HSBC

News Release

17 May 2012

HSBC HOLDINGS PLC

INVESTOR DAY

The presentation to be given today by Douglas Flint, Group Chairman, is attached and will be available to view at www.hsbc.com.

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This news release is issued by
HSBC Holdings plc

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May 2012

Introduction

Investor Day

Douglas Flint **Group Chairman**

HSBC

Forward-looking statements

This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional detailed information concerning important factors that could cause actual results to differ materially is available in our Annual Report and Accounts 2011. Past performance cannot be relied on as a guide to future performance.

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

HSBC Group Strategy – One Year On

- In summary the Board is very satisfied with progress made on the strategy which it endorsed one year ago
- There was a clear framework for evaluating progress and this informed the Board's calibration of outcome against expectation
- The underlying strategy of moving capital towards organic growth opportunities in priority markets has been reinforced by delivery to date

The Board noted in particular the following:

- Cohesive management team in place, succession planning addressed and values reinforced
- Very strong progress in eliminating non-strategic, sub-scale and legacy businesses
- Well thought out reshaping of organisational design and layering to improve cost efficiency while strengthening control environment
- Capital generation and dividend targets met while preparing for the impact of the new regulatory regime
- While steps have been made to improve return on equity and cost efficiency metrics, these lag stated targets as expected one year into the programme

In terms of matters still requiring progress, the Board noted:

- Customer redress issues and compliance and regulatory failings require consistent Group-wide embrace of best-in-class standards

The backdrop has become ever more challenging, reinforcing the benefits of what has already been accomplished

- Since last May:
  - Downward revision to global GDP forecasts
  - Elevated Eurozone challenges
  - Further financial sector funding support needed in Europe
  - Uneven scope and speed of implementation of Basel III
  - Much more attention on Recovery and Resolution planning
  - Expansion of the UK Bank Levy

- But this is also highlighting HSBC's strengths and distinctive capabilities