Morgan Stanley European Financials Conference 2025

In-depth conversation with:
Diego De Giorgi, Group Chief Financial Officer, Standard Chartered PLC
Wednesday, 19 March 2025

(Amended in places to improve accuracy and readability)

Nick Lord – Morgan Stanley:
Thank you very much, everybody, for attending this session at the Morgan Stanley European Financials Conference. Very honoured to be joined by Diego De Giorgi, the CFO of Standard Chartered. Thank you very much for coming along today. My name is Nick Lord, and I'm the Head of Southeast Asian Research at Morgan Stanley, but I'm also the Hong Kong Banks Analyst.

We're going to start off with a polling question just to get a sense of what people are thinking on Standard Chartered. So if you could press your buttons, the polling question is: "what is preventing a further upward re-rating of Standard Chartered stock price?" Is it:
1. The share price already reflects returns given its risk profile?
2. Lower rates could impact top line growth?
3. Wealth targets are too aggressive?
4. Concerns over longer term ability to manage cost-income ratio?

I'll just give you a second to poll that.

Diego De Giorgi:
I would like to think of it as what could prevent... Hopefully not.

Nick Lord – Morgan Stanley:
Hopefully not. Okay. Interest rates. So that's very similar to the answer we got from another bank yesterday. That's the first one and cost-income ratio second. So wealth targets people seem happy with, and people don't seem to think there's an issue with the share price, which is encouraging.

Diego De Giorgi:
Good start.

Nick Lord – Morgan Stanley:
We're going to run through some Q&A for about 20 to 25 minutes, and then we'll open up to the audience. So, I want to start off and I want to talk a little bit about revenue and top line growth because I think that's sort of what people are focused on nowadays. And maybe we'll just address the first question in that poll.

Diego De Giorgi:
The elephant in the room

Nick Lord – Morgan Stanley:
Which is net interest income outlook and what in your mind are the key blocks that are sort of underpinning that outlook, especially given the rate volatility we've had in the last few months.

Diego De Giorgi:
That is definitely one of them. So let's start first of all from what is our outlook. We continue to think that the outlook is what we discussed at our full year results. We continue to think that from the higher base that we made in Q4 of 2024, it will be challenging to grow net interest income this year. The reality is that the main reason for that is that we have been managing very, very well our passthrough rates. But as rates continue to decline, that is unlikely to continue at exactly the same levels, and we think that that will take place during the rest of the year. Q1 has been good from this point of view still. We continue to manage assertively, but with rates declining, that is unlikely to be able to continue.

Now, that is the broad picture. If you break it down a little bit more, let's start from the starting point. The starting point is higher because Q4, we did better than what people expected, helped, of course, by higher for longer, but really helped by passthrough rate management, a little bit across the entire footprint. That has continued during the course of Q1. But there is no doubt that in Hong Kong and in other places across the footprint, as rates continue to decline, the ability to passthrough at the same elevated levels will be reduced.

Rate volatility, you mentioned it, Nick. It's truly rate volatility. Look at what happened in the last couple of weeks in terms of the see-sawing movement. That, by the way, has all sorts of other impacts on other parts of the business, but we can leave that for later.

The other impact that it's important that our investors take into account is that as we continue the shift towards wealth management for affluent within our wealth and retail division, there are some net interest income headwinds that will come out of it as we exit certain portfolios, as we exit certain client relationships. And we have indicated that that is going to be in the region of about $100 million for 2025.

Last but not least, our structural hedge, $64 billion at the end of the year, growing to $75 billion during the course of 2025 is what we are targeting. That is not a fillip to our net interest income in the sense that the hedges of some UK banks, for example, are, it's really a hedge and a protection. But the way that we look at it and the reason why we are happy to continue building the hedge, even at a slight cost as we continue to build it in 2024 and we are going to continue in 2025, is that we think it produces net interest income that is of a higher quality, fundamentally. We are reducing the volatility of net interest income. We have reduced our exposure to rates in terms of the IRRBB, which imperfect as it is, is still the one measure that one can look at by almost two-thirds. And at this point, our exposure to dollar rates in particular is really limited. We're talking about less than $100 million for a parallel shift of the curve by 100 basis points.

