Analyst Roadshow to Asia-Pacific

Hong Kong and Shanghai
9-13 June 2008

HSBC

The world's local bank

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 Annual Report.

All financial information used in this presentation is reported on IFRS basis and extracted from HSBC Holdings plc's 2007 Annual Report and Accounts unless indicated otherwise. 'Hong Kong' includes Hang Seng Bank and 'Asia-Pacific ex Hong Kong' also excludes dilution gains from associates and results from the Middle East.

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Analyst Roadshow to Asia-Pacific

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Asia-Pacific Strategy Update

Sandy Flockhart
Chief Executive Officer, Asia-Pacific
The Hongkong and Shanghai Banking Corporation Limited

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Asia as a key driver for global GDP growth

The emerging markets are now the key global growth drivers

Global growth contributions

Source: World Bank, and HSBC. Calculations use volume chain-weights based on nominal GDP in 2000

Asian growth held up much better in 1991 than in 2001

Y-o-y % change

Source: CEIC, HSBC

Tech production is booming again in the US…

Source: CEIC, HSBC

It's a different world: exports no longer key to Asian growth (2007)

Export growth across the region resilient

Source: CEIC, HSBC

Growing Asian trade offers resilience

- Asian intra-regional trade growing by 12% (10-year CAGR)
- Asian intra-regional trade now more than half (52.6%) of region's total trade with the world

Asia-Pacific trade, US$bn

Asia-Pacific trade, % of total

Source: IMF

Focused on delivering superior growth and earnings over time

Our heritage

Asian trade origins

Deep roots in many geographies

International management culture

Financial strength

Our strategy: shaping our business to deliver

Align presence with global trends

Invest primarily in developing markets

Focus developed markets businesses on international connectivity

Maintain financial strength

Our execution: joining up to create value

Leverage brand and network to increase revenues

Use scale to maximise efficiency

Align objectives and incentives to ensure our people are engaged

Long-standing history and local knowledge

Our heritage

Asian trade origins

Deep roots in many geographies

International management culture

Financial strength

Highlights – Asia-Pacific

	PBT (US$m) 2007	% change 2007 vs 2006
Asia-Pacific[1]	10,960	43
Hong Kong SAR	7,339	42
Mainland China (ex dilution gains)	1,280	81
Singapore	550	51
India	529	35
Malaysia	330	20
South Korea	123	108
Taiwan	123	635
Indonesia	104	46
Others	582	-10

Note: 1. Excluding dilution gains and the Middle East

Performance in 2007 – Asia-Pacific

PBT up 43% to US$11bn[1]

Pre-eminent emerging markets bank in Asia

- Contributes 47%[1] to Group profits
- Combination of organic and inorganic investments
- Maintain leadership in Hong Kong
- In Asia-Pacific ex Hong Kong, focus on market expansion in key geographies and profitable segments

Asia-Pacific PBT contribution to Group profits

Asia-Pacific 2007 PBT by customer group

Note: 1. Excluding dilution gains and the Middle East

Strong deposit base in Asia-Pacific

US$ million, 31 December 2007

Key drivers of deposit growth (2006-2007)

Mainland China
+109% to US$14.5bn
India +51% to US$12bn

Key drivers of loan growth (2006-2007)

Mainland China
+92% to US$11.6bn
India +47% to US$7.2bn

The above figures include Hang Seng Bank but exclude the Middle East

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	Record results in 2007	Clear strategy, exciting opportunity
Personal Financial Services	PBT up **51%** to **US$4.7bn**	• Growing mass affluent and mobile wealthy • Expanding footprint, strong brand
Commercial Banking	PBT up **24%** to **US$2.5bn**	• Capturing cross-border transactions • Supporting growing Mid-Market, Small and Micro sectors
Global Banking and Markets	PBT up **61%** to **US$3.5bn**	• Capturing business from trade, payments and investment flows. Serving firms with international ambitions • Enhancing custody, brokerage and foreign exchange • Providing multi-geography, multi-product financing. Enhancing equity/debt capital markets capability
Private Banking	PBT up **41%** to **US$394m**	• Expanding onshore private banking: India, Japan and other markets • China launched in January 2008 – Shanghai, Beijing, Guangzhou

Growing organically in 2007

Mainland China

Branches from 42 to 62 in 2007

Opened 7 new outlets in Q1 2008
Launched private banking in March 2008

Established a rural bank

Japan

Launched Premier in January 2008 to tap high-end retail market

Malaysia

First locally incorporated foreign bank to be awarded an Islamic banking subsidiary licence with universal banking scope

Hong Kong

Local market leadership and exciting potential from Pearl River Delta integration

Singapore

Wealth management and off-shore banking centre

Bangladesh, Brunei, Mauritius, New Zealand, Philippines, Thailand

Building presence, delivering results

Vietnam

Awaiting approval for local incorporation to boost organic growth

Australia

Focus on consumer finance – co-branded credit cards with in-store financing (ie Woolworths)

Indonesia

Largest branch network in HSBC Asia-Pacific, second to Hong Kong

Investing to expand scope in 2007

Mainland China

Insurance JV with National Trust (subject to regulatory approval)

India

Insurance JV with Canara Bank and Oriental Bank of Commerce

Acquired 73.21% of IL&FS Investsmart (subject to regulatory approval)

Vietnam

14.4% in Techcombank

10% in Bao Viet

South Korea

Extended agreement to acquire 51.02% of Korea Exchange Bank

50% less one share of Hana Life insurance – renamed Hana HSBC Life Insurance

Taiwan

Completed acquisition of The Chinese Bank – expanded network from 8 branches to 44 plus 3 licences

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Rise of inflation isn't just food

Y-o-y% contribution

Source: CEIC, HSBC Note: Asia ex Japan, unweighted average

Target practice: central banks got work left to do

Source: CEIC, HSBC; NB: Thailand: core inflation; Sri Lanka: reserve money growth

Positioning for new era of inflation

- New era of short-term economic uncertainty and dislocation
  - Rising costs
  - Rising interest rates
  - Tighter monetary conditions
  - Rising volatility in interest rate and currency markets
  - Changing customer behaviour, needs and priorities

We are the world's local bank

Largest international emerging markets bank

Widespread international network

Uniquely international customer base

Unquestioned financial strength

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Personal Financial Services

Conrado Engel
Group General Manager,
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The Hongkong and Shanghai Banking Corporation Limited

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Agenda

Overview

2007 Performance

- Hong Kong
- Asia-Pacific (ex Hong Kong)

Strategy

- Premier
- Greater China proposition
- NRI businesses

Summary

Personal Financial Services in Asia-Pacific

In 2007

Customers[1]:	12.1 million
Premier customers[1]:	575,000
Profit before tax[2]:	US$4.7bn
Branches[1]:	483
ATMs[1]:	1,363
Staff[1]:	25,383

Notes: 1. Data excludes Hang Seng Bank and the Middle East 2. PBT includes Hang Seng Bank and excludes the Middle East

Profit growth in Asia-Pacific

2007 PBT up 51% to US$4.7bn

Note: PBT includes Hang Seng Bank (2007 PFS PBT at HK$11.92bn) and excludes the Middle East

Profit growth in Asia-Pacific

Hong Kong profits strong – coming through in rest of the region

Note: PBT for 'Hong Kong' includes Hang Seng Bank; PBT for 'Asia-Pacific ex Hong Kong' excludes the Middle East

Competitor comparison

- HSBC profits from consumer businesses in Hong Kong and Asia-Pacific - ahead of our international bank competitors

2007 Total PFS PBT in Asia-Pacific

2006/2007 PFS PBT in Hong Kong

Notes:
1) HSBC PFS PBT in Asia-Pacific excludes Middle East. HSBC PFS PBT in Hong Kong includes Hang Seng Bank.
2) SCB: 2007 results are extracted from Standard Chartered Bank 2007 Annual Report and Accounts (Page 37) and are reported on IFRS and IFRIC interpretations as adopted by the EU. Asia Pacific covers consumer banking businesses in Hong Kong, Singapore, Malaysia, Korea, India and other Asia-Pacific countries.
3) CitiGroup: 2007 results are extracted from CitiGroup 2007 Annual Report and Accounts (Page 20) and are reported on US GAAP basis as adopted by the FASB. Asia Pacific covers Global Consumer businesses in Japan and Asia (excl. Japan) regions.

Steady growth in customer base

- Over 12 million total active customers in the region
  - Up 10% (1.1 million) in total customers over 2006
  - Up 14% (900,000) in Asia-Pacific ex Hong Kong over 2006

Note: Data excludes Hang Seng Bank and the Middle East

Transforming business

- Market leading in all core products
- Shifting business model into a total financial services provider focused on wealth management
- Total income up by 54% since 2005 – focus on growth in investment and insurance income to reduce reliance on net interest income
- Robust growth in funds under management

Driving value through share of wallet

- Steady growth in customer base; product penetration growing at a faster rate

% change from 2005 to 2007	
Customers	+ 7%
No. of accounts	+ 16%
No. of accounts per customer	+ 9%

Notes:

1) Data excludes Hang Seng Bank
2) No. of accounts cover retail banking products including deposits, loans, mortgages, credit/debit cards, life and non-life insurance, investment/unit trust/fund products and securities accounts

Driving value in cards

- Largest credit card issuer in Hong Kong
- Card receivables market share grew to 31%, growing faster than the card base

Market share - cards

Source: Visa and MasterCard – Member Ranking Report

Note: Data excludes Hang Seng Bank. HSBC assets in December 2005 distorted by a change in customer behavior regarding tax payments

Key developments

- No. of customers reached 4.2 million
  - Product penetration grew at a faster rate (up by 9% since 2005)
- Market leading in all core products
  - Largest card issuer
  - No. 1 personal loan provider in Hong Kong[1]
  - Best Investment and Securities Service Provider in Hong Kong[2]
- Strong growth in Premier, deposits and funds under management
- Strong bancassurance business in Hong Kong from a standing start in 2000:
  - A leading player in life insurance sales
- Rolled out WealthMaster in 2006 – sophisticated financial planning tool to support wealth management proposition

Notes: 1. TransUnion 2. Oracle

Note: Data excludes Hang Seng Bank

Leveraging direct channels

- Proactive channel migration – only 3.5% of all transactions were handled in-branch in 2H07 (down 24% in two years)
- Branch re-engineering – back office staff migrated to sales and service roles
- Drove direct sales and transactions through the internet – 292 million count recorded in 2007, up 38% over 2006

Branch transactions (% of total)

Note: Figures exclude Hang Seng Bank

Internet channel sales + transactions

Note: Figures include stock trading

Investing to grow

- Over 900,000 new customers over 2006
- PBT up 113% from 2006
- Shift of focus to fast-growing emerging markets – changing the income mix
- Increased focus on deposits and wealth management
  - Strong deposit growth in mainland China, Singapore, Malaysia, India, Korea and Taiwan
  - Significant increase in investment and insurance income
  - Robust growth in funds under management
- Acquisitions to supplement growth in key markets with high barriers

Note: Data excludes the Middle East

Tapping growing consumer mass market

- Historical mono-line approach to achieve scale
  - Built significant card base and consumer asset portfolio
- 7.7 million credit cards – fastest growth in India, Indonesia and Philippines
- Focused customer centric approach to increase product penetration and cross-sales

Note: Data excludes the Middle East

Multi-channel capabilities

- Over 1.5 million internet banking customers across the region
- Branches used for Premier, wealth management and financial planning
- Shift transactions to self-service banking, call centres and internet banking
  - 69% of transactions were through self-service / internet channels in 2007
- Leverage internet banking to increase sales

Registered Personal Internet Banking customers ('000)

Source: Report from Global e-Business, HSBC Group

Transaction mix (2007)

Source: Head Office Reporting and Information System, HSBC Group

Sales mix (2007)

Source: Head Office Reporting and Information System, HSBC Group

Note: Data excludes Middle East

Expanding insurance footprint

- Number of insurance policies in force more than doubled in past two years
- Expansion of insurance business in selected countries and territories
  - Mainland China – 16.8% stake in Ping An + 50% JV with National Trust (subject to regulatory approval)
  - Taiwan – life insurance business launched in 2007
  - India – 26% JV with Canara Bank and Oriental Bank of Commerce to be launched in June 2008
  - Korea – 50% JV with Hana life
  - Malaysia – JV Takaful (Islamic insurance) company established
  - Vietnam – 10% stake in Bao Viet

Acquisition of The Chinese Bank of Taiwan

- Strong presence in Taiwan is fundamental to HSBC's Greater China strategy
- Provides economies of scale to compete effectively with foreign peers
- Allows us to capture business from wealthy individuals in Taiwan and mainland China
- Significant growing potential in the domestic wealth management market
- HSBC's island-wide branch network increases from 8 to 44 (+ 3 licences) post integration

Acquisition of IL&FS Investsmart Ltd in India (pending regulatory approval)

- Foothold in the world's third largest investor base with over 20 million retail investors
- India's National and Bombay stock exchanges are the 3rd and 5th largest stock exchanges globally by transaction volume, respectively
- India's brokerage sector expected to grow at CAGR 16% from 2007-2010[1]
- Facilitates expansion of wealth management services in PFS – customer acquisition and retention opportunities
- Expands footprint to 88 branches and 190 franchise outlets in 133 cities
- Provides ready systems platform and established staff infrastructure

Note: 1. 'India Strategy - The Future of Our Business is Still Bright', January 3 2006, Morgan Stanley Equity Research Asia Pacific.

