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**In conversation with:
Diego De Giorgi, Chief Financial Officer, Standard Chartered**

(Amended in places to improve accuracy and readability)

Kian Abouhossein – J.P. Morgan

Thank you very much for joining us with Standard Chartered CFO, Diego. Diego, you started as CFO in January 2024, and the stock has been up since you joined. I checked yesterday, and it has been up 150%, roughly, SX7P is up 110%, so there is a track record here.

Diego De Giorgi:

Not bad.

Kian Abouhossein – J.P. Morgan

Not bad, not bad.

Diego De Giorgi:

That is a testament to the great guys of Standard Chartered, I agree.

Kian Abouhossein – J.P. Morgan

And now the pressure is on, of course, to continue with that. Let us talk about the business because you guys have done extremely well and maybe we go by business first and go a little bit into the key drivers and then we go a little bit into group and future as well as group P&L. So, in terms of business, if we maybe start with wealth, can you just explain to the audience the conversion, especially also what we see in Hong Kong, of customers coming into retail and your acquisition of customers, deposits, conversion into wealth, and in that context, what is a structural wealth growth and what is a market share gain? So just unpicking really all of these items that are driving a lot of your wealth revenues.

Diego De Giorgi:

Absolutely. So, you say Kian that this is Hong Kong, but it is really a little bit everywhere. In Hong Kong, it is particularly true because in Hong Kong we do operate a true universal bank model and as a consequence, the funnel of retail customers that we migrate up to affluent and then eventually to the private bank is particularly visible. But that dynamic exists everywhere across our network where we operate our wealth management activities. The fundamental thing to remember about our wealth management is that it is propelled by incredible secular forces. The growth of the middle class in Asia, the increasing sophistication of investors in those areas of the world. The fact that Hong Kong is the fastest growing by far wealth centre in the world and by the end of this decade will be also the largest one by absolute size. And by the way, the second fastest one and the third largest is Singapore, which is also one of our homes.

All of these, the growth of global Chinese, the growth of global Indian, the fact that global Indians are active almost in a perfect overlap to our network and to our footprint, from the east coast of Africa, up to the Middle East, to India, down to Southeast Asia. All of these are very, very powerful secular forces. It is clear that more cyclical trends at times do help us, but I think we have shown in recent quarters in particular that the resilience of our business model really works in more volatile and in less volatile times. In the second quarter, just after April 2nd, we attracted \$15 billion of net new money in wealth management, which was an absolute all-time record, and it was mostly, and this will allow me then to go to your second part of the question or to the first part of the question, which was mostly skewed toward deposits.

And in this quarter, in the third quarter that we just reported on, we attracted \$13 billion of net new money, which is a good number, but it was mostly skewed toward wealth solution products and that gives you a sense of how these flows move over time. We attract a balanced level of deposits and wealth solutions, but when times are more uncertain, there is more weight towards the deposits. We like the deposits anyway; they are a good way for us to fund. They are definitely cheaper than for us to fund with time deposits from corporates. But over time, they have the beauty that they then become wealth solution products, and the Q2 to Q3 dynamic is a perfect example of that.

What helps us in this and makes this an even more resilient and more structural and more long-term trend is the fact that our clients, although we operate across the spectrum from mass retail all the way to the private banking in our locations, the reality is that our laser focus is on affluent customers, \$1million to \$10 million. They are lower cost to acquire, they are lower cost to serve, they are extremely loyal, and they don't move when their relationship managers move in the way that the private banking clients move. They are very anchored to the bank by some anchor products like life insurance or mortgages, and then we build the portfolios around with our managed investment portfolios. So, overall, a very strong and very secular based type of growth.

Kian Abouhossein - J.P. Morgan

We've seen net new money flows growing at 15% year to date. We've seen your wealth income growing 25%. Can you also talk a little bit about the structural elements where there is more, if you are thinking you are gaining market share in this segment as well?

