

HSBC announces new leadership team
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Corporate Participants

Stephen Green

HSBC Holdings plc - Group Chairman

Mike Geoghegan

HSBC Holdings plc - Group Chief Executive

Douglas Flint

HSBC Holdings plc - Chief Financial Officer, Executive Director Risk and Regulation, Group Chairman designate

Stuart Gulliver

HSBC Holdings plc - Executive Director, Chairman, Europe, Middle East and Global Businesses, Group Chief Executive designate

Ian Mackay

Chief Financial Officer, Asia-Pacific, Group Chief Financial Officer designate

Simon Robertson

Senior independent non-executive Director

Conference Call Participants

Tom Rayner

Barclays Capital - Analyst

Robert Law

Nomura - Analyst

Manus Costello

Autonomous - Analyst

Mike Trippitt

Oriel Securities - Analyst

PRESENTATION**Operator**

Ladies and gentlemen, this conference call 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 uncertainties 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 today's statement. Past performance cannot be relied on as a guide to future performance.

Welcome to today's conference call. The host for today's call is HSBC's Group Chairman, Stephen Green. Mr. Green will make some brief introductory remarks, following which there will be an opportunity for questions and answers. (Operator Instructions).

I'll now hand over to Mr. Green. Please go ahead, sir.

Stephen Green - HSBC Holdings plc - Group Chairman

Wilson, thank you, and ladies and gentlemen, good afternoon and good evening -- a very late good evening to those joining us from Hong Kong. Our apologies for the late hour, but in the circumstances -- and you're familiar of what the circumstances are -- we wanted to get this news out.

A few moments ago, we announced the new HSBC leadership team. Indeed, I'm joined here in London by Simon Robertson, our Senior Independent Director; by Douglas Flint; and in Singapore, by Mike Geoghegan; and in Hong Kong, by Stuart Gulliver and by Iain Mackay.

Just to briefly recap, I -- and this part we announced a couple of weeks ago -- of course, will retire as Group Chairman later this year, having been invited to join the British government as Minister of State for Trade and Investment. Douglas Flint will succeed me on my retirement as Group Chairman. Stuart Gulliver will be appointed Group Chief Executive, following Mike's decision to retire early next year. And Simon will assume the role of Deputy Chairman, as well as, of course, continuing to be our Senior Independent.

And in addition in Hong Kong, as I mentioned, we're joined by Iain Mackay, who has been appointed Group Finance Director to take over from that role at the point when Douglas steps into the Group Chairman role. This concludes a thorough succession process by the Board, one that's been accelerated by my own retirement. It's an announcement which brings to an end what, in our view, is an unfortunate and, frankly, sometimes irresponsible degree of speculation that the Company and a number of individuals had to endure in recent weeks.

For the record, I would like to make it absolutely clear that all of the people involved in

this transaction -- this transition have behaved impeccably and graciously throughout it, and any suggestions to the contrary are nonsense. In particular, I believe it's a testament to Mike's professionalism and his real deep loyalty to this Company that he's made that decision to accelerate the secession of his own role as Group Chief Executive.

It's also a testament to his successful management that he leaves HSBC in such strong shape. His achievements are many. They include his leadership in calling the subprime crisis; his willingness to tackle the problems that emerged in HSBC finance as a result; they include his unwavering commitments to driving our strategic focus eastwards, including culminating in his relocation to Hong Kong to run our business from our most important market.

More broadly, Mike's provided the Company with strong and decisive leadership throughout an unprecedented period of turmoil for the economy and the markets globally. He's been a world-class chief executive by any measure and a tremendous colleague, I might add.

I would, of course, like also to congratulate Douglas, Stuart, Sandy, and Iain on their new positions. And in doing so, I don't think I can say it better than Mike said in our announcement -- they are indeed an awesome combination.

What I want to do now is to hand over to Mike in Singapore to say a few words from his perspective. Mike, over to you.

Mike Geoghegan - HSBC Holdings plc - Group Chief Executive

Stephen, thanks very much for those kind words and I certainly endorse everything we've said in our announcement. And as I've stated already and so many people know, I really thoroughly enjoyed my 37 years in HSBC. It's been a great honor and a privilege to serve our shareholders and customers, and to work with such a fantastic, dedicated team across the world. And candidly, I doubt there's a better team in banking anywhere in the world.

