



May 2012

Introduction

Investor Day

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HSBC 



Forward-looking statements

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HSBC Group Strategy – One Year On

- In summary the Board is very satisfied with progress made on the strategy which it endorsed one year ago
- There was a clear framework for evaluating progress and this informed the Board's calibration of outcome against expectation
- The underlying strategy of moving capital towards organic growth opportunities in priority markets has been reinforced by delivery to date

The Board noted in particular the following:

- Cohesive management team in place, succession planning addressed and values reinforced
- Very strong progress in eliminating non-strategic, sub-scale and legacy businesses
- Well thought out reshaping of organisational design and layering to improve cost efficiency while strengthening control environment
- Capital generation and dividend targets met while preparing for the impact of the new regulatory regime
- While steps have been made to improve return on equity and cost efficiency metrics, these lag stated targets as expected one year into the programme

In terms of matters still requiring progress, the Board noted:

- Customer redress issues and compliance and regulatory failings require consistent Group-wide embrace of best-in-class standards

The backdrop has become ever more challenging, reinforcing the benefits of what has already been accomplished

- Since last May:
 - Downward revision to global GDP forecasts
 - Elevated Eurozone challenges
 - Further financial sector funding support needed in Europe
 - Uneven scope and speed of implementation of Basel III
 - Much more attention on Recovery and Resolution planning
 - Expansion of the UK Bank Levy

- But this is also highlighting HSBC's strengths and distinctive capabilities