Diego De Giorgi:

I think it is undeniably the case because if you look at the growth of other wealth managers, it is not at our levels. I think we gain share in two different ways. We gain share from more global players by the fact that we laser focused on what we do and servicing affluent customers is not the same thing as servicing mass, and it's definitely not the same thing as servicing ultra, and that is how it works. And where we really gain market share is from the local players and we gain even more market share from the local players when times are more discombobulated like they are right now. Of the \$15 billion of net new money in Q2, it is very obvious that there is a strong element of haven factor of people bringing money to Standard Chartered because in many cases we are one of the few international banks in that country and in some cases, we might very well be the only one.

Kian Abouhossein - J.P. Morgan

And you have clearly advised higher targets. Can you just update us where you are and as well on your net new money flow?

Diego De Giorgi:

Totally. So, we guide for \$200 billion of affluent net new money over the course of the next five years, which means roughly \$10 billion per quarter. Pretty obvious that with \$15 billion and \$13 billion in the last two, we are doing very well. But on the other hand, we are a few quarters into putting out these targets, so we will have plenty of time to look at them. But so far so good, it is working nicely. We have also said that we are going to invest \$1.5 billion in our wealth management activities largely by refocusing out of more mass business in our wealth and retail business. We're doing fine, 50% of that money is, as you say, Kian, aimed at hiring relationship managers, and we say that we are going to add about 50% to our number of relationship managers and we are progressing well.

What I think is important to remember from that point of view is that when you think about the fact that we are saying that we are growing, as you said, we are growing our assets under management, definitely more than 10% per annum. When you look at that, it is clear we do need more relationship managers, of course, to service more customers. But there is an element of productivity gain that is very, very important. We train them, we provide them with technology. Part of the \$1.5 billion spend, 25% of it is in technology meant to empower the relationship managers. So that is what propels this very important part of our story that is the wealth management business.

Kian Abouhossein - J.P. Morgan

And shifting over to the cross-border income, your network bank. And it is not always easy for us to compare network banks, there is not a lot of data. So maybe you can explain a little bit [about] your strengths in the network bank. So, corridors where you see the most potential, where you are strong as well, and how you compete compared to some of your competitors. What is differentiating you from some of the larger competitors which are also in this space?

Diego De Giorgi:

Absolutely. Look, first of all, it is fierce competition as you can imagine. We give you a sense of our network in our various publications. There is a beautiful, in my humble opinion, ribbon chart, that shows the ins and outs, flows in the various parts of our network. And when you look at the chart, you realise immediately that our network is our strength. And it is true that there are other network banks, but there isn't another network bank that is present in all the ASEAN countries and other network banks that have the kind of exposure we have, to some of the fastest growing economies in Africa and some of the fastest commodities led areas around our footprint. And so, it is the network, its agility, its diversity, its diversification effect is what is very important combined with the fact that we have very active cross-selling between our banking business and our markets business, which I am sure we will talk about at some stage.

But our markets business is a giant risk management machine. And when you marry that kind of network with a risk management machine that spans across all fixed income currency and commodities, including commodities, particularly at this time of high volatility, you see where our competitive advantages lie. In terms of corridors, since April 2nd, globalisation is far from dead, it just flows in different ways and that the fastest growing regions are in

Asia, are proven by our network flows, by far the most powerful part of the network is the intra-Asia. Within intra-Asia, India to ASEAN, Middle East to ASEAN, and China to ASEAN, remain the most important ones. And when you look at the network, remember the network is very far from meaning trade. Trade is less than 5% of what we do. Network is all of the flows of capital, of FDI, of FCI, of trade, of goods, of services, of wealth across our piece, you really see that, that is the power of it.

Kian Abouhossein - J.P. Morgan

And your growth rate has been quite high, 9% CAGR in the cross-border income since 2019, adjusting for interest rates impact. So, it seems like you are gaining market share if you compare that with your peers. Is there, again, some rationale that you can give us of what you are doing or where you are that relates to the out performance?

