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In conversation with:
Pete Burrill, Interim Group Chief Financial Officer, Standard Chartered

(Amended in places to improve accuracy and readability)

Nick Lord, Morgan Stanley:

Okay. Good morning, everybody. Welcome to this session with Pete Burrill, who is the Interim CFO of Standard Chartered. Thank you very much for joining us today, Pete.

Pete Burrill:

Thanks for inviting me.

Nick Lord, Morgan Stanley:

I've got some questions we're going to run through, and then we'll open it up to the audience for Q&A. But before we do any of that, we've got our polling question, which is going to come up now. So, I'll just read it out to you.

"What is the most important thing for Standard Chartered to focus on in its May strategic update?"

1. Revenue opportunities in Wealth and Capital Markets
2. Capital return strategy
3. Cost management
4. Long-term risks and opportunities from AI and tokenisation

So, if you wouldn't mind pressing the button on your little device, we'll see what the answer is.

Okay: Revenue opportunities.

Polling Result

1. Revenue opportunities in wealth & capital markets: 70%
2. Capital return strategy: 26%
3. Cost Management: 4%
4. Long term risk and opportunities from AI and tokenisation: 0%

Pete Burrill:

Glad to see that.

Nick Lord, Morgan Stanley:

Clearly seen as a growth opportunity. So, we'll be able to dig into all of those as we go through the next 45 minutes or so. But maybe, Pete, we can start off and talk a little bit about what's happening now. So obviously, 2025 results, you sort of exceeded or met your goals for '26. You set '26 targets of over 12% RoTE (Return on Tangible Equity), mid-single-digit income growth and broadly flat costs. So what progress have we made towards that in the first quarter?

Pete Burrill:

So, thanks. So, look, I think it is worth pausing a bit to reflect on the '25 outcomes and then jumping into '26. I mean we had set out in '24 three-year targets on income, RoTE, capital distributions, cost, a whole variety, and we're very pleased at year-end to be able to, as you said, meet or exceed all of those targets a year early. We were reporting on an underlying basis then, but we had delivered the income growth. We had delivered underlying RoTE of 14.7%, well ahead of our 13% target. We had kept costs in check and credit quality in check as well. We had exceeded our distribution target and at year-end, not just exceeded the distribution target, but also increased not just buybacks, but also dividends, increased our dividend quite a bit. So quite pleased starting '26 in a real position of strength.

To your specific question, which is how is Q1 going so far and what are we seeing? I think the trends that we saw last year continue in the areas of strength continued to perform well. We called out when we did our year-end results, a strong start to the year in wealth. Nothing's changed in those trends. The last few weeks haven't impacted that. We've continued to see strong net new money and continue to see growth in Wealth. So we are pleased with the progress there. In Markets, when we sat down and discussed our year-end results, it seems like a long time ago, it was only a few weeks ago. We had some slight loss in what we call episodic in Q4. As we start Q1, Markets has been good. Flow has continued to grow as it has last year and in previous years. Episodic has rebounded from Q4, but Q1 is obviously a bit volatile, and we have quite a strong Q1 comparator last year. But pleased with the progress so far across our businesses in Q1.

Nick Lord, Morgan Stanley:

Okay, thank you. And just sort of... let's delve a little bit more into that. I mean, obviously, a few things have changed in the last few weeks. So how do you think of sort of recent events and what risks that might pose to those 2026 targets?

Pete Burrill:

So, as you might expect, I'm going to first focus on luckily, our staff and our operations and everything have not been impacted and no direct impacts there. When we think about the first order impacts, clearly, we start to think about credit quality, anything on the radar screen there. And you really have to think about and look at the types of business we have in the Middle East. So, for us, we have... our primary operations are CIB in UAE, Qatar and Saudi Arabia. It's vast majority, over 80% investment grade, largely financial institutions, multinational corporations, government related. So, no immediate kind of first order signs of concern there. Clearly, we're cautious as to how this develops, but nothing kind of flashing amber or red on that side.

