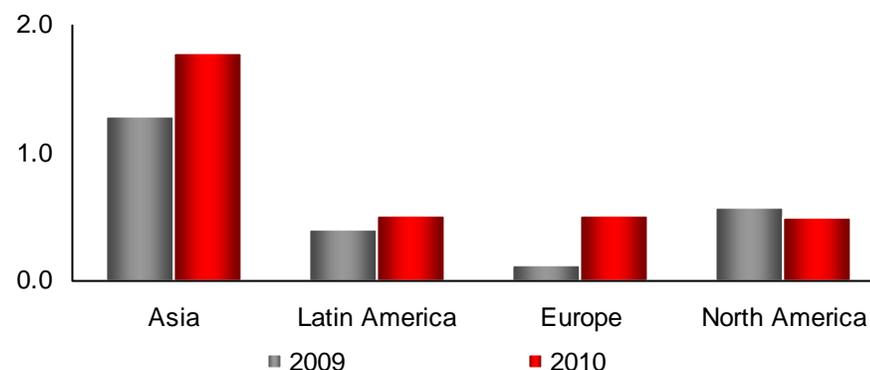
1. Underlying basis

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

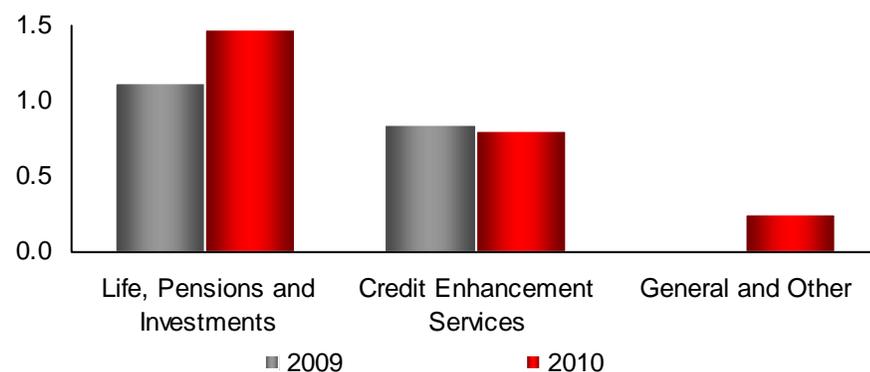
3. Present value of in-force long-term insurance business