Recognized industry leadership

THE ASIAN BANKER™

Excellence in Retail Financial Services Awards 2008

Best Retail Bank in Asia-Pacific
Best Retail Bank in Hong Kong
Excellence in Internet Banking
Excellence in Distribution Network Integration

GLOBAL ASIA

Best Internet Banks in Asia (HK, Brunei, Korea and Sri-Lanka)

ORACLE ADDEDVALUE

Best Investment and Securities Service Provider in Hong Kong

FinanceAsia

Best Foreign Bank in Malaysia and Vietnam

VISA MasterCard

19 awards from Visa/MasterCard including the Bank of the Year from both schemes in Hong Kong

EUROMONEY

Best International Islamic Bank

Global presence

- Strong local proposition, unique global connectivity
- Across 38 countries and territories (15 in Asia)
- 289 international Premier flagship branches and 3,000+ branches worldwide

Premier sites
Future sites
Non-Premier sites

Premier sites

Argentina
Australia
Bahrain
Bermuda
Brazil
Brunei
Canada
Mainland China
Czech Republic
Egypt
France
Greece
Hong Kong
India
Indonesia
Jersey
Japan
Jordan
Lebanon
Macau
Malaysia
Malta
Mexico
Oman
Pakistan
Panama
Philippines
Qatar
Saudi Arabia
Singapore
South Korea
Sri Lanka
Taiwan
Thailand
Turkey
UAE
UK
USA

Future (2008)

Cayman Islands
New Zealand
Poland
Russia

Differentiating with Premier

International recognition and support

We will provide international coverage, and peace of mind for our customers when they travel abroad

Through our local network, we will meet the transactional needs of traveling customers and provide them access to home for more complex transactions

Over 280 International Premier Centers worldwide provide free access to HSBC Internet Banking Services and 24-hour Premier Call Centre in your home country

Credit cards

If you could only take one card with you, wherever you go, the HSBC Premier card would be the one

Best in class credit card for international traveling with the following features:

- Free pre-approved credit cards for you and your family
- Accepted at over 24 million merchant locations worldwide
- Exclusive offers at over 40 countries worldwide
- Global emergency services: lost card reporting, next day card replacement and emergency cash

International services

We will get you started in a new country with all your banking needs (whether relocating, living in two, or have family/interests abroad)

We will provide you with a single view of your accounts globally, and the ability to make payments/transfers over the internet

Wealth management

We will provide a high quality wealth management service, drawing on our global strengths, tailored to your needs

We will help you to navigate the world of financial opportunities with collective knowledge in over 80 countries and territories. We will provide access to market information, financial planning services, performance tracking, and the best investment solutions

Premier in action

International services

- Ram Daswani has his Premier account in Hong Kong
- He truly values the personal relationship management as well as the recognition he receives when entering an office in India

Wealth management

- Poon Cuk Man travels on business: between Hong Kong, Taiwan and Mainland China
- She manages her investments and continuously trades HK stocks online wherever she goes
- Often visits Premier branches abroad for her service requirements, where she consistently feels welcome

International recognition and support

- Philip Smith already had Premier accounts in the UK and HK
- Recently established banking facilities in Sydney with automatic recognition of his credit history
- He appreciates the global account view to see his balances in a number of currencies in various types of investment

Strategy

- Acquire new Premier customers
- Focus on cross sales and growth of share of wallet in wealth management
  - Grow deposits
  - Grow funds under management
- Maintain global Premier standards
  - Mystery shopper program
  - Sales quality training
- Join up by leveraging customer groups and geographic links
  - Offshore
  - Commercial and Private Banking customers

Premier in Hong Kong

- A key contributor for earnings – central to our wealth management strategy
- Focus on value not number of customers
- Leverage Hong Kong's position as a safe haven for international customers
- Build on integrated proposition to grow our international business
  - Dominant penetration at 31% of segment[1]
  - High product penetration

Premier customers ('000)

Note: Data excludes Hang Seng Bank

Note: 1. Source: Asia Pacific Wealth Model 2007, Datamonitor

Premier in Asia-Pacific ex Hong Kong

- Growing mass affluent market in Asia
  - In Asia (ex Japan), number of wealthy individuals with liquid assets between US$100,000 to US$3m will grow by 8% CAGR to reach 21.3 million by 2011[1]
- Integrated proposition leverages HSBC's international footprint and connectivity to capture opportunities:
  - Non-resident Indians
  - Cross border Chinese in Greater China Proposition
  - Global offshore propositions
- HSBC aims to take leading share in global wealth management
  - Current Premier penetration is generally low across Asia-Pacific outside Hong Kong
  - Clear opportunity to leverage Premier proposition and drive significant growth in this segment
  - Premier customers account for substantial income contribution

No. of Premier customers in Asia-Pacific ex Hong Kong ('000)

Market penetration of Premier customers (2007)

Note: 1. Datamonitor

Source: Market data from Datamonitor

Tapping into wealth flows in Greater China

Mainland China potential

- Beijing, Guangzhou, Shanghai and Shenzhen:
  - Largest contributions to GDP in mainland China
  - Highest average salaries
  - Highest value of savings deposits per capita
- Pearl River Delta: material economic region – Between 2003-2006 GDP has increased to RMB2,147bn with a CAGR of 24% (1)
- Leading foreign bank in mainland China and recognised brand. Branch coverage in key affluent concentrations

Taiwan potential

- Over 1 million Taiwanese in mainland China
- Number of affluent Taiwanese individuals expected to increase from 1.69 million in 2006 to over 2 million in 2009 (2)
- Significant growth potential in the domestic wealth management market
- Cross-straits relationship / development
- Expanded HSBC presence in Taiwan strengthens ability to capture Greater China consumer banking business

Hong Kong potential

- Regional financial hub with superior integration with the global market
- Over 237,500 Hong Kong employees working in the Mainland with 80-90% around the PRD (3)
- 57,000 Hong Kong-invested factories employing over 9 million workers in PRD (4)
- Over 15.4 million travelers from mainland China into Hong Kong in 2007 (5)
- HSBC leading Hong Kong bank and established offshore business. Sophisticated financial services and product solutions with high degree of expertise in consumer banking

Source: HSBC Research, (1) The Greater Pearl River Delta Business Council Annual Report 2004-2007 (2) Datamonitor Asia-Pacific Wealth Model 2007 (3)&(4) "Made in PRD: Challenges & Opportunities for HK Industry" from Federal of Hong Kong Industries, April 2007 (5) Press release, The Hong Kong Tourism Board (HKTB)

Grow mass affluent NRI customer base via Premier

Market size: 24 million non-resident Indians (NRIs) across the globe with US$25bn inward remittances to India annually

India: the largest receiver of inward remittances in the world, coming from Middle East (35%), North America (30%-35%), Europe (20%) and Others (10%)[1]

Wealth: NRIs' liquid assets estimated at over US$500bn[2]

Deposits: NRI deposits were over US$41bn[2], up 14% yoy

NRI population distribution[3]

1 Cost of NRI Remittances, a working report by RBI (May 2006)Source: Best practice in non-resident Indian wealth management 2008, Datamonitor
2 Best practice in non-resident Indian wealth management 2008,
3 Estimation from non-resident Indians & Persons of Indian Origin Division, NRIOL and NRI Realty News, HSBC Research

Well-positioned for growth in Asia-Pacific

- Uniquely-positioned to grow with Asian consumer economies
- Invest strongly for growth in key customer segments and markets
  - Invest in priority markets
  - Exploit growing affluent segments
- Grow share in selected mass markets through consumer assets
- Build platform advantage
  - Reach beyond branch network through multi-channel approach targeted at relevant customer segments
  - Continue to transform the operating platform to improve efficiency and increase sales capacity
  - Apply technology to create product and service offering edge and improve straight-through processing capability
- Build on track record of robust growth – grow the consumer business portfolio for long-term material profits

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Commercial Banking

Margaret Leung
Group General Manager,
Global Co-head Commercial Banking
The Hongkong and Shanghai Banking Corporation Limited

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Agenda

Performance

Opportunity

Strategy

Executing strategy

Summary

Commercial banking – Asia-Pacific (ex Middle East)

2007 PBT up **24%** to **US$2.5bn**

Group CMB PBT by region

The leading international business bank serving small businesses to corporates

- Asia's contribution to CMB Group-wide profits increased from 33% to 35% in 2006-2007
- Exceptional strength in faster-growing markets: India, mainland China
- Strong growth in Payments and Cash Management, Trade and Supply Chain income and deposits
- Combination of organic investments and strategic partnerships
- Enhanced Business Internet Banking, driving direct channel usage
- Expanding Shariah-compliant solutions

Sustainable growth – Asia-Pacific (ex Middle East)

- Increased customer base – 35,000 new customers
- Accelerated cross-border activity via regional alignments - 87% growth in successful referrals over 2006
- Enhanced Business Internet Banking – Hong Kong and 6 countries in Asia
- Launch of Smart Forms
- Increasing multi-channel presence
- Extended reach of International Banking Centres
- Leveraging acquisitions: Chailease Credit Services, Techcombank, The Chinese Bank
- 21,000 new business credit cards in Hong Kong

Growing a balanced business

Balanced geographic mix: Regions contribute equally to PBT growth

Hong Kong

Asia-Pacific ex Hong Kong

Financial data for 'Hong Kong' includes Hang Seng Bank. 'Asia-Pacific ex Hong Kong' excludes Middle East

Intra-regional trade growing faster than world trade

- Trade flows in rest of the world increased around 3 times
- Inter-regional trade involving Asia rose 5 times
- Intra-regional trade within Asia up 8.5 times

Asian export boom supported by intra-regional trade, with mainland China as a hub

Source: IMF

Note: [ ] gives the number of times trade flows have increased from 1990-2006

Leveraging global footprint and regional connectivity

The leading international business bank serving corporates and small businesses

Strengthen regional franchise

- Capture both ends of the customer transaction
- Expand International Banking Centres
- Grow and deepen customer base – over 400,000 customers in Asia
- Extend presence – country and territory desks set up in mainland China, Vietnam and Taiwan

Expanding cross-border banking capabilities

- Optimise Global Links and regional alignment
- Introduce efficiencies
  - Simplified referral programme for cross-border credit process between Hong Kong and mainland China
  - Smart Forms launched in 9 Asia-Pacific countries

Connect intra-regional business opportunities

- South Africa ‘joined up’ with CMB – appointment of Regional Relationship Management team
- Alignments: South Asia and Mauritius, Asean

Greater China alignment – capturing flows in the world's most dynamic economies

- **Successful cross-border referral volume grew nearly 4 times**
- **Contributes to over half of global referrals**

Customer research – undertake studies on privately-owned enterprise in mainland China and cross-border integration

Customer strategy – deepen cross-border customer penetration and regional Taiwanese business development

Process – extend simplified referral programme, utilisation to other sites

People – strengthen intra-regional cross-postings

Alignment – strengthen product alignment

Successful referrals volume

Leveraging scale and efficiency

To be the best small business bank in select markets

Straight through processing

- Launch Business Direct in select markets
- Rolled out enhanced business internet banking 7 countries
- Drive channel usage
  - 176,000 internet banking customers in Hong Kong
  - 40% of total number of transactions via direct channels in Hong Kong
  - SMS banking launched in the Philippines

Product roll out

- Business Vantage in Indonesia and the Philippines
- Upper SME lending and distributor finance products in mainland China
- TradeLine in Bangladesh and TradeSmart in Malaysia
- Expand Shariah-compliant products and services

Expanding geographical reach

- Drive acquisition through SME Direct Sales Team (DST) in Malaysia
- Cement factoring leadership in Taiwan through Chailease Credit Services
- Extend geographical reach of SME services to provincial cities in India
- Leverage Islamic banking subsidiary licence in Malaysia
- Identify SME champion in every country in Asia

Joined up

India: CMB US$25m loan generated largest-ever fees of US$1m p.a.