Diego De Giorgi:

We are steadfast. We are steadfast on our network, and we are steadfast in our presence on the network. Even though our network is a living organism. So, some parts of it are exited, some parts of it are entered over time. But by focusing on the network and maximizing it, we are taking advantage of the fact that some people are somewhat retreating and retrenching toward other areas, and the domestic banks find it very difficult to compete with us at a time of very high volatility of supply chains and exit markets. If you are a large corporation and all of a sudden you find that the particular location in which you were manufacturing in, let's say in ASEAN, doesn't work for your exit markets, it is very difficult to use a local bank to affect the changes. And it's what you saw during Q3 when volatility abated a little bit and when our clients had again the conviction of putting in place strategic solutions, our banking business had its best quarter ever, at almost \$600 million.

Kian Abouhossein - J.P. Morgan

And as you mentioned, we should really put that in context also, the financial market business where we saw quite strong growth again in the third quarter. But also, can you talk about the business mix? What are your strengths in that business? And how you see the combination with a network bank in terms of captive business, but also in terms of multiplier effect from your relationships?

Diego De Giorgi:

Spot on in linking the two. I mean, you linked them in exactly the way that we think about it in managing them, which is, our markets business is 70% a big risk management machine, and it is a risk management machine that we put at the service of corporates, of financial institutions worldwide. And bear in mind when we talk about financial institutions, we are talking about the likes of us or the likes of you, J.P. Morgan. We also do a lot with the likes of our audience, i.e., with investors, but we are fundamentally a bank to banks and broker dealers, to security services houses, to global custodians, giving them access to our regions in a way that, for them, is a lot more effective and a lot more cost-efficient. So that is how we link our market business and the risk management part of our market business. And that is about 70% of that particular activity.

It grows very well. It grows at 10%. There is a page in our Q3 release that shows that over the course of the last almost six years, we've grown at 10% per annum in a very, very consistent way in flow, in what we call the flow business. And then we add on top of it what we call the episodic business, which is business that is related either through capital market activities or through flares of volatility, big events where larger trades happen, because

the other beautiful characteristic of the flow business is that it is programmatic, it is small, it is digital, it is low cost to execute. The episodic can be different from that point of view, but obviously it is a nice addition to what we do. And if you think about the long term, the flow business grows at 10% per annum consistently. The episodic business ebbs and flows on top of it, but as our banking business will continue to grow, the episodic business will also continue to grow because part of it comes from the activities that lie in banking. That is how we integrate the two businesses.

Kian Abouhossein - J.P. Morgan

So, if we put this all together, from a business perspective you are doing very well. Clearly there is this overhanging risk and concern in the market on tariffs and the potential tariff impact on business activity. We haven't really seen much in the numbers so far. How do you think about business activity, [vis-à-vis] that uncertainty that comes on top?

Diego De Giorgi:

I would say, I promise you I am not joking, I would say that we have seen the results in the numbers. The numbers have been excellent. They have been excellent in Q2, and they have been excellent in Q3, after the announcement of tariffs, for two different reasons. And that is how we think of it and how I think when we speak to our clients, where do we see the action. You have to imagine...You have to remember, not imagine, that April 2nd was a big shock to the system. As the shock to the system took place, the banking business activity was abated to a certain extent as people were trying to figure out what to do. The market business activity flared up immediately because volatility flared, and that was the story of Q2. As the situation has stabilised, the thing has reversed. Episodic activity has gone down, flow has remained strong. In Q2, flow was not up 10%, it was up 12%, so it's done particularly well. But banking had the best quarter ever because our clients restarted doing strategic projects.

And from that point of view, the thing that is really important to think about us and how we are very, very different from many of the other banks that we compete with, is that we are very clear about what we do and what we don't do. We work in corporate and investment banking with the largest corporations on the face of the planet. Those corporations, when a shock happens, are quick to react, they have the wherewithal to do it, they have the capabilities, and they rely on someone like us to shift things around. We deal a lot less, very little in actual fact, with the small and medium enterprises of the world.

And if there is one thing that I always say in this kind of situation, is that it is in the small and medium enterprises of the world that the risks lie in this very fragmented world. Because if you are a small and medium enterprise and your one supply chain gets cut, how are you going to change it? How can you change it efficiently and quickly? If you are Apple, and something changes, you'll move at the speed of light. We deal with the Apples of this world, not with the small and medium enterprises.

