Noel Quinn, Group Chief Executive, HSBC

3Q 2019 update

Our performance in the third quarter was challenging and the operating environment was difficult. That resulted in an adjusted profit before tax that was down 12 per cent and an adjusted revenue decline of 2 per cent. However, we did have some positive aspects to our business performance, notably Asia. Their profits were up 4 per cent. Also, our business in Hong Kong performed well in what were very difficult operating circumstances.

I’d also like to draw attention to our Commercial Banking business – they had a good quarter, as did our transaction banking operations globally. I was also pleased with our cost discipline. We were able to maintain cost growth to less than 1 per cent. So there are parts of our business that are performing well. But there are definitely parts of our business where we have work to do.

Challenges

The operating environment we are facing now is different to that which we expected when we set our strategy in June 2018. The revenue outlook is softer. As a consequence of that, we believe we will not achieve our 2020 Return on Tangible Equity (RoTE) target of 11 per cent. There are parts of our portfolio that are underperforming in terms of return. We need to urgently address that, move capital from those low-return portfolios and move it into the higher-return, higher-growth opportunities that are presented to HSBC. We are working on the detailed plans to make that happen and we will update on those plans with our 4Q results.

Outlook

I am confident in the future of HSBC because the fundamentals of HSBC that have existed for 154 years are still very, very solid. They are an international wholesale banking business that is not only capable of serving the largest multinational clients on a global basis, but they are also capable of serving entrepreneur-owned, mid-market businesses who want to trade and operate globally. That aspect is unique to HSBC and has been our heritage for so long.

In addition, we have great retail and wealth management businesses in our heritage markets that provide a steady source of revenue and liquidity to this bank, and have proven to be resilient over many, many decades. At that core, that is the essence of HSBC, and that is what we want to protect and invest in so that we can grow those businesses for the future.