- Leveraged referral by Global Banking
- Timed transactions just before the customer's IPO
- Set benchmark structures within HSBC India and Asia-Pacific

CMB Hong Kong and Private Bank: cross referrals

- Referrals between CMB and Private Bank increased by 84% over 2006 since launch of an enhanced referral model in 2006

Mainland China : US$1.6bn deal sets Global Links record

- A joint effort between HSBC China, Private Banking, Global Investment Banking and CMB in Hong Kong
- Referred by Private Banking, also benefited Global Markets

Servicing Intertek: locally, then internationally

Aston Swift
Group Treasurer
Intertek Group plc, United Kingdom

Patrick Florence
Corporate Banking Manager
HSBC, United Kingdom

Christina Law
CFO Consumer Goods
Intertek, Hong Kong

Elaine Wong
SVP, Major CMB
HSBC, Hong Kong

Intertek

- Leading international providers of quality and safety services to a wide range of global and local industries with over 20,000 people in more than 110 countries around the world.
- Banking with HSBC in Hong Kong since 1996, with accounts in several Asian countries including credit facilities, cash management and pooling and a recent trade line of credit for their supply chain business
- Recently initiated contact with HSBC London via the Hong Kong office to start banking the parent company and implement global relationship management

Other milestones

Islamic Banking – enormous potential for growth	• Malaysia – HSBC is the first foreign bank to obtain an Islamic Subsidiary Banking licence to build an Amanah centre of excellence • Expand range of Shariah-compliant products and services • Enhance reach through call centers and commercial transaction centers
Streamlining operations	• Korea – launched Commercial Banking Operation Centres • Malaysia - implemented SME Credit Programme • Continue to migrate customers onto E-platforms • Enhance Business Internet Banking capabilities
Research and segmentation	• Study on privately-owned enterprises conducted in mainland China • SME segmentation underway in Singapore and Indonesia • Acquired new SME customers and increased income contribution in India

Investing in the future

SME segment	• Explore direct banking propositions for SMEs in selected markets
	• Grow receivable finance business in key countries
	  • Malaysia to launch in 2H08
	  • Aggressive growth targets in SME segment in Hong Kong, Singapore, Taiwan, India
	• Leverage rural bank branches in mainland China
	• Grow equipment financing and small business lending

Increasing reach	• Continue organic investment in people, channels and technology for organic expansion in mainland China and India • Expand CMB footprint in Indonesia and Malaysia • Leverage acquisition of The Chinese bank in Taiwan - additional 39 branches • Leverage possible acquisition of Korea Exchange Bank (subject to regulatory approval) • Grow organic businesses in mainland China and Vietnam with local incorporation
Manage risk	• Pioneer risk assessment units in India and Indonesia • Create robust customer data warehouse for comprehensive customer analytics and precise sales targeting

Summary

- Record performance – stellar contribution from Asia
- Well-positioned to capture trade and investment flows within Asia and between Asia and the rest of the world
- Leverage unique international footprint and regional connectivity to build cross-border business
- Leverage product strengths and efficiencies to build scope in small business segment
- Maintain leadership in Hong Kong; build scale in Asia-Pacific

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Global Banking and Markets

Anita Fung
Group General Manager,
Treasurer and Head of Global Markets, Asia-Pacific

Frank Slevin
Head of Global Banking, Asia-Pacific

HSBC
The world's local bank

Agenda

Performance

Opportunity

Strategy

Outlook

Summary

Global Banking and Markets Asia performance in 2007

Profit before tax – Asia

Up 61% to US$3.55bn

Profit before tax – Hong Kong

Up 65% to US$1.58bn

Profit before tax – Asia-Pacific ex Hong Kong

Up 57% to US$1.97bn

- Strong results from our trading businesses and securities services
- Improved performance in balance sheet management
- An enhanced product offering combined with buoyant local markets

Note: 'Asia' includes Hong Kong and Asia-Pacific. 'Asia-Pacific ex Hong Kong' excludes the Middle East

Global Banking and Markets Asia – a significant contributor to the Group

Group PBT by geography

Note: Includes dilution gains

Group Global Banking and Markets PBT by region

Emerging Asia leads our growth

Note: 'Asia-Pacific' excludes the Middle East

Country performance – strong growth in key Asia-Pacific markets

Regional mix

Profit before tax 2007 US$m	2006	2007
Mainland China	167	369
India	277	429
Singapore	145	240
Malaysia	99	146
South Korea	115	159
Asia-Pacific total	2,208	3,547

Growth in profit before tax (%) 2007 versus 2006

Source: “Asia-Pacific” excludes the Middle East

Asia's economic ascendancy

Asia becoming an increasingly larger contributor to global GDP

Asian real GDP growth consistently exceeding other regions and developed markets

Source: World Bank's World Development Indicators database

Fast economic growth and increasing trade flows

The region has the world's fastest-growing economies

Source: HSBC Economics through publicly available research and via Bloomberg

Trade in Asia has recorded impressive growth, particularly intra-Asia trade

Source: CEIC

Inter-connectivity is increasing … being at both ends matters… while continuing growth in cross-border flows means the financial world is increasingly interconnected

Positioning, client coverage, product and balance sheet

Strategy update

Emerging markets-led and financing-focused wholesale bank

Positioning for the next wave of global growth	• Global network and unrivalled presence in Asia
Client centric	• Seamless client coverage across geographies and products • Growing our multinationals franchise
Global product scale	• Global scale in markets and transaction banking products • Investing in technology platform to extract sustainable cost efficiencies
Strong balance sheet	• Capital and liquidity strength • Strong record in risk management • Constriction on certain liquidity providers represents an opportunity to grow our market share

Mainland China

No 1

Among foreign banks in corporate lending

India

No 1

Underwriter for domestic bond

South Korea

No 1

Global Investor Sub-custody survey

Malaysia

The world's 1st

First subordinated bank capital Sukuk

Sources: PricewaterhouseCoopers Peer Review; Bloomberg, Global Investor

Client coverage

Global Banking coverage – delivering totality of HSBC seamlessly to clients

Corporate loans	Advisory	Equity capital markets
Project and export finance	Leveraged and acquisition finance	Principal investments
Payments and cash management	Global asset management	Trade and supply chain

Product

Global Markets – product, connectivity, region

Forex	Currency options	Metals
Rates	Credit	Equities
Structured products	Futures	Global capital markets

Euromoney Awards for Excellence

The Best Bank at Risk Management and Treasury in Asia, 1998-2006

The Best Foreign Exchange Bank in Asia, 2007

The Best Risk Management House in Asia, 2007

Client coverage

Building a joined-up culture – connecting with other customer groups in HSBC

- Targeted business referral schemes
- Shared business board and committee representation
- Global Markets sales embedded into Commercial Banking business centres
- Dedicated sales and structuring teams covering the Private Bank
- Asset management fund distribution through retail and Private Bank distribution channels

Client coverage

Expanding institutional broking, equity capital markets and investment banking platform in India

Strategic acquisition of IL&FS Investsmart Limited in India[1]

Perceived future growth areas

Wealth management	+	Online broking	+	Investment banking	+	Institutional broking

Benefits

- Extends emerging markets distribution network
- Strong integrated institutional and retail distribution platform
- Complementary mid-cap research coverage
- Significant cross-selling and 'joining up' opportunities:
  - Wealth management products
  - Structured products
  - Leverage e-broking platform
  - Equity brokerage
- Back-office costs synergies

IL&FS

- 138,000 customers
- 88 branches, 190 franchise outlets in 133 cities

Note (1): Subject to regulatory approvals, HSBC is to acquire 73.21% of IL&FS Investsmart Limited.
HSBC will also make an open offer to acquire up to 20% of the remaining shares. Announced on 17 May 2008.

Positioning, client coverage, product and balance sheet

HSBC acted as Sole Financial Adviser to CNPC/PetroChina on its Osaka refinery JV with Nippon Oil in Japan

This high-profile cross-border transaction represents the first major Chinese investment into Japan.

May 2008

中国石油天然气股份有限公司
PetroChina Company Limited

Advisor to CNPC/ PetroChina on the announced acquisition of 49% of the Osaka refinery in Japan from Nippon Oil

Japan

Sole Financial Adviser

HSBC value added

- Demonstrates HSBC's strong cross-border M&A franchise in Japan as well as the expertise of its global oil and gas franchise
- This strategic alliance was unveiled during Chinese President Hu Jintao's visit to Japan, the first visit by a Chinese top leader in a decade

Commentary

"This is the first step for us and PetroChina to cooperate to do Asian business together …This could be a leading model in future for cooperation [between Japanese and overseas refiners] …"

Shinji Nishio, Nippon Oil President, 7 May 2007

Source: Press releases
Signing ceremony held in Tokyo on 7 May 2008
(Second left) Mr Jiang Jiemin, Chairman of PetroChina
(Second right) Mr Fumiaki Watari, Chairman of Nippon Oil

Following Leighton's expansion into Dubai

Al Habtoor Engineering
United Arab Emirates

David Simons
Managing Director,
Leveraged and
Acquisition Finance
HSBC, Hong Kong

Letitia Chau
Senior Vice President,
Corporate Trust and
Loan Agency (Asia-Pacific)
HSBC, Hong Kong

Scott Charlton
CFO
Leighton
Australia

Andrew Olliffe
Director
Global Banking
HSBC, Australia

Recent 45% acquisition of

Al Habtoor Engineering (UAE) by Leighton Holdings Limited

- Leighton is the largest construction and contract mining group in Australia
- Banking with HSBC since 1992, with accounts across Asia
- The Al Habtoor Leighton deal was launched at the end of 2007 when markets were difficult

HSBC's roles in this transaction

- Underwriter, lead arranger and bookrunner, as well as facility agent, security trustee and account bank with the Hong Kong team
- FX and interest rate hedging bank through Sydney

Outlook

The world	HSBC in Asia
• Emerging markets may represent better prospects for longer-term growth	• Strong distribution platform, depth and breadth of Asia-Pacific client relationships, full product suite
• US economy likely to get worse before it gets better	• Asia not decoupled – expect moderate slowdown in Asian economies
• Deleveraging of the financial system	• Conservative balance sheet with strong capital base
• Continuing illiquidity in financial services	• Strong asset-liability position and conservative advance-deposit ratio in Asia
• World economic growth and continued trends in globalisation and trade flows	• Well-positioned to leverage the HSBC brand and network to maximise revenue opportunities

Summary

- Evolving coverage model to deliver HSBC services seamlessly to our clients
- Strong performance with record PBT of US$3.5bn in 2007
- Implementing an emerging markets-led, financing-focused strategy
- Continuing build out of product suite via our hub-and-spoke platform
- Building and implementing a collaborative, joined-up culture
- Maintaining capital and risk management discipline

Analyst Roadshow to Asia-Pacific

Hong Kong and Shanghai
9-13 June 2008

Insurance

David Fried
Group General Manager,
Regional Head of Insurance, Asia-Pacific
The Hongkong and Shanghai Banking Corporation Limited

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Overview

International reach

Well-balanced business

Strategic vision

Credit enhancement

Global partnerships

Asia opportunity

Asia strategy

Case studies

Summary

HSBC Insurance – a global player

- A rapidly growing global insurer
- Distribution capability in over 50 countries and territories worldwide
- In 2007, HSBC's insurance businesses generated:
  - US$9.bn net earned premiums
  - US$3.1bn profit before tax (13% of total Group PBT)
- Over 10,000 staff employed in insurance worldwide
- Access to a potential in-house customer base of over 128 million customers and companies by joining-up the Group

International reach

USA

- HSBC Insurance Agency (USA) – 100% owned
- Offers life insurance and also underwrites
- Offers credit protection to 50 million HSBC finance customers

UK

- HSBC manufactures life, pensions and investments products within HSBC Life (UK) for distribution through the HSBC network and external IFAs
- GI products are distributed through HSBC network, First Direct and Marks and Spencer stores These products are underwritten by 3rd party insurance companies, with a JV currently being formed with Aviva Norwich Union. Other parties include Allianz
- Insurance broking
- Reinsurance services in Ireland
- Actuarial consultancy and pension services
- Health insurance underwritten by Westfield Contributory Health Scheme Limited