On our WRB side, so, it's primarily UAE and almost all of that now is secured mortgages with low LTVs. We don't have an SME business in the UAE anymore. We shut that down a number of years ago. So, it's, again, feeling cautious but comfortable when it comes to what we've seen so far on the first order impacts. I think as most of the people at this conference probably would have said, when it comes to the broader second order impact, it very much depends on how long this last, what the broader impacts are on oil prices, inflation, interest rates, GDP, which it's just too early to tell. But nothing that causes us, as I sit here today, to change any of the guidance that we put out for 2026 a few weeks ago.

Nick Lord, Morgan Stanley:

Okay. Perfect. And then if we look beyond 2026, I mean, there's obviously all sorts of things changing. I think increased business disruption is sort of how we think of the world going forward as we move to a multipolar world. Obviously, we're getting disruption from tech and the like. So longer term, how do you think about that, when you are sort of constructing credit portfolios? How are you embedding disruption risk into your sort of credit policies?

And you've obviously guided to that sort of 30 to 35 basis points medium-term or through the cycle credit charge. Like is that something that maintains in a more disruptive environment?

Pete Burrill:

So, well, I would argue it's not the beginning of a disruptive cycle if you look at the last number of years, and I was reflecting actually the last time I sat on the stage was a number of years ago after Silicon Valley Bank had gone down. So, we've been through quite a few cycles. And I think I would focus on a few things. One, our CIB business, the focus has been much more on origination and distribution and much more investment-grade, large multinationals, et cetera. Our loan losses last year were 19 basis points overall with virtually nothing in CIB. It was a \$4 million charge in CIB. And the year before, we had net recovery. So, our 30 to 35 basis points bakes in some unforeseen events that we don't have line of sight. We haven't called out any particular risks, but we do recognise that zero is not normal. So, we feel comfortable that, that 30 to 35 basis points caters for a wide variety of potential outcomes.

On the WRB side, we've really been shifting that business to focus much more on affluent and wealth management. And within that, we've had both geographical exits as well as portfolio exits that are focused on the consumer unsecured space. So, we're kind of reducing risk in consumer unsecured portfolios. And as I mentioned, our kind of SME type lending is not a main portfolio in either our WRB or CIB business. So, we feel comfortable with that through the cycle. There's nothing that we see today that would change that. It's not that '26 kind of specific. We've had that guidance out for a number of years, and we feel comfortable with the diversity of our portfolio. We pay a lot of attention to concentrations, be that geography, be that industry, quite cautious about going into kind of the new, exciting, next-big-thing unless we really understand it and can get comfortable underwriting it. So, while I do expect unexpected things to happen beyond 2026, we think we're well positioned to weather that within our existing guidance.

Nick Lord, Morgan Stanley:

Perfect. So, let's maybe go on and talk a little bit about some of the revenue opportunities. I mean that was obviously the number one thing that people want you to focus on at your Strategy Day. So, let's start off and just talk about Wealth & Retail Banking. I mean, obviously, very, very strong momentum, especially in the wealth management lines in 2025. I wonder if you can talk a little bit to sort of the sustainability of that, what's driving that? And also, if you can talk a little bit about how the competitive environment is changing in that Asian and Middle Eastern wealth management market.

Pete Burrill:

Sure. So, we are very pleased with the growth that we've seen in the Wealth business. And if you take a look and you zoom out a bit, that business has grown for us, I mean, it was exceptional growth, I guess, I would say, or very strong. I don't want to use the word exceptional in the last couple of years, but it's been on a -- for the last 10 years, it's been roughly 10% growth. So, it's not a temporary phenomenon. It has accelerated recently, and we've obviously made it a key core of our strategic focus in WRB. Competition is there, for sure. But we are, as it stands, the third largest wealth manager in Asia, and we've been growing faster than the competition. We had our net new money growth last year of \$52 billion was 14% of AUM in 1 year. So, we are confident in our ability to compete. We continue to see structural tailwinds, I guess, when it comes to the growing wealth in our footprint, in our markets across Asia. So, we do believe, and we are investing heavily into that. We announced when we had our -- I think it was 18 months ago or so when we had a WRB focus that we were going to be investing \$1.5 billion into that business, both in RMs, but also in technology platforms real estate, we've got priority private centers across a number of our markets. I was in one in Korea a couple of weeks ago and really trying to make sure our brand is premium in that marketplace. And we have that in a number of markets in Asia, and we're confident that we can continue to grow. So, we do think it is sustainable.

