HSBC

Transcript

HSBC Holdings plc AGM

02 May 2025, 10.00am BST

SIR MARK TUCKER: Ladies and gentlemen, good morning, and a very warm welcome to the 2025 Annual General Meeting for HSBC Holdings plc. My name is Mark Tucker and I'm your Group Chairman. I'm delighted to have on the stage with me the HSBC Board of Directors. I wanted to begin by thanking all shareholders joining us today, both in person and online. We are very grateful for your continued support.

We are holding a digitally enabled AGM today. This hybrid format has been well received over the last few years. It gives you, our shareholders, more flexibility on how you choose to attend the AGM. Logistically it is possible that a technical issue could impact the virtual connection. If that were to occur, we will do our utmost to fix the issue as quickly as possible. We appreciate your cooperation and understanding.

To my immediate right is Georges Elhedery, your Group Chief Executive. Georges became Group CEO in September of last year. He brings a wealth of experience and an outstanding track record of delivery. This was achieved during a very successful career working for the Group in Asia, the Middle East, and in Europe. In his eight months as CEO, he has made a significant and positive impact. Georges was succeeded as Group Chief Financial Officer by Pam Kaur, who is to Georges' right. Pam joined the Board as an Executive Director, having previously served as Group Chief Risk Officer and Compliance Officer.

I will now proceed to open the voting by poll. In accordance with the company's Articles of Association, I give formal notice that I demand a poll on each of the resolutions numbered 1 to 20 as set out in the 2025 Notice of Meeting. I would like to propose, with your consent, that this notice be taken as read. Are there any objections?

Thank you. Voting is now open. What I'd like to do now is for you to watch a video voiced by Aileen Taylor, our Group Company Secretary, in which Aileen explains how shareholders can vote today.

(Video played)

SIR MARK TUCKER: This year, we celebrate a very important milestone anniversary for the HSBC Group. 160 years ago, on 3rd March 1865, HSBC opened for business at 1 Queen's Road Central in Hong Kong. We opened a branch in Shanghai one month later, and an office in London three months after that. HSBC's founders started out with a clear and simple objective: an objective that is as relevant and significant today as it was then: to establish a bank that would facilitate local and international trade, connecting East and West and the many, many places in between. We continue to build on this great legacy.

In 2024, the Group achieved record results. I will expand on this by covering two points, firstly the strong financial performance of the Group and secondly how this enabled us to reward you, our loyal shareholders, with higher returns.

I will start with our 2024 financial performance. We delivered record profit before tax of $32.3 billion, an increase of $2 billion compared with 2023. Our reported return on tangible equity was 14.6 per cent, in line with our mid-teens target. We also achieved broad base profit generation through geographic and business diversification. Overall, these results demonstrate that our international strategy is working very well. Our first quarter results, which were announced on Tuesday this week, provided further evidence that our strategy is delivering. Georges will speak about the first quarter results in a moment.

Let me now turn to how our performance, both in 2024 and in the first quarter of 2025, has enabled us to reward you with higher returns. In total, we returned $26.9 billion to shareholders in respect of 2024. The total dividend announced for 2024 was 87 cents per share, which amounted to $15.9 billion. This includes a special dividend of 21 cents per share, totaling $3.9 billion. This was paid in June last year following the completion of the sale of HSBC Bank Canada. Excluding the special dividend, the full year dividend of 66 pence per share is the highest annual dividend since 2007.

In addition, we have now completed four share buybacks in respect of 2024, worth a total of up to $11 billion. That includes the up to $2 billion-dollar buyback we announced with our annual results presentation in February, which has now been completed.

Since the start of 2023, we have repurchased 12 per cent of the issued share count. Combined with our sustained levels of profitability, this has led to greater earnings and dividends per share for our shareholders. Dividends paid in 2024, together with a more than 20 per cent increase in the share price, delivered a total shareholder return for the year of more than 30 per cent.

Earlier this week at our first quarter results, we announced an interim dividend for 2025 of 10 cents per share, and a new share buyback of up to $3 billion, which we expect to initiate shortly after today's AGM. Looking ahead, the dividend outlook remains strong. Our dividend payouts ratio target for 2025 remains 50 per cent. This excludes material notable items and related impacts. We are targeting a mid-teens return on tangible equity, excluding notable items, in 2025 as well as in 2026 and 2027. We are confident that we can meet our targets, and as a result deliver another year of healthy returns in 2025, despite the uncertain geopolitical and macroeconomic environment globally.

Indeed, whether it is trade, international security arrangements, or economic policy, we are experiencing a period of deep and profound change. The overarching impact of the changing approach to global trade relations has been to increase economic uncertainty, with serious potential risks to global growth. The range of possible outcomes and the implications thereof make any attempt at medium term projections very difficult.

Despite the many unknowns that we are dealing with, we believe that the interconnectedness of the global economy remains compelling, as does global trade, the glue that keeps it all together, the central catalyst for growth and diversification.

Indeed, at both global and regional levels there are many trade blocks that bring increasing economic engagement, and in some cases integration.

Intra Asia exports, for instance, have risen 31 per cent in the last five years and are expected to grow by $400 billion per year through the year to 2030, led by the China ASEAN and India ASEAN corridors. The same is true in Europe where total intra EU trade grew by 34 per cent during the same period.

Inter-regional linkages, such as the Asia Middle East trade, investment and travel corridor, are also growing rapidly. HSBC is very well positioned to capture the resulting opportunities through our strong presence, history, and track record in and across these countries and regions, and more broadly, throughout our unique international network.

With that as an introduction, let me hand over to Georges, who will discuss the actions we are taking to make it all happen.

GEORGES ELHEDERY: Thank you, Mark.

Fellow shareholders, a very warm welcome to all of you here in London and those joining virtually. Thank you for taking the time to join us. I'm delighted to be here as your Group CEO. Our AGM is one of the most significant dates in our calendar. It's a chance for you to hear from us and for us to hear from you. We look forward to hearing your feedback and answering your questions.

As Mark mentioned, this is a very special year. It's our 160th anniversary. Since 1865, we have been helping economies grow, businesses thrive, and people protect and grow their wealth. In so many ways, our mission hasn't changed over 160 years. It has simply evolved to meet our customers' changing needs, driven by progress and growth, from new technologies to new economic realities. Adapting to change is what we have always done. It brings out the best in our people, who are passionate about what they do. We're a trusted partner to our customers as they navigate the world's uncertainties and look towards new opportunities. That's why we have a strong brand that is performing well.

On Tuesday, we published our first quarter results. Our profit before tax was up 11 per cent, providing an annualised return on tangible equity of 18.4 per cent, both excluding notable items. We had a strong performance in transaction banking, in particular in foreign exchange, and in our equities and debt trading businesses, both of which benefited from higher client activity on the back of higher volatility. In wealth, we had our fifth consecutive quarter of double digit growth, attracting net new invested assets of $22 billion. We have momentum in our earnings, discipline in the execution of our strategy, and confidence in our ability to deliver our targets. This confidence enabled us to announce an up to $3 billion share buyback, alongside a 10-cent interim dividend per share.

Let me briefly set out where we began when I became CEO last September, where we are now, and where we're going next. I inherited a bank built on firm foundations. We were clear on what we do, and it was the right time to address how we do it. In October, I announced a simplification of the organisation, with the objective to align our structure with our strategy. In short, we are creating a simple, more agile, HSBC, with a greater focus on our customers, driving higher levels of satisfaction and delivering attractive returns to you, our shareholders.

