

## **Business update 2020**

**Speaker: Noel Quinn, HSBC Group Chief Executive**

For over 155 years, HSBC has been connecting our customers to the opportunities around the world and we want to continue to do that. We have some great business franchises – our heritage in Asia and the Middle East and the faster-growing markets of the world, our international connectivity for our corporate clients – particularly in the middle-market commercial banking space – and our access to the significant growth opportunities that our wealth business can tap into in our client base in Asia and the Middle East.

But we also have to acknowledge that we have some challenges. We are taking decisive action today to address those underperforming parts of the business, to redistribute capital to the growth opportunity, to simplify our business – and in so doing reduce the cost base of HSBC. But it's for a purpose, and that purpose is to grow.

### **Three actions**

Our ambition is to both increase the returns for the Group but also create capacity for growth. To do that, we are going to take three actions. First, we are going to reshape the parts of the Group that are underperforming from a return perspective. And we are going to redistribute capital from those parts of the Group that are underperforming to facilitate growth elsewhere.

Second, we are going to reduce the cost base of the group whilst not affecting our investment capacity – we will continue to invest for growth. Third, we are going to make the Group simpler to operate, reduce complexity so that we have greater pace, greater agility and a less bureaucratic environment.

### **Improving returns**

This plan is a robust plan that contains elements that are more under our own control. The simplification programme is for us to deliver; the cost reduction programme is for us to deliver. The revenue growth assumptions we have put in there are reasonable and many of those assumptions are predicated upon things that we can influence.

Our ambition is to materially increase the return of this Group. Today, we currently deliver a return just above 8 per cent. We want to increase that in 2022 to between 10 and 12 per cent. We have set out a plan to do that. We are committed to it, and we have already started the execution. And our ambition is to continue to strive to improve that return even further thereafter.