I've got enormous respect for Douglas, Stuart -- have been members of the Group Management Board and team members in that, and always been up there to take on the challenges as they arise. And I think they are well prepared for their leadership roles and I'm very sure that they will do extremely well.

My decision to step down was triggered by my own thinking in regard to accelerating management succession. I always believed myself that you shouldn't stay in a job too long, and I would have been in the job five years next May. I mean, our strategy is very clear. Our global franchise is just frankly unrivaled and our people are the best in the business.

I do believe we weathered the financial crisis better than most and we've cemented HSBC as the leading international bank in the world. So it's best wishes to Douglas and Stuart and the rest of the team. And here's hoping that they enjoy leading the Company as much as I have. Back to you, Stephen.

Stephen Green - HSBC Holdings plc - Group Chairman

Mike, thank you. Well, now let's take your -- are any questions?

QUESTION AND ANSWER**Tom Rayner - Barclays Capital - Analyst**

It's Tom Rayner from Barclays Capital here. Yes, well, congratulations to everybody on their promotions. Could I just ask about the strategic responsibilities? Obviously, when Mike sort of moved the office to Hong Kong, there was some change, I think, between the responsibilities for the strategic decision-making from Chairman to Chief Executive. I just wondered if you could explain how that setup works now under the new management structure or whether there's going to be any changes at all from how it was with Mike as Chief Executive?

Douglas Flint - HSBC Holdings plc - Chief Financial Officer, Executive Director Risk and Regulation, Group Chairman designate

This is Douglas. The arrangements that were put in place, which were very appropriate, that the Chief Executive should [change] the leadership in defining a long-term vision for the Group and developing strategy to deliver on the long-term vision remain in place. It was always the case with Mike and it remains the case with Stuart and myself, that he defines the long-term vision and the strategy to achieve it, and agrees that with me as Chairman, for us to take to the Board with our recommendation and for their consideration and ultimate approval.

So, that was the situation with Mike and Stephen. And it will remain the position with Stuart and myself.

Operator

We now move to our next question. Your line is now open. Please go ahead.

Robert Law - Nomura - Analyst

Yes, hi, it's Robert Law. Is my line open? (multiple speakers) Yes, hello. My question is for Stuart. Could he comment on what he sees as the prime opportunities and prime challenges for the Group at this point?

Stuart Gulliver - HSBC Holdings plc - Executive Director, Chairman, Europe, Middle East and Global Businesses, Group Chief Executive designate

Robert, I don't think that challenges have changed as a result of the change of leadership. I mean, it remains the continued work-in-progress to focus the Group ever more heavily onto emerging markets while maintaining a strong European presence, as we've talked

about before. And it's essentially the journey that Mike and Stephen have started us upon we'll continue to execute to, which is to get the mix of emerging markets and developed world revenue towards the majority in the emerging markets.

And the challenges, obviously, are the economic backdrop and the challenges of the regulatory environment, which we're all aware of. So I think there's a regulatory challenge that's the extent to which there is a double dip, which actually we don't see, and there's the overall macro strategic shaping of the business of the Group, which is already a journey that we started on under Stephen and Mike's leadership.

Operator

We now move to our next question. Your line is now open. Please go ahead.

Manus Costello - Autonomous - Analyst

It's Manus Costello from Autonomous. I had a couple of questions, please. I wondered firstly if you've made any announcement about who will be succeeding Stuart in terms of running GBM?

And secondly, both Douglas and Stuart have made remarks over the last few months about capital policy and the states of regulation. I wondered what your current thoughts are following Basel III announcements about where HSBC's capital policy is going.

Stuart Gulliver - HSBC Holdings plc - Executive Director, Chairman, Europe, Middle East and Global Businesses, Group Chief Executive designate

It's Stuart. I'll take Global Banking and Markets and, Douglas, you take the capital. So Global Banking Markets, basically as you know, there is a co-head structure between Samir Assaf, who runs global market, and Robin Phillips, who runs global banking, and they'll continue to report directly to me.

What you'll see in the announcements is that my geographic responsibilities for the UK, Continental Europe and the Middle East, move across to Sandy Flockhart. So that part of my responsibilities will be run by Sandy, who in turn will report to me. Sandy will take over the Chairmanship of the UK Bank, subject to UK FSA approval. And therefore, there will be three direct reports to me -- Samir and Robin for Global Banking and Market, Sandy for the geographic [agreement] that I previously had. And actually, the third group that will continue to report directly into me is Chris Meares in the private bank.

