2009 INVESTOR ROADSHOW – HONG KONG AND SHANGHAI

Global Banking and Markets

DAY 1, 16 NOVEMBER 2009

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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

Global Banking and Markets performance

Global Markets

Global Banking

Global Transaction Banking

Trade and Supply Chain

Payments and Cash Management

Record performance in Global Banking and Markets

Success in emerging markets-led, financing focused strategy generating sustainable growth

Regional mix, 1H09

Profit / (loss) before tax, US$m

	US$m
Hong Kong	907
Rest of Asia	1,239
Middle East	304
Latin America	480
Europe	2,891
North America	477
Profit before tax	6,298

Balanced between faster-growing emerging markets and developed markets: PBT 1H09 (% share)

Regional mix, 1H07 – 1H09

Profit /(loss) before tax, US$m

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Global Markets

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Global Markets in Asia

- **Embarked on the right strategy**
- **Consistent and stable growth – major contributor to Group income**
- **Geographic and product diversification**
- **Resilience**
- **Unique heritage**

A compelling competitive advantage to capture the Asia growth story

Opportunity

World's economic centre of gravity heads East

Asia's share of global GDP is growing[1]

Increasing capital flows[2]

Already seeing improving sentiment: HSBC Emerging Markets Index surged in 3Q09[3]

Notes:
(1) International Monetary Fund; Asia ex Japan GDP and global GDP, % of total
(2) CEIC, HSBC; Asia ex Japan inward and outward foreign direct investment
(3) HSBC; index over 50 indicates positive change on previous quarter, seasonally adjusted

Opportunity

Asia's financial markets scope for growth

Debt and equity issuance 1999 vs 2009YTD[1]

Emerging markets capital markets – a fraction of developed markets[2]

Notes:
(1) Bloomberg, HSBC
(2) Thompson Financial Database, HSBC; data for 2008

Opportunity

Growing international role of renminbi (RMB)

Mainland China international trade

Mainland China's exports to Asia[1]

Mainland China's imports from Asia[1]

Need for RMB investment and risk management tools

- RMB settlement pilot programme launched
- Opening of RMB bond market to foreign investors
- Increasing sophistication in onshore/offshore RMB products and broadening of RMB banking services

HSBC's competitive positioning

- Largest bank incorporated in the Hong Kong SAR
- Largest foreign bank in Mainland China - 90 service outlets and regional focus in Mainland China
- Leading provider and developer of RMB products
- Extensive presence supporting international trade/ investment flows

Note:
(1) Source: CEIC

Capturing the opportunity

The story so far

Trends	Our response
Increasing demand for financing	• Leading capital markets platform backed by sizeable balance sheet
Demographics	• Wealth management products • Access to global fixed income and equities
Market risk uncertainties	• Leading risk management advisory and complete product suite • Local presence = local knowledge and understanding
Regional economic growth	• Regional footprint – teams on the ground with investment in regional trading and sales platform paying off
Intra-Asia and global trade growth	• Local and international presence winning business at both ends of trade/ investment flows
Demand for Asia/ emerging markets assets	• Distribution strength and market access

Geographic priorities

Hong Kong	• Leading bank for Hong Kong dollar (HKD) and offshore RMB products • Enhance cross-selling through our established Commercial Banking, Personal Financial Services and Private Banking businesses • Expanding equities
Mainland China	• Hong Kong and mainland China greater than sum of the parts • Greater China coordinated sales; Pearl River Delta • Leading foreign bank in mainland China • Expand business into Tier 2 cities • Develop debt capital markets capabilities
India	• Global Capital Financing – meeting onshore and offshore financing needs of India's expanding corporates • Extending client base through cross sales to CMB/ Global Banking
Rest of Asia	• Leading local currency financing activity • Capture sales opportunities from increasing intra-Asia trade and connectivity • Support financial market development