So, bringing it all back to one higher starting point in Q4. Assertive management of PTRs that continued during Q1, but it will be unlikely to be able to be kept at these levels, and therefore, we continue to believe it is challenging to grow NII this year.

Nick Lord – Morgan Stanley:
Okay. Perfect. And you mentioned in there, you spoke a little bit about affluent and how you're shifting into the wealth business. We've seen obviously equity markets under a lot of pressure, especially U.S. equity markets. I guess we've also seen volatility, which typically people want more advice in that environment.

So, how are you seeing wealth sort of progress at the moment? If you think about some of the trends in the market, what are you doing to sort of offset some of the impacts on your business for most trends?

Diego De Giorgi:
So, what we are seeing during the course of this quarter is very much a continuation of what we have seen in Q4. Wealth management continues to do well, pushed by both, as you just mentioned, some, let's call them cyclical, temporary effects, but obviously by a very powerful wave of secular effects, which are fundamentally the growth of the middle class in Asia and the Middle East and Africa. It's the fact that we are an open architecture provider. It's the fact that we are very focused on a continuum of wealth with a laser focus on the affluent part of that continuum, but with the ability to continue to graduate the client into the cohorts of the affluent, and from affluent, graduating them up to the private bank. So those are very strong secular forces that continue to operate.

In the near term, clearly some of the volatility and some of the upside, particularly in equity markets in the region, have been helpful. I would point out that, as we have said many times before, we are a less exposed wealth manager to the movements of the market for a number of reasons. First of all, we are very diversified in terms of our offer, all the way from fixed income to treasury products to structured notes of all types. That is embedded -- that has resulted in a growth of the wealth management franchise. But when you look at it over a really long period of time, you go way before COVID, and with the exception of the blip of the exact peak of the COVID phenomenon, has really been an almost 10%, 9% CAGR over that period.

It's an area in which the investments we have made further derisk the delivery of the results because we've invested very heavily in things like bank assurance, obviously with Prudential wealth management services, including increasingly the use of model portfolios and model funds that we deploy to our client base that further derisk us from that point of view. That means that our return on assets has really been stable at 1.4% there or thereabout. Now, it might actually blip down a little bit in the near term because we have had a number of conversions of mandates from a handful of clients in Q4. It was really, really meaningful that you have seen, but it will trend back up there.

So yes, definitely a good time out there in the market for wealth management, and in particular, remember another thing. The stability of our wealth management has to do with the fact that although we have a private bank and it's an important part of our offering, the focus is really on wealth management for affluents. So when you hear clients of private banks saying that they are investing less or they are deleveraging, they are reducing their exposure to the market or to certain markets, it doesn't really happen to affluents. Affluents save and invest with us for retirement. They are anchored around one or two or three products -- a mortgage, life insurance, a large time deposit -- and then we complement that with wealth solutions. So, it is less prone to the vagaries of the market.

Nick Lord – Morgan Stanley:
And just in terms of the higher end of that wealth continuum, what are you seeing at the moment in terms of competition for RMs [relationship managers]? And if we think about the life of an RM, where are you at the moment in terms of that hiring cycle, productive cycle?

Diego De Giorgi:
In terms of competition, the competition is always fierce for RMs. But there is, again, a very big difference between competing for RMs and the effect of - especially when you lose on the competition and someone leaves the platform, there's a big difference between the private bank and the affluent continuum. When you think about the private bank, the relationship manager, I'm going to exaggerate for effect, owns the client. In the affluent space, the RM doesn't own the client. The RM looks after the client. The RM is the steward of the client, and it's a very large base of clients that they serve.

So even though competition is high, and we continue to attract our fair share, helped in some cases, particularly towards the top end by some exits from the markets that we serve in that area, we continue to be able to add in line with our ambition that you will remember is an ambition to grow our relationship managers at about 10% per annum for the next five years as part of our $1.5 billion renewed effort of investments in wealth management for affluent.

The average relationship manager takes about a year and a half to be truly productive. And when you ask us where we are, I can't draw -- I love whiteboards, but I can't draw on this one. It's really a series of J-curves. It's every cohort that comes in that has a new J-curve. So, as the ones that we have hired a year or two ago get to peak profitability, the new ones are getting in, and they are getting trained.