Obviously, our revenue guidance for the year, while we don't have a specific Wealth, well you mentioned in your opening question, mid-single digits, that's with guidance to be flat on NII, which implies if you do the math and everyone here is a numbers people, continued confidence in the ability to grow non-NII, of which Wealth is a significant contributor.

Nick Lord, Morgan Stanley:

And your— I mean, in terms of the— I mean, just digging a little bit more into that. I mean, as you say, your net new money growth is ahead of peers. I mean, what would you attribute that to, do you think?

Pete Burrill:

It's always interesting sitting here in London talking about Standard Chartered, and you mentioned it earlier when we were discussing. I mean if you go to Singapore or Hong Kong, which are the two major centres for us, we are quite a prominent brand. We're on the money in Hong Kong. It's— we're quite visible in that connectivity to China as well, and we have an on-the-ground retail business in China. So, we do think that, that brand presence is really important. We also have our diverse product offering, our open architecture, the fact that we don't manufacture product. We— it's not completely open. We select products, but we— and the clear focus, I mean, that is our reason for being in WRB, right? It is when you think about all of our strategic focus, it is cross-border and affluent, cross-border and affluent. And all of our businesses across all of our markets are really focused on that as the key driver rather than trying to be everything for everyone in WRB.

Nick Lord, Morgan Stanley:

Okay. Great. And then if we maybe move on to the other part of the business in terms of the corporate side. I mean, obviously, trade and again, that international connectivity you mentioned is an important driver of growth. And I guess the markets business and your FI business, and these are all the drivers of that. So, I just wonder if you can talk a little bit about how you continue to progress that business in an environment where maybe we get trade disruption, traditional routes are less sort of clear, where capital flows are beginning to change as well.

I mean what are — and geopolitics, I think, continues to be a challenge. I mean people are talking about sort of technology threats and stablecoins and the like. So, what do you think are the things that you need to do to continue to drive growth in that business? And are the — what would be the threats to growth in that business?

Pete Burrill:

Thanks. So, it's interesting. If we had, if we were sitting here a year ago, all the focus would have been on tariffs and how that was going to disrupt and stop global trade. And we — I remember IR's favourite ribbon chart that we put out to show basically our cross-border flows from the kind of the catch and the throw in the to, and the from countries. And I think if you go back and you look at that, what's somewhat unique about Standard Chartered is that there's not one corridor or one geography, which is kind of the key driver of our outcomes. The power is really in the network. So we have a strong belief that trade will continue to flow. It may change directions. It may change corridors, but we believe that with our footprint and our network, we are well-positioned to capture that so long as it continues to flow.

And we've seen through the tariff- I don't know what's called the tariff situation, the tariff noise, shall we call it, that global trade has continued. And we have seen strong growth in both our Banking and our Markets business and across our CIB businesses more broadly with the exception of rates hitting our transaction services business. So, I think history and the variety of shifts, whether that's China Plus One, whether that's tariffs, whether that's the— our network and the value of the advice that we can provide to our clients and trying to navigate those challenges positions us well for whatever that turbulence, geopolitical trade, tariff or otherwise. Clearly, that's not to say that

nothing could happen, but we are strong believers that global trade will continue, that the areas where we have the biggest footprint. So, we are across pretty much all markets in ASEAN. We are quite big in North Asia, China, Hong Kong, et cetera, Middle East, we are well-positioned to capture those shifting trade flows wherever they may come.

