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FOR IMMEDIATE RELEASE

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HSBC HOLDINGS REPORTS PRE-TAX PROFIT OF US\$10.2 BILLION

In interim results announced Monday, 4 August, HSBC has reported pre-tax profits of US\$10.2 billion (US\$10,247 million) for the first half of 2008 which, in the words of Group Chairman Stephen Green, shows the bank achieving a 'resilient performance' in challenging financial markets.

Although these results show a decrease of US\$3.9 billion (US\$3,912 million) compared with the first half of 2007, it should be noted that net operating income before loan impairment charges was up by US\$982 million, or 3 percent, to US\$39.475 billion compared to the first half of 2007.

'In the first half of 2008 we remained profitable in all our customer groups. We also remained profitable in all of our geographical regions with the continuing exception of North America. Revenue rose by 3 per cent compared with the first half of 2007; loan impairments were up by 58 per cent but were 8 per cent lower than in the second half. Costs on an underlying basis were well contained, growing by only 4 per cent compared with the first half of 2007 and down by 2 per cent on the second half,' Green said.

This information is issued by

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Green asserted that HSBC's financial strength is maintained: "HSBC's commitment to maintaining its financial strength is unwavering. HSBC remains both strongly capitalised and liquid. The tier 1 capital ratio was 8.8 per cent and tier 1 capital grew by US\$6.2 billion during the period. We have maintained our key credit ratings, generated good profitability in adverse market conditions and continued to focus investment on our strategic priorities."

The tier 1 capital and total capital ratios for the Group remained strong at 8.8 per cent and 11.9 per cent, respectively, at 30 June 2008.

The Group's total assets at 30 June 2008 were over US\$2.5 trillion, an increase of US\$192 billion, or 8 per cent, since 31 December 2007.

"Our principal concerns in this environment have been risk management, strict cost control, supporting our customers and continued investment to support our long-term strategic ambitions. Our broad-based and resilient revenue streams continue to provide a stable platform from which to achieve strong, long-term performance," Green said.

Michael Geoghegan, Group Chief Executive, was also positive about HSBC's results: "Our geographic balance and broad customer base is a protection which allowed us, in difficult markets, to achieve a pre-tax profit of US\$10.2 billion, albeit 28 per cent lower than in the first half of 2007. We live in uncertain times, but we have a clear strategy that we are implementing in a focused and effective way. In April, HSBC was named the number one company in the Forbes 2000 list of the world's largest companies – the first time a non-US company has topped the list. We were also named the number one bank of The Banker's Top 1000 World Banks 2008, for total tier 1 capital," he said.

For more information on HSBC's interim results, visit www.hsbc.com/newsroom

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Notes to Editors:

HSBC Bank (Cayman) Limited

HSBC Bank (Cayman) Limited is a class A licensed bank regulated by the Cayman Islands Monetary Authority which carries out fund administration, captive insurance management, corporate trust and private trust services. In 2007, HSBC announced plans to expand its offering in the Cayman Islands with the anticipated roll out of additional services in the latter half of 2008. Prior to the launch of the new services, HSBC Bank (Cayman) Limited has been actively recruiting in the local market. Currently approximately 70% of HSBC Cayman's employees are Caymanian, significantly above the country's average of 49%. HSBC Bank (Cayman) Limited is committed to education and training of staff and has launched a major training initiative to ensure that staff deliver first class service to clients.

HSBC Holdings plc

HSBC Holdings plc serves over 128 million customers worldwide through around 10,000 offices in 84 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of some US\$2,354 billion at 31 December 2007, 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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