Kian Abouhossein - J.P. Morgan

And putting that picture together in terms of RoTE (*return on tangible equity*), you are already reaching in 2025, you got it with the third quarter, your RoTE target for 2026, the original target of 13%, [and] you are going to give us an update with a full-year result for 2026. And then, I really do the projection, now forecast [that] we already get towards 14 % in 2027. But clearly, what we are interested in, and you will have an update in May on your more

medium-term targets, but can you talk maybe about sustainability of RoTE? How can we get comfortable that these levels are sustainable?

Diego De Giorgi:

In very many different ways. First of all, because we have now been producing it for quite some time, and we have made it very clear that it is a staging cost. And all of the trends that we have discussed so far in this first 20 minutes of conversation are all very secular. I appreciate that you can say tariffs are not secular. They are not going back into the bottle. So, the world will stay a more fragmented and more complicated world than it was before April 2nd. The trends, the structural trends play to our strength. We are a very balanced bank from this point of view. I love the fact that I get a disproportionate number of questions, that you and I joke about it every quarter, about net interest income. But the reality is that net interest income for us is about 50%, and non-interest revenues are about 50%.

Net interest income, we have derisked it very intensely with the building of our structural hedge. And the sensitivity to rates that we report through the IRRBB is down from \$1.5 billion to \$600 million in the course of a few years. And from a certain point of view, you can expect it to continue to trend in that direction as we continue to hedge ourselves. And on non-interest revenues, we have powerful engines of growth, the banking, the markets, and the wealth management where we started from. So, these are important propelling forces that are going to be held to the margin by a number of other things that continue to spice it up. But it is really at its heart, it is the delivery of less risky NII and powerfully growing non-interest revenues that is going to propel our return on tangible equity, of which as you can imagine, I am not going to give you a number now because we are going to do it in February and then again in May in Hong Kong.

Kian Abouhossein - J.P. Morgan

It feels so, what we have seen so far in the different markets that you operate in, and clearly with your strategy, which I think really in the first, third quarter, you could see it is really all going in the right direction. It is just a continuation of that on what we expect going forward.

Diego De Giorgi:

Oh, we are not about revolution, we are about evolution. The strategy has been in place for a long time. We know very well that the resources are finite. We invest very heavily in our CIB cross-border and very heavily in our Wealth Management. We de-emphasise the rest, and we fuel the machine. And by the way, because we have strong earnings, earning generation engines, and I think we manage our capital and our risk-weighted assets very dynamically, capital velocity is a mantra at Standard Chartered, that enables us to invest in increasing return on tangible equity and return capital to our shareholders.

Kian Abouhossein - J.P. Morgan

So, shifting gears a little bit and talking about some of the growth elements of the future, I would call them, one of them is clearly digital assets. I think Bill Winters really started talking about digital assets when we really as analysts weren't really that focused on it. Very, very early on, probably the first CEO to talk about it. So, digital money. And you have this nice chart in your presentation. You basically have your fingers in everything, in the pie,

custody, crypto, but also digital money, movement, tokenised deposits, tokenised assets, etc. I can go on. So, can you talk about your strategies there, how you position, how you see that enhancing your franchise?

Diego De Giorgi:

Bill has positioned us incredibly well. Bill is a visionary, and Bill was particularly a visionary in this particular aspect. So, we started investing a long time ago. We are also blessed by the fact that the regions in which we operate want to be at the forefront of the digital asset revolution. Think about the Hong Kong Monetary Authority sponsoring the stablecoins. And we are the only money printing bank in Hong Kong, that is going to have this work with them in a sandbox to work on that. We are working with the providers of Singapore Dollar stablecoins. We are experimenting with tokenised deposits with the likes of Ant. So, we are a little bit of everywhere, by design, because our view is that this is still a fast-moving environment. And what exact form will it take? We don't know. It might very well be that it'll bifurcate in ways that we can only imagine. It might be that stablecoins end up being fundamentally a retail product, and tokenised deposits end up being, for example, an institutional product, something that your house believes in pretty strongly, right? Like us.

