

17 June 2010

HSBC TO ACQUIRE RBS KAZAKHSTAN'S RETAIL BANKING ASSETS

HSBC, through its wholly owned subsidiary SB "HSBC Bank Kazakhstan" JSC ('HSBC'), has agreed to acquire the retail banking assets of the Royal Bank of Scotland's Kazakhstan business, JSC SB "RBS (Kazakhstan)" ('RBS Kazakhstan'), for a maximum consideration of US\$52 million in cash.

Under the terms of the agreement, HSBC will acquire RBS Kazakhstan's personal customer loan and credit card portfolios, together with four branches, 80 ATMs and two support offices. HSBC will also offer employment contracts to around 490 of RBS Kazakhstan's banking staff.

Simen Munter, HSBC's CEO in Kazakhstan said "This acquisition reflects HSBC's positive view of Kazakhstan's long term prospects, not least because of its trade flows with China. We have been in Kazakhstan for 12 years and today's deal significantly increases our platform for growth by doubling our network and growing our customer base fivefold."

Kazakhstan has a population of approximately 15.5 million with a median age of under 30 and a forecast GDP per capita of \$9,000 in 2011, up 30 per cent compared to 2009. China is one of the country's main trading partners, accounting for over 10 per cent of Kazakhstan's exports and around a quarter of its imports. GDP is forecast to grow at 8.5 per cent this year and 7.0 per cent in 2011, rebounding strongly from growth of 3.3 per cent and 1.2 per cent in 2008 and 2009 respectively¹.

Completion of the purchase is expected to take place on 1 September 2010, subject to regulatory and other approvals and the satisfaction of various terms and conditions.

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¹ HSBC Economics, May 2010

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Notes to editors:

1. SB "HSBC Bank Kazakhstan" JSC

HSBC Bank Kazakhstan has been operating in Kazakhstan since 1998 and employs approximately 250 people. It offers a range of retail and wholesale banking services for personal, corporate and institutional customers through four branches located in the largest cities of Kazakhstan: Almaty, Astana and Atyrau.

2. HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 8,000 offices in 88 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$2,364 billion at 31 December 2009, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

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