4. Excludes Ping An

Profit before tax by region, USDbn

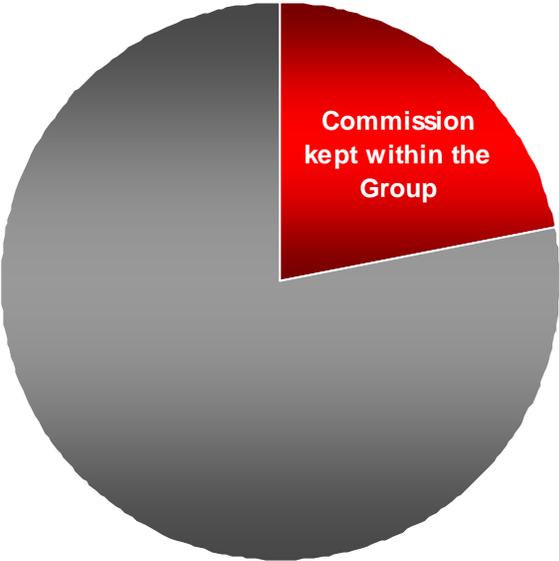


Profit before tax by product category⁴, USDbn

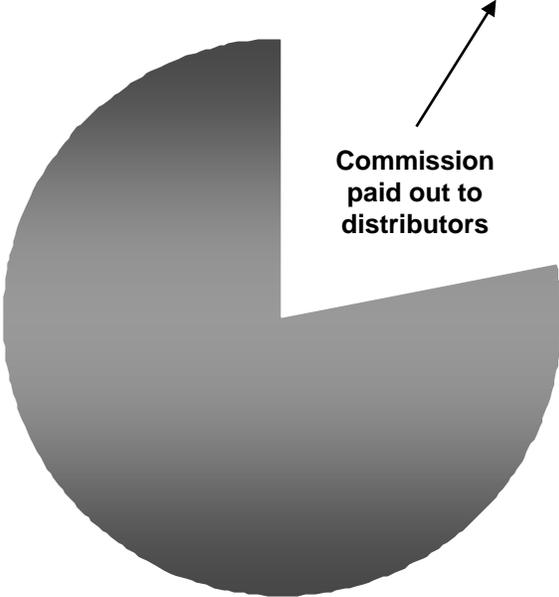


Adding value through a profitable bancassurance model

HSBC's model



Agency-based insurers



■ Distribution PBT ■ Manufacturing PBT

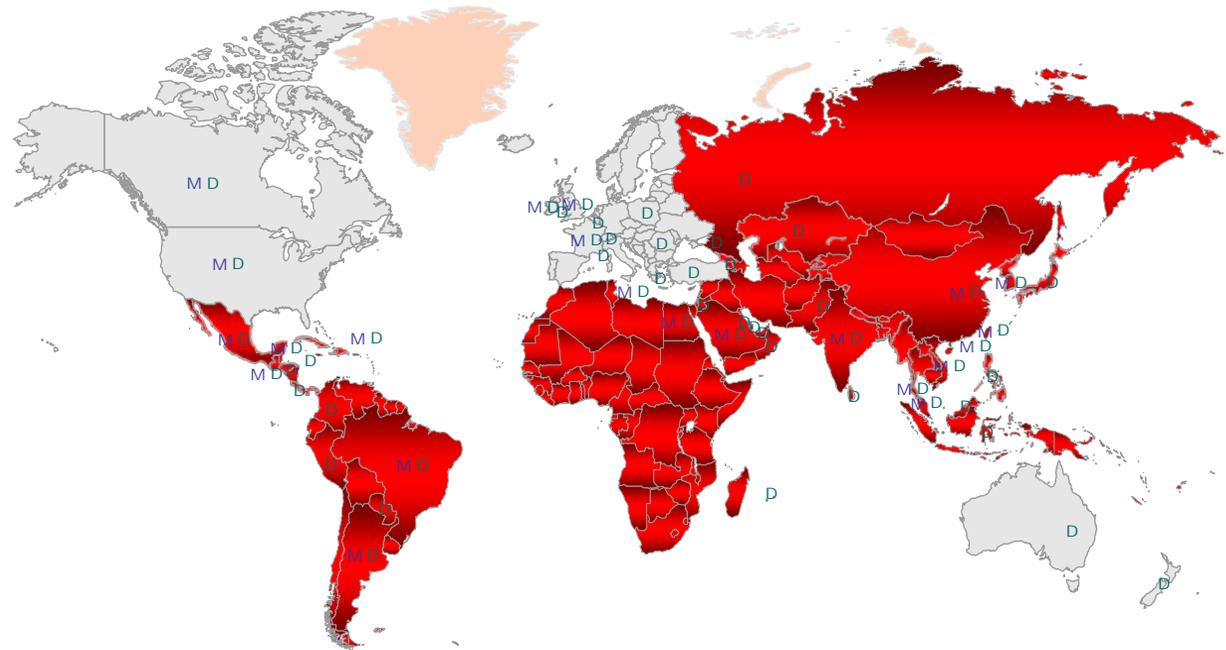
Internalises profits agency-based insurers pay for agency distribution

International reach and global presence

Global manufacturing and distribution reach

HSBC Insurance's global reach

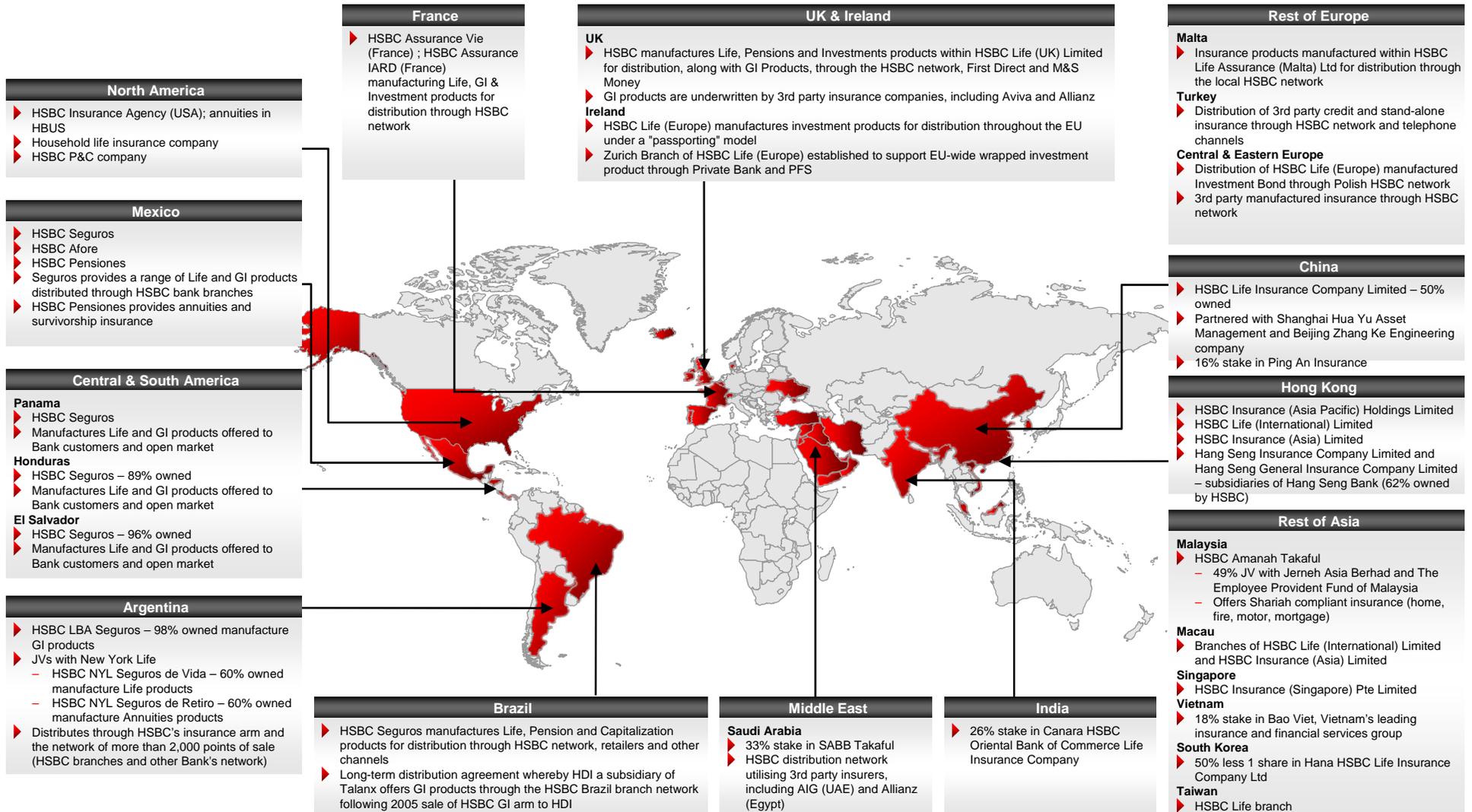
- ▶ Manufacturing life, non-life and pensions businesses in more than 20 countries and territories
- ▶ Distribution capability in 54 countries and territories¹
- ▶ 6,500 staff plus 2,000 in joint venture companies
- ▶ c20 million policyholders and access to HSBC's customer base of 100 million



- M Manufacturing site
- D Distribution site
- 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
1 . Updated on 31 May 2011