Nick Lord, Morgan Stanley:

And then if we sort of look at the markets business, I mean that's obviously been a big driver of growth on the CIB side. I mean, what— how can you give us assurance on sort of growth prospects there? What's going to drive growth there?

Pete Burrill:

So, when we think about our markets business, and it's always— we disclose and split it between what we call flow and what we call episodic. And flow to us is off of the back of that trade activity or capital movement, our clients wanting to hedge, whether that's rates, FX, commodities, we've got our commodities business as well. And that activity has been growing 10% double digit per year over a number of years. So, we think that, that flow business will and can continue to grow alongside those trade flows. That is a natural extension of the business and one that we have been leaning into and expanding our product offering quite a bit to make sure that we can continue to capture those flows.

The episodic bit is by nature, episodic. It's been largely range bound, if you will. If you look at our history, it's between \$0.7 billion and \$1.1 billion. So, it bounces around from quarter-to-quarter. But over a trailing 12 month, it tends to be quite stable and less important to the overall markets business as a percentage term as the flow continues to grow and the episodic. So, we feel comfortable and confident. It's quite a capital efficient business, which is why we're comfortable growing that and are happy with the results that we've seen to date. So, I think it's a natural play to our offerings and our client base. And we're happy with the growth so far.

Nick Lord, Morgan Stanley:

Great. Can I move a little bit down the P&L now and I guess, to the cost line? Obviously, good performance in 2025, 4% jaws, I think. And we've still got savings to come as the Fit to Growth program sort of comes to its conclusion in 2026. But longer term, I mean, what are you doing to make sure that you can keep that cost discipline? And how are you going to sort of pace that cost growth with revenue growth in the future?

Pete Burrill:

So, I think pointing out the 4% positive jaws last year is important. We also had 6% positive jaws the year before that. So, I think it is kind of a mindset that we have that we recognise our RoTE needs to go up. Our cost-to-income ratio as a result needs to go down, and we will continue to drive that. But you also touched on another important point, which is we do have growth opportunities. So, for us, it is about the productivity of our cost base and making sure that we're able to invest into areas of growth while continuing to maintain cost discipline and focus on how to get more productive. So Fit for Growth was a big contributor to that, but cost discipline and focus on productivity across the bank will continue so that we can continue to make progress on positive jaws. I think positive jaws is a bit of a mindset for us that we need to make sure that we are tailoring our investment profile depending on those growth opportunities that we see rather than it being some natural growth of the cost base that is passive rather than active. So, we will maintain the discipline. We've provided specific guidance for 2026 on costs being broadly flat, and we will continue to be disciplined thereafter. But for any guidance beyond 2026, you'll have to come to our Capital Markets Day in May or maybe dial into our Capital Markets Day as the IR guys will tell me that we're probably full. And I can't invite anybody else to our Capital Markets Day in May.

Nick Lord, Morgan Stanley:

And I mean if we think about that cost discipline, I mean, there's obviously, I guess, a couple of different elements. I mean I think Fit for Growth was very much focused on finding lots of pockets of inefficiency that you could drive out of the business. I don't know how far progressed you- I don't know if there's still more to be done there. But obviously, there's technology side as well, and that helps you control BAU. So, what will be the drivers of that discipline? How do you maintain that discipline?

Pete Burrill:

So, we're not— Fit for Growth will not be the end of our search for productivity. I mean we have through Fit for Growth, done a lot on standardise, simplify, digitise. A key component of that is also technology simplification to that point, and automation. That while there's been a huge emphasis in Fit for Growth, that will not stop when Fit for Growth stops. Technology continues to change, offers us new avenues to pursue when it comes to streamlining operations, making sure that more of our cost base is focused on revenue generation and less of our cost base is focused on, if you will, back office, for lack of a better term and that continues. And I think technology has been a key enabler and will continue to be a key enabler to that.

So, I don't know that productivity, the search for productivity ever comes to a complete stop as— but we will continue to ensure that we invest into that productivity and drive it beyond Fit for Growth.