Our strategy is successful

Euromoney - Awards for Excellence 2009

Best at Risk Management in Asia

Best Debt House in Asia

Best Global Bank

Best Global Bond House

Bloomberg Bond League Table - YTD 3 Nov 09	2009		2008	
	Rank	Market share	Rank	Market share
Asian local currency bonds				
HSBC	1	12.0%	1	8.7%
Standard Chartered	2	9.3%	2	6.9%
CIMB	3	4.5%	3	4.0%
Asia-Pacific ex Japan bonds				
HSBC	1	5.2%	1	4.2%
China International Capital	2	5.1%	10	2.5%
ICBC	3	4.5%	2	3.7%

Summary

Opportunity, strategy and competitive advantage are aligned

- **Ascent of the Asian economy**
- **International connectivity**
- **Right strategy, right location, right products, right people**
- **Balance sheet strength and stability**
- **Trust**

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Global Banking

FRANK SLEVIN
HEAD OF GLOBAL BANKING,
ASIA-PACIFIC

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Global Banking in Asia

An integrated business in a unique position

- **Global presence – effective hub and spoke model**
- **Breadth and depth of client relationships**
- **A joined-up business – by country, product and customer group**
- **Prudent risk management track record**
- **Embarked on a strategy for growth**

Our opportunities, strategy and competitive advantage are aligned

Opportunity

Global Banking is ideally positioned to capture growth

Annual GDP growth, %[1]

Note:
(1) HSBC Economics

Opportunity

World economic focus is moving East; increasing levels of South/South and East/East connectivity

Asia inter- and intra-regional trade flows[1]

FDI into China from emerging markets[2]

Increasing number of Asian companies in Fortune 500[3]

Notes:
(1) World Trade Organization
(2) China Statistical Year Book 2009
(3) Fortune 500 2009; Asia includes Australia

Opportunity

Increasing momentum in Asian capital and M&A markets

Asia accounts for 54% of global IPO volume 2009 YTD

Asian M&A announced transactions accounted for 29% of global M&A volume 2009 YTD

Sector strength ensures HSBC ideally positioned to capitalise on Asian corporate expansion

Asia's increasing share of global IPO volume[1]

Asia's increasing share of global M&A volume[2]

Notes:
(1) Thomson Financial, Asia including Japan and Australia, by issuer nationality, as of Oct 31 09
(2) Thomson Financial, Asia including Japan and Australia, all announced deals, as of Oct 31 09

Capturing the opportunity

Trends	Our response
Client driven demand for an integrated wholesale banking model	• Emerging markets-led, financing-focused strategy unchanged
Resurgence of IPOs and rights issues	• Build-out of equities platform
Market uncertainties remain	• Capital Financing team ready for restructuring needs • Liquidity and balance sheet strength
Increased demand for Islamic solutions	• Build out Islamic Finance capability with Malaysia as the hub
Emerging market to emerging market trade growth	• Uniquely positioned to capture both sides of transaction
Government capital raising and infrastructure spend	• Thought leadership in infrastructure financing solutions

Priority mainland China

Our aim is to be the local bank for international companies and the international bank for Mainland companies

HSBC

1st in Corporate Lending
1st in Trade Finance
1st in Corporate Finance
1st in Project Finance
1st in Brand Awareness

Source: PricewaterhouseCoopers Survey of Foreign Banks in China 2009

- Largest foreign bank branch network in mainland China (90 offices in 20 cities) and extensive local partnerships to serve both Foreign Invested Enterprises and Mainland corporates in mainland China
- Leading Qualified Foreign Institutional Investor (QFII) custodian with one-third market share [1]
- Hong Kong the key channel for Mainland companies' overseas expansion; dominant position in Hong Kong and global footprint ensures make HSBC bank of choice for Mainland corporates' "Going Out" strategies
- Aim to broaden our investment banking franchise/product platform in mainland China through establishment of securities joint venture with local partner
- Aim to be the first foreign company to achieve domestic listing in mainland China