HSBC Insurance's worldwide operations

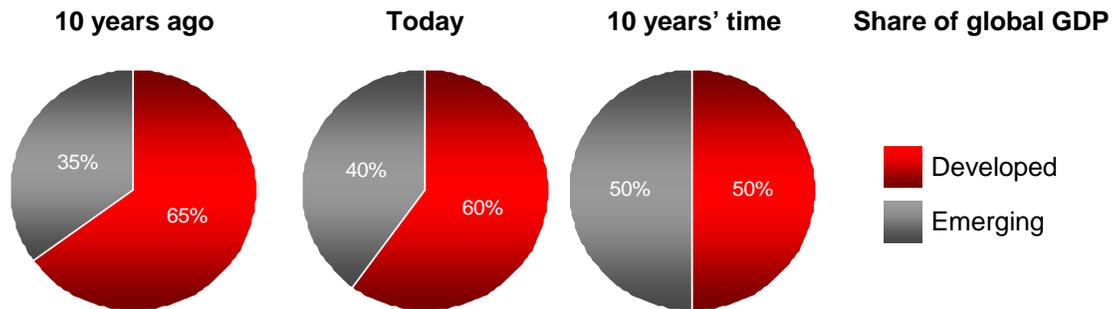


Maximising the opportunity

GDP Growth – Emerging Markets vs Developed Markets

Global economic trends

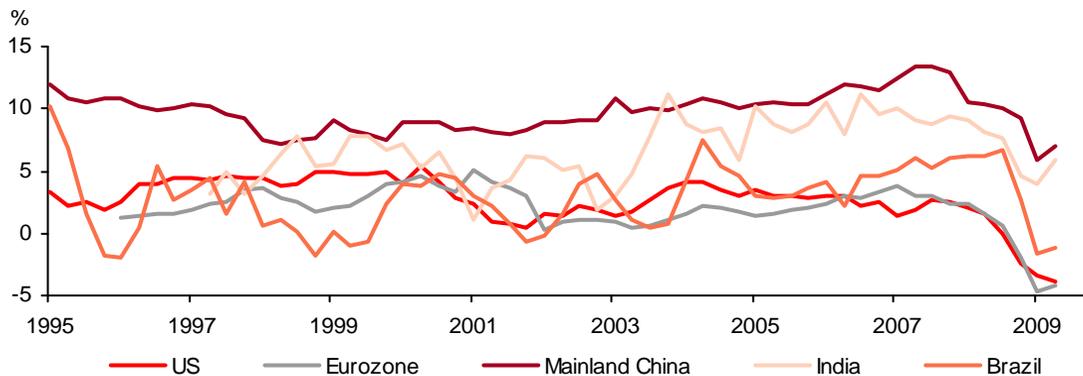
Emerging markets growing faster than developed markets¹



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

GDP growth², 1995–2009

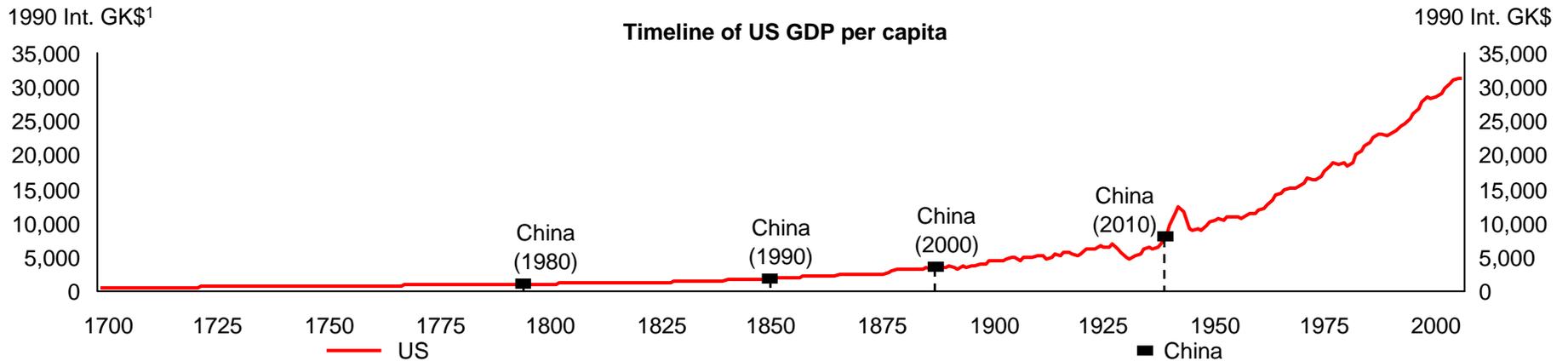


Note:
1. HSBC Global Research and IMF as at Sep 2010
2. Thomson Financial Datastream

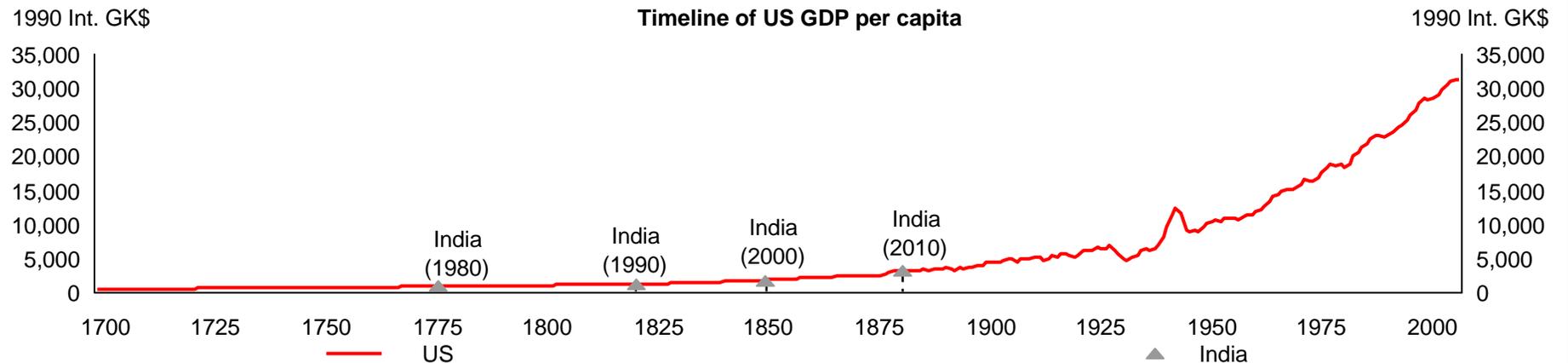
Dynamic GDP growth in Asia's biggest emerging markets