In February, we set out our targets. We are targeting a mid-teens return on tangible equity for 2025, 2026, and 2027, excluding notable items, and we reaffirmed this guidance on Tuesday. In particular, in Hong Kong and the UK, our home markets, we will invest also in wealth centres, increase the number of our relationship managers, and enhance our digital capabilities to improve customer experience. In the UK, for UK SMEs, we will enhance our coverage efforts and improve our product proposition, alongside our customer service capabilities.

A core enabler of all these is the efforts we have in technology. This includes the use of AI, generative AI, data and analytics, to improve process efficiency and help protect customers against fraud and cybercrime.

As I said on Tuesday, we're focused on executing our strategy with discipline and remain on track to deliver the actions we have set out. Clearly, the external macroeconomic environment is less favourable and more uncertain now than it was in February. Our balance sheet and capital positions are strong. We have a fantastic deposit franchise, and a high quality credit portfolio. Our earnings are resilient, diversified, and of high quality, and we know that during times of both predictability and unpredictability, our customers look for the strength, stability and expertise we bring as their trusted partner. That is what gives us the confidence to reaffirm the guidance we gave in February.

We're extremely well positioned to support all of our customers, wherever they are, however their needs evolve, and whatever the market conditions.

Before I conclude, let me address a topic that is important to us and to many of you and the communities we serve around the world: sustainability. We remain committed to our ambition of becoming a net zero bank by 2050. We set this ambition in 2020, and we have made good progress towards it. We have been helping our customers decarbonise, providing and facilitating around $400 billion of sustainable financing and investment since the start of 2020, and we continue to see opportunities, including through financing the provision of safe, sustainable energy, to meet the growing demands of the new technology age.

Progress towards our ambition will depend on the pace of decarbonisation in the real economy. We are present in many of the sectors and markets where the challenges are the greatest and where progress has been uneven. We know how important this is. That is why, as we reach the mid-point of our journey towards our 2030 interim target, we have begun a review of our interim finance submission targets and associated policies. This is part of the annual review of our net zero transition plan, referred to on our Annual Report and Accounts. We expect to publish the results of this review later this year, and we look forward to continuing to engage with all our stakeholders.

To conclude, I would like to thank our Board of Directors for the strong stewardship of the Group and the support they have given me and my executive team. In particular, I would like to thank our Chairman, Mark Tucker.

Mark, this is your last AGM for HSBC, and you leave the Group in a position of strength, from which we look to the future with confidence. You have been a great mentor and partner in guiding and coaching me all the time we have worked together. The wisdom and advice you have shared will inspire me for many years to come. Thank you for all you have done for HSBC.

I would also like to thank all my colleagues across the Group for the support they have given me since becoming Group CEO. I have been inspired by the hard work, dedication and expertise they each bring to their roles, and the passion they have for supporting our customers. They are what makes this organisation so exceptional.

With that, let me hand back to Mark, thank you.

SIR MARK TUCKER: Thank you, Georges, and thank you for those kind words.

Let me now turn to the formal business before us today at our AGM. Full details on all the resolutions being tabled are included in the Notice of Meeting. Let me begin by asking Dame Carolyn Fairbairn, Chair of the Group Remuneration Committee, to say a few words on resolutions 2, 3 and 17. Carolyn.

CAROLYN FAIRBAIRN: Thank you, Mark, and good morning ladies and gentlemen. I'd like to begin by thanking shareholders on behalf of the committee for the very constructive dialogue we've had with you over the last 12 months. Your willingness to engage with us and provide your feedback has been invaluable in helping us to implement not only our existing remuneration policy, but also to develop our new policy in a way that best meets your expectations.

So today we're asking you to approve three remuneration related resolutions. The first, resolution 2, covers the 2024 directors' remuneration report setting out the actual pay awarded to our directors. Our 2024 pay decisions overall reflect strong financial performance and continued strategic progress, which has enabled us to deliver strong returns to shareholders. In determining the Group variable pay pool of $3.8 billion, the committee noted a number of things: first, the strength of our financial performance in 2024; the Group's performance against key risk and compliance metrics; our total compensation position compared with the market; and, of course, the broader economic outlook. The pool was broadly flat on the previous year. Fixed pay increases vary by market and depend on the economic outlook and individual roles in question, and the highest increases were made to lower paid colleagues. The annual incentive score card outcome was 79 per cent for Georges Elhedery, and 78 per cent for Sir Noel Quinn, reflecting their strong performance during the year. Their pay outcomes, as you would expect, have been prorated to reflect Georges' appointment as CEO in September following Noel's retirement.

The 2022 to 2024 long term incentive award vested at 75 per cent, reflecting strong performance on Group RoTE, relative TSR, and environment measures.

Now, Resolution 3 is our new directors remuneration policy. Over several years, the committee has expressed concern that the 2 to 1 variable to fixed pay ratio which was introduced in 2014 by UK regulators has had a material impact on the alignment between pay and performance, and therefore was not sufficiently aligned to the interests of our shareholders. So the removal of the cap by regulators has provided an opportunity for us to return to a remuneration structure with more variability, and that is far more closely aligned to the interests of our shareholders. So over the past two years, we've engaged extensively with major shareholders, representing 65 per cent of our overall shareholding register over the past two years and based on the feedback received, the new policy removes fixed pay allowances in their entirety. This effectively halves total fixed pay for both Executive Directors. At the same time, our new policy resets the maximum variable opportunity, which will only be delivered, and this is crucial, if stretching performance conditions are achieved.

To align against long term performance, the shareholding guideline for our directors has been increased to six times salary, and we are introducing a two-year post-employment shareholding requirement.

So overall, and in the round, we believe that this new policy materially strengthens alignment between long term performance and pay and is appropriate compared to our international banking peers and to other FTSE30 companies with whom we compete for talent.

Now if approved today, our intention is that this policy will apply for the next three years, and I'd like to assure you that as a committee we will continue to listen to your feedback as we implement it.

The share plan amendment proposed under resolution 17, the final remuneration resolution, goes hand in hand with this new policy. It enables the committee to grant up to the proposed maximum long term incentive award of 600 per cent of salary.

I would be very happy to take your questions when we reach Q&A. Thank you.

SIR MARK TUCKER: Carolyn, thank you.

I also wanted to briefly comment on a few of the other resolutions. Resolutions 4a to 4n concern the election and re-election of directors. Since the last AGM, one new Executive Director has joined the Board. In October 2024, Pam Kaur, whom I mentioned earlier, was appointed Group CFO and Executive Director of the Board, effective 1 January 2025. Pam is a highly accomplished and able financial service executive, with almost 40 years of senior level experience with British, American, and European financial institutions. The only other change to Board membership in 2024 was Georges' appointment as Group CEO. These changes mean that, subject to the election and re-election of Directors today, your Board will comprise two Executive Directors, 11 independent Non-Executive Directors, and myself as Non-Executive Group Chairman. The Board recommends that you vote for resolutions 4a to 4n.

Resolution 18 concerns the cancellation of a share premium account and capital redemption reserve. The purpose of resolution 18 is to increase distributable reserves through a reduction of capital, subject to shareholder and court approvals. If approved, it would give the Group further flexibility to deliver shareholder returns over the coming years in the form of dividends and/or share buybacks. The Board recommends that you vote for resolution 18.

Resolution 20 was requisitioned by shareholders on behalf of the Midland Clawback Campaign. It's an issue the Board and shareholders have very carefully considered many times before, and which has been convincingly rejected by shareholders in the past six years. Our position has consistently been, and remains, that the removal of the state deduction would constitute a retrospective change that would benefit a particular group of members and would be unfair to other HSBC pension scheme members.

We fully understand that this is a very important issue to the members of the Midland Clawback

Campaign, but to reiterate, our position is unchanged, and we recommend that shareholders vote against resolution 20.