Note:
(1) China Securities Regulatory Commission 30 Sep 09

Integrated, cross product, cross-border, event-driven strategy

Significant transaction wins

	Transaction	Advisory	ECM/DCM	Event Finance	Derivatives	Cross-border	Developing market
KKR	• Acquisition of Oriental Brewery Co Ltd • Largest financial sponsor-backed leveraged buy-out in Asia since 2006 and a reopening of the leveraged loan market in Asia	✓		✓	✓	✓ *US – Korea*	✓
TIMES Ltd. 時代零售集團有限公司	• Voluntary conditional cash offer by Lotte Shopping for Times Ltd • The largest Hong Kong public takeover in 2009, and the largest ever acquisition in China by a Korean corporation across all industries	✓				✓ *Korea – China/HK*	✓
保利協鑫	• Acquisition of Jiangsu Zhongneng and subsequent share offering	✓	✓			✓ *China – US*	✓
DOW	• Disposal of OPTIMAL Group of Companies in Malaysia	✓				✓ *US – Malaysia*	✓
PRUDENTIAL	• Prudential's sale of assets and liabilities of Taiwan subsidiary, PCA Life Assurance	✓				✓ *UK – Taiwan*	✓
DG Delek Group	• Disposal of Delek Energy (Vietnam) to Premier Oil	✓				✓ *Israel – Vietnam*	✓

Awards in 2009

Country Awards for Achievement 2009

Best Local Houses in HK

- Best Bank
- Best Cash Management Bank
- Best Trade Finance Bank

2009

- Best Global Bank
- Best Global Transaction Banking House
- Best at Risk Management in Asia
- Best Project Finance House in Asia
- Best Bank in Hong Kong

Islamic Finance Awards

- Best Sukuk House
- Best Islamic Fund Manager
- Best Takaful House

Deals of the Year 2009

Asia-Pacific

- Capital Raising - Wing Hang Bank
- Structured Finance – Shinhan Bank

Middle East

- Bonds: Corporate – Sabic
- Restructuring – JAC
- Islamic Finance – Saudi Binladin Group

The Asset AAA Islamic Finance Awards 2009

- Best Islamic Debt House
- Best Islamic Project Finance Deal
- MRCB Southern Link Berhad
- *Most innovative Islamic finance deals: Cagamas*

IFR Awards 2008

- Asia Pacific Loan Award
- Asia Pacific Leveraged Loan Award

Summary

Ideally positioned to deliver Asia and the rest of the world to clients in and outside of the region

- **Emerging markets-led and financing-focused strategy continues to be successful**
- **Ideally positioned to capture opportunities arising from developing market connectivity and growth**
- **Breadth and depth of customer franchise**
- **Strong risk management culture**
- **Operating an integrated wholesale banking model unique to HSBC**

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Global Transaction Banking

LAWRENCE WEBB
GLOBAL HEAD OF TRADE
AND SUPPLY CHAIN

JOHN LAURENS
HEAD OF PAYMENTS AND CASH MANAGEMENT
ASIA-PACIFIC

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Global Transaction Banking (GTB) in Asia

- HSBC was founded to finance trade between East and West
- GTB product groups have continued to grow
- Cash Management business has added a significant number of new customers
- Global trade is expected to play a leading role in economic recovery
- Unique heritage

A bedrock for growth – regionally and around the world

Asia remains a key trading partner across the globe

Asia's share of global GDP is growing[1]

HSBC Trade Confidence Index indicates increased optimism from exporters and importers[2]

Increasing international and regional trade flows

Notes:
(1) International Monetary Fund; Asia ex Japan GDP and global GDP, % of total
(2) HSBC Sep 09; Asia average is unweighted average of the six markets

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Trade and Supply Chain

LAWRENCE WEBB
GLOBAL HEAD OF TRADE
AND SUPPLY CHAIN

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Global trends[1]

World exports

Asia exports

Europe exports

South and Central America exports

North America exports

Note:
(1) World Trade Organization; all graphs show percentage change year-on-year

Market changes

How has the market changed?

