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Singapore

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HSBC
The world's local bank

Forward-looking statements

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This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional detailed information concerning important factors that could cause actual results to differ materially is available in our Interim Report. Past performance cannot be relied on as a guide to future performance.

All financial information used in this presentation is reported in accordance with IFRS and extracted from HSBC Holdings plc's 2009 Interim Report unless indicated otherwise. 'Hong Kong' includes Hang Seng Bank, 'Asia' includes Hong Kong and Rest of Asia and 'Asia-Pacific' includes Asia and the Middle East, unless stated otherwise.

Agenda

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Country overview

Economic outlook

Presence

Opportunity

Awards

Performance

Strategy

Personal Financial Services

Commercial Banking

Global Banking and Markets

Summary

Country overview

Population	**4.7 million[1]**
GDP growth	**-2.5% (2009e)[2]**
Gross GDP at purchasing power parity	**US$217bn[3]**
Total exports	**US$342.7bn[1]**
Total imports	**US$219.5bn[1]**

Notes:
(1) CIA The World Factbook 2009 (figures are 2008 estimates except for population at Jul 09 estimates)
(2) HSBC Asian Economics 4Q09
(3) IMF World Economic Outlook Apr 09

Economic outlook

Economic recovery expected in 2010

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GDP and GDP growth[1]

Highlights

- Growth in 3Q09 was one of the strongest since recession
- Recovery in pharmaceutical and financial sector; boom in construction sector
- Growing industrial production, exports and retail sales
- Domestic policy support combined with regional/global trade recovery prospects
- Expect modest fall in GDP in 2009; healthy forecast in 2010

Note:
(1) HSBC Asian Economics 4Q09 (nominal GDP)

Presence

Niche market

- **Established in 1877, operating 10 branches**
- **HSBC traditional businesses – Personal Financial Services, Commercial Banking and Global Banking and Markets**
- **Insurance manufacturing and distribution operations**
- **Private Banking, Institutional Trust Services and Global Asset Management**
- **Over 3,200 staff[1]**

Note:
(1) Includes staff from HSBC Private Banking and HSBC Trustee Singapore

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Opportunity

International banking, wealth management and global business connectivity

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- **Highly developed economy with focus on emerging markets**
- **Financial hub – stable banking system with strong supervisory environment; to be one of the world's fastest growing international banking centres in the next 5 years**
- **Multinational hub – home to over 7,000 multinational companies, of which 57% have their international/regional headquarters in Singapore[1]**
- **Key trading entrepot – presenting global expansion opportunities for businesses of all sizes**
- **Strong emphasis on infrastructural enhancement, using public-private partnerships wherever applicable**

Note:
(1) Singapore Economic Development Board

Awards

Market recognition and leadership

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- **Best International Trade Bank *(Trade Finance* 2009*)***
- **Best Domestic Cash Manager *(Euromoney* Cash Management Poll 2009)**
- **Best Corporate/Institutional Internet Banking in Singapore *(Global Finance* 2009*)***
- **Insurance Company of the Year *(World Finance* 2009)**
- **Best Consumer Internet Banking *(Global Finance* 2009*)***
- **Best Customer Loyalty Programme *(Asian Banker* 2009*)***
- **WebAward for Financial Services Standard of Excellence (Web Marketing Association 2009)**
- **No. 1 in Leading Client Category *(Global Custodian* 2008*)***
- **No. 1 Sales Force (Greenwich Associates 2008 poll)**

Performance

Profit before tax (PBT) of US$283m at 1H09

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PBT, US$m

Business mix, 1H09, US$m

Others - 7 (-2%)

US$283m

Strategy

Focus on mass affluent, key SME/MME and large corporates

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Personal Financial Services	• Build wealth management and international banking centre of excellence
Commercial Banking	• Expand and deepen SME/MME relationships via international trade, cash management, treasury advisory and extensive global network
Global Banking and Markets	• Drive growth with focus on debt and equity capital markets, lending and trade finance
Private Banking	• Take market share and capitalise on flight to quality
Insurance	• Maintain growth momentum through expanded distribution capabilities and new products

Personal Financial Services

Delivering on strategy

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Opportunity	• 2.4 million bankable population, close to half are mid-market and mass affluent combined[1] • Insurance market potential – bancassurance collected 24% of new premiums in 1H09[2] • US$600bn assets under management in 2008[3]
Strategy	• Consolidate customers' finances in HSBC • Position International Banking Centre as preferred provider of international banking and wealth management services • Expand range of investment products for sophisticated customers • Grow life insurance sales through bancassurance model
Delivering on strategy	• Grew Premier customers by 29% in Aug 09 year-on-year (YoY) • Launched Premier's Global View and Global Transfer – first to market with online banking service that allows online view and transfers across accounts held in different countries • Launched high-net-worth Jade Global Universal Life insurance

Notes:
(1) The Nielsen Company 2007
(2) Life Insurance Association 2009
(3) 2008 Asset Management Industry Survey, Monetary Authority of Singapore; S$864bn converted at Dec 08 month-end rate of S$1.4398:US$1

Commercial Banking

Delivering on strategy

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Opportunity	• Rapid growth in number of start-ups and success of local companies venturing overseas – SMEs and MMEs • Government's continual effort to attract foreign companies to Singapore through its pro-business policies; over 10,000 foreign SMEs operating in Singapore[1]
Strategy	• Tap SMEs venturing overseas to capture cross-border needs • Grow market share and deepen wallet share via cross-sales • Strengthen tie-ups with HSBC counterparts in countries that are Singapore's main trading partners to drive new business • Diversify income stream by growing cash management, trade finance, receivables finance, foreign exchange (FX), investment and insurance businesses
Delivering on strategy	• Grew quality assets with improved margins • Increased customer penetration to grow non-fund income • Increased referrals from PFS, contributing significantly to CMB's new-to-bank customers in 1H09 • Grew outbound referrals via Global Links to mainland China, Vietnam, India and the Middle East by 22% in 1H09

Note:
(1) Singapore Economic Development Board

Global Banking and Markets

Delivering on strategy

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Opportunity	• Improving economic environment and return of confidence • Preferred counterparty on the back of strengthened relationships during the crisis and customer perception of continued and long-term market presence • Availability of balance sheet to support clients at improved returns
Strategy	• Targeted balance sheet deployment to maximise return on capital • Create and exploit opportunities for issuers and investors as debts and capital markets re-open • Protect leading position in trade services, cash management and FX through ongoing product development and talent management
Delivering on strategy	• Joint lead arranger and underwriter for US$1bn rights issue for a shipping company • Sole lead manager for S$500m bond issue for a supranational – largest ever sovereigns, supranationals and agencies issue in Singapore • Advisor, facility agent, mandated lead arranger and sole hedge provider for US$235m debt arrangement for a government-sponsored project under a 27-year public-private partnership contract

Summary

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Balanced customer group contribution	• Build on success to strengthen contribution to Asia business
Strong wealth management potential	• Capture renewed investor demand to lead international wealth management
Interconnectivity advantage	• Exploit global network to support businesses' international financing and transactional needs