Nick Lord, Morgan Stanley:

If we sort of move on to capital. Obviously, you've paid back more than the original \$8 billion, which you targeted. The \$1.5 billion share buyback announced with the 4Q results and big 65% increase in the dividend, which I think you mentioned before. As we go forward, I mean, how do we think about that capital that you're generating? How much of it goes into growing the business? What are the opportunities there? And what's left? How should we think about the framework in terms of buybacks, dividends and the like?

Pete Burrill:

So, we have consistently said our first priority is to give the business the capital it needs to grow and to drive the revenues. Now, over the last number of years, we have shifted our business model to be much more capital light. This means that we have not had to grow RWA a lot, and we've been able to really rationalise and look at suboptimal RWA, where we're deploying RWA, we're deploying our balance sheet and we're deploying our capital without getting the returns from our clients. So that has allowed us to grow revenue. And again, some of the things we're talking about wealth management is not a capital-intensive business, right? It doesn't need capital and RWA to grow that business. So, there's been a mix shift. But our first priority has always been if we can generate the right returns, give our businesses the capital they need to grow.

Dividends you mentioned, dividends, it's been important to us to have a dividend and increase it. We found we're a bit lower than most of our peers. So, we did make a sizable increase in dividend at year-end because we recognise that it's important to have a dividend, but that it should be sustainable, and it should grow kind of as earnings grow.

Buybacks have been a critical component over the last number of years, and we continue to think buybacks are important. And we don't have a particular trigger point on either price to book or whatever where we say, oh, we stop kind of doing that. Obviously, we need to consider what opportunities are there at the time, how we view our share price in relation to other opportunities. But I would say it's kind of business growth, sustainable dividend, and growing as earnings grow and buybacks continue to be a tool in our arsenal. Any further guidance beyond that, we'll have to defer to May to talk a bit more about how we think about that going forward.

Nick Lord, Morgan Stanley:

Perfect. I'm going to just pause for a minute. I've got a lot more questions, but I just want to check if there's anybody in the audience who would like to ask a question. I'm sorry, I'm going to have to put my glasses on so I can see you. That gentleman there.

Participant:

Thank you. Just wondering if you could drill down a little bit into your credit exposure, particularly in the Middle East and mortgage in UAE and things like that. And just elaborate a little bit more on that.

Pete Burrill:

Sure. Our mortgage portfolio in UAE, I believe is LTVs are sub-50. So, it's quite a conservatively underwritten portfolio, and we're a retail bank in— we're a Wealth & Retail Bank in UAE and have been there for quite a while. So not seeing any particular signs of stress. And the vast majority of the portfolio in WRB is that UAE mortgage portfolio, so nothing that would cause me to change any of our guidance or call out any particular area of concern in our Middle East portfolios.

Participant:

Rest of the lending book in Middle East?

Pete Burrill:

So, the rest of the lending book in the Middle East is primarily CIB. Our CIB lending is primarily UAE, Qatar and Saudi Arabia. The vast majority of that over 80% is investment grade. It's largely financial institutions, government-related and investment grade. So again, no particular signs of challenge that we've seen to date.

Participant:

Yes. And just on the kind of private credit kind of question, I guess, like on balance sheet asset exposure may be low in Asia or the U.S. But in terms of the Wealth business kind of client exposure and what they're doing, obviously, lots of headlines. Thank you.

Pete Burrill:

So, we do have -- we do distribute a small amount of that, but it tends to be the larger names. We haven't seen any unusual outflows or activity in that, and it's not a major part of our offering in wealth. So, it's— we do have some clients that invest in that because clients want to invest in that, but it's not a major offering and we're not seeing any unusual outflows.

Participant:

Maybe I can broaden that out because I know you've been active in working with private market players on sort of originate to distribute type dynamics, and that's been great for improving the efficiency of the balance sheet. I guess that gives you an interesting insight into that ecosystem. What are you seeing? What are you thinking? Is there anything change in your outlook for the ability to continue to sort of recycle the balance sheet the way you've been able to?