We will now move to Q&A. We'll be taking questions on any of the resolutions from both shareholders attending in person and virtually through the online platform. For those shareholders asking questions virtually, please follow the instructions on the website. If you have a question that is specific to an individual customer relationship, please contact our dedicated customer support teams, where the contact details are available on the HSBC website.

I'd like to thank the shareholders who submitted their questions in advance of the meeting, or pre-registered them in the room today. If you have not pre-registered and would like to ask a question, please go to the back of the room now where a member of the HSBC team will help you in registering. Before asking your question, whether in person or through the online platform, please can I ask you to state your name and confirm that you are a shareholder, or give the name of the shareholder that you represent. Every effort will be made to give shareholders the opportunity to ask a question if they wish to do so.

In order to allow as many shareholders as possible to participate, I would be grateful if you could limit yourselves to one question relating to the business of the meeting and keep it brief and to the point. Questions submitted prior to the AGM have received a response directly, or will be addressed today at the meeting.

Can I also remind everyone who wishes to vote to do so before the end of the Q&A session, as the voting will close immediately after that.

Okay, let's move forward and please can we take the first question.

THE OPERATOR: Thank you, Chairman. The first question is in the room and comes from Derek Wylde. Derek Wylde, please stand so the microphone can find you, and wait for the microphone before you ask your question.

Q. Thank you. Good morning. The FT this week stated the following: "HSBC explores axing in person AGM amid frustration with cost and protests." Could you comment on that, please? Personally, I would urge you to retain the in person AGM, and if you do, could you make the start 11 o'clock instead of 10? Thank you.

SIR MARK TUCKER: Again, thank you for your question. I agree on all counts. The short answer is the HSBC Board has not considered a proposal, contrary to what has been written, to move to a virtual AGM. We believe a hybrid AGM allows questions from the floor, as you've just done, or through the online platform beforehand or during the AGM. We also believe our hybrid format has been well received by shareholders around the world, and also by those who attend in person. This gives our shareholders, it gives you, flexibility and opportunities to make views known. So, we are fully committed to engaging with you, our AGM is an important opportunity. Given I won't be here this time next year, I will put in a strong word with the team to go for an 11 o'clock start. Can we move to the second question please.

THE OPERATOR: The next question is in the room and comes from Nancy Ball. Nancy Ball, please make yourself known so the microphone can find you, and please wait for the microphone before you ask your question.

Q. Nancy Ball, shareholder and chair of the Midland Clawback Campaign. We meet again. For eight years, we have appealed for social justice. We have told the absolute truth about the lack of understanding around our final salary pension. Sadly, you have chosen to walk on by, and as a consequence of this, you appear to doubt the integrity of your former employees. What was there left for us to do but campaign for fairness? It doesn't have to be like this. The DBS pension fund is in excess after liabilities to the tune of £4.1 billion. That's £4,100 million. Clawback is legal, I agree, but the policy has moved so far away from its original intention that now, in 2025, it's not only outdated and unrecognisable, but also very damaging to scheme members. By removing Clawback from our section, we have never wished any detriment to other sections of the DBS scheme. Our campaign welcomes the growing number of MPs who have met with their constituents to understand the issue and were sufficiently concerned to attend a recent debate in Parliament. We also thank the academics at Exeter University, whose research continues.

In your note to shareholders, the bank is keen to highlight the £5 million that you have sent to the bank workers' charity. I'm not quite sure how relevant this is to our resolution unless you're acknowledging the impact of Clawback. Quite clearly, you didn't read the room at last year's AGM, and without ever wishing to be rude, I don't need to tell you what we think of your generous donation. We're not asking for charity.

And speaking of generosity, matching that donation pound for pound are pay increases for Noel Quinn last year, circa 5 million, and a 5 million uplift in baseline pay for Georges Elhedery, the new Group CEO. You also make reference to the meeting myself and the chair of Horizons had with two Non-Executive Directors. You state that I personally was made aware of the outcome of the meeting. This is incorrect. There was never any communication. All we have asked for was a face to face meeting and to have a meaningful conversation. I don't understand why you refuse to meet with us. I can see quite clearly that currently this is not on offer, but I hope that changes very soon. All I can wish for is that my appeal to the Board today does not fall on deaf ears and that you understand the difficulties we face and review Clawback.

I'm sure at the conception and implementation of Clawback, the Midland Bank never intended or foresaw how this would pan out today, 50 years later. What's done is done, and we can't rewrite history. But things can be put right. Please, just remove Clawback.

Here are a few examples for you to consider today: my friend in Plymouth, Kim Reyes. She was employed from December 1987, working part time as a cashier, until September 2024. Gross pension payment, £308.78. Tax, zero, as her income is below the tax threshold. Clawback, £93.67. She is paid £215.11 a month, and that's a 30.3 per cent reduction.

Peter Herbert commenced employment in 1973, before the introduction of Clawback. In 1990, his role was transferred to Electronic Data Systems, EDS. His pension was protected, it was TUPEd. HSBC acquired EDS and his pension was transferred back, again protected. Pensionable service, 35 years. Clawback is calculated for the whole of his service, from 1973, even though Clawback commenced in 1975.

This is a really interesting one for you to consider. Let me take you back to when state pension age for women was 60, and for men 65. We have a cohort of women who paid the married women National Insurance stamp and so their state pension would be calculated on their husband's contributions. They took their bank pension at 60 and Clawback commenced, but there was no state pension payable for another five years. There was no integration here, and there was nothing to smooth out the reduction.

So, as you won't meet with us, Mr Chairman, I do have three questions for you today.

Midland Bank changed our pension scheme in January 1975. Can you see how the trustees at that time overlooked the necessity to advise new joiners of the need to pay a full stamp? After all, the scheme had changed and was now an integrated scheme. And then when HSBC became the sponsoring employer, perhaps the new trustees should have been more prudent? That was my question.

My second question, and this is important, what evidence do you have, if any, to support the claim that other scheme members would be disadvantaged if Clawback was removed? This is a claim we have heard many times. In what way would they be disadvantaged? I'm asking, as there is nothing to support this claim in your notes, or in any of the previous correspondence we have received from the bank. Indeed, the Midland post-1974 section has been severely disadvantaged compared to other sections for many years.

And would you agree that the trustees should review Peter Herbert's Clawback calculation, as he joined the pension scheme pre-1975, and it was HSBC that played the hokey cokey with his precious pension: in, out, in, out, and shake it all about.

Thank you for listening today.

SIR MARK TUCKER: Thank you for your question, and I think just to say, up front, we do recognize how important an issue this is for you, and clearly many of those impacted spent a significant part of their working lives given to Midland Bank and HSBC, for which we are grateful. You asked three questions, you made one request. If I take the first question about 1975 and the trustees' attitude, I think it's impossible to go back to 1975 and look at the circumstances of that. To try to put us in a position of imagining what a trustee in 1975 is thinking about is impossible, it could be anything across a range. So that as a request is neither feasible nor possible.

Q. No, Mr Chairman, but you must agree that the pension changed, it became integrated. They must have had a duty of care. When these women were being onboarded, they were not going to get a full state pension in their own right, and that was crucial, and that was overlooked. And I said we can't rewrite history. But have a heart. Please, please, take a look at this.

SIR MARK TUCKER: Your point is well taken. We will go back and have a look, but I think again, we would expect, as you quite rightly say, a duty of trustees to -- when they're making a decision, to take this into account. But I say, we will go back and look at the minutes and look at the details to see if there's anything that changes our mind on that.