But the way that we really think about it, what we want to be, is we want to be a portal at the centre of what our clients do. We go where our clients want to go. That's what inspires us. By being at the centre of what they do, whichever form something will take, it's going to be a payment, it's going to be a swift type of coin, it's going to be a tokenised deposit, it's going to be a central bank digital currency, we want to sit at the centre. Because we know that by sitting in the centre of whatever our clients do, we will reduce the threat from non-bank actors, which is very important, and we will figure out ways of making money.

Kian Abouhossein - J.P. Morgan

And another one of the potential growth segments, and I am interested in your view on the realisation of that value, is your Trust and Mox, which are your digital banking platforms in Hong Kong, and Singapore, are expected to be profitable in 2026, still?

Diego De Giorgi:

Correct.

Kian Abouhossein - J.P. Morgan

And how do you think longer term monetising these two assets?

Diego De Giorgi:

So, first of all, I think that these are assets that as they reach maturity in terms of the number of customers and we have been doing very well both in Hong Kong, and particularly in Singapore, where our partner NTUC with fair price, et cetera, has been a phenomenal customer acquisition and deposit acquisition approach.

First of all, as they mature, as they reach maturity on number of customers, but we continue to add products and they become profitable in 2026, these are very high return on tangible equity businesses. So, we love having them. And as the world will continue to develop, we use them to understand where our clientele is moving. Remember these are in the two places in the world where we truly operate a universal bank approach. In Hong Kong, we are

one of the three money printers. And in Singapore we are the only so-called significantly rooted foreign bank i.e. we have fundamentally the same rights as the three large Singaporean banks, and we compete head-to-head with them.

So, we can follow the clientele, we can provide them with more services. We are adding more and more, we are adding wealth management in both places. But let me give you an example of how they are very, very different. In Hong Kong, our clientele skews younger, skews younger and skews more mass. And as we think of wealth management, we think of wealth management for that type of clientele. In Singapore, on the other hand, Singapore is a culture where people like having multiple credit cards and like having multiple banking relationships. Trust has actually gained a lot of real affluent clients that are the natural clients of someone like Standard Chartered. So, the wealth management offering there will skew more toward that type of product, and it will be, if you wish, a little bit more sophisticated and a bit less transactional. The other one would be more sophisticated in the transactional sense. So that allows us to continue to experiment and frankly, we're not yet at the point where we know where the limit is. But we will know a little bit more in May and we will give an update on that one.

Kian Abouhossein - J.P. Morgan

Okay, that's great. So, you have something to look forward to on Mox and Trust.

Diego De Giorgi:

I know you can't wait to travel to Hong Kong with us.

Kian Abouhossein - J.P. Morgan

We'll wait until May. We'll hold off. And if you look at some of the areas that have been challenging in the past, geographically, I'm thinking Korea, India, Indonesia, UAE. Can you talk about the turnaround there and how you see these businesses progressing?

Diego De Giorgi:

Let's start from the start. The fact that it's a bit strange to me because it was before my time at Standard Chartered, but the concept that the UAE was once a challenge place for us makes me laugh because right now it's our third largest wealth management hub. It is a place where we are investing a lot in wealth management. We have completely refocused our business all around wealth management. There are 10,000 billionaires, not billions, 10,000 billionaires would be too much, 10,000 millionaires that are going to join Dubai as the Dubai population, the Emirates population continues to grow. That is the blueprint that has done this because they are not as large wealth centres, but it's exactly the blueprint that we're going to follow in the other places with some changes.

So, think Korea. Korea is definitely a difficult market from a retail point of view. We'll continue to shift very heavily toward wealth management, which means we are upgrading, we will be continuing to reduce our footprint there. We continue to upgrade the quality of our footprint. We opened a great wealth management centre in Gangnam that is proving the fact that our proposition there with our signature funds and our open architecture is working

really, really well in that market. And it's a wealthy market. The growth of wealth in the affluent segment of the population in Korea is in the very high single digits. So, no doubt it's going well there.