1Q09

- Corporate exposure – Reassessment
- Facility re-pricing
- Corporate solitude
- Increase in fraud attempts
- Limited appetite for new to bank business

4Q09

- Corporate exposure – reassessment continues
- Liquidity returning to market and price is adjusting as a result
- Corporate activity
- Fraud attempts are reducing as vigilance has increased
- Banks actively looking for trade customers

Capturing the opportunity

Trends	Our response
Prospects high for intra-regional trade growth	• Unique geographic footprint • Appetite and balance sheet to provide working capital finance • Experienced teams ensuring connectivity with buyers and suppliers
Emerging trade corridors	• Ideally positioned to help Group customers capitalise on emerging trade trends
Need for working capital to support trade growth	• Investment in new solutions to support our clients
Demand for flexible supply chain solutions	• Leading provider of supply chain finance including traditional trade, pre- and post-shipment, open account finance
Increased focus on risk mitigation	• Leading provider of traditional trade services providing advice based on local knowledge and understanding

Increasing market share through geographic priorities

Hong Kong	• Leading bank for traditional and open account finance solutions • Enhance cross-selling through our established customer groups
	• Hong Kong and mainland China greater than sum of the parts • Greater China coordinated sales; Pearl River Delta
Mainland China	• Leading foreign bank in mainland China • Expand focus on linking buyers with suppliers
India	• Comprehensive coverage model provides market share growth opportunities • Focus on increasing share of wallet and penetration
Rest of Asia	• Capture opportunities from increasing intra-Asia trade flows • Support trade flows with centres of excellence and on the ground advisory services • Further promote Islamic trade finance proposition
Global	• Support new trade corridors complementing traditional East/West flows

Commitment to our business

People	• Continued recruitment from top universities around the world • GTB Leadership development program • Focus on ensuring Trade and Supply Chain staff are globally mobile with understanding and first-hand experience from other regions
Innovation	• Guarantees development into state-of-the-art global product suite • Finance solutions that meet needs of both suppliers and buyers throughout the supply chain • First international bank to launch renminbi (RMB) trade settlement
Investment	• Re-organisation using centres of excellence for mechanical tasks freeing expert on-the-ground staff to provide advisory when clients need it most • Re-architecture and development of systems to enables the timely introduction of innovative solutions on a global basis

Market recognises our continued success

FinanceAsia

Best Trade Finance Bank in Japan (2009)

Best Trade Finance Bank in Asia (1997 – 2008)

Best Trade Finance House in Japan (2007 - 2008)

Best Trade Finance Bank in Hong Kong (2008)

Trade Finance

Best Islamic Trade Finance Bank (EMEA) (2009)
Best International Trade Bank in Indonesia (2009)
Best Trade Bank in Singapore (2009)
Best International Trade Bank in China (2008 - 2009)
Best Factoring Institution (2003 – 2009)
Best Online Trade Finance Bank (2007 – 2009)
Best Trade Finance Bank in the Middle East & North Africa (2006 – 2009)
Deal of the Year (2006 – 2009)
Best International Trade Bank in Malaysia (2008)
Best International Trade Bank in Pakistan (2008)
Best Factoring House (2003 – 2008)

Cargonews Asia

Best Trade Finance Bank (2003 – 2009)

The Asset

Best Transaction Bank in Hong Kong (2009)
Best Transaction Bank in Malaysia (2009)
Best Trade Finance Bank in Malaysia (2009)
Best Trade Finance Bank in Vietnam (2008 - 2009)
Best Trade Finance Bank in Hong Kong (2007 – 2009)
Best Trade Finance Deals. Highly Commended (2009)
Best Trade Finance Bank in Taiwan (2008)
Best Trade Finance Bank in Asia (1999 – 2008)

Trade & Forfaiting Review

Best Bank in Islamic Trade Finance (2009)
Deal of the Year (2007 - 2009)
Best Trade Bank in Asia (2008)

Global Finance

Best Global Supply Chain Finance Provider (2008 - 2009)
Best Supply Chain Finance Provider in the Middle East (2008 - 2009)
Best Payables Supplier Financing Solution (2009)
Best Trade Finance Provider in Saudi Arabia (2009) (for Saudi British Bank)
Best Trade Finance Provider in HK (2002 -2009)
Best Trade Finance Provider in the UK (2006 – 2009)
Best Pre-Shipment Financing Solution (2008)
Best Internet Trade Finance Bank in Central and Easter Europe (2008)