The second, again, regarding removal, how the others are disadvantaged. The calculations that have been done look right across our pension schemes, look right across all of our positions on the pension assets. When we look at that and we calculate what would have to be done on one, you cannot treat one level of pension as different to another level of pension –

Q. But –

SIR MARK TUCKER: Excuse me, let me finish, please.

Q. Yes, please do.

SIR MARK TUCKER: You cannot treat them differently. The amount of money involved that would be calculated to treat all of them the same would put every scheme into deficit, and that's not going to be possible.

Q. There's 23 sections under the DBS scheme in the United Kingdom. HSBC onboarded all the different companies, James Capel, Samuel Montagu. We were all working alongside one another. None of them suffers any Clawback, but we do, that one section of Midland. Surely you can understand how we feel aggrieved. These were people that we were working beside. We never knew, and that is the issue today, Mr Chairman, that is the problem.

I'm asking for somebody with a heart and with some compassion on that Board of Directors to take a look. We're not ever looking for retrospective change, but please, just stop taking this money month on month on month and putting people into financial distress. It's wrong. It's just wrong.

SIR MARK TUCKER: Your point is well made, and we will go back and, again, look, given the information you've given us and the circumstances. I'm not giving you a sense of hope, but we will go back and make sure that what we've said and what we understand remains the case.

You've asked whether, again -- with Peter Herbert, we'll review that. We will do that, we will go back and review. Again, I think the circumstances at the time -- the circumstances in coming to the conclusions that we have come to have been, as you know well, rigorously through many different inquiries, through many different courts, and at each time it's in our favour. But as I say, I think on the basis of what you are saying, we will go back and look, without a promise to give you a favourable view.

You asked lastly, a request if you could meet. You've met two of our Non-Executive Directors. I think you've met the Chief Executive of our UK business on some occasions. I'm not exactly clear who else you would want to meet with?

Q. I'd like to meet with the person who could make a good decision. It doesn't have to be totally in our favour, but if you can't remove Clawback, if that is an absolute no, then at least make it fair. You could cap it like other companies have done. The government got rid of it from their pension schemes in the 1980s, seeing it was outdated. Other companies capped it. But, you know, how can you make it fair by taking 30 per cent from some and just 2.5 per cent from others? If you capped it and made it fair for all ... that's all we're asking for, is fairness. We don't want to disadvantage anybody else, but by the same token, these guys gave the best part of their lives working for HSBC. I was proud to work for the company and I think the problem began in 2017, the first meeting we had, Ian Stuart, the first thing he said, "this is not going to change", and he didn't even listen; and that was disrespectful to these guys.

So, if you're going to go away and think about all of this, who will engage with me? Because I've represented these people for eight years now. Rather than just let me go away today, who will actually say, "Nancy, come on, sit down, let's talk about this, and let's see the way forward." I don't want to fight with you guys. It really isn't personal, but please, be fair. That's all we're asking for: fairness.

SIR MARK TUCKER: Nancy, at this point I'm not avoiding giving you a name, but let me just think about who is the best person for you to speak to, and let me come back. Let me come back to you, I promise to come back to you with one of the senior people to ensure that they are briefed. But it will be a senior person, who will be in a position to be able to talk with authority on behalf of the Group.

Q. And make a good decision, hopefully, please.

SIR MARK TUCKER: Thank you.

Q. Thank you, Mr Tucker.

SIR MARK TUCKER: We move to the next question, please.

THE OPERATOR: The next question is in the room and comes from Jeanne Martin. Jeanne Martin, please make yourself known so the microphone can find you, and wait for the microphone before you ask your question.

Q. Good morning, members of the Board. My name is Jeanne Martin, I'm here as a representative of ShareAction. I've had the pleasure to engage with HSBC over the past five years, including a recent meeting with Chief Sustainability Officer Julian Wentzel and Chief Financial Officer Pam Kaur. Thanks to all of you for the constructive engagement that we've had over the last couple of years.

The statement I'm going to read today builds on the discussion that we had with Mrs Kaur and Mr Wentzel, and is read on behalf of ShareAction and 30 shareholders, which I'll name at the end of my statement, and which represent US$1.4 trillion in assets under management.

"Today what we are doing is we are asking HSBC to state publicly that it will keep building on, rather than weakening, the shorter term commitments that support its ambition to become a net zero bank by 2050 and for the bank to consult this investor group in its upcoming climate targets and policies review.

"As a global systemically important bank, HSBC plays a significant role in the global economy's transition to net zero. The bank demonstrated leadership on a number of occasions, including in 2022, when it committed not to finance new oil and gas projects. Investors want to see HSBC continue to make progress towards its climate ambitions to ensure it successfully transitions, and we appreciate you talking about sustainability in your opening statement, Mr Elhedery. However, there is concern that the review of finance submission targets and sector policies might lead HSBC to deprioritise climate. This is especially so as the bank has started softening the language in its energy policy by allowing exceptions, removing deadlines for client transition plans, and adding further caveats to the consequences of non-compliance. Any weakening of its commitments, policies, or climate targets, would be out of step with investor expectations.

Our two questions for you today are: firstly, will you publicly reaffirm your commitment to continue building on, as opposed to weakening, your shorter term climate targets and policies that support your ambition to become a net zero bank by 2050; and secondly, will you commit to meeting with this investor group in the coming months to discuss your planned internal review of targets and policies?"

As I said, I'm quickly going to go through the list of investors that have supported our statements. These are AkademikerPension, Australian Ethical, Axiom Alternative Investments, Barrow Cadbury Trust, Bank J. Safra Sarasin, Border to Coast Pensions Partnership, Brunel Pension Partnership, Cardano, Church of England Pensions Board, EdenTree Investment Management, Epworth Investment Management, EQ Investors, Ethos Engagement Pool International Services and Foundation, Folksam, Friends Provident Foundation, Greater Manchester Pension Fund, Ircantec, Jesuits in Britain, KLP, Merseyside Pension Fund, Nest Corporation, LAPFF, P1 Investment Services, Rathbones Group, Sarasin & Partners LLP, Smart Pension, Sparinvest, and Trinity College Cambridge.

Thank you very much.

SIR MARK TUCKER: Thank you for your question. Let me answer most. I think Georges did cover a good amount of that in his earlier comments. Let me just give you a further sense and then if Georges would like to add to that I'm very happy he does.

At the Group level, we remain committed to our ambition to become a net zero bank by 2050 and to help our customers decarbonise. I think we've always acknowledged that the transition would not be linear or uniform across sectors and geographies. As we approach 2030, this is an important moment to take stock, to take account of progress.

We've made good progress towards our net zero operations target, but we, like many other businesses, most other businesses, are finding getting to net zero in our supply chains to be more challenging. As such, we have revisited our ambition, taking into account latest best practice on carbon offsets, and we're now focused on achieving net zero in our operations, travel and supply chain, by 2050. We are also – and you referred to it, Georges referred to it -- undertaking this comprehensive review of our financed emissions targets

and associated policies to support the long term 2050 ambition. In doing so, we will seek to be ambitious on net zero, but quickly recognising both the present and near term challenges, and the associated impact of a multi-speed transition. Again, this is something in place. You asked -- we've said the review will come out later in the year, and the answer to your request is yes, we're happy to meet with you at the appropriate time.
Thank you. Next question.

THE OPERATOR: The next question is in the room and comes from Neil Valentine. Neil Valentine, please make yourself known so the microphone can find you, and wait for the microphone before you ask your question.