In India, India is another place where we will pivot towards wealth and pivoting towards wealth in India, we now have three wealth centres in Mumbai and one in Chennai that are fundamentally, solely aimed at the global Indian population. I've said before we exist, our footprint seems tailor-made for serving that population. You think about those investments; that's the direction of travel in India. While our CIB business, of course, in India does extremely well because for a decade we have been the main provider of dollar financing to Indian corporations. We are the dollar clearer of GIFT City. We are growing in GIFT City, our activities, et cetera, et cetera. So that is where we are going in all of these geographies, it is deemphasising the mass, the single product customer relationship. We sold a large portfolio; you will remember last year a large portfolio of personal loans in India. We have de-emphasised certain of our digital activities with mass customers and invest into wealth. That is the footprint, that is the blueprint, and Dubai shows us that we know how to do it.

Kian Abouhossein - J.P. Morgan

And if we maybe switch from these potential turnaround slash growth opportunities to more the group P&L and maybe start with NII, and we are not going to talk cross-border. You've given guidance for the cross-border, but more longer-term trends, balance sheet mix, balance sheet growth, especially lending. What do we need to really see lending picking up both on the retail & corporate side and in that context clearly your structural hedge. How should we think about the dynamics, the challenges, as well, more from a top-down perspective.

Diego De Giorgi:

So, probably the best way that it works is to break down NII, is to think about its components. And let's think about, you mentioned one super important component, volumes, but let's start from rates. If we start from rates, our footprint has a lot of rates, never read what happens to SOFR in the US and think that that is what is happening to Standard Chartered. That's a small component of what we do. In fact, that's why we publish our own index weighted by our level of activity by countries of how interest rates affect us. But two things are clear. One is that next year there is still some headwind coming our way and a little bit [more] than we were expecting before, but it is also very clear that a large amount of the headwind has already taken place this year. So, from a rates point of view, there is nothing to be particularly afraid if you believe the forwards, which are the only thing we look at, we're not J.P. Morgan, we don't make our own forecasts and predictions. We love taking the forwards and managing ourselves based on what the market expects.

The second big influence on NII, of course, ought to be volumes. But as you say, when are we going to see volumes? Now the interesting thing is at the beginning of the plan, at the beginning of 2024, we said that we thought we were in a subdued period for volumes and that we would see volumes growing at low single digits. This year to date, both customer loans and advances have actually grown at 4%. Our risk weighted assets on a constant currency basis have grown at 3%. So, it's growing a little bit better than what we expected, but it's definitely below the natural rate of growth of our footprint, which is more in the 5% plus region.

If you believe that there is an inverse correlation between rates and volumes, you got to believe that next year it is going to be a little bit better as rates continue to decline. Are we going to go back to the average trend line? I

doubt it because the decrease in interest rates is not particularly marked. At least right now we don't expect it. But volumes should come to help a little bit.

The third component of NII and one that I am very, very happy with the way we're handling it is the pass-through rates, and on pass-through rates, we are currently operating at pass-through rates that are nicely in excess of the top end of what we normally operate in, in the corporate and investment bank and we're operating within normal framework in wealth and retail. Why is that? Two reasons. One, because we are disciplined because that's what we believe in because we believe it's really important to manage pass-through rates well. But the second, we're also held by the environment, particularly post April 2nd, the entire world is running itself a little bit more liquid and certainly corporations are running themselves as substantially more liquid, which means that there are a lot of dollars around, which means that we can be a little bit discriminant in what do we want to pay up for and what we don't want to pay up for. So pass-through rates right now are doing very well. Do I believe that we can continue to keep them there? Well, we will do our best from our point of view, but in lower interest rates, pass-through rates become more difficult to manage. Of that, there is simply no doubt.