China

- 16.8% stake in Ping An Insurance
- Beijing HSBC Insurance Brokers Limited – 24.9% owned JV
  - Partnered with Shanghai Hua Yu Asset Management and Beijing Zhang Ke Engineering Company
- 50% CEPA JV with National Trust (subject to regulatory approval)

Central America

- Grupo Banistmo bought in 2006, with presence in Panama, Honduras and El Salvador

Brazil

- HSBC Seguros – 100% owned
- Long-term distribution agreement whereby HDI, a subsidiary of Talanx, offers GI products through the HSBC Brazil branch network following the 2005 sale of HSBC GI arm to HDI

Middle East

- SABB Takaful Company JV
  - Offers Shariah-compliant solutions
- Insurance Brokers Limited operates in the Middle East through the brand HSBC Insurance

Rest of Asia

- Malaysia
  - HSBC Amanah Takaful
    - 49% JV with Jerneh Asia Berhad and The Employee Provident Fund of Malaysia
    - Offers Shariah-compliant insurance (home, fire, motor, mortgage)
- Macau
  - HSBC Life branch
- Singapore
  - HSBC Insurance (Singapore) Limited (100% owned)
  - HSBC Insurance Brokers (Singapore) Ltd
- Vietnam
  - 10% stake in BaoViet, Vietnam's leading insurance and financial services group
- South Korea
  - 50% less 1 share in Hana HSBC Life Insurance Company Ltd
  - HSBC Insurance Brokers
- Taiwan
  - HSBC Life branch
  - HSBC Insurance Brokers
- Philippines
  - HSBC Insurance Brokers

Mexico

- HSBC Seguros – 100% owned
- HSBC Afore – 100% owned
- HSBC Pensiones – 100% owned
- Seguros provides a range of Life and GI products; products are distributed through bank branches
- HSBC Pensiones provides annuities and survivorship insurance

Argentina

- HSBC La Buenos Aires Seguros – 100% owned
- JVs with New York Life
  - Maxima – 59.99% owned
    - Specialises in pensions
  - HSBC New York Life
- A top three market share leader
- Distributes through HSBC's insurance brokerage arm and a network of more than 2,000 points of sale

France

- ERISA and ERISA IARD
- Distributes life insurance, GI and investment products, exclusive distributors of insurance through HSBC's network of member banks (includes HSBC France and 10 regional banks)

India

- 26% stake in JV life insurance company with Canara and Oriental Bank of Commerce
- HSBC Insurance Brokers (India) Private Ltd

Hong Kong

- HSBC Insurance (Asia Pacific) Holdings Limited – 100% owned
- HSBC Life (International) Limited – 100% owned
- HSBC Insurance (Asia) Limited – 100% owned
- Hang Seng Life and Hang Seng Insurance Company Limited – subsidiaries of Hang Seng Bank (62.14% owned by HSBC)
- HSBC Insurance Brokers (Asia) Ltd

Well-balanced business

PBT by region, 2007

PBT by type of business, 2007

A world-class bancassurer with an aim to double PBT contribution to 20%

Belief in bancassurance within a multi-channel delivery strategy

Six strategic imperatives:

- Top-ranking life/pensions and investment provider
- World-class ethical credit protection insurer
- Improve management of Group self insurance programme
- Work with preferred strategic partners to gain scale
- Focused, profitable insurance broker, supporting Commercial Banking and Global Banking and Markets clients and third parties
- Operational efficiency: more customer satisfaction and straight-through processing (STP)

Drive manufacturing excellence based upon STP

Establish HSBC Insurance brand – with high-quality 'brand experience'

Bancassurance focused on life, pensions and investment

Financial needs map

- 75% of all wealth in the hands of those older than 55[1]
- These individuals and their assets need protection (insurance) and investments
- Ageing is accelerating this shift as old borrowers de-leverage
- Equally applicable in developed and emerging markets
- This 'sea change' is too big an opportunity to miss and should build on HSBC credit credentials

Note: 1. US Federal Reserve, 2004

Credit enhancement

Operating in 28 countries

Ethical selling

Meeting customer needs in OECD and emerging markets

Coverage in niche areas in products and underwriting capability

Shift in insurance spend as GDPs hit threshold

* Data series of penetration start from 1970 unless specified. Real per capita GDP in log scale

Source: Swiss Re Economic Research and Consulting

Organic growth for established businesses

Singapore

- 2nd organic growth driver after HK
- HSBC Insurance (Singapore) Limited – 100% owned
- Build bancassurance and agency sales force

Macau

- HSBC Life branch

Malaysia

- HSBC Amanah Takaful
  - 49% JV with Jerneh Asia Berhad and the Employee Provident Fund of Malaysia
  - Top 5 Takaful LPI player
  - First Takaful company globally to obtain a credit rating of A- (Fitch)

Hong Kong

- Key organic growth driver in Asia
- HSBC Insurance (Asia-Pacific) Holdings Limited – 100% owned
- HSBC Life (International) Limited – 100% owned
- HSBC Insurance (Asia) Limited – 100% owned
- Hang Seng Life and Hang Seng Insurance Company Limited – subsidiaries of Hang Seng Bank (62.14% owned by HSBC)
- Insurance sold through HSBC branches, Hang Seng Bank and HSBC Insurance Brokers
- Market leader in life and general
- Market leader in retirement benefits and medical

Taiwan

- HSBC Life (International) Limited
  - Build bancassurance
  - Exploit opportunities from The Chinese Bank

Integrate and grow new businesses in 2007

India

- 26% in Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited
  - 100 staff in JV team
  - US$80 million capital infusion
  - Regulatory approval received May 2008, operations commencing 16 June 2008
  - Access to 40 million customers through 3,600 branches

Vietnam

- HSBC Life representative office
- 10% stake in Bao Viet
  - Partnership with largest insurer

South Korea

- Hana HSBC Life Insurance
  - 50% less one share of Hana Life, renamed in March 2008
  - Access to third-largest bank branch network in Korea via Hana Group

Mainland China

- 50% JV with National Trust Limited (subject to regulatory approval)
- Bancassurance with focus on personal insurance and investment-linked business

Case study 1: Hong Kong

Dual distribution strategy – HSBC and Hang Seng Bank

Maintain market leadership[1]

- No 1 in new single premium market – 19% market share
- No 1 in regular premium market – 18% market share
- No 1 in MPF (on active member size) – 34% market share
- No 1 in individual life new business – 18% market share
- No 2 in non-life insurance business – 9% market share

Focus on life, pensions and investments

- Annuities
- Group medical and Group life
- Key man insurance
- MPF multi-manager
- High net worth

Leverage successful bancassurance model to extend customer reach

- Cross -sell insurance products to HSBC Bank customers

1 HSBC and Hang Seng Bank combined market share from Office of Commission of Insurance as at Dec07 and Mandatory Provident Fund Authority as at Dec07

Case study 2: Takaful greenfield JV

Malaysia

- Takaful's biggest market in Asia
- Market share[1] up from 4% (pre-2006) to 6.8% (2006)
- Five new players are broadening customer base to include non-Muslim (40% of these operators' customer base are non-Muslim)

HSBC Amanah Takaful (Malaysia)

- Demonstrates HSBC Insurance's ability to turn greenfield JV into a fully operational business
- Attracted more than 75,000 customers in the first 18 months of operation
- First Takaful operator to be rated by an international rating agency (Fitch Ratings) and given a rating of A- (A minus with stable outlook)
- Fifth-largest[2] Islamic insurer in Malaysia – US$57m in premiums/contributions in 2007
- Launched first Takaful structured investment-linked plan – 11% market share[3] in Takaful space

Notes: 1 International Islamic Financial Center, Malaysia 2 and 3. Bank Negara Malaysia

HSBC Insurance – a leverage of Group strengths

• **Focus on faster-growing economies**	• Asia presents strongest businesses and potential
• **Connectivity across customer groups**	• Linkages with customer groups tap into new markets and deepen existing relationships
• **Extending market leadership in Asia**	• Keep Hong Kong stronghold; further organic growth in mature markets; replicate bancassurance success in Asia
• **Expand geographical reach**	• Leverage the bank's existing customer base and distribution network
• **Evolve insurance product range and multi-channel delivery**	• Strong player in life, pensions, investments – with focus on wealth and protection for older clients
• **Build HSBC Insurance brand**	• Create distinct awareness and high-quality brand experience

Analyst Roadshow to Asia-Pacific

Greater China
13 June 2008

HSBC

The world's local bank

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Greater China Strategy

Peter Wong
Executive Director, Hong Kong and Mainland China
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Investment and returns

Greater China strategy

Leadership position in Greater China

Opportunities

- Greater China
- Greater China and the rest of Asia Pacific
- Greater China and the rest of world

Reported results in 2007 – Greater China franchise

Mainland China – Profit before tax (ex dilution)
Up 81% to US$1.28bn • US$1.1bn (associates) • US$181m (organic business, inc Hang Seng Bank)

Hong Kong – Profit before tax
Up 42% to US$7.34bn

Taiwan – Profit before tax
Up 635% to US$123m

Profit contribution to HSBC Group (ex dilution)
38%

Greater China franchise – accounts for 80% of total Asia-Pacific[1] profits

Note: 1 excluding dilution gains and Middle East

Greater China strategy

- Build on integration of our Greater China franchise
  - Two-pronged strategy in mainland China: organic growth + strategic investments
  - Capture trade, investment and wealth flows within Greater China and between Greater China and the rest of Asia-Pacific
  - Bridge Greater China with the rest of the world using our international footprint

Leadership position in Greater China

Mainland China

HSBC Bank (China) Co Ltd

- 67 outlets, including 17 branches and 50 sub-branches
- HSBC Private Banking launched in 3 cities in March 2008

HSBC Rural Bank

- Established in Hubei in December 2007
- Second rural bank planned for Chongqing

Strategic Investments

- Bank of Communications 19%
- Ping An 16.8%
- Bank of Shanghai 8%
- HSBC Jintrust 49%
- Insurance JV with National Trust 50% (subject to regulatory approval)
- Industrial Bank 12.78% (via Hang Seng Bank)

Hong Kong

Market leadership

- 200+ manned outlets, 1,000+ proprietary ATMs (inc 62.14% owned Hang Seng Bank)
- 4.9 million cards (inc Hang Seng Bank)
- Deposits, mortgages, wealth management, insurance
- Growing SME/MME base, strong cross border growth
- Leader in global markets, cash management, securities services and debt financing

Taiwan

- 44 branches, up from 8
- Expanded customer base from The Chinese Bank acquisition in March 2008
- HSBC Life launched in September 2007

Greater China

- Northern China
- Western China
- Eastern China
- Southern China
- Central China
- Bohai Rim
- Yangtze River Delta
- Pearl River Delta
- Cities with HSBC Bank (China) Co Ltd's outlets

Greater China and the rest of Asia-Pacific

Greater China and the rest of the world

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9-13 June 2008

China Strategy

Richard Yorke
Group General Manager,
President and Chief Executive Officer
HSBC Bank (China) Company Limited

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Our businesses

Summary

HSBC Bank (China) Company Limited will be referred to as 'HSBC Bank China' in this document.