Q. Hi, Neil Valentine, shareholder. Are the Board aware that several people here have been denied the right to vote at the AGM? This is a perennial problem with the fact that the shares are held in nominees with InvestDirect. It doesn't seem to be a problem with shares held with external nominees. Every year we are assured that InvestDirect have been given full instructions and know exactly how to react to requests to attend the AGM and to vote at the AGM, but several people here were told the letters they have been issued with only give them the right to attend, not the right to vote.
I'd just like to have your opinion and perhaps your assurance, as we've been assured in previous years, that InvestDirect next year will fully be aware of what is required. Thank you.

SIR MARK TUCKER: Thank you, I think we are aware. Our understanding -- and clearly we'll double check it, but our understanding is that you do have the ability to vote at our AGM through InvestDirect.
Like all shareholders, there are deadlines communicated to custodian groups which are passed on.
There may be deadlines that hadn't been seen that have been missed. But I think we will make it clear to InvestDirect to ensure all processes are duly followed, and I will personally make sure that the process -- if it's not easily done, we will get back and try to resolve it by the time of the next meeting. The Chief Operating Officer in the front row is nodding at me. I think it's out of friendliness, but also, she clearly has that issue now, and Susie will know exactly what to do. Thank you.
Next question, please.

THE OPERATOR: The next question is in the room and comes from Callan Pringle. Callan Pringle, please make yourself known so the microphone can find you, and wait for the microphone thank you.

Q. Good morning, thank you for your time. I'd just first like to thank you for your assurances about not going fully online for the AGM, we appreciate that. We see the in person format as an essential platform for constructive discourse between shareholders and the company. Sorry, I should say, I represent Jesuits in Britain, we're an institutional shareholder.

My question pertains to HSBC and their financing work for Glencore in 2023, a big coal producer. HSBC said in 2021 that as soon as possible they would stop funding companies that were still increasing coal production, criteria that Glencore failed to meet as of 2023. Actions are important for credibility, and we would like to see HSBC's actions match the nature of your words. When, exactly, will HSBC stop funding companies that are still increasing coal production? Thank you very much.

SIR MARK TUCKER: Again, thank you for your question. It's a company policy, and I've said it consistently, we don't comment on individual client relationships but let me give you a context to that.

We remain committed to our ambition to become a net zero bank by 2050, as I've just said, and to clearly help our customers decarbonise. I think you heard from Georges that we are one of the leading financiers of this transition, and to date, of the 400 billion we have already committed -- again you'll remember that total of financing is somewhere between 750 billion and a trillion, and we're almost halfway there.

We've acknowledged, I think importantly, that the transition would not be linear or uniform across sectors or geographies, but we cannot comment on reports whose methodologies aren't transparent to us, or compares to other financial institutions, which often do not have the same geographic footprint or client base that we have. But we have looked carefully, and we look carefully, at everything we do, to ensure that we are in line with behaving in absolutely the right way. Thank you for the question.

Next question please.

THE OPERATOR: The next question is online from the Reverend David Haslam.

Q "In the light of the latest 'Don't buy into occupation report' of November 2024 by 25 European and Palestinian NGOs, showing HSBC second in the list of financial institutions funding the illegal settlements in the occupation of Israel's West Bank, and in the light of the bank's repeated commitments to human rights and international law, will the bank commit to no further involvement, direct or indirect, in the 58 Companies engaged in those settlements, and withdraw from current commitments as soon as contracts allow?"

SIR MARK TUCKER: I think again -- thank you to Reverend Haslam for his question. Again, we're not going to speak about specific things that we do or companies that we work with. We will go away and again look to see what he has said, and the report, which I am not aware of, but which we can do some work on, but again to thank the reverend for his question, and we will come back as appropriate.
Next question, please.

THE OPERATOR: The next question is online from Mr EE Yih Chin.

Q "Hong Kong monetary authority, HKMA, has just announced that Hong Kong residential mortgage loans in negative equity has exceeded 40K at end of March 2025. Given the global economic uncertainty and Hong Kong private residential supply in the next three to four years is near all time high at 105K, what is HSBC's outlook on the local private residential market, how does it affect the Group's approach to the residential mortgage business?"

SIR MARK TUCKER: This is a wonderful opportunity to give our Group Chief Executive an introduction. Georges, on residential in Hong Kong.

GEORGES ELHEDERY: Thank you very much, Chairman. Thank you very much, Mr Chin, for the question. We remain very optimistic about the medium to long term outlook of Hong Kong, and the Hong Kong economy. Hong Kong remains a major international financial centre. Hong Kong is also on track to become the largest cross border wealth hub in the world before the end of this decade, ahead of

Switzerland. We're also encouraged to see that the policy measures that have been taken by the Hong Kong MA and the Hong Kong authorities are working their way into the economy, and have provided stability and an improved outlook for the housing market. We're encouraged to see that the GDP expectations, growth expectations, for the Hong Kong economy, are above 2 per cent, and will provide also firm foundations on which to build. Putting all this together, we are, as a bank, confident about the outlook of Hong Kong.

With regards specifically the mortgage market, we remain a very important mortgage player in Hong Kong, with market share in excess of 30 per cent. Our book is very resilient, and we're very confident in the resilience of our customer base in the medium term for the mortgage market in Hong Kong, and it remains a priority for us to support all Hong Kong residents to have access to housing. Thank you.

SIR MARK TUCKER: Thank you. Next question, please.

THE OPERATOR: The next question is online, from Ngan Chiu Ki, Adrian.

Q "Two points. Can management comment on the Hong Kong commercial real estate sector trend, impairment to be improved or worsened in 2025? And does trade tension between US and China have a significant impact on the Group and its clients?"

SIR MARK TUCKER: I think, once again, let me, before Georges, just to give context, but Georges can take both Hong Kong CRE, the commercial real estate, and on the trade side, I think a lot has been covered already. When we look at the trade side, Georges, those of you that saw or read some of the comments coming from this Tuesday's results, set out a view of the impact of this, and again let me ask Georges to talk about that in a little more detail.

GEORGES ELHEDERY: Thank you very much, Chairman.

Mr Ngan, firstly, Hong Kong CRE outlook is somewhat weaker than the residential real estate market, but the Hong Kong CRE book we have is strong, partly because we have strong collateralisation of our exposure, and that strong collateralisation, loan to value, has given us material confidence in the quality, the outlook, for any credit losses in this portfolio. As well as the part that is not collateralised is effectively lending to large Hong Kong conglomerates with diversified revenue streams from various sectors of the economy that have been performing well, and amounting to essentially investment grade. Therefore, we do not see the Hong Kong commercial real estate to have any material impact on the outlook of our credit provisioning for the medium term. And as I said earlier, we remain encouraged by the policy measures that have been taken by the Hong Kong authorities to support this market.

With regards trade, first, tariffs are not a new feature of global trade. We've always lived in a world where tariffs have been there for a number of trading corridors. We do recognise the outlook for tariffs is somewhat more uncertain going forward, and that this will put some pressure on our clients in terms of their business models and their supply chains, and any reconfiguration they need to do.

Number one, I would say please remember we have more than 5,000 trade specialists in the Group in more than 15 markets who are here to use our expertise to support our customers understand the implications on their business, and understand how we can help them navigate the uncertainties ahead, and we will -- our expertise will be put to use as a trusted banking partner to our clients.

And number two, we have also shared that the impact of tariffs on our business, and all the related impact on GDP growth and business sentiment, in an adverse but plausible downside scenario, will be in the low single digit percentage points for our revenue and the reason for that is that our revenue is highly diversified, of high quality, we cover a number of areas. We have revenues coming from a very resilient deposit franchise, and that is the lion's share of our net interest income, and even in our fee income, we have a very diversified revenue stream from a number of activities that are more resilient and more steady and forecastable than simply on the trade side. Thank you for your question.