Fourth, very importantly, the mix. And there are several parts where we push the mix very aggressively. First of all, in assets we obviously want to have as much commercial assets and as little treasury assets as possible. So, we move aggressively in trying to provide credit to clients, but there is a limit to how much volumes they will want. And on the liability side, we are very clear that one of our big pushes continues to be higher quality liabilities, which means wealth and retail over corporate and investment bank, and within wealth and retail maximize as much as possible the [Current Account Savings Account] CASA that we attract. Bearing in mind that for someone like Standard Chartered, time deposits are not a bad word. Quite to the contrary, we like time deposits in wealth and retail because they're cheaper than in the corporate bank. And by the way, because eventually they become wealth solution sales to our customers, so we really like them.

These are the four big influences. There is a fifth little influence, but that's the tail rather than the dog, which is the fact that several of the initiatives that we are doing in the wealth and retail side in order to reduce single customer relationships and reduce credit card and personal loans come with a little loss of NII in the region of \$100 million, which is not the end of the world, but it's a little bit of a headwind, which is good to take because it leads to higher return on tangible equity.

Kian Abouhossein - J.P. Morgan

And if you're shifting to cost, you have the Fit for Growth programme, \$1.5 billion, your run rate around \$600 million.

Diego De Giorgi:

A bit more, yep.

Kian Abouhossein - J.P. Morgan

And you indicated around 80% will be achieved next year. So, let's say it will double roughly, I assume \$1.2 billion or so. So, at the same time, we're seeing this growth in wealth, we're seeing activity levels picking up, especially on the fee side in Asia. How should we think about growth in cost going forward in terms of cost management, the

programmes that you have and going forward in terms of cost pressure versus further productivity gains that you can take?

Diego De Giorgi:

So, you'll forgive me for this because you've heard it many times, but maybe some people in the audience haven't heard it. I always say that the diet of a CFO is a pretty varied diet. We are omnivorous, but there are two things that I eat every day. One is cost and the other is balance sheet optimisation. So, costs, there is no doubt that they will remain an important focus. I think we have demonstrated that we are managing them pretty well, pretty assertively. But you are very right. Growth is important and revenues are important, and we always say that there are certain costs that are the costs of success, and we need to feed the machine in order to achieve the results.

Fit for Growth was ideated for that. Well, it is a transformational programme. It is a programme that has helped us reshape the way that the bank does many things. Also, it has helped to reshape the way that our people think about transformation. Our people are more cost attuned, are more transformational attuned today than they were two years ago. Having said that, Fit for Growth definitely finishes next year. There isn't Fit for Growth number two. Our cost to achieve finishes being spent next year. We are being careful in how we spend it. As you continue spending in a programme, you realise that some of the things that you are spending, you need to stop spending and redeploy it somewhere else, and you need to always make sure that you are spending for growth.

So, within that context, we will deliver what we have promised for 2025. We'll get into 2026. What you didn't mention is that there is a portion of the, sorry you actually did, there is a portion of the benefits that actually accrue after 2026 and I think that you will continue to see a very cost-conscious Standard Chartered going forward and we will tell you which form that will take, once again, in May.

Kian Abouhossein - J.P. Morgan

I think with that, we will open up for questions. There should be a microphone on the table. We have questions? I have a few more questions, but let's see.

Diego De Giorgi:

The Kian reserve.

Participant:

Thank you. It's Gigi Sparling from JP Morgan. We have talked a lot with other bank management teams today about M&A, but we never seem to talk about it with Standard Chartered. So, is that something that you are discussing, please, at a management level?

Diego De Giorgi:

Not much, I would say, in the sense you do M&A for various reasons, but fundamentally, you do M&A because you need to create growth in one way or the other of revenues, of cost synergies, or whatever it is. We are blessed with a naturally growing footprint where we can grow very well organically where our return on tangible equity is continuing to increase and when our shareholders, many of whom sit in the audience today, are happy to see us reinvest in our organic growth because we are doing it at increasing levels of return on tangible equity. So, the answer is not much. It is true that as time evolves, as we are at a high level of return on tangible equity, we generate

a lot of earnings would we be able to look at small bolt-ons or in fields or things that can help us accelerate the growth? Possibly. But it is far from that. It's very low on the level of management discussions inside Standard Chartered.