China: accelerating growth

Source: National Bureau of Statistics of China

Regional transformation

China in transition, driven by its national development agenda:

Transition 1

- Coastal provinces will remain China's economic engines, with diversification into higher value-added service sectors

Transition 2

- Low value-added industries are migrating to central provinces and will eventually move into western China

2007 Profit before tax (PBT) up 81% to US$1.28bn

US$m

Note: 2007 PBT excludes dilution gains

Strong economy in key urban centres

Key cities	Population (in millions)	Area
Beijing	16.33	Capital city
Shanghai	18.58	Yangtze River Delta (YRD)
Guangzhou	10.05	Pearl River Delta (PRD)
Shenzhen	8.62	Pearl River Delta (PRD)

Per capita disposable income of urban households, 2007

Per capita GDP, 2007[1]

Beijing | Shanghai | Guangzhou | Shenzhen | China

Note: 1. China estimates based on official GDP and population data
Sources: China (www.stats.gov.cn/), Beijing (www.beijing.gov.cn/), Shanghai (www.shanghai.gov.cn/) Guangzhou (www.gz.gov.cn/), Shenzhen (www.sz.gov.cn/)

Strategy

Grow business organically and through cooperation with strategic partners

Organic growth	+	Strategic investments
Organic business growth via our own branch network		Creating value and synergies from our investments in strategic partners

HSBC's local incorporation

- Among the first batch of four foreign banks approved for local incorporation on 20 March 2007
- As a locally incorporated entity, HSBC Bank (China) Company Limited officially opened for business on 2 April 2007, starting a new chapter in HSBC's 143-year history in China
- Local incorporation enables HSBC to expand its network and provide a wider range of financial products and services to the local market

Locally incorporated foreign banks by network

HSBC Bank China – largest and most geographically widespread network of all foreign banks in mainland China

Notes: Excluding representative offices, administrative offices, etc; and including foreign banks with local incorporation approval received but in process of completion
Sources: Official bank websites, press reports

Organic strategy – expand network

- 67 service outlets
- Regional focus: Bohai Rim, Yangtze River Delta, Pearl River Delta and western region

- Cities with branches and sub-branches
- Cities with branches only
- Branch approved, to be opened this year
- Regions of focus

Our focus

Corporate

- Fortune 500 names
- Large Chinese corporates
- Financial institutions

Commercial

- Non-Fortune 500 names
- Trade finance

Personal

- Personal financial services and wealth management for Premier and Private Banking segments

Treasury

- Support customer groups
- Manage balance sheet

HSBC's investments in China

HSBC in China (US$m)	% Ownership	Outlets
HSBC Bank (China) Company Limited	100%	67
HSBC Jintrust	49.0%	1
Beijing HSBC Insurance Broker	24.9%	1
Hubei Suizhou Cengdu HSBC Rural Bank	100%	1
Bank of Communications	19%	2,600+
Ping An Insurance	16.8%	200,000 agents
Bank of Shanghai	8.0%	246
Industrial Bank	12.78% (via Hang Seng Bank)	About 400

Opportunistic growth

• **Maintain market leadership in the Mainland**	• Expand branch network at quickest pace as regulations permit; become first foreign bank to list A-shares in Shanghai
• **Cement position as pioneers in financial services**	• Aim “first-to-market” products and services with best online capability
• **Leverage unique regional and international footprint**	• Capture trade, investment and wealth flows in Greater China, Asia-Pacific and rest of the world
• **Focus on high-growth, high-affluence areas and segments**	• Focus on Pearl River Delta, Yangtze River Delta, tapping affluent consumers and internationally-oriented companies
• **Build on strategic partnerships to expand scale and scope**	• Build mass market and insurance presence through partnerships

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9-13 June 2008

China Economic Outlook

Hongbin Qu
Chief Economist, China
The Hongkong and Shanghai Banking Corporation Limited

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Near-term outlook: tough balancing act

Long-term growth potential: strong

The economy is overheating, fueled by fixed investment and exports

Sources: CEIC, HSBC

Credit growth is excessive…

Sources: CEIC, HSBC

... leading to rising inflationary pressure

Sources: CEIC, HSBC

Headline CPI has topped an 11-year high at over 8%

Sources: CEIC, HSBC

Food price inflation: it's all about pork meat price?

Sources: CEIC, HSBC

Higher urban wages make farming less attractive

Sources: CEIC, HSBC

Food shortage?

Sources: CEIC, HSBC

China is already a price setter in global commodities markets

	Percentage share of world's consumption	Percentage share of world's incremental consumption in 2007
Crude oil	9	50
Iron ore	46	93
Aluminium	25	60
Copper	21	34
Zinc	32	92
Nickel	26	174*

*Note: world consumption of nickel declined by 50,000 tones from a year earlier.
Source: WMBS, EIA, Ministry of Commerce, Ministry of Land Resources

To tighten or not to tighten?

- Rising inflationary risk calls for more aggressive tightening…
- …but US recession fears suggest Beijing should ease its policy
- Policy tightening is likely to be half-hearted in 2008

Export decoupling or recoupling?

Source: CEIC, HSBC

Exports to EU still remain strong, but for how long?

Source: CEIC, HSBC

PBoC cannot hike rate meaningfully when Fed is easing…

Source: CEIC, HSBC

… especially given that speculative inflows have already been rising

Source: CEIC, HSBC

PBoC must lift required reserve ratio to at least 19% to sterilise FX reserves…

change, 3 months, RMBbn

Source: CEIC, HSBC

...and has to rely more on credit controls this year

Source: PBoC, HSBC

Negative real interest rates cause quantitative measures to be less effective

Source: CEIC, HSBC

How important is manufacturing investment?

Fixed asset investment by sectors (% of total)	2002	2007
Manufacturing	**12**	**31**
Real estate	**1**	**24**
Infrastructure	**56**	**29**
Power, water and gas supply	14	8
Transportation and telecom	25	11
Urban infrastructure	17	10
Others	**31**	**16**

Source: CEIC, HSBC

Consumption should hold up well given still strong income growth

Source: CEIC, HSBC

This year will be another good year for rural consumers

- Food price inflation is good for rural consumers
- Rising public welfare spending should also lower their precautionary savings rate
- Still strong construction investment should provide a buffer to the impact of export slowdown

A currency shake-up is not a cure for overheating

Source: CEIC, HSBC

Renminbi's real effective exchange rate has appreciated 12% since 2005

Sources: BIS, CEIC, HSBC

Deregulating private outflows becomes new strategy to recycle trade dollars

Source: CEIC, HSBC

Would a US recession cause a hard landing in China?

- A full-scale US recession could collapse export growth to below 10%
- This would hurt manufacturing profits, investment and jobs, leading to excess capacity and banking non-performing loans
- But Beijing can ease its policy and introduce massive public spending on low-income housing in cities and infrastructure in rural areas
- This might avert a hard landing, but the GDP growth would slow to around 9%

Productivity driving China's GDP growth

Sources: US Conference Board, HSBC

Market reforms boost efficiency

Sources: NBS, HSBC

10 million people heading to the cities every year

- Deregulation has led to an annual inflow of 10m rural workers into the cities since the mid-1990s
- 200m rural surplus workers are still queuing for jobs in cities
- Most of them are under 35 and have nine years of basic education

Source: CEIC, HSBC

A new foreign factory every three minutes

- China attracted US$82bn in FDI last year, accounting for nearly 8% of global FDI inflows
- FDI provides access to better technology and the opportunities of learning-by-doing…
- …foreign factories assemble imported parts and materials into finished products and then export them to the global markets

Source: CEIC, HSBC

China still in the early stage of industrialisation process…

Employment share of agriculture in Asia, since growth takeoff*

Sources: IMF

**The growth takeoff is defined as occurring in 1955 in Japan, 1969 for NIEs, 1973 for ASEAN-4, 1978 for China, 1982 for India and 1990 for other Asian economies.

…and growth takeoff period

Output per capita, since growth takeoff*

Source: CEIC, HSBC

**The growth takeoff is defined as occurring in 1955 in Japan, 1969 for NIEs, 1973 for ASEAN-4, 1978 for China, 1982 for India and 1990 for other Asian economies.

HSBC forecasts

% year (annual average)	2004	2005	2006	2007f	2008f	2009f
Nominal GDP (RMBbn)	15,988	18,387	21,087	24,662	28,782	32,449
Real GDP	10.1	10.2	11.1	11.4	9.7	9.5
Nominal fixed asset investment	27.6	27.2	24.5	24.0	22.0	19.0
Merchandise exports	35.4	28.4	27.2	25.7	13.0	10.0
Merchandise imports	36.0	17.6	19.9	20.8	14.0	12.0
Real industrial production (excl. small enterprises)	16.3	15.9	16.2	18.1	15.2	14.7
Nominal Retail sales	13.3	12.9	13.7	16.8	18.3	15.0
Consumer prices	3.9	1.8	1.5	4.8	6.4	3.0
Current account (% GDP)	3.6	7.2	9.4	9.7	9.0	7.7
Budget balance (% GDP)	-1.3	-1.2	-1.0	-0.9	-1.1	-1.0
Foreign reserve (US$bn)	609.9	818.9	1,066.3	1,528.2	1,900.0	2,100.0
CNY/US$, year-end	8.28	8.07	7.81	7.30	6.77	6.33
3-month time deposit (%), year-end	1.71	1.71	1.80	3.33	3.60	3.87
1-yr lending (%), year-end	5.58	5.58	6.12	7.47	7.74	7.74

Source: CEIC, HSBC

Disclosure appendix

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Analyst Roadshow to Asia-Pacific

Hong Kong and Shanghai
9-13 June 2008

Personal Financial Services in China

Catherine Fok
Head of Personal Financial Services
HSBC Bank (China) Company Limited

HSBC
The world's local bank

Agenda

Performance

Strategy

Opportunity

Competitive advantage

Premier

Other products and services

Our people

2007 PBT at -US$22m (organic business)

- Investing to grow scale – expanded branch network; extended product range to offer full RMB services
- Customer numbers up by 51%
- Significant deposit growth
- QDII activity led to increase in net fee income

Strategy

- Grow Premier and wealth management businesses to target affluent segment
- Leverage Premier and our strength in Greater China as a key local competitive edge
- Extend branch network in key cities
- Continue to enhance our wealth management capabilities
- Grow multi-channel capabilities
- Expand cards business through partnership with Bocom and issuing own Premier credit cards when regulations permit

China's wealth management market

- Gross GDP PPP[1]: US$7.04trn
- GDP growth rate[2]: 11.9%
- Retail customer savings[3]: US$2.5trn
- Retail savings growth rate[3]: 6.7%
- Over 80% of Chinese household assets are held in cash/deposits[4] versus <50% in Hong Kong and Singapore and <25% in the UK and the USA
  - A large untapped market for wealth management services

Household asset distribution[4]

Notes: 1. CIA World Fact Book 2008 (2007 estimates) 2. National Bureau of Statistics of China 3. China Economic Information Centre (2007) 4. Asian Demographics, Asian Banker; research and government statistics

Competitive advantage

- Strong brand
- Largest distribution network among foreign banks
- Extensive global network
- Leveraging Group expertise in wealth management and personal financial services
- Pioneering leadership
  - First batch of foreign banks to provide RMB services to Chinese citizens
  - First foreign bank to provide RMB1m time deposits to Chinese citizens
  - First foreign bank to provide QDII products to Chinese citizens
- Experienced team of local talents

Our network and customers

- 47 Premier centres in 15 cities across China
  - 16% of the Group's global Premier network
  - Second-largest market after the UK in terms of Premier centres
- Over 50,000 Premier customers at end-April 2008
- Over half of Premier customers in China are local residents – growing popularity of the service in the Mainland

Other products and services

- Offer a wider range of RMB services to local residents, after local incorporation (23 April 2007)
- Services available in 15 cities – widest geographic coverage for RMB services to local residents among locally incorporated foreign banks

Current products

- RMB/FCY deposit
- RMB/FCY home mortgage loan
- FCY investment/QDII products
- RMB investment products
- Insurance products

Planned products

- Debit card
- Credit card
- Unit trust

We are committed to developing local talent:

- Of over 900 Personal Financial Services staff, 90% are recruited locally
- Over a third of local staff members have overseas education background, international work experience or experience in other HSBC Group entities
- Over 90,000 training hours were provided to staff in 2007
- 30 local Management Trainees hired each year
- Professional qualifications are encouraged and supported

Analyst Roadshow to Asia-Pacific

Hong Kong and Shanghai
9-13 June 2008

Commercial Banking in China

Ben Shenglin
Head of Commercial Banking
HSBC Bank (China) Company Limited

HSBC
The world's local bank

Agenda

Performance

Our business

Strategy

Our people

2007 PBT up 48% to US$46m (organic business)

- New branches and additional front-line staff drove growth in deposits
- Increased lending to mid-market customers
- Heightened cross-border activity with South Korea, Vietnam, Hong Kong and Taiwan

Customer segmentation

HSBC Bank China's Commercial Banking total exposure by customer segment at end March 2008

Regional breakdown

HSBC Bank China's Commercial Banking total exposure by regional coverage at end March 2008

Strategy

- Leading International Business Bank
  - Leverage unique regional and international footprint to capture cross-border opportunities in Greater China, Asia-Pacific and rest of the world
- Best Small Business Bank
  - Focus on internationally-oriented, high-value SMEs in target regions to offer tailored products via multiple channels

