

# Group Chairman's Statement

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**Mark E Tucker** Group Chairman

Our 2017 results demonstrate both the strength and the potential of the Group. A large increase in reported profit before tax reflected both a healthy business and the non-recurrence of significant items from 2016. All of our global businesses grew adjusted profits and our three main global businesses generated improved adjusted revenue.

Strong revenue growth more than covered the cost of business investment, and increased lending laid a foundation for future performance. Asia again contributed a substantial proportion of the Group's profits, particularly in Commercial Banking and Retail Banking and Wealth Management. Together, this delivered an adjusted Group profit before tax of \$21bn, up 11% on 2016.

This performance has enabled us to approve an unchanged fourth interim dividend of \$0.21. This brings the total dividend for 2017 to \$0.51, representing a total shareholder return of 24% for 2017.

## Board changes

As I start my first full year as Group Chairman, I am very grateful to my predecessor, Douglas Flint, and to Stuart Gulliver for ensuring a smooth handover. They steered HSBC through challenging waters during and after the global financial crisis, and renewed HSBC's reputation as one of the world's strongest and safest international banks. They have passed on a strong legacy.

My first responsibility as Group Chairman was to appoint a successor to Stuart who would be capable of building on his achievements while further enhancing the qualities that make HSBC unique. With an exceptional record of managing a diverse range of international businesses and a deep understanding of HSBC's heritage and culture, John Flint was clearly the outstanding candidate. The Board and I look forward to working closely with John and his management team.

2017 also saw other Board changes as we said goodbye to Rachel Lomax, Sam Laidlaw and Paul Walsh. All three provided valuable service and wise counsel to the Board and I thank them warmly for their advice and support. I am especially grateful to Rachel for her excellent work as the Senior Independent Director and to Sam for his thoughtful leadership of the Nomination Committee.

### The year ahead

The Board is focused on sustaining resilience by enhancing reputation and performance. We will further develop our strategy to deliver value to all of our stakeholders within a governance framework that provides stability, prudence and effective oversight.

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We expect the world's major economies to show reasonable growth in 2018, helped by relatively low unemployment, recovering consumer confidence and improving trade. Fears of a hard landing in China have receded, and markets across Asia look set for a strong year. The anticipated conclusion of large regional trade agreements in 2018, mostly involving Asian nations, also provides cause for optimism. With an international network covering 90% of global trade flows and a leading presence in the world's fastest growing region, we are in a prime position to help our customers capitalise on this broad-based global growth.

While we are optimistic about the prospects for the global economy, rising international tensions, the threat of protectionism and a lack of inclusive growth all have the potential to disrupt economic activity. We continue to model and anticipate a wide range of scenarios as part of our day-to-day risk management, to cover unlikely but not impossible events. As a well-diversified business underpinned by historically stable revenue generation and significant capital strength, HSBC is well equipped to manage the risks and uncertainty inherent in today's world.

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### Transparency and disclosure

Last year, we published a range of environmental, social and governance ('ESG') metrics to enable investors and customers to assess our non-financial performance. The data we disclose will continue to evolve as we learn more about what our stakeholders find useful and improve our ability to collect the necessary information. We will publish our next ESG Update on our website in April 2018.

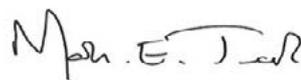
We are also making our first disclosure under the terms of the Financial Stability Board's Task Force on Climate-related Financial Disclosures. This can be found on page 27. As one of the world's largest international banks, we take seriously our responsibility to help develop a voluntary, consistent and comparable system of climate-related financial disclosure. We intend to continue to expand and improve the quality and specificity of these disclosures, and to encourage all those who work with us to do the same.

### Supporting our people

It is important not just to achieve good results, but to do so in a way that treats all of our stakeholders – employees, customers, regulators and shareholders – in a fair and transparent way. We are committed to holding ourselves to account in meeting that aim, and to being accountable to our stakeholders for our actions.

As part of this commitment, the Board and I are determined to ensure that HSBC remains a place where all our people have the opportunity to fulfil their potential in a nurturing environment that encourages the right behaviour. Our stakeholders expect honesty and integrity and we will continue to promote a culture in which people do the right thing.

My special thanks are due on behalf of the Board to each of the 229,000 people who work for HSBC around the world. In my short time as Group Chairman I have been enormously impressed by the effort, energies and ability of our people in each country I have visited. These results are a testament to their hard work and dedication.



**Mark E Tucker**  
**Group Chairman**  
20 February 2018