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*The following is the text of an announcement released to the other stock exchanges on which HSBC Holdings plc is listed.*

17 May 2012

## **HSBC UPDATES INVESTORS ON STRATEGY EXECUTION**

*\*\*\* Progress on restructuring HSBC \*\*\**

*\*\*\* Reaffirmed financial targets\*\*\**

*\*\*\* US\$2bn cost efficiency savings on an annualised basis to date \*\*\**

*\*\*\* Priority actions to follow through on strategy execution \*\*\**

HSBC Holdings plc is today holding an update on Group Strategy for investors and analysts at its London headquarters located at 8 Canada Square, Canary Wharf. Registration for webcast viewing of these presentations is available at [www.hsbc.com](http://www.hsbc.com)

### **Highlights of progress**

- 28 transactions to dispose of or exit non-strategic businesses announced since start of 2011 - making HSBC simpler and easier to manage, transferring 15k FTEs, and potentially releasing US\$55bn in risk-weighted assets
- Reaffirming financial targets to achieve return on common equity of 12-15%, cost efficiency ratio of 48-52%, and a common equity tier 1 ratio of 9.5-10.5%
- US\$2bn sustainable cost savings achieved on an annualised basis to date: anticipated to hit top end of US\$2.5-3.5bn savings target by end of 2013
- Integration of HSBC's four global businesses delivered incremental revenue of US\$0.5bn in 2011, with a further US\$1.5bn anticipated in the short to medium term
- Continued to position HSBC for growth: in 2011, profit before tax increased in fast-growing regions including Hong Kong and Rest of Asia-Pacific (15%) and Latin America (29%)

### **Stuart Gulliver, Group Chief Executive, commented:**

“Since we set out our strategy to make HSBC the leading international bank, we have moved at pace. We are making material progress towards getting HSBC into shape for the future - a simpler, more coherent organisation that is easier to manage and control.

*more*

## HSBC Updates Investors On Strategy Execution/2

“We are reaffirming our targets, and, while market conditions and changing regulatory costs will continue to influence our performance, we have clear and robust programmes in hand to manage costs and capture opportunities for growth.

“We will continue to simplify HSBC, enabling us to integrate systems and operate to high global standards internationally. We will continue to run off our legacy assets, including the US consumer and mortgage lending book. We are restructuring our US operations, repositioning our Global Private Banking offering, and adapting to the challenges posed to Global Banking & Markets products by the changing regulatory environment.

“Closer integration between our four global businesses and disciplined capital allocation will position HSBC to capture growth. We have increased by an additional US\$1bn our assessment of the potential extra revenue achievable from business integration in the short to medium term. We will commit capital to organic growth opportunities in priority growth markets.

“Focusing on these priorities will enable us to make further progress towards delivering our strategy, and becoming the world’s leading international bank.”

*ends/more*

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**Cautionary Statement Regarding Forward-Looking Statements**

This News Release contains certain forward-looking statements with respect to HSBC's financial condition, results of operations and business. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. These include, but are not limited to: changes in general economic conditions in the markets in which we operate, such as continuing or deepening recessions and fluctuations in employment beyond those factored into consensus forecasts; changes in foreign exchange rates and interest rates; volatility in equity markets; lack of liquidity in wholesale funding markets; illiquidity and downward price pressure in national real estate markets; adverse changes in central banks' policies with respect to the provision of liquidity support to financial markets; and factors specific to HSBC, including our success in adequately identifying the risks we face, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques). HSBC Holdings plc does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

**Note to editors:**

**HSBC Holdings plc**

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 7,200 offices in over 80 countries and territories in Europe, the Asia-Pacific region, North and Latin America, and the Middle East and North Africa. With assets of US\$2,637bn at 31 March 2012, the HSBC Group is one of the world's largest banking and financial services organisations.

*ends/all*

The Board of Directors of HSBC Holdings plc as at the date of this announcement are: D J Flint, S T Gulliver, S A Catz<sup>†</sup>, L M L Cha<sup>†</sup>, M K T Cheung<sup>†</sup>, J D Coombe<sup>†</sup>, J Faber<sup>†</sup>, R A Fairhead<sup>†</sup>, A A Flockhart\*, J W J Hughes-Hallett<sup>†</sup>, W S H Laidlaw<sup>†</sup>, J P Lipsky<sup>†</sup>, J R Lomax<sup>†</sup>, I J Mackay, G Morgan<sup>†</sup>, N R N Murthy<sup>†</sup>, Sir Simon Robertson<sup>†</sup>, J L Thornton<sup>†</sup> and Sir Brian Williamson<sup>†</sup>.

<sup>†</sup> Independent non-executive Director

\* Non-executive Director

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