Pete Burrill:

So, thanks for the question. I do think when we look at our originate to distribute, it's a variety of different types of distribution. In Asia, a lot of it is whole loan sales. There's also credit insurance. And when it comes to private credit, I guess it's not one size fits all. And I think we continue to focus on our underwriting criteria when we get involved in a transaction and make sure that we're comfortable with the transaction, not just from a distribution angle, but

also to hold a component of that. So, we're aware of what's going on. We're thoughtful about what we underwrite, but we're comfortable with our position and what we've seen to date and are thoughtful about which transactions we get involved in.

Participant:

On the Hong Kong business, can you comment on the situation in the commercial real estate? I know your exposure is not large, but what are you seeing there in terms of provisions and price performance?

Pete Burrill:

So, for our book, as you mentioned, I mean, we— our exposures are reasonably limited. They have not deteriorated. We are well-provided where we need to, but we don't have a lot of Stage 3. It's mostly Stage 1 and 2, and we've got, we still have overlays for potential— any potential downgrades. So, it's— and we think that the market, especially office buildings is recovering, is showing signs of recovery. Our exposures tend to be to the larger players in that, so we're thoughtful about it. We have overlays in case things develop. But I think if anything, we're seeing signs of recovery rather than deterioration in the areas that we're involved in.

Participant:

Just to get your thoughts on stablecoin and the likes. And what does that mean for liquidity, margins, or even like broader kind of tokenisation, what that means for kind of fee businesses.

Pete Burrill:

So, I think we've been quite active and proactive when it comes to digital assets more broadly. We launched Zodia Market, Zodia Custody. We have a tokenisation platform as well. We are applying for a stablecoin license in Hong Kong with the HKMA. So, we want to be and expect to be part of that ecosystem as it develops. As far as U.S. dollar stablecoins, as far as what we're seeing so far, while client— there's an increasing interest from clients, it has yet to really have a significant impact, but we want to make sure that we're prepared to participate in that ecosystem. Again, not necessarily as an issuer as we are in Hong Kong. That's a bit of a unique situation, but that we are prepared that when our clients want to use stablecoins to move money cross-border or to make payments, that we are able to facilitate that. And the stablecoin to fiat leg is still going to be an important component of that where we expect to continue to be able to serve our clients. So, we are— it's one of our core theses that kind of digital assets and stablecoins are going to be part of the future, and we've been, I think, very proactive in leaning into that and making sure that we have the capabilities to serve that ecosystem as well as the current but not seeing a significant impact to date.

Participant:

Your stablecoin retain kind of deposits on your balance sheet and therefore, if I think about the flight deposits from the bank and potential cost of funds, liquidity, how that plays out?

Pete Burrill:

So, it really depends on the market. I mean if you look at Hong Kong, for example, the HKMA is the one driving the stablecoin process, and they want to make sure that it's appropriately regulated. And I think in a lot of markets, regulators are quite thoughtful about the interplay between stablecoins and the banking deposit base. So, in tokenised deposits, we're yet to see, obviously, that could be another area where it's using similar technology, but stays within the banking system, and we're also experimenting with that. So not seeing any signs of that to date, especially in our footprint and where they are, but thoughtful about how it may develop going forward and want to make sure that we are prepared for that.

Nick Lord, Morgan Stanley:

Okay. Have we got any more questions? Can I just maybe follow up a little bit on my question there on tokenised deposits and stablecoin? I mean in terms of the HKMA stablecoin, I mean is it use case primarily going to be an on-ramp and off-ramp into sort of digital investments? Or do you sort of see wider use cases coming about?

Pete Burrill:

I expect in the Hong Kong situation, it could have wider use cases, but it's a Hong Kong dollar. So, it's primarily domestic. There's not a lot of cross-border activity in Hong Kong dollars. But we'll see how the market develops. I think ultimately, I think the HKMA wants to make sure that the appropriate safeguards are in place or sorry, it's not the HKMA, I think it's the Hong Kong Exchange, but the regulators in Hong Kong want to make sure that it's not a way around checks and controls over things like KYC and AML and all those types of things. So, I don't think it's exclusively going to be for digital assets. I think it should have a broader utility, but we'll have to see how the market develops.