China and India grew 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

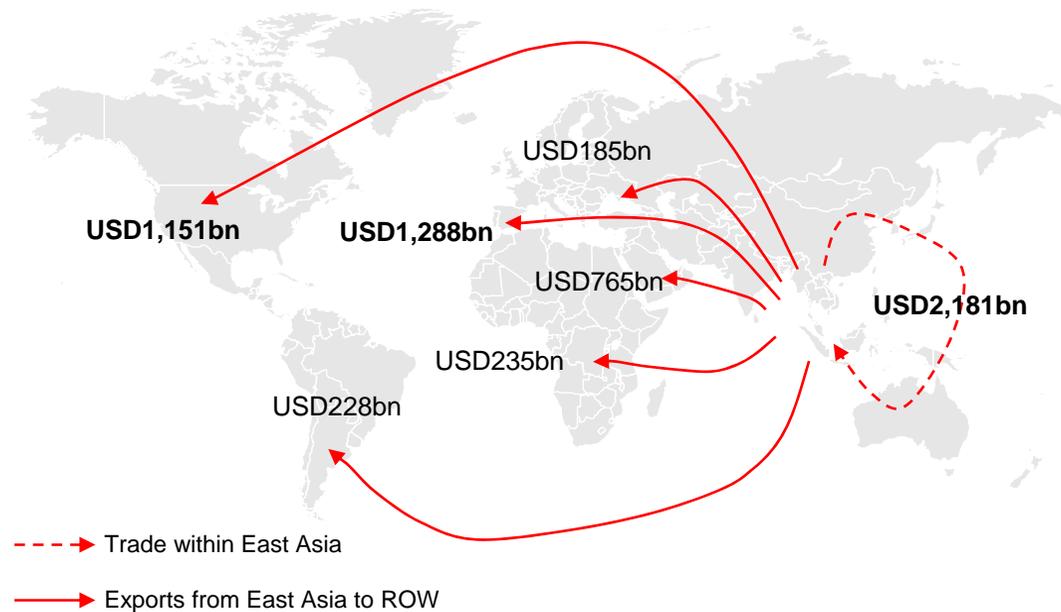
Note:

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



Note: Total trade in USD
Source: HSBC estimates

▶ The dominant global trade flows used to be from US / Europe to Asia. They are 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%

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

Source: HSBC estimates

Implications for insurance

▶ The growing importance of Asia's intra-regional trade especially among the fastest growing emerging markets¹ fuels internal consumption and further economic growth and development. The result is an increase in wealth, leading to increased spending on insurance

Note:

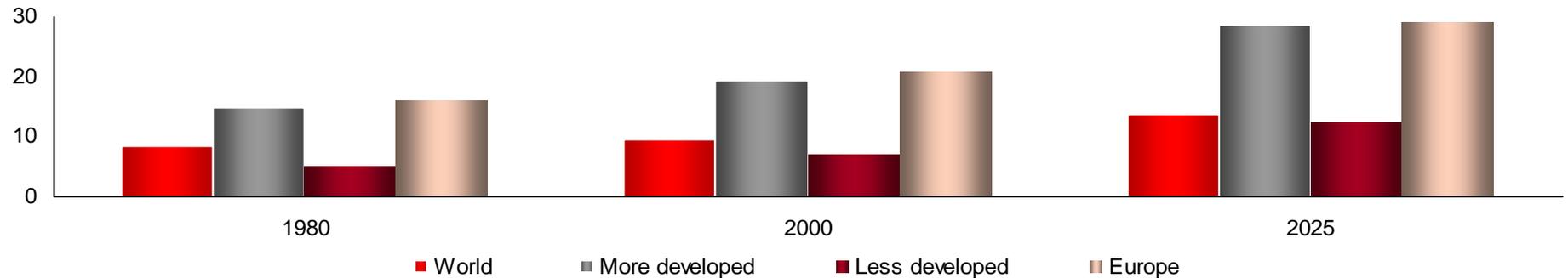
1. Excluding Hong Kong and Singapore

Global ageing population

Global population trends

Longevity increasing virtually everywhere...

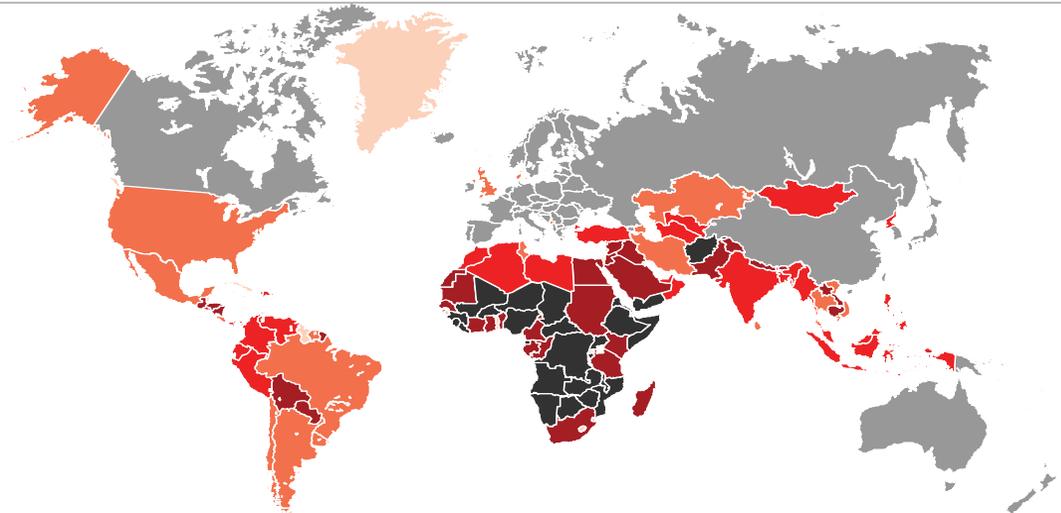
People aged 60 and over (%)