Don't forget also, that with the relationship managers for affluent, we have a great ability to hire people, but also to train people from the inside. We hire people fundamentally from university and we put them through classes and courses, including some that we have designed together within INSEAD. And that is also a very distinctive capability. You don't necessarily just depend on the job market out there in order to continue to fuel your growth, but you can be more the master of your destiny.

Nick Lord – Morgan Stanley:
Okay. Brilliant. That's perfect. So if we want to move on to the wholesale banking side, and I guess we've seen a lot of market volatility, which I assume benefits trading businesses. I just wonder, you tend to be more of a market business in that space rather than an *Equity Capital Markets* (ECM) or a *Debt Capital Markets* (DCM) or an ECM type business. So what are you seeing there? Are you seeing sort of strong performance come through from that volatility?

Diego De Giorgi:
Yeah. So volatility undoubtedly helps the market business, and the market business has had a very strong start to the year, as we have indicated. Volatility, though, comes in different types. And volatility of policy is not necessarily something that is particularly good even for a market business. So while the [Global] Markets business has continued to do well, I think it's perceivable in the last few weeks that people are starting to ask themselves what's going on more broadly in the world. So they might be moving a little bit more toward the sidelines. But still, you're right. The flows in markets are good.

The reality is that the flows in [Global] Banking are good, too, in the sense that the pipeline has been doing well and Q1 has continued to develop well. It's really difficult to figure out what's going to happen in the future, more with the [Global] Banking business, as you said rightly, Nick, than with the [Global] Markets business. Because in [Global] Banking, what we are seeing is we're witnessing all sorts, in all directions and in all of our corridors, all sorts of tactical and strategical steps by clients.

What do I mean with that? A little bit of prepositioning. A little bit of bringing ahead of certain investments in order to put yourself ahead of some potential rumour or the tariff movement. But also some strategic decisions in decreasing the exposure to certain areas in order to increase the security of your supply chain and of your production footprint is all stuff that we are seeing. That means that in the short term, it's good. In the long term, will people continue to pull the trigger if they can't figure out from week to week what's going to happen remains undoubtedly a question.

What comes to our help here hugely, of course, is again our network effect. It's the fact that we are very diversified across so many different corridors that so few are of real meaningful size in a single country-to-country exposure.

Only seven of our corridors are larger than $100 million in a network business that is $7.3 billion last year. So that diversification and that resilience clearly comes to our help.

And it also means that within a scenario that remains somewhat discombobulated, there are always some pockets, some areas, some regions, some countries that are thriving, that are the beneficiaries of the [issues] that might have befallen other countries in this fast-moving geopolitical environment. And so it's really that diversification, the trading of tens and tens of different currency pairs every day, the volumes that we put through our transaction banking, that clearly comes to our help.

Remember also that Markets are for us really a hedging machine. It's the monetization of the flows that we have with corporates, with financial institutions, with banks and broker dealers, and also, of course, with investors like many of you in the audience, but a lot of it is really recurrent.

Nick Lord – Morgan Stanley:
So going back to that point, and you've obviously produced a very interesting slide in your results pack. Lots of blue and green lines moving all over the place.

Diego De Giorgi:
We are very proud of our ribbons chart.

Nick Lord – Morgan Stanley:
It does look very nice

Diego De Giorgi:
Manus, David, myself, all of the team.

Nick Lord – Morgan Stanley:
But ultimately, a lot of trade is driven by the U.S.'s end market. So when you're talking to your clients across these different markets and across these different trade corridors, what are they talking about in terms of how they may react if that just becomes a less attractive market for them over time?

Diego De Giorgi:
A couple of considerations about the U.S. Undoubtedly, the locomotive of the world and clearly remaining so, but Asia is booming. The flows intra-Asia and the flows between Asia and the other and the rest of the world, including the ones that we captured that we have shown on that famous slide, are very, very powerful.

It's clear that there are horrible scenarios potentially out there. A real trade war. If people have not read their books and they haven't figured out what happened in 1930 with everyone beggaring their neighbour, yeah, there are terrible scenarios out there. But one hopes that people have read, and people don't want to cut off their noses to spite their faces.

