

HSBC Holdings plc 1Q 2018 Earnings Release video

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1Q 2018 update

We announced today that we will be undertaking a share buy-back of up to USD2 billion, which we would expect to complete over the next two to three months. This is a core element of our capital management toolkit. We've got a very strong common equity tier one capital ratio of 14.5 per cent. That is very much a focus of supporting growth within the firm. In the first quarter of 2018, we had strong revenue growth of 6 per cent across our main global businesses and we were able to support a further USD17 billion of loans and advances to our customers. So clearly the capital strength supports loan growth and revenue growth across the business.

Costs and investment

Higher costs in the first quarter were very much a reflection of the investment decisions we made coming in to the first quarter and throughout the first three months of this year. Those investments are very much focused on supporting growth in our home markets of the UK and Hong Kong, but also the wider network with a particular focus in mainland China at this point in time.

We've also got a strong focus on continuing to invest in our technology and digital programmes to improve the customer experience across those global businesses but also to improve the overall efficiency and effectiveness of our businesses across that network. So what we've seen in the first quarter is very much a reflection of the investment decisions that we've made and will continue to make in terms of supporting the overall growth of the business as we go forward.

But it's very much informed by the goal in terms of being able to generate positive jaws in the course of 2018. That really means being able to grow revenue at a rate that's slightly faster than the rate that we grow investment and costs.

Highlights

The highlights for the first quarter of 2018 are typified by strong revenue generation across our global businesses. The standout, I think, was Retail Banking and Wealth Management which saw revenues progress by 9 per cent. Also, Commercial Banking had a very strong first quarter with a standout from Global Liquidity and Cash Management, which continues to make great progress.

Global Banking and Markets was broadly stable compared to the first quarter of last year, which was very strong. And then what was nice to see was advances in our Private Bank, which sees revenue growth after a couple of years of repositioning within that business.

So, overall, supporting lending and advances to our customers across the network and supporting revenue growth across the network was perhaps the outstanding feature. I think what that really typifies, from an HSBC perspective, is the strength of our balance sheet to support that growth across the home markets and across the wider network in serving our customers.