Leading International Business Bank

- Leverage international scope to capture FDI inflows and trade transactions among foreign invested enterprises in Greater China
  - Optimise dedicated teams for Hong Kong and Taiwan customers
  - Provide integrated global offerings to multinationals via dedicated international teams
- Use global expertise to support overseas ambitions of Chinese companies
  - Support emerging Mainland companies in their cross-border activities via our dedicated China desks in major global financial centres
  - Strengthen our leadership position as bank of choice for privately owned enterprises (POEs)

Best Bank for Small Business

- Replicate our strong Hong Kong SME franchise across mainland China:
  - Tailor solutions to internationally-oriented high-value SMEs
  - Focus on Pearl River and Yangtze River Deltas as well as other fast-growing regions
  - Build a robust infrastructure to accommodate and sustain a fast-growing and profitable SME business
  - Leverage the Bank's expanding branch network while exploiting alternative delivery channels (eg internet banking, dedicated call centre, etc)

Our people

- Over 800 Commercial Banking staff across China
- Regional managers and customer segment managers – over 100 years of combined experience
- Team leaders managing five customer segments (Local, Hong Kong, Taiwan, International and High-value SMEs)

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India

Naina Lal Kidwai
Chief Executive Officer, India
The Hongkong and Shanghai Banking Corporation Limited

HSBC
The world's local bank

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Our businesses

- Personal Financial Services
- Commercial Banking
- Global Banking and Markets

Summary

Economic potential

- **Population:** 1.15 billion (2nd globally)
- **GDP growth:** 8.5% (22nd globally)
- **Gross GDP PPP:** US$2.965trn (4th globally)
- **Total exports:** US$140.8bn (26th globally)
- **Total imports:** US$224.1bn (17th globally)

Source: CIA World Fact Book 2008 (2007 estimates apply except for population data at 2008 estimates)

Regulatory environment

Branch expansion of foreign banks is strictly regulated

- Distribution and acquisition restrictions on foreign banks including local subsidiaries
- Possible changes in 2009
- Possibility of caps on lending rates

Uncertainty over market access and ownership reform in banks

- World Trade Organization norms fairly benign
- Bilateral agreements could exert stronger influence
- Prudential norms may align more closely to global best standards
- Priority sector lending stipulations have become more stringent
- Progressive deregulation of investments abroad by Indians foreseen

Extensive branch network covers key cities and economic zones

107 offices and 175 ATMs in 26 cities, including:

- 8 Global Resourcing Centres
- 4 Global Technology Centres
- 16 Asset Management offices

10% of HSBC Group staff based in India

- >33,000 staff

Expanded presence via insurance JV with Canara Bank and Oriental Bank of Commerce

- Access to 40 million customers and 3,600 branches

Acquired 73.21% of IL&FS Investsmart for approximately US$241.6m ***(subject to regulatory approval)***

- Access to over 138,000 customers via 88 branches and 190 franchisee outlets in 133 cities

2007 Profit before tax (PBT) up 35% to US$529m

Customer group PBT % change 2007 vs 2006

- **Investing in Personal Financial Services**
  – 23% growth in number of customers to 2.4 million
- **Commercial Banking delivering results**
  – net interest income up 78%; fee income up 57%
- **Global Banking and Markets driving growth**
  – over 80% contribution to total profits
- **HSBC Global Asset Management manages over US$14bn invested in India[1]**

Personal Financial Services
Commercial Banking
Global Banking and Markets
Private Banking
Other

Note 1. Association of Mutual Funds in India

Personal Financial Services

2007 PBT at -US$70m; customer numbers up 23%

2007 milestones

- **Investing for growth**
  - 2.7 million cards in force
  - Largest retail funds under management – 91% increase in funds under management
  - Relaunched Premier – 7% market share[1]
- **Joining up**
  - Enhanced non-resident Indian proposition in the Middle East
    - 70 Indian relationship managers
    - Launched free remittance products in the UK, USA, UAE, Oman, Bahrain, Qatar and Hong Kong

Note 1. Datamonitor

Personal Financial Services

- Focus on mass affluent and mid-market segments to cement leadership in wealth management business
- Drive sales of insurance JV products
- Develop a retail broking solution to drive customer acquisition
- Leverage our 2.7 million credit card base to cross-sell and integrate the liability and wealth management businesses
- Develop straight-through processing solutions to deliver core products through alternate delivery channels
- Build a global, joined-up non-resident Indian proposition that provides a full suite of international and domestic products through a single touch point

Personal Financial Services

Source: National Council for Applied Economic Research

Commercial Banking

2007 PBT up 91% to US$88m

2007 milestones

Landmark deals:

- First carbon credit deal – EUR35m structured trade finance
- Islamic banking deal – US$50m first syndicated equipment lease
- External Commercial Borrowings (ECB) - US$150m ECB syndication with a US$50m hold
- E-dairy card – banking and payment/collection solution for milk producers in rural Haryana

Launched new services:

- e-payment of taxes
- SMS alerts/Business Internet Banking
- Structured product desk set up for large corporate clients

Joining up:

- Organised India road shows abroad to tap corporates with Indian investments
- Launched PFS referral scheme to cross-sell investment products to CMB clients

Commercial Banking strategy

SME

- Expand in tier-1 cities; launch in tier-2 cities
- Expand range of lending products (upper SME lending, business instalment loan)
- Enhance coverage of treasury services
- Assign centralised virtual relationship managers to cross-sell/enhance client relationships
- Launch Business Direct (expected to add 9,900 customers in 2008; 41,000 in 2009)

Mid-market corporates

- Launch template lending proposition
- Expand to more cities
- Enhance treasury coverage with investment banking offerings

Large corporates

- Set up a dedicated investment banking desk
- Expand range of structured products and solutions
- Offer seamless cross-border banking
- Focus on sectors such as real estate, pharmaceuticals and emerging sectors like carbon credit

Segmentation strategy and customer life cycle management in action

Client is an international consulting company
Total exposure grew steadily from US$7 million to US$100 million from four years ago

HSBC income

US$7,000

- Checking accounts
- FX limits

US$38,000

- Working capital
- Facilities – US$7m

US$215,000

- Term loan
- PCM and Trade
- HSBC*net*
- Corporate cards (2,000)

US$280,000

- Cross-border (SGH, UAE, AUS, GER, UK)
- Derivatives
- 90% wallet
- Dividend payment
- Banker for the IPO and refund banker

US$1.5 million

- Collection banker
- Capex funding (US$18m)
- Enhanced working capital funding (US$20m)
- Cross-border (Netherlands, Sweden, Dubai)

Turnover

2003-04
US$32 million

2004-05
US$60 million

2005-06
US$112 million

2006-07
US$147 million

2007-08
US$190 million

Financial year (April-March)

Global Banking and Markets

2007 PBT up 55% to US$429m

Landmark deals

- Largest convertible bond offering in India – joint bookrunner on Reliance Communication's US$1bn convertible bond issue
- Largest bond issuance by a corporate in India – lead arranger and joint bookrunner on an INR15bn (approximately US$375m) three-year bond issuance for Tata Sons Limited
- HSBC Principal Investment completed its first investment in India in Reliance Telecom Infrastructure for US$80m
- No 1 Underwriter for domestic bonds[1]
- No 4 in M&A league table and key acquisition financing – Corus
- No 2 for Global Markets; No 1 for Corporate Banking[2]

Notes: 1. Bloomberg 2. Greenwich survey

Global Banking and Markets strategy

- Focus on large and middle market Indian corporates who increasingly invest/acquire cross border
- Continue to build out investment banking, research, equity derivatives franchise
- Enhance private equity/principal equity capability
- Grow financing-led advisory work
- Expand product suite to include securities lending and borrowing, Institutional Fund Services (IFS), transfer agency, derivatives clearing
- Grow Corporate Trust and Loan Agency (eg IPO/escrow) business

Investing to grow

• Extend PFS reach across mass affluent and mid-segment	• Grow Premier/wealth management, leverage retail broking investment
• Tap into growing SME market and link corporates to overseas partners	• Expand footprint in unexploited SME segment and diversify products for MMEs
• Maintain leadership in Global Banking and Markets	• Lead financing of companies with international ambitions
• Tap into new mega-wealthy segment to grow Private Banking	• Build on customer group cross-referrals
• Build insurance business through strategic partnership opportunities	• Leverage insurance JV with Canara Bank and Oriental Bank of Commerce
• Widen retail footprint through Investsmart	• Once regulatory approvals are in place

Analyst Roadshow to Asia-Pacific

Hong Kong and Shanghai
9-13 June 2008

Indonesia

Rakesh Bhatia
Chief Executive Officer, Indonesia
The Hongkong and Shanghai Banking Corporation Limited

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Our businesses

- Personal Financial Services
- Commercial Banking
- Global Banking and Markets

Summary

Economic potential

- **Population:** 237.5 million (4th globally)
- **GDP growth:** 6.1% (66th globally)
- **Gross GDP PPP:** US$845.6bn (16th globally)
- **Total exports:** US$118.4bn (31st globally)
- **Total imports:** US$86.2bn (32nd globally)

Source: CIA World Fact Book, 2007 estimates apply except for population data at 2008 estimates

Largest branch network in Asia-Pacific (ex Hong Kong)

Largest foreign bank by branch network in Indonesia

80 branches consisting of:

- 17 conventional branches (15 of which are Premier Centres)
- 1 Amanah branch
- 62 consumer finance (CF) branches (plus 9 sub-branches in post offices)

Expanded ATM channels

- Currently 50 proprietary ATMs; target 129 by end-2008
- Linked to 13,000 ATMs via ATM Bersama network

Robust staff resources

- 2,590 staff

2007 Profit before tax (PBT) up 46% to US$104m

- Loans and advances to customers up 23% to US$1.64bn
- Customer deposits up 24% to US$2.57bn

Customer group PBT % change 2007 vs 2006

- Personal Financial Services
- Commercial Banking
- Global Banking and Markets
- Private Banking (NA)
- Other (NA)

Personal Financial Services

2007 PBT at -US$7m; number of customers up 23%

2007 milestones

- No 2 Visa card issuer in terms of sales volume and average card spend (at YTD September 2007) – total 700,000+ credit cards in force[1]
- Fast-growing consumer finance (CF) company – HSBC Pinjaman (62 CF branches + 9 sub-branches in post offices)
- Significant growth in Premier business
- Launched new insurance products – Max Link Plus (single premium unit-linked), Proteksi Pinjaman (credit insurance for CF customers)
- Launched new funds and structured notes to drive wealth management growth
- First foreign bank to offer Shariah retail banking in Indonesia (March 2007)
- Expanded ATM channels via ATM Bersama network – access to >13,000 ATMs nationwide

Note: 1. Source: Visa International

Personal Financial Services

- Leverage expanded branch distribution
- Grow Premier to build wealth management business
- Maintain leadership position in credit cards
- Build market share in personal loans
- Grow consumer finance portfolio – expand to micro SME segment
- Build strong payroll proposition for mid-market salaried segment
  - Join up with CMB/GBM to offer companies enhanced payroll service
- Optimise penetration of off-balance sheet and structured deposits
- Strengthen cross-sell efforts in bancassurance across all customer segments
- Expand Shariah/Amanah products and services to different PFS market segments

HSBC Pinjaman

- Fast-growing consumer finance company
  - Tap underserved consumers through unsecured personal loans to meet their business expansion and other personal needs
  - New focus on self-employed mass market
- Currently 62 consumer finance branches + 9 sub-branches in post offices
  - Target +160 branches by end-2009
- Partnerships
  - With Post Office, PT POS Indonesia for customer acquisitions and payment disbursement; motorcycle finance companies and others
- High insurance cross-sell ratio

Commercial Banking

2007 PBT at US$29 million

2007 milestones

- Expanded product range to include commodity/warehouse receipt financing, supply chain financing
- Introduced wealth management products for corporates
- First bank to offer a comprehensive business insurance solution – Business Shield
- Rolled out Business Internet Banking
- Extended Shariah financing to CMB customers

Commercial Banking strategy

- Leverage expanded network and supply chain strengths to grow SME business
- Focus on growth sectors and under-penetrated industries
- Target top 100 companies to build wholesale business
- Link with Private Bank to increase cross-sales and referrals; and PFS to tap Premier, payroll customers and other strategic partnerships
- Expand Global Transaction Banking product range
- Streamline credit approval process to align with marketing focus and competitor benchmarking