Nick Lord, Morgan Stanley:

And on -- have you got -- are you doing tokenised deposits yet?

Pete Burrill:

We have the capability. We have experimented and done some pilots on tokenised deposits. I think, again, we haven't necessarily seen that big take-up from clients, but we want to make sure that if that is the direction of travel and that is where our clients want to utilise that we have the capabilities to be able to transact in that way.

Nick Lord, Morgan Stanley:

And I guess staying on that theme, if we look at AI, which is obviously another topic du jour, how are you using it? And how do you think that will change over the next 12, 18 months?

Pete Burrill:

So, AI, I think it's fair to say for us, we're in the early innings of AI adoption. I think where it's been most impactful for us so far has been in enabling our RMs in the wealth management space. So not in the direct interaction with the client but allowing our RMs to be more productive in the way that they prepare for client meetings and the way that they propose ideas to the clients. So, we have kind of invested to make sure that we are on the front foot when it comes to AI in our wealth business.

I think on the use cases that are more efficiency-related or more broad use, we have a lot of pilots in train, but we have not yet kind of seen the big impact. But we are continuing to focus on that. And I do think that, that is an area, if you will, on whether that's transaction monitoring screening, whether that's the things that require a vast amount of data and AI is very suited to, we will continue to look. I think when it comes to banks and AI, the regulatory dynamic is one that has to be very thoughtfully considered as far as being responsible for the decisions that are made by AI as well as the access to confidential client information, et cetera, across the footprint.

So really, I think there are lots of opportunities to come. I'm pleased with what we've seen to date, primarily in the Wealth space as far as— and that efficiency that we've seen on the wealth space has enabled us to grow revenues faster than assets under management, faster than RM. So, I mean, I think we are seeing the benefits from a productivity standpoint on being able to do to do more business with our clients as a result of enabling our RMs with AI.

Nick Lord, Morgan Stanley:

And just in terms, I mean one of the things you did at the reporting in the last set of results is you announced that you're going to fold ventures into the main business units. And I guess the bigger part of that operationally is going to be Trust and Mox. So, I just wonder if you could comment on what some of the advantages might be of moving those businesses into WRB. And also sort of what have you taken from the ownership or the build-out of those businesses back into the business and what has WRB learned from this?

Pete Burrill:

Sure. So, we launched Mox and Trust, Mox is our Hong Kong Digital Bank, Trust is our Singapore Digital Bank a number of years ago when digital banks were kind of new. And I think for us, it was an exciting opportunity to try to participate in that market. And as you said, take learnings from what can you learn in setting up a digital bank. So I think now four or five years on, depending on how long the digital banks are at a point of maturity where that kind of interaction with our WRB business makes sense to help serve our clients across the various offerings from mass being better served through digital banks, lower cost to serve, lower cost to onboard, but not suitable for all product types. I think the more you get into individual Wealth or Advisory, that tends to be more in the main bank.

So, we're seeing some synergies of working more closely and collaboratively between our digital banks and our kind of Standard Chartered brands in those markets. We even had one portfolio transfer in Hong Kong where we digital banks are very good at raising liabilities. It's a bit more of a challenge on assets. So, we did move some assets in Hong Kong from the main bank into the digital bank. So that kind of broader service offering, we think there's some benefits.

What did we learn in the WRB business? I think that kind of digital-first mindset and that interaction with the client through digital channels, I think there was a lot of learnings there, which has pushed us to be much better in the mobile offering and the digital offering that we have in kind of the core bank as well. So, we do think now is the right time, both based on the maturity of those digital banks as well as the collaboration possibilities that we have between the digital banks and the main bank, that it's a good time to manage them a bit more cohesively and collectively rather than treating them as a separate thing from a reporting standpoint.