GTR

Deal of the Year (2007- 2009)
Best Global Trade Finance Bank (2008)
Best Islamic Trade Finance Bank (2008)
Best Trade Finance Bank in the Middle East & North Africa (2008)
Leading Trade Services Bank in Asia Pacific (2007 – 2008)
Leading Trade Services Bank in the Middle East & North Africa (2007 – 2008)

2009 Foreign Banks Survey by PWC
Global Trade Review

The Best Trade Bank in China (2009)

Euromoney Awards for Excellence

Best Transaction Banking House (2009)

Middle East Logistics Awards

Best Trade Finance Bank in the Middle East (2006 – 2008)

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Global Payments and Cash Management

JOHN LAURENS
HEAD OF PAYMENTS
AND CASH MANAGEMENT
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Strategic vision. Consistent execution.

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Strategic vision formulated		Building, investing in vision		Rollout new products		Focus on commercialisation		Innovation in product and service		Taking market share

- Strategic investment in people and integrated product technology
- Achieved leading position in product innovation and service

- Leading competitive position
- Rapid client adoption
- Strategic objective achieved

- Realise potential of Commercial and Global Banking franchises
- Extend leading position of cash management industry in Asia

Cash management: central to client relationships

Business focus

Sales	• Increase market share • Acquire clients' transactional operating accounts • Generate fee income
Client management	• Leading service delivery • Deepen client wallet penetration through service advisory and cross-sell • Reduce client on-boarding cycle time to accelerate revenue realisation
Product management	• Leverage strategic investment in global channel and product innovation. • Drive client-to-bank straight through processing: 'Paper to electronic' (P2e) • Strategic cost management – drive down unit costs
Market development	• Promote market awareness of HSBC's leadership in cash management • Deepen penetration and/or enter new markets • Identify and capture new market opportunities

Innovation

ClientSphere World class service. Delivered.	• First online collaborative tool for end-to-end deal implementation across geographies • Automated process and visibility through the 'Client Onboarding' process • Provisional patent filed in the US for product design
Connect2*SAP*	• Next generation solution for SAP integration delivering seamless corporate-to-bank systems connectivity to clients • 18 Countries where ISO 20022 XML is commercialised in Asia Pacific
HSBC*Connect*	• Leading player in corporate connectivity solutions: • No. 1 globally: number of SWIFTNet FIN corporates supported[1] • No. 1 globally: SWIFTNet FileAct traffic processed[1]

Note:
(1) SWIFT data source: www.swift.com reference SWIFT Traffic Watch as at 30 Jun 09

Key priorities

Global FI Payments and Clearing	• Multicurrency sales focused on USD, HKD, GBP, EUR and 23 other currencies including emerging market currencies
Global Liquidity Solutions	• Global liquidity platform delivering next generation client solutions • Key to meeting increased client demand for working capital management and yield enhancement solutions • Enhanced cross border cash pooling and concentration structures
Global Payments System	• Global Payments System investment to increase STP rates, reduce unit costs and enhance client experience • Core Global Payments and Cash Management *One* HSBC infrastructure • Global infrastructure that underpins ‘P2e’ initiative – operational efficiency
Global Billing System	• Client centric billing proposition • Provides flexibility to tailor pricing arrangements for clients • Delivers dynamic pricing tariffs

The market recognises our success

Best Cash Management Bank Asia

Best Domestic Cash Manager

Australia, Bangladesh, Brunei, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Sri Lanka and Taiwan

Best Cash Management Bank, Asia

Best Overall Bank for Cash Management – Asia

Best Online Cash Management Bank for Corporate/Institutional Internet Banking in Asia Pacific

Best Cash Management Bank, Asia

Best Cash Management Bank, Greater China

Summary

- **Well positioned for the upturn**
- **Innovation – Redefining cash management with our clients**
- **Investing in people and product**
- **Investment in service excellence**