SIR MARK TUCKER: Thank you, I think our view also, in addition to what Georges has said, in this environment, customers look for strength, stability and expertise of a trusted partner, and nobody is in a better position to support our customers, wherever they are, whatever they do, as their needs evolve, particularly through the market conditions, and that is essential to see.

Next question, please.

THE OPERATOR: The next question is online and comes from Chellappah Shivanandha.

Q "The repurchase of HSBC's shares: at what price will the Board stop the purchase and look at returning the excess funds by way of dividends to shareholders? The repurchase does not benefit the long term investors."

SIR MARK TUCKER: Yes, I think that is not our view. I think if you look at share buybacks, why they are our preferred method of returning excess capital to our shareholders, is because they drive earnings per share and they drive dividend per share, and I think that is, again, more rewarding for our shareholders. The share buybacks are part of the capital management toolkit that we use. I think, again, we've said, we've paid out dividends of around 16 billion with share buybacks of around 11 billion. I think that is the basis of what we've said of the policy, and that's what we intend to do going forward.

Let me just remind you, at this point, that after the Q&A voting will be closed. So, if you want to vote, please could you do so.

Next question, please.

THE OPERATOR: The next question is online and from Mr Michael Douglas Fuller.

Q "The Zing product brought additional features and currencies not available to HSBC customers via global money. Can you please explain what actions are being taken to enhance global money, such that the facilities are improved to meet and exceed those enjoyed by Zing customers?"

SIR MARK TUCKER: Thank you, it's a good question. I think what we've done is, following a strategic review, we made the decision to close Zing, but not to discard the underlying technology platform. We've taken and integrated that underlying technology platform into HSBC. As Georges mentioned earlier, this all forms part of the simplification of the Group, really focusing on increasing leadership and market share in areas where we have a clear competitive advantage and where the greatest opportunities there are to grow and support our clients. So just to reassure you that HSBC customers will still benefit from similar cross border payment capabilities by using global money.

The next question, please.

THE OPERATOR: The next question is in the room and comes from Kelly Shields. Kelly Shields, please indicate so the microphone can find you, and wait for the microphone.

Q. Good morning, members of the Board. My name is Kelly and I'm asking this question on behalf of the Carrizo/Comecrudo tribe of Texas, South Texas Environmental Justice Network, Rain Forest Action Network, and ShareAction. I'm asking this question to follow up on the letter that was sent in August 2024 about LNG projects in the Rio Grande Valley of Texas. This letter was signed by a significant number of Indigenous Peoples, residence groups, and supporting NGOs. We appreciate that HSBC responded to the letter, and for their previous engagement with affected community members, and it is a positive step that we are hopefully setting up another meeting very soon.

After meeting with Rio Grande Valley leaders, Bekah and Christopher, in 2022, and hearing from them directly about the risk these LNG projects posed, HSBC went on to provide US$988 million to Enbridge in 2023, funds that could be used to support fossil fuel expansion projects like the Rio Bravo Pipeline.

HSBC is also a financier of NextDecade, providing US$588 million in support of Rio Grande LNG. NextDecade is a company operating without 2030 or 2050 emissions reduction targets. Rio Grande LNG is being built adjacent to land that is sacred to the Carrizo/Comecrudo tribe, and Enbridge's Rio Bravo Pipeline would intercept land that the tribe owns.

The companies involved in these projects have not secured free, prior, informed, consent from the tribe, and on multiple occasions the tribe and the local community have raised issues regarding the adverse impacts to Indigenous rights, environmental justice, climate and conservation caused by the proposed methane export terminals and pipelines, which in turn create risks for HSBC.

These risks have already translated into delays for some projects, and significant reputational risks which have prompted HSBC's peers BNP Paribas, Société Générale and Crédit Agricole to have effectively severed their relationships with these projects. The projects are currently undergoing another review of their permits because of a lawsuit victory led by the community, which could cause further delays.

Furthermore, financing LNG could pose financial risk to the company and its investors. Forecasts estimate that supply of LNG significantly outweighs demand. Last year, the international energy agency stated that by 2030 LNG export terminal utilisation falls to less than 60 per cent under the net zero emissions by 2050 scenario, noting "something has to give".

A recent US Department of Energy study found that there are already more approved US LNG exports than needed, meaning that some LNG infrastructure could be at risk of becoming stranded assets in the future.

I have three questions for you today. Firstly, given the multitude of risks that these projects face, what actions has HSBC taken since it received the letter in August 2024?

Secondly, is HSBC planning further financial support for the US LNG sector, asking that question noting that you won't comment on individual clients?

And lastly, will you confirm that the bank's new Chief Sustainability Officer will attend the meeting that is being planned with affected community members? Thank you.

SIR MARK TUCKER: Thank you for that. I mean I think -- again, as you say, I understand our teams are in contact about scheduling a meeting, and we'll leave you to liaise with Julian Wentzel, our Chief Sustainability Officer, and his team.

Much of what you say, the point is again taken we do not comment on client relationships. I think you know our approach is to support our clients to diversify, to decarbonise, to invest in new technologies, to progress the net zero transition. At the same time, we look to support the needs of today's economy, and also complying with local rules, regulations and requirements. I can assure you that at all times we follow a clear set of sustainable risk policies which support our ambition to align the financed emissions in our portfolio to net zero by 2050. So again, I'll leave that to Julian and his team to take forward.

Let's move to the next question, please.

THE OPERATOR: The next question is in the room, from Roseanne Venner. Roseanne Venner, please indicate so the microphone can find you, and wait for the microphone.

Q. Good morning, I'm speaking on behalf of JustMoney Movement, which is the trading name of Shareholder

ECCR. Last year, we issued a public statement with over 70 churches, Christian charities and institutions in Britain and Ireland raising concerns about HSBC's continued financing of new fossil fuels and companies involved in fossil fuel expansion. This landmark statement reflects the growing movement in civil society, including amongst your customers and shareholders, advocating for a climate responsible banking sector.

Like others in the room, we were deeply disappointed earlier this year to see HSBC push back its climate target for the bank's operations and supply chain by 20 years. We are also increasingly concerned about the bank's commitment to its financed emission targets, currently under review. HSBC has a key role to play in safeguarding the lives of future generations by accelerating a global energy transition but is putting people and planet at risk by continuing to provide financial services to companies involved in fossil fuel expansion.

I know you've spoken about this already this morning, but I hope this question points to the increased concern amongst many of us that you are not sticking to your climate commitments. Can you provide us with reassurance that the bank will not backtrack on existing targets and climate commitments? And specifically, we'd like to see HSBC exclude financial services to companies developing new fossil fuel projects or expanding existing ones. JustMoney Movement and our church partners would welcome an opportunity to meet you to discuss these issues in further depth. Thank you.

SIR MARK TUCKER: Thank you for your question. As you say, I answered a similar question earlier, but I think worth just recapping on. We remain absolutely committed to our ambition to become a net zero bank by 2050 and to help our customers decarbonise. As I've said, we've always acknowledged that transition would not be linear or uniform across sectors and geographies; and as we approach 2030, it's an important moment to take stock of progress.

We have made good progress, but, like others, getting to net zero in the supply chains is enormously challenging, and again, we revisited our ambition here, taking into account many of the best practices. We are now focused on achieving net zero in our operations, travel and supply chains by 2050. As again mentioned, this review, comprehensive review, of financed emission targets, associated policies, is being worked on. We will talk to many groups, and certainly our sustainability team will take note of your request. But again, I think the understanding that this is a transition process and a multi speed transition is important to have as context, but we will certainly take that into account and ensure that our teams understand that.

Let’s move to the next question, please.