So if you eliminate the tail event of a 1930s type of economy developing in the world, the importance of the U.S. is high. But the fact that we are exposed to the intra-Asian corridors, the ASEAN corridors that grow in double digits, the Middle East corridors that grow at almost 20% is what gives us a lot of hope for being able to serve our clients and benefit from the products that we offer them in what is becoming fundamentally a more fragmented world. It's not that globalization is dead. It moves by very different corridors, and those corridors are not as smooth as they used to be.

Nick Lord – Morgan Stanley:
Okay. Perfect. And then sticking on to CIB. Obviously, something that Standard Chartered has done for a very long time is the originate-to-distribute model. And it seems that a lot of other banks are now beginning to talk about that, especially in the Asia region. Not just sort of international banks, but some of the local and regional banks are talking about the same model. So I just wonder if you could talk about a couple of things. First of all, are you seeing a pickup in competition there? What is the environment like? And then secondly, who are the buyers of the distributed products? And what are the trends you see in terms of demand for that product going forward?

Diego De Giorgi:
Absolutely. So originate-to-distribute is super important to us. It's one of the many things that allow us to say that we are going to grow our revenues toward the top end of our 5% to 7% CAGR for 2024 to 2026, while indicating that we don't need to grow the balance sheet in the same way. We are happy to grow the balance sheet for the right product at the right return on risk-weighted assets, but we don't need necessarily to do it, and we've proven it in spades, I think, in 2024 with our numbers.

In originate-to-distribute, we also benefit from the fact that we've been doing it for a long time, and I'll come in a second to what products that means. But the demand is growing exponentially. It's growing exponentially because we've always had demand from financial institutions, of the bank broker dealers, and of the investor type like you for a long time. But entire new complexes are growing, and they are giant complexes. The alternative asset managers, the growth of the large credit complexes, the insurance companies with which these credit complexes very often come together with, and the growth of large and aggressive and increasingly diversified pension funds all play to our strength. By the way, it's one of the reasons why we continue to indicate that we want to continue to grow the percentage of financial institutions in our CIB business. Among other reasons, it's to capture these kinds of opportunities.

Why do these clients like doing originate to distribute with us? Because we have a product that is a phenomenally useful product for these constituencies. We have loans that are in G3 currencies, but investment grade, largely, 80% investment grade, and obviously trade at a spread to what you would originate in the U.S. or in Europe. And it's true that there is a burgeoning demand for it, because even though these are never going to be 20% of the portfolio of these investors, you don't need them to be 20% of the portfolio of these investors for the demand to be gigantic and continuing to grow for years.

Our competitive edge, to the last part of your question, Nick, our competitive edge in this is very powerful. Because while we might compete with other global banks, but very few global banks have the kind of footprint that we have and can originate in all of the places where we can originate, when we compete against the local or the regional banks that you mentioned are making more noises about developing originate to distribute, we have at least three very large advantages.

One, we are a huge dollar clearer, and that makes it a very complementary offering to what we offer our investors in terms of originate to distribute. We can do very large size, and we can do it across different markets, across different product classes. We can do it by ourselves from our balance sheet. We can take some of it on our balance sheet while we distribute another portion. And very often we do it in partnership. Look at the partnership that we have struck up with Apollo to do infrastructure financing.

And the third, and often I think somewhat overlooked characteristic that we have that is really powerful in many of our markets, certainly in India, certainly when it comes to renminbi products, certainly in the 10 countries of ASEAN in which we are present, is our ability to exist in both the onshore and the offshore market. That means that wherever and whenever there is an arbitrage between local rates and international rates, whenever there is movement in foreign currencies, whenever there is an opportunity that our investors want to exploit in either physical form, real delivery, or derivative form, like we've done a lot in Q4, and you've seen the growth of our market balance sheet without the growth of risk-weighted assets, we are in a class of our own very often. So dollar clearing, size and onshore/offshore are very powerful drivers of our competitive edge.

Nick Lord – Morgan Stanley:
Okay. That's interesting. Then if we could talk a little bit about Ventures. I think your target is less than $200 million of cumulative losses in 2025 to 2026, most of that I think in 2025. Can you talk about how that's going to happen? Is this all uplift from Mox and Trust? Is it gains from the other sort of venture portfolio businesses? And if it's the former, so Trust and Mox, what's going to drive that sort of big uplift in profitability?