Global Banking and Markets

2007 PBT at 25% to US$86 million

2007 milestones

- Appointed as primary dealers by the Ministry of Finance in 2007
- Co-lead underwriter for PT Berlian Laju Tanker's US$100m bond and IDR1trn bond for PT Astra Sedaya Finance
- Joint lead manager and joint bookrunner – US$2bn sovereign USD bond offering for the Republic of Indonesia (January 2008). HSBC as the Sole Credit Rating Adviser and Sole Global Roadshow Coordinator
- Lead arranger for PT Krakatau Steel (Persero)'s US$50m Islamic financing
- Solely lead managed US$228.5m satellite financing for PT Indosat Tbk
- Sole adviser to Carrefour, one of the Group's major Global Banking clients, in its acquisition of PT Alfa Retailindo Tbk

Global Banking and Markets strategy

- Focus on major local conglomerates, together with regional sector team
- Use debt capital markets capabilities to provide financing and customised hedging solutions
- Increase penetration of existing client base with currency and interest rate hedging solutions
- Offer structured liability products to PFS to expand their product range
- Use trading platform and primary dealer licence to increase distribution to institutional clients
- Focus sub-custody business on institutional clients (eg insurance, pension funds, NGOs) and country-specific groupings [eg Japan]; expanding product suite and joining up with Global Markets and cash management
- Expand cash management coverage to SMEs and country-specific customer groups (eg Korea, China, India, Australia)
- Enhance electronic commerce capabilities

HSBC Amanah Syariah

2007 milestones

First and only foreign bank to launch a Shariah banking unit in Indonesia

- First full-fledged Shariah retail banking branch in August 2007
  - The only foreign bank to offer retail Shariah banking services
- Trade Finance Deal of the Year 2007 – (2008 Islamic Finance News)

"Try as they might, no other international financial institution can match HSBC Amanah's product innovation and breadth of coverage in Islamic banking and finance. The firm has the biggest financial services team of any international bank providing retail and wholesale banking services in a number of countries." – Euromoney

Islamic Finance news Awards Deals of the Year 2006

Indonesia Deal of The Year: PT Pertamina (Persero)

Islamic Finance news Awards Deals of the Year 2006

Best Trade Finance: PT Pertamina (Persero) US$200m
Arranger and sole bookrunner for a US$200m international Murabahah syndication

Islamic Finance news Awards Deals of the Year 2007

Best Trade Finance: PT Krakatau Steel (Persero) US$50m

HSBC Amanah Syariah strategy

Build leadership position in retail, corporate and institutional segments

Corporate

- Focus on offshore Shariah syndication and Sukuk markets
- Develop leasing as a main product offering in Indonesia
- Expand to SME segment

Financial institutions

- Develop innovative Shariah products and services

Retail

- Extend presence in Shariah retail market to target all segments
- Expand distribution to all HSBC branches

Summary

• Focus on mass affluent and mid-market consumers	• Grow Premier, expand branch and channel presence; cement cards leadership and expand consumer finance
• Tap into growing SME/MME market	• Expand trade finance, cash management and Shariah financing capabilities
• Maintain leadership in Global Banking and Markets	• Leverage debt capital markets strengths
• Extend presence in Shariah banking	• Expand Shariah products and services across customer segments

Analyst Roadshow to Asia-Pacific

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9-13 June 2008

Malaysia

Irene Dorner
Group General Manager,
Chief Executive Officer,
HSBC Bank Malaysia Berhad

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Agenda

Overview

Performance

Our businesses

- Personal Financial Services
- Commercial Banking
- Global Banking and Markets

HSBC Amanah Malaysia Berhad

Summary

Economic potential

- **Population[1]:** 27 million
  - Young population – 60% below 30 years old
- **GDP growth:** 5.7% (82nd globally)
  - Led by strong expansion in the services, agriculture and manufacturing sectors
- **Gross GDP PPP:** US$357.9bn (29th globally)
- **Total exports:** US$169.9bn (21st globally)
- **Total imports:** US$132.7bn (25th globally)
- **US$60 billion government development plan[2]**
  - Five economic corridors: Iskandar, Eastern, Northern, Sabah and Sarawak
- **Malaysia International Islamic Financial Centre (MIFC) initiatives to promote Malaysia's position as an Islamic financial hub[3]**
  - Affinity market – 60% Muslim population

Notes: 1. Department of Statistics, Malaysia 2. Ministry of Finance, Malaysia 3. Central Bank, Malaysia.
All other economic data are extracted from the CIA World Fact Book 2008 (2007 estimates)

Branch network covers key cities and market centres

- 40 branches nationwide (West and East Malaysia)
- >5,000 bank staff

- 3 sales subsidiary outlets
- Labuan offshore
- HSBC Malaysia branches
- HSBC Amanah Takaful (Insurance)
- HSBC Malaysia Trustee
- HSBC Corporate Advisory

2007 Profit before tax (PBT) up 20% to US$330m

- Leveraging current network to drive organic growth
- Market leadership in Global Banking and Markets

PBT contribution by customer group, 2007

Customer group PBT % change 2007 versus 2006

Personal Financial Services
Commercial Banking
Global Banking and Markets
Private Banking (NA)
Other

Personal Financial Services

2007 PBT up 5% to US$81m

2007 milestones

- "Best Retail Bank in Malaysia"[1]
- Rolled out new branch platform
- Re-launched Premier in May 2007
- One of top Institutional Unit Trust Agents (IUTA)
- Largest consumer deposit base among foreign banks[2]

Notes: 1. Asian Banker, 2007 2. HSBC's published records against Central Bank's report, December 2007

Personal Financial Services strategy

- Grow Premier customer base
- Build wealth management: investments and insurance
- Differentiate branch experience through new branch platform
- Continue to expand multi-channel delivery and product range
- Increase credit card spend and receivables
- Expand bancassurance business – leverage HSBC Amanah Takaful
- Join up with CMB to increase cross-referrals for PFS/Premier

Commercial Banking

2007 PBT up 3% to US$90m

2007 milestones

- Launched CMB customer directory to drive cross-referrals
- Launched new trade and financing products for SMEs
- Rolled-out new Business Internet Banking
- Rolled-out enhanced Business Telephone Banking services
- Extended Islamic banking product suite
- Improved CMB customer servicing through the new branch platform

Commercial Banking strategy

- Drive acquisition of SME customer base and deepen mid-market penetration
- Tap cross-border business from Malaysian corporates expanding overseas
- Drive revenue growth through effective customer segmentation
- Shift to higher margin trade products
- Expand product range, enhance existing offerings
- Roll out new Amanah products to target Bumiputera lending
- Join up with PFS to cross-sell CMB to business owners in Premier customer base

Global Banking and Markets

2007 PBT up 47% to US$146m

2007 milestones

- Successfully concluded one of Malaysia's largest acquisition finance deals and one of the largest cross-currency USD/MYR swaps in onshore MYR
  - US$1.2bn syndicated loan of Binariang GSM to acquire Maxis
- World's first subordinated bank capital Sukuk – US$300m Islamic subordinated LT2 bond for Maybank
  - Best Deal[1]
  - Best Sukuk Deal of 2007[2]
- Managed one of the largest MYR Sukuk Al-Ijarah
  - Silterra Capital Berhad's MYR1.8bn Sukuk Al-Ijarah
- Led one of the largest and longest tenor MYR debt programmes
  - Cagamas Berhad's MYR60bn 40-year Islamic/conventional bond programme
- Awarded 'Best Musharakah Deal'[3]
  - KL Sentral Sdn Bhd's MYR720m Serial Sukuk Musharakah

Notes: 1 and 3: Islamic Finance News 2. Euromoney

Global Banking and Markets

2007 milestones

- HSBC Takaful Equity Linked Structured Investment: product was used as the underlying asset in Malaysia's first Takaful Capital Protected Plan
- First foreign bank to structure a Shariah-compliant equity linked structured investment in Malaysia – sold with a Takaful wrapper
- Multi-awarded team
  - Best Foreign Exchange Bank in Malaysia[1]
  - Islamic Products House of the Year[2]
  - Best Debt House in Malaysia[3]
  - No 1 Foreign Bookrunner in MYR bonds with a 7.2% market share[4]
  - No 1 Foreign Bookrunner for G3 bonds with a 33% market share[5]

Notes: 1. Global Finance, 2007 2. Asia Risk 3. The Asset Triple A Country Awards 4. Bloomberg 5. Bloomberg

Global Banking and Markets strategy

- Focus on Malaysian clients with global businesses and global HSBC clients operating locally
- Target Government Linked Corporations (GLCs) with HSBC Amanah solutions
- Maintain the market leader position in the USD/MYR spot and option markets
- Expand product coverage in the institutional space for FX options, derivatives and structured investment products
- Grow suite of Islamic financing cross-border solutions leveraging HSBC Amanah Malaysia Berhad's International Currency Business Unit (ICBU) licence

Overview

Status

- First foreign bank to launch Islamic banking under 'window' operations (1994)
- First locally incorporated foreign bank to be awarded an Islamic banking subsidiary licence with universal banking scope (2007)
- Locally incorporated in February 2008
- Expected to commence operations in 3Q08
- Roll out of Islamic branches in 2008
- Group's Centre of Excellence for Islamic finance in Asia-Pacific

Strategic direction

- Align with Malaysia's socio-political shift towards Islamic finance
- Evolve from 'window' to full-fledged Islamic bank
- Offer dedicated channels while leveraging parent infrastructure
- Undertake expanded range of Islamic banking businesses, including cross-border capital market opportunities through ICBU
- Capitalise tax incentives/benefits provided under the Islamic banking licence

Islamic banking – the opportunity

Market size

Estimated funds under management at >US$700bn globally[1]

Growing at 15-20% per annum[2]

More than 250 Islamic financial institutions globally[3]

Key regions

Over two-thirds of global Islamic assets in Gulf Cooperation Council region[4]

Other key markets include Southeast Asia and Indian subcontinent

Serves all customer groups

- Retail/ Personal
- Commercial/ Mid-market
- Corporate/ Institutional
- Private/ HNWIs

Increasing acceptance

Industry growth driven by a collective effort within affinity markets (largest in Asia) and interest from non-affinity markets.

Half of savings of 1.6 billion Muslims globally will be in Islamic banks in 8-10 years[5]

Global Takaful industry growing by 20% – estimated to be a US$15bn market in the next 10 years[6]

Notes: 1. Moody's Global Banking – Islamic Banks and Sukuk: Growing Fast, but Still Fragmented (April 2006) 2. S&P Report (31 August 2006) 3. Bursa Malaysia "The Islamic Capital Market" 2006 4. HSBC Amanah Analysis 5. IIR Middle East (April 2006) 6. Ernst & Young: World Takaful Report 2008 (April 2008)

HSBC Amanah's global footprint

Muslim % by country

90-100%	70-79%	50-59%	30-39%	10-19%
80-89%	60-69%	40-49%	20-29%	0-9%

● HSBC Amanah presence

Global leadership in Islamic capital markets

GCC Islamic Bonds 2007

	Underwriter	Amount US$m	No of issues	Mkt share (%)
1	**HSBC**	**2,908**	**5**	**16.2**
2	Barclays Capital	2,479	6	13.8
3	JPMorgan	1,750	2	9.8
4	Deutsche Bank	1,654	4	9.2
5	Riyad Bank	1,067	1	6.0
6	Dubai Islamic Bank	1,029	3	5.7
7	Credit Suisse	952	2	5.3
8	BNP Paribas	845	4	4.7
9	National Bank of Abu Dhabi	843	1	4.7
10	Citi	720	4	4.0

Source: Bloomberg

USD Global Islamic Bonds – 2002 to 2007

	Underwriter	Amount US$m	No of issues	Mkt share (%)
1	HSBC	7,723	19	21.0
2	Barclays Capital	5,989	8	16.3
3	Dubai Islamic Bank	5,207	10	14.1
4	Deutsche Bank	2,655	8	7.2
5	JPMorgan	2,183	4	5.9
6	Citi	2,003	8	5.4
7	Riyad Bank	1,066	1	2.9
8	Credit Suisse	1,001	3	2.7
9	Standard Chartered Bank	911	7	2.5
10	BNP Paribas	845	4	2.3

Source: Bloomberg (excluding MYR-denominated issuances)

Global leadership in Islamic capital markets

HSBC – leading foreign bookrunner for MYR Sukuks

MYR Islamic Bonds League Table – 2003 to 2007

Rank	Name	RM (m)	Issues	%
1	**HSBC**	**5,907.50**	**86**	**5.5**
2	UOB	4,106.00	106	3.8
3	OCBC	3,690.50	56	3.4
4	Standard Chartered	3,091.07	65	2.9
5	ABN	2,538.33	14	2.3