As a result of that, we also took the remainder of what was in our ventures. As you mentioned, Mox and Trust for the vast majority. And what's left is kind of experimentation and innovation, but it's not a material number. So we just decided we'll move that into C&O central and other, sorry, to report on that going forward.

Nick Lord, Morgan Stanley:

And how do you manage— I mean, obviously, you've got other shareholders in Mox and Trust. So how do you manage that relationship as you merge it in?

Pete Burrill:

It's not merged in. I mean it's a reporting change, not a merger change, right? They're still independent entities with different investors. And if we do transactions between the main bank and the digital banks, they have to be at arm's length. We have to make sure that the pricing and everything is on an arm's length basis. But— so no change from that. It's a reporting change and how do we manage them internally rather than a structural change from an entity or a governance standpoint.

Nick Lord, Morgan Stanley:

We got a few minutes left. Have we got any more questions in the audience? Yes, gentlemen there.

Participant:

I wanted to ask about digital currencies. Andre mentioned before that it was one of the threats to the banking system and they were lobbying to Europe to be part of it. So, the mBridge project in Asia, how is it evolving? And what's your participation there? Can it be a threat? Can you update us on what is going on?

Pete Burrill:

Sorry, which I didn't hear you correctly. Which project is that?

Participant:

The project of the Central Banks to do a digital currency— mBridge, Hong Kong, China, UAE, et cetera.

Pete Burrill:

Yes. I think regulators across the globe are thoughtful and conscious about introducing digital currencies and what that could mean to central banks, what that could mean to banking systems. And so, I think it's going to be market by market. That one particularly, I don't view that as a huge disruptor in the near term. We'll have to see how it develops. I think it's still early days, and there's not a cohesive effort across. There's not a clear direction of travel yet, I think when it comes to central bank digital currencies, stablecoins, tokenised deposit and what role each plays. I think a lot of countries are quite cautious on central bank digital currencies as far as disruption of the banking industry. And I think a lot of consumers are quite cautious about central bank digital currencies and the amount of control that, that may lead to. So, we'll keep an eye on it. We'll stay engaged in it, but nothing I would call out specifically on that one.

Nick Lord, Morgan Stanley:

Okay. Just one last one for me. Net interest income, obviously, very strong in Q4. We've seen HIBOR come off a little bit into Q1. How should we be thinking about the drivers of that going into 2026?

Pete Burrill:

So, we put out guidance with our year-end results on NII being broadly flat year-on-year. And it's a variety of things. I think at least as we said a few weeks ago, rates were a headwind to that. We published a currency weighted average interest rate curve, which was negative 44 basis points kind of year-on-year. So, rates are a headwind. That's changed slightly in the last number of weeks, but not directionally. So, rates are one headwind for us when it comes to that. The other headwind that is probably more unique to us or is more unique to us, is our portfolio actions where we have taken both geographic as well as portfolio-specific actions to reduce our unsecured portfolios. It's good from an RoTE standpoint. It's good from a focus standpoint, but it does have a negative on NII. So, we've called that out as about a 2% headwind to NII. Now offsetting, we've also called out the fact that our pass-through rates have been higher than our historical average, and that may prove to be a headwind if rates come down and we're not able to hold those pass-through rates. We are assertively managing those pass-through rates, but we're conscious that, that may change.

Against those potential headwinds, we have volume growth because we do believe that we grew volumes at roughly 5% last year. We're not calling out a specific volume growth, but we do believe that we've got the ability to grow volumes if rates do go lower, that there should be some offset in volumes. We've also got potential mix shifts as far as both liabilities, quality of liabilities, growth in liabilities and deployability of those liabilities as well as on the asset side. So, we think they tend, those various factors balance themselves out, which is why we've given guidance to broadly flat. Nothing that I see as we sit here today would change my views on that guidance.

Nick Lord, Morgan Stanley:

All right. Well, Pete, thanks very much for joining us today. Thank you for your insights, and thank you, everybody, for listening in.

Pete Burrill:

Thank you.