So there are no plans to, at this moment, change the existing reporting structure within Global Banking Markets -- co-heads Samir and Robin directly into me.

Douglas Flint - HSBC Holdings plc - Chief Financial Officer, Executive Director Risk and Regulation, Group Chairman designate

And in relation to capital, I mean, nothing's changed. We welcome the revisions that were announced a couple of months ago in relation to some calibration of Basel III and some

greater clarity on the timetable for implementation, and some changes to calibration and some of the metrics. We look forward to seeing further guidance on some of the things that are left outstanding, some of which may well be dealt with in Seoul.

But I think we're beginning to get some degree of vision towards where people are heading and over what timeframe. And I hope, therefore, by the end of this year, beginning of next year, we will have the visibility in the capital framework at least, which, hopefully, alongside a better feel for where the economies are going, will allow us to make some statements about what the future capital policy in terms of what capital we think we're going to need, and how we'll deal with the capital we've got, when we announce results in March next year.

Operator

We now move to our next question. Your line is now open. Please go ahead.

Mike Trippitt - Oriel Securities - Analyst

It's Mike Trippitt here at Oriel Securities in London. I got onto the call late, so I apologize if this has been covered in the Chairman's opening remark, but was Michael's retirement actually planned for this stage? And if so, why the move out to Hong Kong less than a year ago? I wonder if you could just talk a little more about the events really leading up to today.

Stephen Green - HSBC Holdings plc - Group Chairman

Mike, it's Stephen Green. I'll leave Mike to talk about his decision to retire, but just to be clear, the move of the office to Hong Kong is not about the first [and indeed] Stuart, in taking over from Mike, will relocate to Hong Kong, because that decision has to do with the critical mass of the business. And the -- he will [now] be remaining but that is the right place to lead it from, so Stuart will be relocating.

In terms of Mike's decision to retire, as we put out in our announcement, it accelerated in a sense that my own move from the bank was unanticipated. And I will be stepping down at the end of the next Board meeting, which is the 3rd of December. And Mike wanted to accelerate his plans because -- I don't want to put words in his mouth; I'll leave Mike to pick it up -- but he's very keen to ensure that the management team would have an opportunity to get in place for 2011.

Mike, I'm sorry, I'm putting words in your mouth.

Mike Geoghegan - HSBC Holdings plc - Group Chief Executive

Yes, I mean, I just endorse that. I mean, I'm a passionate believer you shouldn't stay as Chief Executive for too long. I think five years, six years is just sort of maximum time a Chief Executive should be there.

And when we discussed it, we had looked at seeing right who the Chairman was going to be. And I just said, look, I think it's better to have the Chairman and the Chief Executive

working together; if I was Chairman, I'd like to have somebody with me for five years. So I said, look, I'm happy to stand aside and let's see the next team get on with it. I've been doing it for 37 years. It's good to get somebody else to have a chance.

I think the big plus in all of this is that we have a team inside. We can groom people, get them into position. Both Douglas and Stuart have been on the Group Management Board alongside me for the whole time that I've been the Group Chief Executive. So it's -- they're naturals to get on and do work together. I mean, as I said, I think they're going to be awesomely good.

Operator

(Operator Instructions). As we appear to have no further questions, I'd now like to hand over to Mr. Green for his closing remarks.

Stephen Green - HSBC Holdings plc - Group Chairman

Well, thank you. Just to say thank you to everybody for joining the call, and again, particularly to the Hong Kongers because we are conscious of a very late hour there. We put out our announcement; it was a very full announcement. It explained exactly how we would approach this -- way forward. We are absolutely confident that this is the right thing for -- shows the very deep bench strength. As Mike has just said, what an awesome team we'll be leading the Group going forward.

And I would like to end up with a note of thanks to Mike, who I think has been an extraordinarily successful CEO for all those years achieved in leading the Group through, let's face it, the worst turbulence for many decades in any of our lifetimes, with such success.

So, I want to end on that note of thanks to Mike and best wishes to the team taking it forward. And thank you, everybody, for joining this conversation. Thank you.

Operator

Ladies and gentlemen, that will conclude today's conference call. Thank you for your participation. You may now disconnect.