2009 INVESTOR ROADSHOW – HONG KONG AND SHANGHAI

Mainland China

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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 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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HSBC Bank (China) Company Limited

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Summary

Country overview

Size matters

Population	**1.3bn – most populous country in the world[1]**
GDP growth	**8.1% (2009e)– fastest growing major economy[2]**
GDP	**US$4.33trn[1](2008 nominal, ranked 3rd)[3]**
Foreign trade	**US$2.56trn (2008, ranked 3rd)[3]**
Foreign exchange reserves	**US$1.95trn (2008, ranked 1st)[4]**

Notes:
(1) CIA The World Factbook 2009 (July 2009 est.)
(2) HSBC Asian Economics 4Q09
(3) National Bureau of Statistics
(4) State Administration of Foreign Exchange

Economic outlook

Leading recovery

GDP and GDP growth[1]

China in transition

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

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

Presence

Expanded footprint

Largest foreign bank network

- 90 HSBC Bank China outlets in 20 cities with 11 new outlets this year to date (Sep 09)
- 5 rural banks – 6 outlets (Sep 09)
- 35 Hang Seng Bank [1] outlets in 11 cities (Jun 09)

Focused on four economic growth zones

First foreign bank to issue RMB bonds in Hong Kong

First foreign bank to settle cross-border trade in RMB

Launched 50:50 insurance entity with National Trust

Top foreign bank in 10 categories[2]

Notes:
(1) Hang Seng Bank (China)
(2) PricewaterhouseCoopers Survey of Foreign Banks in China 2009

Strategic partnerships

Largest foreign bank investor in the Mainland

HSBC in China	% ownership	Outlets
HSBC Bank (China) Company Limited	100	90
HSBC Jintrust	49	1
Beijing HSBC Insurance Brokers	24.9	1
HSBC Rural Bank Company Limited	100	6
HSBC Life Insurance Company Limited	50	30
Hang Seng Bank (China) Limited	62.14	35
Bank of Communications	19.01	2,600+
Ping An Insurance	16.78	356,000 agents
Bank of Shanghai	8	200+
Industrial Bank	12.78 (via Hang Seng Bank)	400+

Opportunity

Strong economy in key urban areas

Key cities	Population (in millions)[1]	Area
Beijing	16.95	Capital city
Shanghai	18.89	Yangtze River Delta (YRD)
Guangzhou	10.18	Pearl River Delta (PRD)
Shenzhen	8.77	Pearl River Delta (PRD)

Per capita disposable income of urban households, 2008, RMB[2]

Per capita GDP, 2008, RMB[2]

Notes:
(1) Statistical bureaus of respective cities
(2) CEIC, National Bureau of Statistics

Competition

Largest and most geographically widespread of all foreign banks in mainland China

Locally incorporated foreign banks by branch network[1]

Note:
(1) Official bank websites and press reports (as at end-Sep 09; excluding representative offices, administrative offices, etc.)

Competition

No 1 foreign bank[1]

	First	Second	Third
Corporate lending	**HSBC**	Standard Chartered	Citibank
Retail banking	**HSBC**	Standard Chartered	Citibank
Private banking	**HSBC**	Citibank	UBS
Foreign exchange and treasury	**HSBC**	Citibank	Standard Chartered
Trade finance	**HSBC**	Standard Chartered	Citibank
Credit cards	**HSBC**	BEA	Citibank
Brand awareness	**HSBC**	Citibank	Standard Chartered
Corporate finance	**HSBC**	Citibank	Morgan Stanley
Project financing	**HSBC**	Societé Générale	Citibank
Corporate social responsibility[2]	**HSBC**	Standard Chartered	Citibank
Derivatives	Citibank	**HSBC**	Deutsche Bank
Cash management	Citibank	**HSBC**	Standard Chartered
Debt capital markets	Morgan Stanley/Goldman Sachs (joint 1st and 2nd)		**HSBC**

Notes:
(1) PricewaterhouseCoopers Survey of Foreign Banks in China 2009
(2) Newly added category in 2009

Performance

Profit before tax of US$752m in 1H09

Business mix, 1H09

Profit before tax (PBT), US$m

Business highlights, 1H09

Achievements

- Established in 1865, locally incorporated in Apr 07
- Largest foreign bank network – on track for 100 HSBC-branded outlets by end 2009
- Market value of 3 largest strategic investments up by US$8.2bn in 1H09
  - Bank of Communications, 19.01%
  - Ping An Insurance, 16.78%
  - Industrial Bank, 12.78% via Hang Seng Bank

PBT breakdown, US$m

HSBC Bank (China) Company Limited

Locally incorporated in March 2007

- **About 5,300 staff[1]**
- **90 outlets in 20 cities – 20 branches and 70 sub-branches[1]**
- **RMB8bn registered capital**
- **A1 (long-term) Moody's rating – highest possible rating for a locally incorporated bank in mainland China**
- **Head office in Shanghai**

Note:
(1) As of Sep 09

Strategy

Organic growth

	Strategy	Delivering on strategy
Personal Financial Services	• Focus on mass affluent	• Driving Premier growth • Expanding product range as market deregulation progresses
Commercial Banking	• Target state-owned (SOEs) and privately owned enterprises (POE) • Build on trade finance strengths	• Building SME franchise in 20 cities
Global Banking and Markets	• Tap Fortune 500 names, large corporate and financial institutions	• Strengthening leadership in foreign exchange, treasury, lending and project finance
Private Banking	• Focus on high-net-worth individuals in Beijing, Shanghai and Guangzhou	• Increasing customer base and product scope
Insurance	• Build bancassurance through insurance JV	• Started operations in Aug 09

Strategy

Deriving value from strategic partnerships

	Bank of Communications (BoCom)
Strategy	• Leverage complementary strengths to generate profitable and sustainable growth • Build a model for strategic alliances between Chinese and foreign financial institutions
Delivering on strategy	• Over 60 co-operation projects ongoing, including exchange programmes to share HSBC's management, technical knowledge and experience • Over 11 million co-branded credit cards in circulation • China Express – Documentary credit advising services in conjunction with BoCom • Established online platform for corporate customers who bank with both HSBC and BoCom • Co-operated on pioneering RMB cross-border trade settlement, RMB bond issuance and host-to-host linkage

Summary

Maintain market leadership	• Fast-track branch expansion • Target to become first foreign bank to list A-shares
Cement position as pioneer in financial services	• Aim to be first to capture opportunities as markets open up
Build on unique regional and international network	• Capture trade, investment and wealth flows in Greater China, Asia and rest of the world
Focus on high-growth segments and zones	• Tap segments of affluent consumers and businesses in key economic growth areas
Leverage strategic partnerships to build scale	• Maximise co-operation with partners to build insurance and cards reach