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

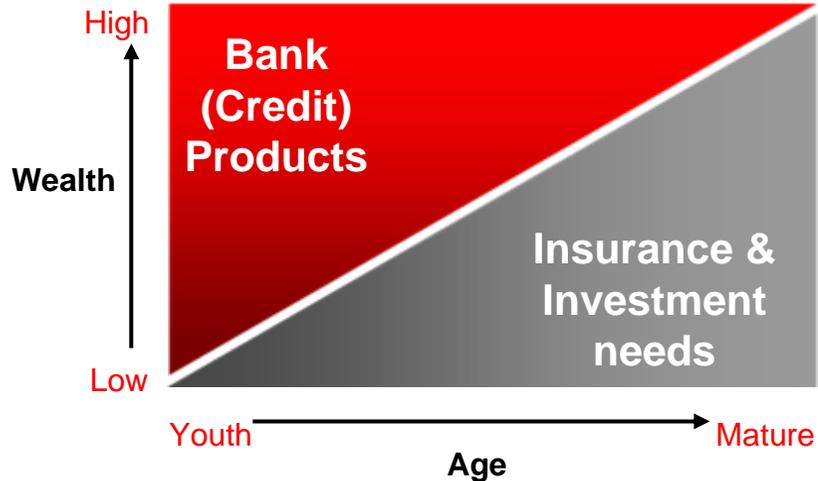
Percentage aged 60 or over



Source: UN Population Ageing 2006

Insurance & Investment needs accelerate when people mature

Financial needs map...



- ▶ Those over 45 currently possess between 75% and up to 88% of all personal financial assets in US, Canada, UK and Japan¹
- ▶ These individuals and their assets need insurance protection and wealth management

... and the power of planning



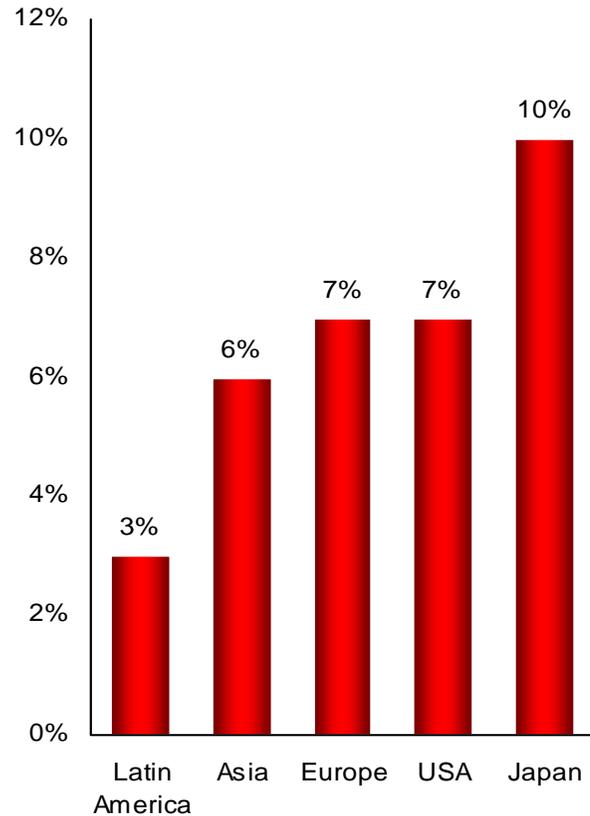
Findings of HSBC's latest research² covering 17,000 people in 17 countries:

- ▶ Those with a plan on average have nearly two and a half times (245%) more retirement savings/investments than those who do not, across a wider range of products – the 'planning premium'. Planners also have a more positive outlook towards later life, and worry less about coping financially in retirement
- ▶ Those who combine financial planning with professional financial advice enjoy the best of both worlds, with over three-and-a-half times (357%) more retirement assets than non-planners – the 'advice advantage'

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
2. The power of planning report, the sixth series of HSBC's Future of Retirement Programme

