2009 INVESTOR ROADSHOW – HONG KONG AND SHANGHAI

Commercial Banking

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GROUP GENERAL MANAGER AND
GLOBAL CO-HEAD COMMERCIAL BANKING

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Forward-looking statements

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

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

Performance

Opportunity

Business model and strategy

Country and territory highlights

Awards

Summary

Performance

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Commercial Banking

A global opportunity

Regional mix, 1H07 – 1H09

Profit before tax (PBT), US$m

Emerging vs developed markets PBT 1H09

Resilient and diversified performance

Remained profitable in all regions through the downturn

Leveraging global scale, serving international customers and expanding in emerging markets

Asia 1H09 highlights

Creating a more balanced business in Asia

1H07 PBT US$3.4bn

1H09 PBT US$2.4bn

Opportunity

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Asia opportunity

Foreign direct investment flowing into Asia

Mainland China and India ranked 1st and 4th as inward foreign direct investment (FDI) targets

% companies expecting to invest in these countries in the next 5 years[1]

Mainland China, Hong Kong and India already leading Asia in FDI inflows

South, East and South-East Asia FDI inflows 2007-2008, US$bn[2]

Notes:
(1) KPMG 2008
(2) UN 2009

Business model and strategy

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Business model

Capitalises on HSBC strengths and competitive advantage

Strategy

Clear strategies are driving success

Leading international business

HSBC's competitive advantage in all markets

Best bank for business

Where we have relevant scale and opportunity

Leveraging HSBC's global scale

Increasing global consistency across the business

Leading international business

International businesses generate higher revenues than purely domestic businesses

The market size is significant and we are well placed against competitors

International business volumes and revenues are growing strongly

38% of businesses have international needs[1]

Strong growth in international product revenues, 1H09 vs 1H08

Notes:
(1) Dun & Bradstreet Jul 09: businesses with turnover of more than US$5m

Leading international business

Simba Dickie Group

- Headquartered in Germany, a top 3 European toy manufacturer with turnover of around EUR500m
- With subsidiaries in 19 countries: Europe, US and Asia with most of its suppliers in mainland China and Hong Kong
- Founded in 1982 in Germany; 1,700 employees; brands include Simba, Dickie, Tamiya, Noris Spiele, Eichhorn, BIG

HSBC unrivalled network	HSBC unique expertise	HSBC distinctive products
Provides support via offices in Germany, Hong Kong, the UAE, Saudi Arabia and Qatar	**Referred from HSBC in Germany to a Hong Kong-based German Relationship Manager**	**Trade finance**
Breaks down international borders for customers	**International business team**	**Corporate cards**
Grows international partnerships		**Credit facilities**
		FX hedging
		Payments and cash management

Best bank for business

Emerging markets growth engine	62% of new Business Banking customers are in emerging markets
Exploiting scale and efficiency	Consistent global business model tailored for local market Common customer propositions and systems
Helping customers manage their cashflow	Transaction and deposit model generates fees and deposits
Open for business	Supporting customers in weathering the storm

Customer acquisition balanced towards high-growth emerging markets

Gross new customer acquisitions 1H09

With over US$100bn in customer deposits, Business Banking generates over twice as much in deposits as in customer loans and advances

Best bank for business

Hindesa Yarns Pvt Ltd

- A 100% export-oriented unit based in India manufacturing and exporting yarn, garments and other textile products
- Main markets are the US and Eastern Europe
- Turnover at US$2m

HSBC unrivalled network	HSBC unique expertise	HSBC distinctive products
Has strong foothold in export document credit business	**Needs-based approach**	**Foreign currency accounts for credit of export proceeds (EEFC)**
Reinforced by strong international brand	**Tailored financing solution to support Asia business expansion**	**Foreign exchange products**
Premier client		**Documentary credit (Trade)**
		Forfaiting facilities

Country and territory highlights

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Country and territory highlights

Hong Kong

- SME Global Loan Fund
- Strong customer acquisition
- Dedicated international teams working with local teams
- Significant profit contribution, 17%, from insurance

Mainland China

- Aligned with Hong Kong, Taiwan and Vietnam to capture referrals and provide cross-border customer support
- Growing state-owned enterprise (SOE) customer base
- Opened 3 additional CMB branches since Apr 09

India

- Strong underlying business despite loan impairment charges
- Expanding and deepening SME/MME customer base
- Leveraging international presence for cross-border business

Indonesia

- Expanding customer base from newly acquired Bank Ekonomi – one of the largest providers of SME banking services in country
- Extending CMB services across a wider network of 209 outlets in 26 cities

Awards

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Awards in 2009

Best International Trade Bank in Indonesia
Best International Trade Bank in China (2008-2009)
Best Trade Bank in China
Trade Finance

Best Global Supply Chain Finance Provider (2008-2009)
Best Trade Finance Provider: Hong Kong (2002-2009)

Global Finance

Best Trade Finance in Malaysia Best Trade Finance in Vietnam
Best Trade Finance in Hong Kong

The Asset

The Best Trade Bank in China
PricewaterhouseCoopers Survey of Foreign Banks in China 2009

Excellence in SME Banking

The Asian Banker

Best Foreign Commercial Bank in China
Best Foreign Commercial Bank in Vietnam
Best Foreign Commercial Bank in Hong Kong
Best Cash Management Bank in Hong Kong

FinanceAsia

Summary

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Summary

- **Successful emerging markets-led and transaction-banking focused strategy**
- **Strong contributor to HSBC Group profitability**
- **Clearly defined strategy: leading international business and best bank for business**
- **Open for business**
- **Strong brand**