THE OPERATOR: The next question is in the room, from Robert Butler. Robert Butler, please indicate so the microphone can find you, and wait for the microphone.

Q. Good morning. I’d like to know why the Board won’t engage with shareholders before and after the meeting, the AGMs. And also, there are plenty of HSBC staff here today, they seem to be tripping over themselves. Why wasn’t this sort of staffing level available in the branch network in the UK, please?

SIR MARK TUCKER: Sorry, I missed the question.

Q. Why won’t the Board engage with shareholders before and after the AGM, please. And there are numerous HSBC staff here today who seem to be tripping over themselves. Why wasn’t this sort of staffing level available in the branch network in the UK, please?

SIR MARK TUCKER: I think on the basis of it’s something that we can consider in terms of seeing -- and I think again, when I first started, there was discussions both before and after the meeting with shareholders. Today’s environment is slightly more challenging, but I think certainly we can go back and look at that, without a promise of moving it forward. In terms of getting the people here, a lot of the people that you see here are not HSBC employees, and therefore we can’t possibly put them in branches. That’s not feasible, they are people that are just helping us in managing the meeting. Thank you for the question.

Next question, please.

THE OPERATOR: The next question is in the room from Johanna Frühwald. Johanna Frühwald, please indicate so the microphone can find you, and wait for the microphone.

Q. Thank you. My name is Johanna Frühwald. I’m speaking on behalf of the German Human Rights and Environmental NGO, Urgewald.

Dear members of the Board, dear shareholders, what does it mean for financial markets if we surpass 1.5 degrees and approach 2 or even 3 degrees? The core task of the finance industry is to manage risks, but what happens when the risk becomes unmanageable? Let me offer you, everyone in this room, a simple example: a house that cannot be insured cannot be mortgaged. No bank will issue a loan for uninsurable property. This is not a future scenario. It's already happening. Entire regions are becoming uninsurable. Just look at the wildfires in California earlier this year. What comes next? Credit markets freeze, and we are facing a climate induced credit crunch. That is what a climate driven market failure looks like. There is only one path forward, prevent any further increase in atmospheric energy levels. That means keeping emissions out of the atmosphere.

It's quite simple, actually. We need to understand that this is not just about saving the planet, but "about saving the conditions under which markets, finance and civilisation itself can continue to operate". These words may sound radical to you, but what if I told you that these words were not my own, but the words of Mr Thallinger, board member of Allianz, one of the world's largest insurance companies?

In your policy, you say that you will divest from issuers whose transition plans are considered incompatible with your net zero objective, and yet your funds continue to hold major investments in coal developers, including the Philippine conglomerate San Miguel, which is still expanding its coal operations and opening new coal power plants.

So, my first question is: how exactly is developing new coal plants compatible with your net zero objective, and do you really consider companies that are expanding their coal assets transitioning?

Your asset management policy also states that you do not make direct investments in new or existing thermal coal projects. Thus, my second question is: why do you exclude direct investments in new or existing thermal coal projects, but continue investing in companies that are developing those exact projects?

And lastly, my third question, as I heard what you said today about the Glencore deal, I'm also wondering -- and this will be my last question -- are you aware that the model that you base your own coal policy on, the net zero 2050 report by the International Energy Agency, sets a very clear red line for new coal assets, which is the beginning of 2022? That was three years ago. How does this add up to you? Thank you.

SIR MARK TUCKER: Thank you for your question. Again, there's elements of repeating myself, but we're unable to comment on clients. We follow a clear set of sustainability risk policies which support our ambition to align the financed emissions in our portfolio to net zero by 2050. If a client has made, or makes, a new commitment to thermal coal expansion, or proceeds with thermal coal expansion, we would seek to withdraw any financing or advisory services as soon as possible. We have set net zero aligned targets for the seven highest emitting sectors in our portfolio, and as part of our financial reporting, we present the progress for these sectors against our published emission baselines and targets, and we have begun a review of our interim 2030 financed emission targets and associated policies as part of the annual net zero transition plan review, which we referenced in our annual reports and accounts.

As I say, we've committed to phase out financing of thermal coal by 2040 globally, and by 2030 in the EU and OECD markets, and we remain focused on providing financing solutions that support a responsible and managed transition away from coal.

Let's move to the next question, please.

THE OPERATOR: The next question is in the room, from Mrs Balwinder Nanray. Mrs Balwinder Nanray, please indicate so the microphone can find you.

Q. Good morning Board, thank you for the opportunity for asking this question. Going back to what Nancy said about the Clawback, I have recently left the bank. Over 40 years I committed to the bank, the bank which said to me about values and integrity. So, I have two questions for you. One question is: where are your values, where is your integrity, where is the representation for those seldom heard voices? Secondly, I'm very disappointed, being a shareholder, I could not vote today. I'm absolutely disgusted. Thank you.

SIR MARK TUCKER: Again, let me build on the answers to Nancy's question. We've communicated our policy clearly overly the last six AGMs, and again we will, as I've said to Nancy, we will follow up on the questions that have been asked. There's nothing to add to that. You said you're very disappointed, or disgusted, about not being able to vote today. Again, we've been told that there was some notification beforehand. We will look into it, and we will make sure that this doesn't happen again and let me apologise for that.

Next question, please.

THE OPERATOR: The next question is online from Mr Philip Clark.

"1. Thank you for holding a hybrid meeting. Although I am participating online today, I'm grateful to have the opportunity to attend in person.

"2. I have been a shareholder for many years and remember how difficult it was for the bank to achieve acceptable returns when interest rates were low. What are your assumptions for interest rates in coming years, and do you expect returns to fall once more as interest rates decline? Linked to that, is it a good idea to buy back shares when interest rates are high and the bank is doing well, or should we not retain for the cash and buy back shares when interest rates and the share price is lower?"

SIR MARK TUCKER: Thank you. It's a very good question. I think forecasting interest rates at any time is very difficult. Forecasting interest rates in the time we currently live in, particularly with the discussion on tariffs, is almost impossible. So I think for us to come back and say that we have any greater insights on this, there is so much that can happen, and there are plausible arguments for interest rates both to go up and down. We have no special view there.

I think we continue to target a mid-teens return on tangible equity in each of the next three years, and in making that -- and Georges spoke to that today and spoke to that on Tuesday -- in making that statement, we took into account the volatility, we took into account the uncertainty, and our modelling still views that this is something that we can achieve. The other points I've covered previously, but hopefully that gives you a good sense.

Next question, please.

THE OPERATOR: The next question is in the room, from Alex Larkman. Alex Larkman, please identify yourself so the microphone can find you. Is Alex Larkman in the room? In that case, Mr Chairman, there are no further questions.

SIR MARK TUCKER: Okay thank you very much. I think -- there seem to be a number of people there that have questions. Sorry, have you registered the question? Can you just tell me in which order you would like the questions? Yes, please go ahead.

Q. First of all, hello, can you hear me?

SIR MARK TUCKER: We can hear you well.

Q. Second, good morning, and good morning to the Board. This is being asked from me and from an article this morning in the FT, and a remark that you made when you were opening. Could you possibly get people online? Even you were in doubt.

I know a lot of money has been put into our systems for security, et cetera, but the risk is absolute and real. Marks & Spencers, about 7.5 million from Barclays, and Citigroup, right, very good IT systems, a lot of money, they actually managed, and I know this is risible, to put $81 billion into one of their customer's accounts instead of $280. So, my question to the Board is, as we become virtually totally reliable on IT, if a country, or part of a country, goes down, with our international business in services, what's the back up plan? We haven't heard a word of it, as far as I can see. It's not only a risk to the bank, it's a reputational risk which has been faced by many other people. Could you perhaps expand on your earlier comments about this? Thank you.