Diego De Giorgi:
So it's a combination of the two. It's a combination of the two because Mox and Trust are obviously very important, and they are going to become profitable in 2026. And clearly, Mox and Trust are sizable businesses. I mean, very sizable businesses. Trust in Singapore has surpassed the 1 million customers. Mox continues to grow strongly. And they are places in which we can continue for quarter after quarter to add more functionality, more products to what we offer to our clients. Perfect case in point, Mox, where after an unsatisfactory start of our lending processes, we've tweaked the algorithms, we've changed the constituencies that we go after, and we have restarted the lending machine towards the end of last year. So Mox and Trust clearly important and they are sizable businesses. So they will contribute importantly.

But what's happening on the venture side is that after a little bit of a FinTech ice age for a few years, the thaw is well underway. Raising more capital is becoming possible. And also exiting some of these or diluting ourselves in some of these investments is becoming more possible. So you will see more realisations that, by the way, because these businesses are now adolescents as opposed to toddlers, those realisations will then go to fuel whatever investments we have without the necessity for us to put more money into it. Which is why we are very excited about the fact that after a relative long period of investment, these businesses are coming on to their own and they are going to contribute more and more.

Nick Lord – Morgan Stanley:
Maybe now if we can talk about costs. Fit for Growth appears to be progressing well. When you've gone through the implementation of this program, and I guess this year is the big year for implementation, what have been the unexpected challenges that you've faced?

Diego De Giorgi:
So probably two. The nature of this, this is a real transformation project. It's $1.5 billion of spend to achieve $1.5 billion of efficiencies. And one of the objectives that is difficult to achieve, hence one of the challenges, has been the fact that it's easy to revert to tactical solutions. When you tell people, okay, I want you to invest this, the temptation at times is to say, okay, I'll fix this little problem that I've had for a long time. And the answer is, yeah, but no, that is not a Fit for Growth project. We have a very large budget for technology. We spend from the budget for technology for that one. But that's a tactical solution. It's not a strategic solution. So driving toward the strategic solution is challenging at times because strategic solutions obviously require more thought, more transversal work between different divisions and different functions, require more advanced technological solutions, et cetera.

The second, to an extent, is spending the money. It's a lot of money to spend. And keeping pace with the spending of the money is important, but it's also important that money is well spent. As a consequence, as we look at it, we are always informed by our objective of achieving the efficiencies that we're going to achieve by spending the money. But we never forget that we have an overarching thing, which is our commitment to our $12.3 billion cost cap that we took instead of a cost-to-income ratio, to the question that had 27% of the respondents. Cost-to-income ratio is an easier way of looking at this thing, because for as long as your revenues grow well, which our revenues grow well because we are in fast-growing markets, you can be a little bit more profligate with costs. We put on more discipline to us.

One of the lessons with Fit for Growth is that sometimes, if you want to spend well, spend strategically and spend intelligently, you might well want to phase your spending a little bit carefully rather than rush for the doors and open the purse strings. Spoken like a true CFO.

Nick Lord – Morgan Stanley:
Okay. And then what's next? When we get to the end of 2026 and we've delivered the cost target, is there more to go? I guess in particular, I'm thinking about what you can do on AI. We've had, again, from the region, if I take two banks, DBS has spoken about getting rid of a large number of its contingent staff. So I think it's about 10% of its workforce. And CIMB is talking about 10% *pre-provision operating profit* (PPOP) uplift from AI. So what do you think you can achieve from AI?

Diego De Giorgi:
I will refrain from putting a number on it for now, mostly because I think that 2025 is an important pivot point from inspiration to perspiration when it comes to AI, also for a lot of other things. I like using the perspiration concept in the management of the bank. But in AI, it's going to be particularly visible. Why? Because like a lot of others, we started with 200 hundred sandboxes. Let's try this in very many different ways. Let's spend very little money, but in very many different places and get to the right use cases, et cetera.

