



May 2012

Summary

Investor Day

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HSBC 



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 Annual Report and Accounts 2011. Past performance cannot be relied on as a guide to future performance.

This presentation contains non-GAAP financial information. Reconciliation of non-GAAP financial information to the most directly comparable measures under GAAP are provided in the 'Reconciliation of reported and underlying profit before tax' supplement available at www.hsbc.com.

Progress against May 2011 Report Card

Key execution elements

May 2011 Report Card Metrics

Progress to date

1 Capital Deployment *Five Filters*

- Disposals and closures of non-strategic / underperforming businesses
- Turnaround of strategically relevant businesses

- 28 transactions to dispose of or close businesses
 - c.USD55bn expected reduction in RWAs
 - c.15k FTE to be transferred
 - c.USD5.9bn total consideration

2 Cost efficiency *Four Programmes*

- USD2.5-3.5bn in sustainable cost saves by 2013
- Simplify and delayer organisation

- USD2.0bn in total annualised sustainable savings
- FTE down 14k from 1Q11 (including 1.5k from transactions and US run off portfolios)
- Global functions re-engineering across the Group

3 Growth

- Revenue growth in faster growing markets
- USD4bn in incremental wealth revenues in the medium term
- USD1bn in additional CMB and GB&M revenues in the short to medium term

- 1Q12 yoy revenue growth of 7% in Latin America, 16% in Hong Kong, and 18% in Rest of Asia Pacific
- c.USD300m in incremental Wealth revenues in 2011
- c.USD500m in incremental revenues from CMB and GB&M integration in 2011

HSBC Vision

Purpose	We enable businesses to thrive and economies to prosper, helping people fulfil their hopes and dreams and realise their ambitions	<i>Reason why we exist</i>
Values	Act with courageous integrity <ul style="list-style-type: none">▪ Dependable and do the right thing▪ Open to different ideas and cultures▪ Connected to customers, regulators and each other	<i>How we behave and conduct business</i>
Strategy	<ul style="list-style-type: none">▪ International network connecting faster growing and developed markets▪ Develop Wealth and invest in Retail only in markets where we can achieve profitable scale	<i>Where and how we compete</i>
Outcome	Being the world's leading international Bank	 Delivering consistent returns: <ul style="list-style-type: none">▪ 50% of earnings retained▪ 35% to shareholders as dividends▪ 15% variable pay

Report Card

	Actions (examples)	By the end of 2013 . . .
Capital Deployment <i>Five Filters</i>	<ul style="list-style-type: none"> ▪ Release capital from run-off (CML, GB&M) and non-strategic businesses ▪ Mitigate regulatory RWA increase ▪ Continue to shift balance towards Growth priorities 	<ul style="list-style-type: none"> ▪ Additional transactions announced and executed ▪ RWAs increase in 'Growth HSBC' and material reduction on Run-off businesses ▪ Progress in restructuring US businesses, elements of GPB and GB&M
Simplify HSBC <i>Four Programmes</i>	<ul style="list-style-type: none"> ▪ Simplify and delayer organisation, making HSBC easier to manage and control ▪ Continue to invest in best-in-class Compliance and operational risk capabilities 	<ul style="list-style-type: none"> ▪ Achieve USD3.5bn¹ in sustainable savings run-rate and target a 48-52% CER ▪ Increase costs in faster growing markets with positive jaws ▪ Reduce controllable costs in developed markets
Growth	<ul style="list-style-type: none"> ▪ Invest in growth priority markets ▪ Capture Wealth opportunity (USD4bn¹ in additional revenues by 2015) ▪ Continue to leverage integration across Global Businesses 	<ul style="list-style-type: none"> ▪ Grow loan, deposit volume and PBT in priority growth markets ▪ Additional progress on Wealth and Global businesses integration targets

(1) Versus 2010 year end

Why you should own HSBC?

The world is changing . . .

Long-term trends

- Increasing imbalances in international trade and capital flows
- Rebalancing of the world economy towards faster growing markets

Regulation

- Recovery and Resolution
- Dodd Frank, ICB, . . .

HSBC's Distinctive position

1. Privileged access to growth opportunities (cohesive portfolio)

- International network supporting our Commercial Banking and Global Banking and Markets Businesses
- Exposure and meaningful presence in the most attractive Growth Markets for Wealth and Retail Banking

2. Four Global businesses sharing strong commercial linkages

3. Lean and values driven organisation fit for the new environment

4. Strong balance sheet supported by diversified deposit base and generating resilient stream of earnings

Clear strategy and execution focus

- Strategy driving capital allocation
- Action plan
- Experienced and committed management team