Kian Abouhossein - J.P. Morgan

You generate about 200 basis points of capital, when we do the calculation. How do you think about optimising? Also, from a capital return perspective, so there is M&A but there is also clear capital return, you are now at tangible book value. So, does that change things about the mix between buybacks and dividends and how do you think about the hurdle rate which is clearly getting higher?

Diego De Giorgi:

I cannot imagine a state of affairs at Standard Chartered today, in three years, in six years in which we are not going to always have, at the top of our capital allocation hierarchy, investing in our own business because it's at increasing levels of return on tangible equity and they are increasingly attractive. So that part is and will remain, I believe, the most important part of our capital allocation hierarchy. But as you say, we generate plenty of capital. And we intend to continue returning capital to our shareholders, aside from the commitments we have made of over \$8 billion in the 2024 to 2026 period.

In May, once again, we will put out a capital allocation hierarchy. I think dividends and buybacks will continue to feature. Why? For a number of reasons because although we are above tangible book value and we are far from happy about being only above tangible book value, buybacks, you do them for as long as you believe that your stock is undervalued, and we think that we are still undervalued. It also has the beautiful side effect of increasing those lovely per share numbers of earning per share, TNAV per share, et cetera, which we know are important contributors to the happiness of our shareholders and to the health of our stock price, so they will continue.

It is true that the higher level of return on tangible equity and the recurrent nature of generation of earnings of our franchise make it so that over the course of the next few periods we will have to think about what we do from a dividend point of view. It is entirely possible that we decide to increase the payout ratio from that point of view because we are in a position where we can do it, but it's a bit early to discuss that in more details.

Kian Abouhossein - J.P. Morgan

And we very much agree with you one times tangible 27 on our numbers versus 14% return. So, it's still very cheap.

Diego De Giorgi:

Thank you. Can we restart this?

Kian Abouhossein - J.P. Morgan

But we take further questions. Yeah, this one.

Participant:

Hi. Could I ask, again, on wealth? Given the wealth is a secure story, what could go wrong? Is it high competition from relationship managers, margin on product offering or flows? If you could elaborate on that. Thank you.

Diego De Giorgi:

I struggle to believe on any of those. First of all, I will tell you what can go wrong on wealth. We can have a nine-month market recession with every asset class down 30%. That is not going to be good for our wealth management business or any other wealth management business. On the more idiosyncratic points that you pointed out, we are going to grow our relationship managers by 50% over five years. We are perfectly in line with the 10% that we need to grow for this year. It is a constant J-curve because it takes them 12 to 18 months to come up to speed and be at their most productive. Relationship managers for affluent love to come to work for us because we are open architecture, we are an international bank, we are in the right places in the world, there is no shortage of talent out there.

Competition is undoubtedly carnivorous, but we have added to assets under management through our net new money very, very consistently. And we've maintained good return on asset level of margins. In the nature of the flows, we were very balanced. Last quarter, Yes, it's true that international clients, what we like to call, increasingly, the globally minded affluent, are the most important part of our clientele, but they were 60%, and 40% were domestic. And within the 60%, we have global Chinese, we have global Indians, we have expatriates, we have other internationally minded people that are moving to places like the Middle East or inside India. We have a lot of different opportunities. I struggle to think of any of the various, very well diversified parts of wealth management as one that could waylay us, but there is no doubt that an outside markets-based recession is not good.

Kian Abouhossein - J.P. Morgan

Any further questions? Oh, we're actually out of time.

Diego De Giorgi:

There you are. I was looking at that. I said, "No."

Kian Abouhossein - J.P. Morgan

Let's stop here, yes. Otherwise, I get in trouble. Thank you very much, Diego.

Diego De Giorgi:

Thank you. It was a pleasure.

Kian Abouhossein - J.P. Morgan

It was very comprehensive, and we look forward to May and, of course, also the full-year results with the guidance for 2026.

Diego De Giorgi:

Will do. Thank you, everyone. Thank you.