We just had a big management team meeting in Hong Kong last week, literally. And we're clearly now moving into identifying what are the 5, 7, 10 important areas in which we are now going to concentrate investments, but also concentrate the scarce resources that one has that understand well AI, understand well the business. And the even scarcer resources that straddle these two worlds, what one would call business translators, people who can actually look at a business problem, know what the capabilities of AI are, and think of a solution that actually works and is also cost effective.

So that's where I think we are going to be moving. We already use it in very many different ways. Copilot, a large language model that we are training both with broad data and now increasingly with internal data. Imagine the excitement from the point of view of finance, if nothing else, which is one of the areas in which we are very active in the deployment of artificial intelligence, of the idea of being able to ask questions and obtain results that are number based, but also obtain narratives that tie a lot of different numbers together, which is one of the important roles that we do for the bank as a whole.

So yes, excited, but focusing of investments. Lots of perspiration this year. And I think during the course of the year, we will get to a better vision of what this can really mean and whether Sam Altman at OpenAI is right in saying that if you're not getting 20% efficiencies, you have not started to use AI well.

Nick Lord – Morgan Stanley:
Okay. And credit, I don't think that's something that's high up people's concerns at the moment, which is good news. But I guess if you could talk about - at the moment, it feels like we're in one of those places where the exception maybe of Hong Kong CRE. There's not a huge amount that's actually on the radar, but we've got a changing global dynamic. So where are you sort of looking at the moment and thinking are the lights beginning to flash? And what should I be focused on?

Diego De Giorgi:
So you're right that it's not something that is high on people's minds. I still sleep badly at night thinking through this, because especially when you don't know exactly where it's going to come from, you'd sleep doubly badly. And right now it's one of those cases. Do we think that we're going to go back to a more normalised credit environment? It has to be the case. It can't be that we continue to produce net releases in CIB for a lifelong period of time. The credit cycles exist. So something will come out.

Where will it come out is not so evident, because the places of the past are either in the rearview mirror: China commercial real estate, or they are really not particularly -- they're not looking particularly challenging: sovereign credit across emerging markets. And even the places where there is some flashing: Hong Kong commercial real estate, are very limited. Our exposure to Hong Kong commercial real estate is de minimis. It's $2.6 billion, less than 50 basis points of our overall exposures. It's 80% secured, less than 40% loan-to-value. It's almost all with the large hongs and the large developers that we have been doing business with for 175 years. They are unlikely to take the keys of a building and give it to you when you're doing trade financing in Malaysia, you are doing jet fuel for the airline and you're doing shipping all over the world. So it remains a good environment.

What I think, the reason we are cautious, and we sleep badly, but we are optimistic about our credit profile going forward is because we have really changed the nature of the bank over the years. If you look over 10 years, the percentage of our balance sheet that is investment grade has gone from 40% 10 years ago to 75% today. The degree of concentration in our top 20 clients is at a minimal level in the grand scheme of things. We have really derisked -- while still producing strong returns and good growth, we have really derisked our balance sheet.

And our Wealth and Retail Business, although it's obviously in a higher rate environment, it has continued to show what I would consider relatively normal levels of impairment. Even that business, we are shifting increasingly toward wealth management for affluent. And today, revenues from affluent represent 70% of our revenues in WRB, and they continue to increase. So over time, that business, too, is becoming a business of a different type of credit quality.

And within all of it, the increased focus on financial institutions goes again in the same direction. Among the various many good qualities of financial institutions, lower risk-weighted asset absorption, higher cross-sell and velocity, the other nice characteristic is lower impairment. So I think it's really the complexion of the bank that has changed that allow us to look at this optimistically.

Nick Lord – Morgan Stanley:
Okay. Thank you. You're making good progress towards your target of approaching 13% ROTE guidance. We're in a very different position now in terms of perceptions of a bank from where we were even two or three years ago. So do you think you've earned the right to make bolt-on acquisitions at this stage? And what are the areas where you're missing? Where would you look?

Diego De Giorgi:
So it's good that we are in a different place. It also means that life going forward is increasingly difficult because the speed at which one can improve, and also the linearity at which one can improve, changes. But our ambition is big. We are very clear that towards 13% in 2026 is just a staging post. We know that this franchise can produce better and better results if we continue to stick to our knitting, if we continue to stick to our areas of strength and we double down in our investments in them. So 13% will be a step in that direction.

