HSBC Strategy Update: Return to Growth and Value Creation

Targeted Outcomes: Basis of preparation

June 2018
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- Assumed no changes from 2018 in IFRS accounting rules
- Assumed no changes from 2018 in Common law
- High level capital impacts of Basel III Reform have been estimated
- The costs associated with the UK’s exit from the European Union have been included and revised entity structure reflected
- February YTD 2018 average foreign exchange rates used for all years
- Forward interest rate curves as at 30th April 2018
- No amounts have been included for the following significant items:
  - Debit valuation adjustments on derivative contracts
  - Fair value movements on non-qualifying hedges
- There is no assumed impairment of the Group's investment in Bank of Communications Co., Limited
- Bank Levy forecast based upon levy rates effective 30th April 2018
- Group effective tax rate of 22% used
- Assumed that where targeted reduction on RWAs require regulatory approvals (e.g. model changes), these will be received