Insurance Penetration – Premiums as a percentage of GDP

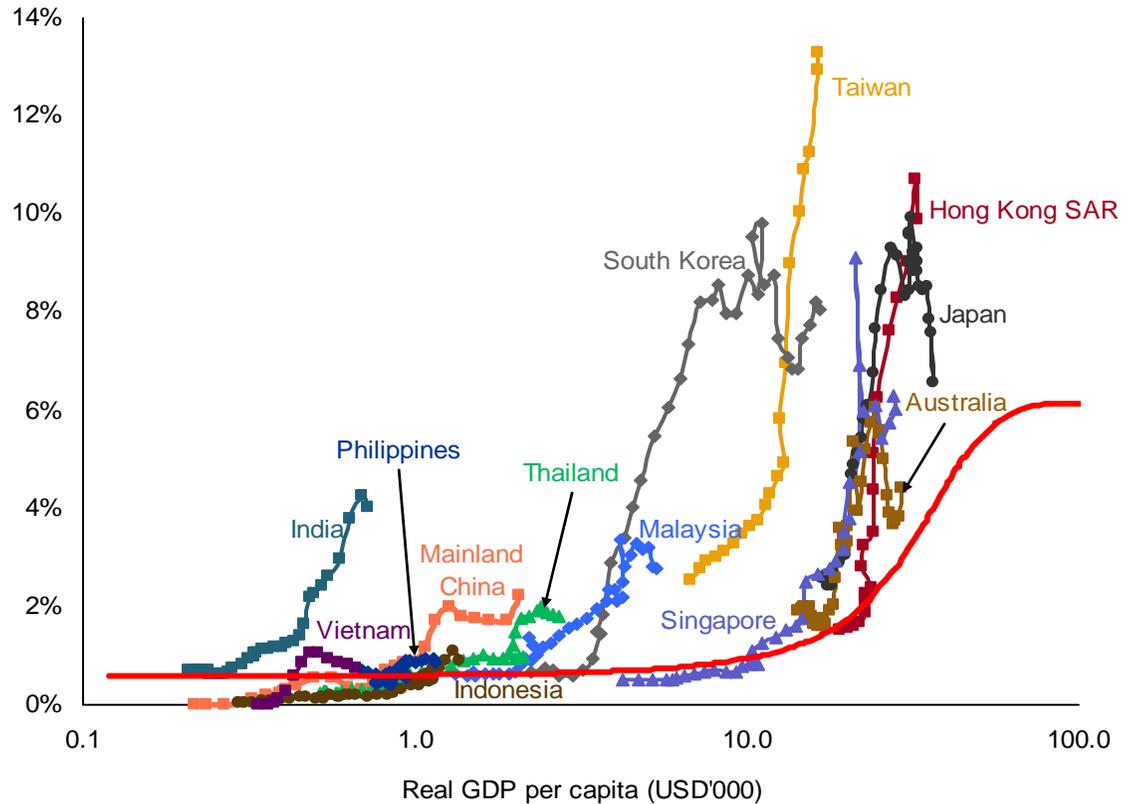
Insurance penetration



Source: Sigma, Swiss Re: World Insurance in 2008; penetration data starts from 1970 unless specified; real capital GDP in logarithmic scale

Premiums spend grows as per capita GDP increases

Life premiums / GDP



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

Global insurance business

UK, Europe & Middle East

UK

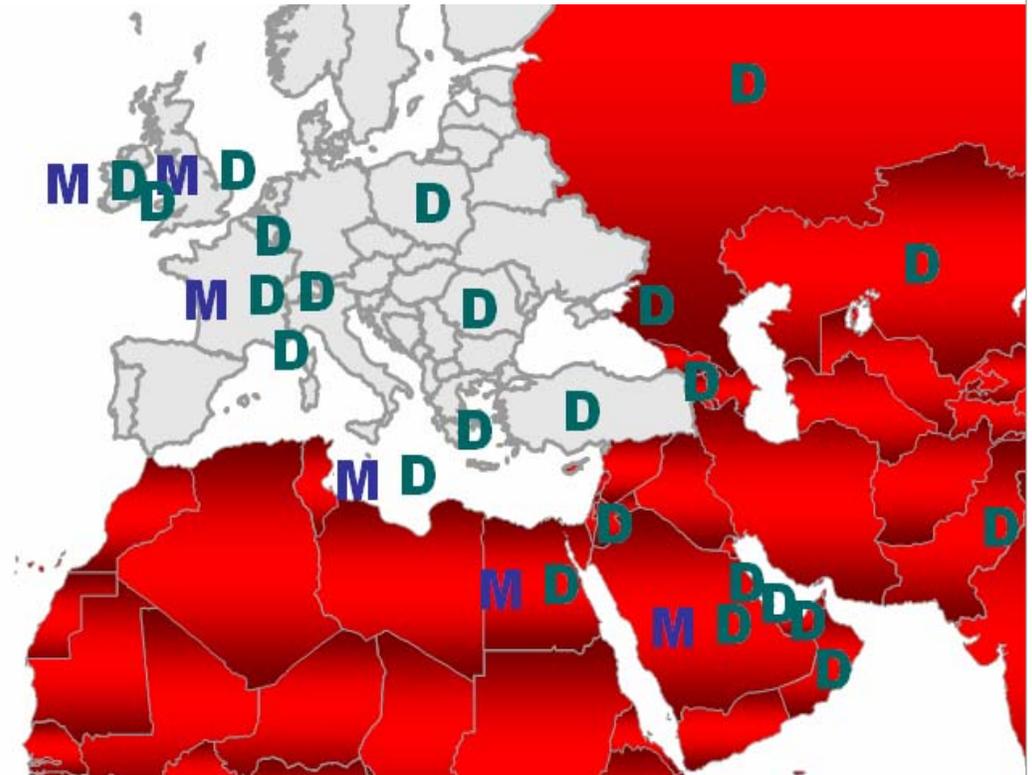
- ▶ Insurance sold through HSBC, firstdirect and M&S brands
- ▶ Life insurance and pensions are almost all self manufactured while non-life products are mainly sourced from 3rd party providers
- ▶ Rationalisation of the various insurance businesses completed; significant simplification of business model

France

- ▶ The life insurance market accounts for 78% of French Retail market investment AuM (50% of all AuM including Deposits (2010))¹
- ▶ HSBC manufactures life and non life insurance via HSBC Assurance Vie and IARD
- ▶ Recent development of Insurance Sales Managers as well as Commercial Banking experts will contribute to strengthen the business in the future

The Rest of Europe and Middle East

- ▶ Profitable insurance business in Malta with 51% market share²
- ▶ No. 4 distributor of life insurance in Egypt³
- ▶ Successful distribution business in Turkey



Notes:

1. Federation Francaise de Societe Assurance
2. Malta Insurance Authority by APE
3. Egyptian Financial Supervisory Authority

Latin America and North America

Latin America

- ▶ In 2010, Latin America continued to show significant, profitable growth for the fourth consecutive year
- ▶ Diverse insurance operations throughout the region with products being distributed through the branch network, direct channels, specialised sales forces and independent brokers / agents
- ▶ Product portfolio is supported by a combination of HSBC manufacturing and Preferred Strategic Partners and includes a wide variety of Life, Pension, Capitalisation, Credit Enhancement Services and General Insurance products



North America

- ▶ In 2010, net premiums declined, due to decreased sales of payment protection following the discontinuance of mortgage originations in HSBC Finance Company
- ▶ Insurance business is conducted in US and Canada, with the vast majority of premiums generated in the US
- ▶ A full suite of life and annuity products are distributed through US HSBC branches
- ▶ Products are sold through the branch network, direct via call centre and on line