Source : Bloomberg – December 2007

HSBC is the world's leading fixed income house in Sukuk

HSBC has been at the forefront of every innovative Sukuk deal out of Malaysia, having pioneered the following landmark transactions:

- World's first Sukuk with the Government of Malaysia US$600 million Sukuk in 2002[1]
- World's first exchangeable Sukuk with Khazanah's US$750 million Islamic Exchangeable in 2006[2]
- World's first subordinated bank capital Sukuk by Maybank in 2007[3]

RAM MYR Islamic Bonds League Table – 2007

Rank	Name	RM (m)	Issues	%
1	**HSBC**	**6,563.00**	**6**	**8.9**
2	Standard Chartered	5,000.00	2	6.8
3	ABN	3,167.00	2	4.3
4	OCBC	3,167.00	2	4.3
5	Citibank	1,461.00	1	2.0

Source : RAM Lead Manager League table 2007

HSBC is the top foreign bookrunner for ringgit Islamic bonds having led more ringgit Islamic bonds transactions than any other foreign bank

Notes: 1. Central Bank, Malaysia 2. Khazanah Nasional Berhad 3. International Islamic Financial Market

Key markets of focus in Asia-Pacific

Affinity markets

Malaysia

- A comprehensive financial landscape for Islamic banking
- Debt markets with significant size and growth
- Strong support by various government bodies

Indonesia

- New Islamic Banking Act forthcoming
- New Sukuk law under parliament discussion

Brunei

- Established Islamic debt capital markets ahead of conventional setup

Non-affinity markets

Singapore

- Accommodative government stance 'Islamic Financial Hub' initiative
- Regulatory changes to level the playing field

Mainland China

- Active member of the Islamic Financial Services Board (2004)

Hong Kong

- Establishment of committee to study the Islamic capital market and make Hong Kong a centre for the trading of Sukuks

A focus on Malaysia – regional hub of excellence

Note: Circle sizes denote estimated size of the Islamic financial market in these respective countries
Source: HSBC Amanah, Illustrative Comparison Model for the development of Islamic Markets and Regulations

Why Malaysia as regional hub?

- Conducive legal and regulatory framework
- Effective Shariah framework
- Growing significance of Islamic finance by market demand
- Progressive institutional and product development
- Adequate pool of talent and resources

Sustain organic growth and build Islamic banking business

- Focus on mass affluent and middle market segments
- Grow Premier, wealth management, insurance and cards business

- Exploit SME market, and corporates with ASEAN trade; build niche in Islamic commercial banking
- Focus on product and channel enhancements; enhance trade services to support international customers

- Maintain leadership in Global Banking and Markets
- Focus on Islamic banking financing solutions (ICBU) for government-linked and global companies

- Build Islamic banking business and position as regional hub of excellence
- Explore new market opportunities and share best practices through plug-and-play approach

Analyst Roadshow to Asia-Pacific

Hong Kong and Shanghai
9-13 June 2008

Taiwan

Alistair Currie
Chief Executive Officer, Taiwan
The Hongkong and Shanghai Banking Corporation Limited

HSBC
The world's local bank

Agenda

Outlook

HSBC in Taiwan

Performance

The Chinese Bank

Our businesses

- Personal Financial Services
- Commercial Banking
- Global Banking and Markets

Summary

Political and economic overview

Political outlook

Improving cross-straits relations:

- Reducing restrictions on corporate investment and allowing financial institution expansion in mainland China
- Opening up Chinese investments in Taiwan property and stock markets
- Establishing direct transport links with the opening of seven ports/airports

Economic potential

- **Population:** 22.9 million (50th globally)
- **GDP growth:** 5.5% (92nd globally)
- **Gross GDP PPP:** US$690.1bn (18th globally)
- **Total exports:** US$246.7bn (17th globally)
- **Total imports:** US$219.3bn (18th globally)
- **Greater China connectivity**
  - Spillover of technology and capital to mainland China and Vietnam – Taiwan businesses pivotal to regional economic growth
  - Mainland China's 7th biggest trading partner[1]
  - Total Taiwan FDI flow to mainland China[2]: US$9.9bn in 2007, up 266% from US$2.7bn in 2001

Notes: 1 and 2. Ministry of Economic Affairs (2006)

All other economic data are extracted from CIA World Fact Book 2008 (2007 estimates, except for population data at 2008 estimates)

Diversified business, represented by

- HSBC Taiwan branch (the ‘bank’)
- HSBC Life International
- HSBC Securities
- HSBC Insurance Brokers
- HSBC Factors
- HSBC Investments

2007 Profit before tax (PBT) up 635% to US$123m

US$m

- Record earnings
- Increasingly diversified earnings streams
- Strong recovery from the unsecured consumer lending turmoil in 2006
- Acquired Chailease Credit Services – largest two-factor business in Taiwan
- Extended customer reach via HSBC Direct
- Launched HSBC Life in September 2007
- Completed acquisition of The Chinese Bank in March 2008

Customer group PBT % change 2007 versus 2006

The Chinese Bank

A stronger presence in Taiwan – strategic rationale

- Aligns with strategy to target high-growth markets with international connectivity
- Adds 36 new branches to the existing 8 across major cities in Taiwan with opportunity to open an additional 3
- Limited capital outlay required in view of the distressed nature of the business
- Opportunity to increase market share of CMB business and to capture a higher proportion of Greater China trade and FDI
- Potential to significantly increase market share of PFS wealth management business

HSBC Taiwan branch distribution

Extending reach, increasing scale

Before acquisition	After acquisition
Branches: 8 + OBU	44 + 3 licences + OBU
Personal customers: 800k	1.7 million
Commercial customers: 4k	20k
Staff: 2,400	3,800
Deposits: US$12bn	US$14bn

Key client opportunities

Personal Financial Services	• Significant potential for wealth management, driving Premier growth • Source Premier customers for HSBC Bank China (HBCN) – >1 million Taiwanese in mainland China • Significant franchise expansion for HSBC Direct • Cross-sell insurance, asset and investment products
Commercial Banking	• Focus on SME and lower MME – aspire to a 10%+ market share • Deepen share of wallet of existing customers of The Chinese Bank • Increase business with Taiwanese companies investing in mainland China, Vietnam and elsewhere internationally

Other opportunities

Global Markets	• Cross-sell treasury and risk management products to CMB customers • Manufacture and sell wealth management products to an expanded customer base
Asset Management	• Reposition newly acquired client base towards the Premier segment to expand product distribution and penetration
Global Transaction Banking	• Enhance existing local currency payments and cash management products and services to close the gap with key competitors • Increase trade finance and factoring opportunities in CMB portfolio
Insurance	• Significantly expand the bancassurance distribution channel

Personal Financial Services

2007 milestones

- Achieved 29% growth in new Premier clients
- Repositioned credit card business to target higher quality customers; asset quality improving
- HSBC Direct build-out

2005-07 PBT performance (US$m)

Personal Financial Services strategy

- Grow Premier - drive a differentiated wealth management proposition
- Reposition enlarged branch network to support wealth management focus
- Expand HSBC Direct proposition to further capitalise on opportunities in the mass-market segment
- Strengthen distribution capabilities of HSBC Life using extended branch network

Commercial Banking

2007 milestones

- Strongest Greater China franchise among peers - five country and territory desks in mainland China, Hong Kong and Vietnam
- Successful integration of Chailease Credit Services – largest receivables finance business – c.30% market share[1]
- 'Best Trade Finance Bank in Taiwan'[2]

2005-07 PBT performance[3] (US$m)

Commercial Banking strategy - Best Small Business Bank

- Leverage expanding branch network in Taiwan
  - Greater penetration of small business segment – (sales of US$2m - US$30m p.a., or with paid in capital below NT$80m)
  - Sectors of focus:
    - Importing and exporting companies, SMEs with business dealings in mainland China
    - Companies whose main source of business is from larger local corporates or multinationals

Notes: 1. Factors Chain International, 2007 2. The Asset, 2007 3. PBT in 2006 included US$8.9m one-off gains and US$2.8m revenues from disposing card merchant business. Like-for-like, PBT grew by 12% from 2006-2007.

Commercial Banking strategy – Leading International Business

- Leverage HSBC's regional footprint to capture cross-border trade and investment activity, particularly in Greater China
  - Over 100,000 Taiwanese companies operate in mainland China
  - Between 1~1.5 million Taiwanese live in mainland China
  - Taiwanese FDI cumulatively more than US$150bn
  - Bilateral trade over US$76bn in 2006
  - c.60 of mainland China's 500 largest companies are Taiwanese
  - Intra-regional trade flows increased by 12% to US$418bn in 2006

Sources: National Chinese Bureau of Statistics; Chinese Ministry of Economic Affairs

Global Banking and Markets

2007 milestones

- Major syndication player in the Greater China region: Mandated Lead Arranger of 10 syndication loans in Taiwan and mainland China
- #1 in Securities Services[1]
- #3 in Treasury business[2]
- #2 in Greenwich Large Corporate Survey (April 2008)

2005-07 PBT performance (US$m)

Global Banking and Markets strategy - leverage Greater China platform

- **Global Markets -** focus product development on RMB hedging, cross-border funding, liabilities solutions, Foreign Institutional Investor, QDII research and brokerage services
- **Global Banking -** build out Greater China loan and transaction banking portfolio; enhance Hong Kong IPO and advisory capabilities for Taiwan clients
- **Transaction Banking -** leverage products expertise and systems platform to provide full spectrum of payments, cash, trade and supply chain solutions; particularly for cross-straits business

Notes: 1. Trust Association of ROC (2007) 2. Central Bank of China

Building a significant Taiwan market presence

- Transformational opportunity, positive outlook
- Strong and growing business franchise
- Broad-based client portfolio (consumer – SME – large MNC)
- Much-enlarged platform for growth
- Well-placed to capitalise on Group strengths – particularly in Greater China

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HSBC
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Agenda

Overview

Strategy

Our businesses

- Personal Financial Services
- Commercial Banking
- Global Banking and Markets

Summary

Economic potential

- **Population**: 86 million (13th globally)
- **GDP growth**: 8.5% (23rd globally)
  - Momentum sustained by strong consumer spending, healthy wage gains and robust employment
  - Continued increase in private investment and government capital expenditure
- **Gross GDP PPP**: US$222.5bn (47th globally)
  - Growing consumer behavior and large segments
- **Total exports**: US$48.3bn (49th globally)
- **Total imports**: US$60.8bn (42nd globally)

Source: CIA World Fact Book, 2007 estimates apply except for population data at 2008 estimates

Dual growth strategy

Organic growth through local incorporation - expand presence and capabilities

- 2 full service branches, 1 representative office and 64 ATMs
- 'Approval in principle' granted for local incorporation on 5 March 2008
- Launched credit cards in March 2008

Strategic investments

- 14.4% in Techcombank – one of the largest joint stock banks in Vietnam by equity[1]
- 10% in Bao Viet Holdings – most established insurance and financial services group[2]

Notes: 1. Techcombank 2. Bao Viet

Personal Financial Services

- Focus on cards and personal loans, insurance and channel capabilities
- To add 10 branches and transaction offices in 2008 (subject to regulatory approval)
- Leverage Techcombank network
  - ATM linkage with Techcombank completed in May 2008

Commercial Banking

- Expand SME customer base via bundled products and Business Internet Banking
- Build trade finance and cash management businesses with strong focus on deposit-taking
- Expand distribution network via new branches and alternative channels (internet, phone banking)
- Build cross border business: establish a Japanese desk and accelerate growth in Korean and Greater China businesses

Global Banking and Markets

- Focus on multinational, sophisticated local corporates and financial institutions
- Become a total solution provider (funding, risk management)
- Expand distribution of treasury products
- Play lead role in the development of Vietnam's capital markets
  - Saigon Port Container Terminal – first and largest project finance in Vietnam for Dubai Port
  - Techcombank's first benchmark-sized issue – new class of VND bonds
  - Vietnam Brewery Limited – lead arranged a term loan
  - CapitaLand Vista – arranged large pre-construction financing

Summary

• Focus on growing consumer segment	• Build credit card, personal loans and insurance businesses
• Expand our leading position in the middle and large corporate segments; grow SME and cross-border business	• Expand our customer base by building on strengths in trade finance and cash management to grow profitability
• Maintain leadership in Global Banking and Markets	• Leverage debt capital markets strengths
• Leverage strategic investments	• Build on opportunities in Techcombank and Bao Viet