SIR MARK TUCKER: Thank you, yes, I think the comment that I made at the beginning was I think just effective housekeeping, if it did go down. I wasn't expecting it to go down, and again, IT and our systems, a substantial part of our spend is not only on the current IT and systems, but the back up and the support if those systems or IT goes down. Again, one of our key, and one of Georges' key responsibilities, is protecting our customers from threats or from potential online experiences that are negative.

So I think we'll continue to support customers, we'll continue to look at what is possible in terms of resilience of our systems in all circumstances. This is an ongoing effort, but as I say, I am reassured that the track record that we have, and the quality of people within the IT side, means that we will always be in a position to move as quickly as possible. If there are issues we will look to remedy them as quickly as possible.

Q. Could you please outline your disaster recovery plans before the next AGM?

SIR MARK TUCKER: Disaster recovery plans are highly confidential information, and we will not publish anything online. Disaster recovery plans, in terms of their size, scale, complexity, and again the details that are included, I can assure you that we have excellent disaster recovery plans that go into enormous detail to ensure you are protected. That's the last question. Any other questions – please ma'am, sit down.

Q. (Off-microphone question)

SIR MARK TUCKER: Thank you, any further questions today -- I'm sorry, I'm not taking any more questions. Please let us have the question, and I will ensure the question is answered individually. I will ensure that you engage with the right people – you've got the cards -- please from our team make sure -- I am not taking any more questions, I'm moving on from this point. I'd like to thank you for your participation –

Q. (Off-microphone question)

SIR MARK TUCKER: We have not been able to address -- Okay, I will take five more minutes, and then I will move on. You decide how you want the questions organised, but you have five minutes.

Q. Thank you very much. I'm so disappointed, but I'll use my opportunity to speak to you. When I heard Mr Georges' sustainability target by 2050, my heart sank, because the climate crisis is happening now, and communities like mine -- I myself am a victim of climate change, and between 2016 and 2022, HSBC has poured $63.5 billion into fossil fuels in the global south.

My question is, before I go further, have you measured how much climate change, how much climate damages, you have caused through your financial flows to corporations fuelling the climate crisis? I come from Uganda, where floods, droughts, landslides, displacement of people, because of projects like the East African Crude Oil Pipeline that are yet to be constructed, is our lived reality. HSBC might say that it's not financing projects like the East African Crude Oil Pipeline, but it's continuing to put money into TotalEnergies and other corporations that are fuelling the climate crisis.

I have come here with a letter with youth voices, communities from the global south, signed by 84 youth organisations from the global south, with our demands. This is our letter, and we wanted to give it to Mr Georges Elhedery. These are our demands from the youth and communities from the global south. I hope you let me give it to you, or receive this later. Please allow us to meet you.

We are not just asking for change. We are demanding it. Will HSBC stand for justice, or will it continue fuelling the climate crisis? You have stated clearly earlier that you don't finance new oil and gas projects, that you withdraw money in companies who are investing in new oil and gas. Does this mean that you have defunded TotalEnergies? Can you state it publicly that you will defund Total if it continues to build the East African Crude Oil Pipeline? Thank you very much.

SIR MARK TUCKER: Thank you for your question. I think, regards to the letter, yes, give it to one of our colleagues, they will make sure it gets to Georges. If you give it to the young lady next to you. Just wait, please. There's no more to add to -- I think your points are well taken. I will give one last question, I've gone over the five minutes, but one last question.

Q. Dear Board Members and shareholders, my name is Avril De Torres, representing the Protect the Verde Island Passage Network. I travelled all the way from the Philippines to make sure that a matter of urgent concern that affects the lives of millions of Filipinos comes to your attention today. That is your complicity in the escalating threat in the Verde Island Passage, or VIP.

We first spoke about the VIP in your AGM two years ago, how it is the centre of marine shorefish biodiversity in the world and is our very own Amazon of the oceans. It is the foundation of the livelihoods and way of life of millions of Filipinos.

It is threatened by massive fossil gas and liquefied natural gas build out lead by Philippine conglomerate San Miguel Corporation, the same company who has not been held to account for chartering two tankers that spilled millions of litres of oil in the VIP, which many Filipinos, especially the poorest of the poor, the fisher folk communities, are still suffering from to this day. This is the same company who is now charging us double for generation tariffs since it switched to LNG from indigenous gas, and the same one that is alleged by electricity consumers to be violating anti-competitive laws for its recent gas and LNG deals.

We have raised alarms about your fossil fuel investments in San Miguel that harm the VIP, and how your investments contradict your own energy policy, which commits to not provide new finance and advisory services for oil and gas power plants operating in environmentally and socially critical areas. Your policy also states that HSBC will seek to withdraw any investments and services with a client that has made or makes a new commitment to thermal coal expansion. We have told you of San Miguel's plans for new coal. In fact its latest coal thermal expansion in the Philippines operated last year, and new units will come online in the coming years.

Despite knowing all of these, instead of divesting from your fossil fuel investments, especially those that harm the VIP, you have almost tripled your investments in San Miguel since we spoke last year.

Other financial institutions have, however, heard our pleas. DWS and Ester have committed to divest from San Miguel, while BNP Paribas said that financing gas in the VIP is not part of their strategy. There should be no reason you cannot commit to the same.

Having said all this and considering that you have not accommodated our request for an in person meeting while I'm here in London, I have only three questions. These do not relate to any specific client, so I hope you can respond. First, can you commit to divest from, and to not invest in, future gas and LNG projects in the VIP and their developers?

Second, as for your coal exposure, will you review your investments in the Philippines to ensure that they do not cross your red line on coal expansion?

Lastly, will you commit to meet with us to continue discussing how you can ensure that your investments do not harm the VIP and the people who depend on it? Your answers will impact the lives of millions of Filipinos back home.

SIR MARK TUCKER: Thank you. As I say, the question has been in a similar form before. Let me just get the answers. We're not making commitments, we're reviewing commitments. With regard to your second point about coal in the Philippines, I will ask the team to look at and review our position there. I'm not aware of the position, but I will ask the team to look at it.

Again, if it's possible to meet -- I'm sure our team is, as you are, very busy -- if not in person, then we will try to ensure that we do that virtually. Okay. I have again, written any questions submitted, any questions that you have now that we have not been able to address in the meeting, will receive a written response.

I'm now proceeding to close the voting by poll. Please can I check that everyone who wishes to vote has done so. This is the last call for voting.

Ladies and gentlemen, voting is now closed, thank you.

I'd like to thank you again for your presence and engagement today, whether in person or virtually, and for your continued support of HSBC. The Board and I greatly value your questions on topics that matter most to you.

I would also like to thank my fellow directors for attending the meeting.

The results of the voting will appear shortly, and the final results, verified by our registrar and reflecting all votes cast, will be announced to the London Stock Exchange and published later today on the HSBC website.

Are the indicative voting results ready at this point? Okay, I understand they're now ready. The voting results are now ready and will be shown on the screen. You can see results. Keep going on the basis of, okay, as you can see, all resolutions have passed except resolution 20, in line with the Board's recommendations.

Ladies and gentlemen, that concludes our formal business. Before closing, I wanted to say just a few words about the announcement yesterday regarding my stepping down before the end of the year. It's been a privilege and honour to serve this wonderful institution and to work alongside such talented and dedicated colleagues. They are the lifeblood of the HSBC Group, serving our customers and creating value for you, our shareholders. I'm proud of what we have achieved together, and I've every confidence in the Group's continued success under Georges' excellent leadership. I thank each of you for your valuable support through my time and thank you for coming in today. Thank you.

(The meeting concluded)