The leading bancassurer in Asia

HSBC Insurance in Asia

Strategic expansion of manufacturing capacity 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

Presence 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 (International) Ltd – 100% owned
- ▶ HSBC Insurance (Asia) Ltd – 100% owned
- ▶ HSBC Insurance (Asia Pacific) Holdings Limited
- ▶ Hang Seng Insurance Company Ltd and Hang Seng General Insurance Company Ltd – 62% owned

Singapore – Life & Non-life

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

Vietnam – Life & Non-life

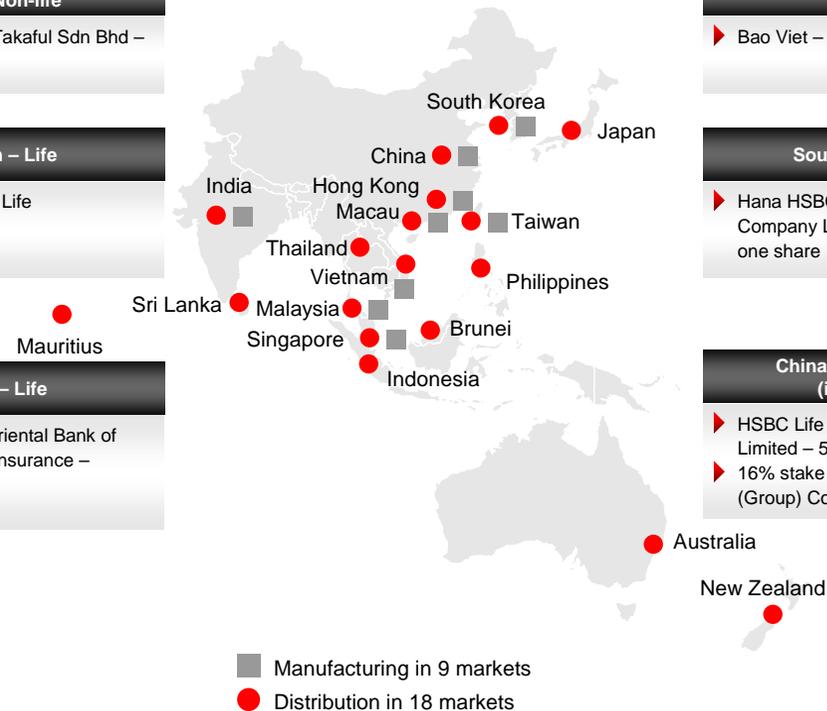
- ▶ Bao Viet – 18% stake

South Korea – Life

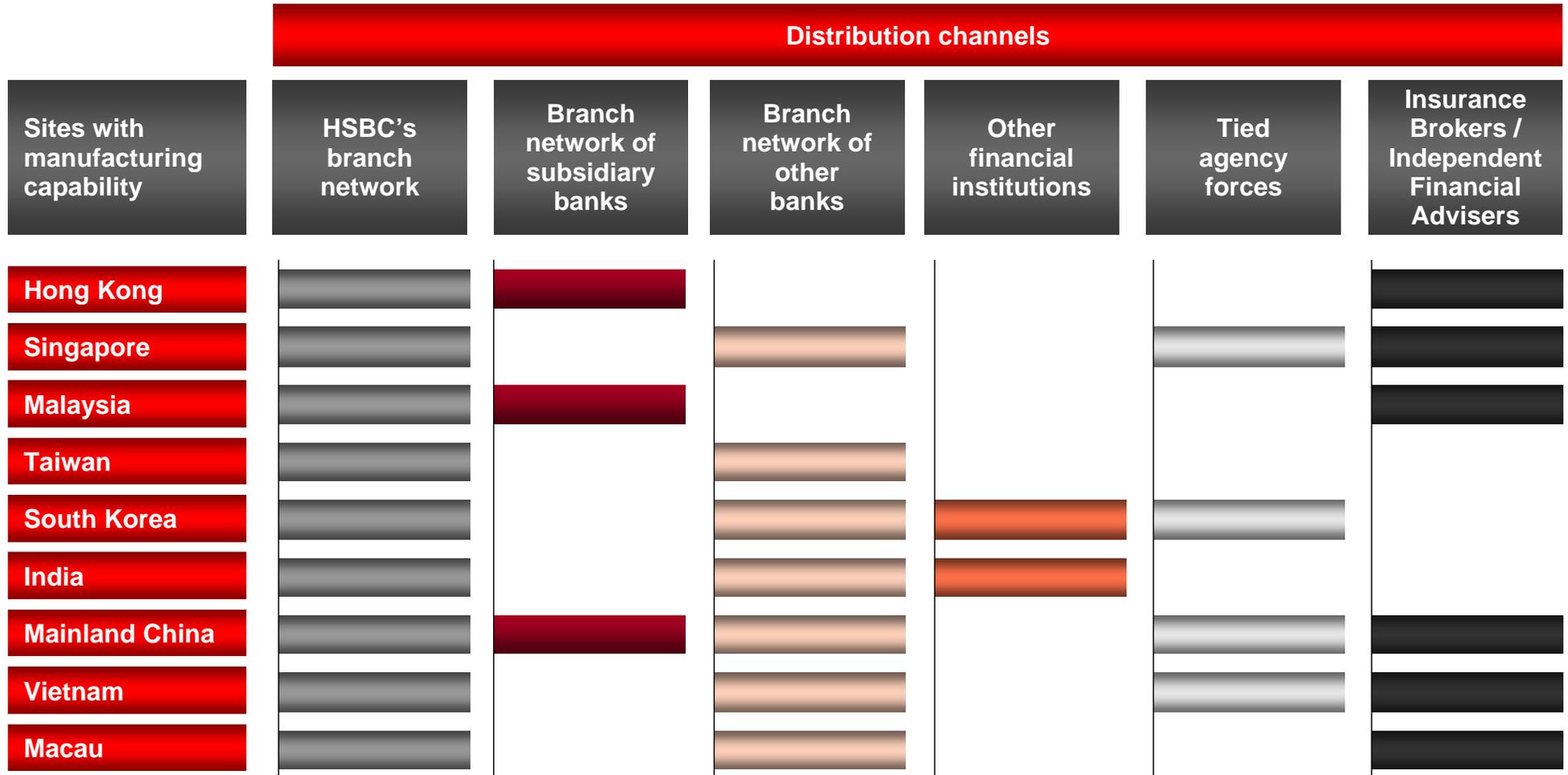
- ▶ Hana HSBC Life Insurance Company Limited – 50% less one share