As we do that, if we look at our valuation, we still think we are deeply undervalued. We are. We think that there is so much more to come that as we think about deploying capital, we make it very, very clear that the first and foremost thing that we do is we deploy capital towards achieving sustainably higher returns. And once we've done that, because we have strong engines of profitability, then we can deploy capital towards returning capital to our shareholders in buybacks or dividends. And we've done well. We are at $4.9 billion return since the beginning of 2024. We have a target of over - and I underline the word "over" two or three times, as we always do -- over $8 billion during the 2024 to 2026 period. And that is how we think about it.

Within all of that, will there be a time when acquisitions will have a role to play? Yeah, we believe strongly that they will. It's just that the time is not yet now, but there will be a time. And when that time comes, where will we go? We will double down on areas of strength, fundamentally. So we will double down on those areas in our wealth management, whether it is capabilities from a product point of view or from a geographical point of view that complement our wealth management push, particularly the part towards affluents. And in the CIB, it might be a similar thing. Across our footprint, there are many assets that are relatively non-core for very large global institutions that instead fit very, very well with us and fit very, very well with what we are to our large corporate and financial institution customers. We are the ones who do things in the regions where we are strong, in places where they don't want to have to deploy their own capital to do it. We are very happy to deploy our capital and offer those capabilities. That is probably where we would go searching for it. It's early still.

Nick Lord – Morgan Stanley:
Okay. It's pretty clear. And then if we just talk about Hong Kong, which I guess is your biggest market, and it's been a market that's been challenged for some time, what is your outlook there? Are you seeing green shoots come through? How long does it take for loan growth really to pick up in Hong Kong? What is the view on what we're seeing there?

Diego De Giorgi:
As I mentioned briefly before, we were in Hong Kong for all of last week doing a management team meeting, but also meeting with tons of clients. We also had a very interesting meeting with all of our key partners and suppliers from all around the world that flew to Hong Kong to spend time with us and develop further partnerships and ways to accelerate our growth. So it was a very interesting week.

Within that, we spent a lot of time with local clients and with our people. And what is very clear is that Hong Kong has been through a relatively difficult time, but it benefits from both the decisive actions of the monetary authority and of the executive in trying to stimulate the economy. It also gets the reflected effect, the halo effect of what's happening on the other side of the border, where particularly this week, you have seen are pretty decisive.

Now, the measure in and by themselves, all of those 30 measures that were announced on, what was it, [March] 16th to foster consumer demand in China, each one of those is relatively inconsequential by itself. But when you put them all together, they have a cumulative effect, and also, they have a very important signalling effect that the desire of the leadership in China is to extend the help that was being offered to real estate, to the real estate industry and to the manufacturing industry and the export sector and extend it also towards consumers. Hong Kong benefits from that because Hong Kong is an important trade union between China and the world, is the financial centre through which China accesses the world very largely, and the local economy then benefits from the reflection of this.

Where are the areas where this is particularly slow in taking effect? Things like offices. Office demand remains subdued, although Eddie Yue, the governor of the HKMA, was pointing out that the trend in terms of attracting more multinational corporations and international firms to Hong Kong has swung to the positive during the course of last year, and that ought to help the market over time. So that's a little bit how do we look at Hong Kong.

And within that, by the way, in residential, if anything, we have restarted writing mortgages during the quarter towards the end of last year. It's more of a trickle as opposed to a flood. But we're back to a market share of origination that is more in line with what I consider a normal market share of origination, low-double digits, 10%, for us in mortgages in Hong Kong. And we like it because we like those products for many different reasons, including the nice effect that it has on our net interest income and reducing its volatility.

Nick Lord – Morgan Stanley:
We've got a couple more minutes left, so I'm just going to check if there's any last questions from the audience.

Diego De Giorgi:
We're going to have a long afternoon of one-on-ones.

Nick Lord – Morgan Stanley:
I am sure you're going to get lots of questions to come through. So Diego, thank you very much.

Diego De Giorgi:
Always a pleasure. Thank you for having us here. We love working with you on this.

Nick Lord – Morgan Stanley:
You're welcome. Thank you very much.