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

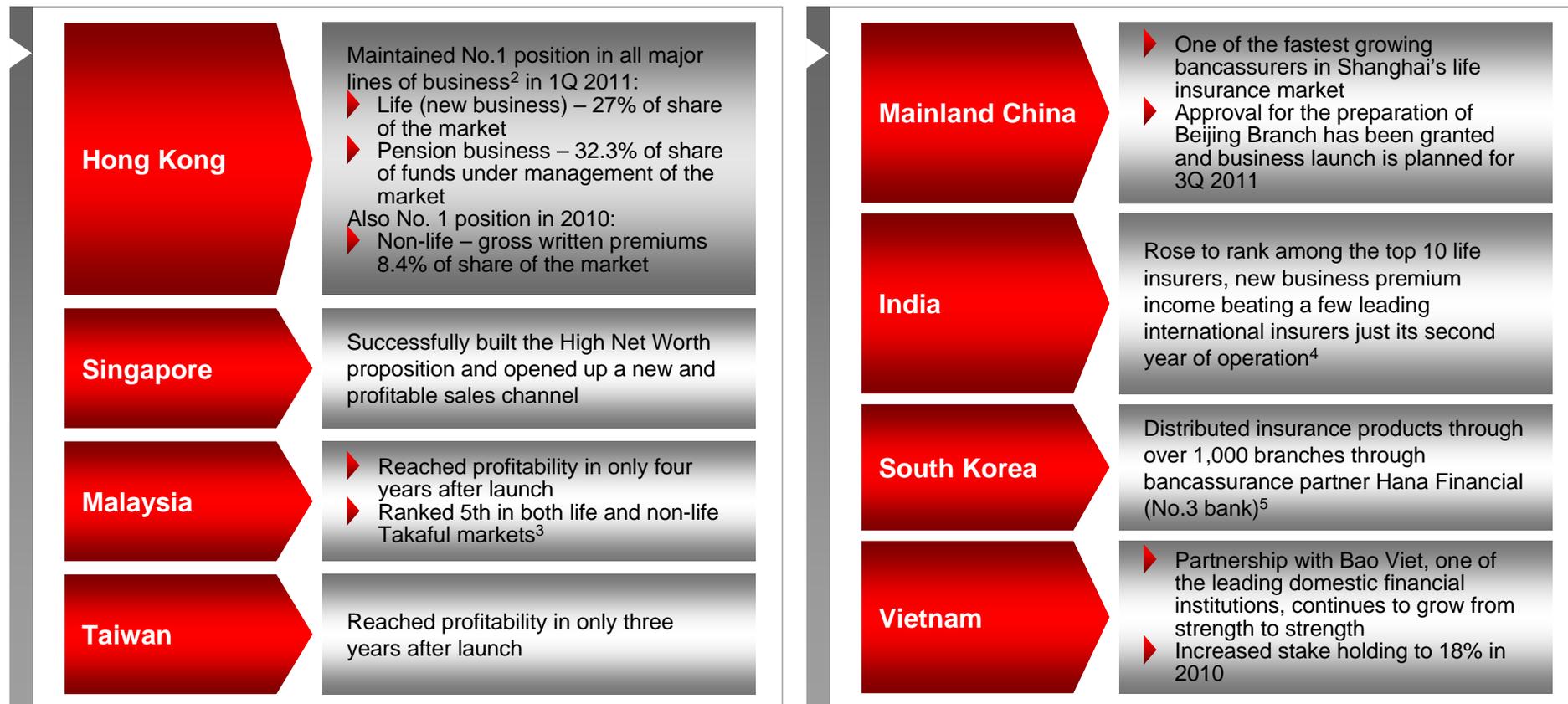


Through HSBC's branch networks, products are also distributed in Indonesia, Thailand, the Philippines, Japan, Australia, New Zealand, Brunei, Mauritius and Sri Lanka

Market leading in Asia with dynamic propositions

Leading 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
3. Insurance Services Malaysia Berhad
4. Insurance Development and Regulatory Authority
5. Hana Financial Group 2010 Annual Report

The views of the market



Insurance Company of the Year
Hong Kong (2009–2010)



Best Bancassurance
International Awards
Retail Financial Services
Hong Kong (2011)



Winner for Insurance
Category – Merits of
Achievement in Banking
and Finance
Hong Kong (2010)



Service Awards for Life
Insurance Category
Hong Kong (2009–2010)



Service Awards for MPF
Category
Hong Kong (2010)



Service Awards for
Medical Insurance
Category
Hong Kong (2009–2010)



The Best SME Partners in
Insurance & MPF
Hong Kong (2010)



High Flyers Outstanding
Enterprise 2010 – Life
Insurance
Hong Kong (2008–2010)



Service Award –
MPF Service
Hong Kong (2011)



First Runner-Up in
Non-Life Insurers
Corporate Reputation
Survey
Singapore (2011)



Innovation Leader Award
India (2011)



Distinguished Policy
Designer Award For Life
Insurance
Taiwan (2010)



Korea Management
Association
Certified Best Call-
Centres
Korea (2010)



Best Bancassurance
Product
China (2011)



Insurance Company of
the Year – High end
Customer's Insurer
Choice
China (2010)



Customer Service
Collective Encourage
Award
China (2010)



Most Innovative
Bancassurer of the Year
China (2010)



China's Top Employers
China (2010)

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>