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In conversation with:

<<Manus Costello, Group Chief Financial Officer, Standard Chartered>>

[Amended in places to improve accuracy and readability]

Jason Napier - UBS: Well, good morning, everybody. For those of you who may not know me, I'm Jason Napier and I run European financials Research at UBS. I am thrilled to have Manus Costello, group CFO of Standard Chartered with us this morning. Manus, thanks for joining us.

Manus Costello: Thank you for having us.

Jason Napier - UBS: So it's been six months almost to the day since you assumed this role. Tell us the story of early reflections and what the last six months have been like. You've been busy.

Manus Costello: It's been very busy, starting 24 hours after I got the job, because we laid out our three-year plan very shortly after I was appointed. And so obviously I've been working on that very closely beforehand, but it laid out the stall for what we're going to achieve over the next three years and beyond. And I'm pleased, very pleased to say that progress so far has been good. I'm sure we'll get into the detail of what we've achieved during the course of this year.

I'm very encouraged by the momentum in the organisation. There's also a lot to do. There's a lot to do for me as CFO with our finance function and making sure that we've got the most effective, most efficient, most high performing finance function. There's a lot to do for me across the bank to make sure that that high performing finance function is giving the bank what it needs to make the right decisions on allocating costs, allocating capital, understanding what the drivers are. And I think there's still a job for me to do with investors to let people understand the sustainability of what we're doing with some analysts who are still not buyers of the stock to convince them of the-

Jason Napier - UBS: I was until quite recently, must be said.

Manus Costello: ... to convince them of the sustainability of what we're doing. But it's been very interesting, very exciting, and I'm feeling very positive about the future.

Jason Napier - UBS: Thank you. I imagine that no week is like any other week, but what might a typical week look like in the abstract for the CFO of a bank in 50 countries, roughly?

Manus Costello: So over the last three weeks, I've done town halls with colleagues in Hong Kong, Singapore, Dubai, and Seoul. So there's quite a lot of travel. It's been good to go out and meet people. There is a lot of engagement with a broader array of... obviously I'm quite familiar with engaging with analysts and with investors because I was running the IR function before, so that piece of the role was something I was aware of or used to, I should say.

There's a lot of other stakeholders externally with regulators, with clients that we're engaged with. There's a lot more internal stakeholders that you've got to deal with, with the business. We've just been through our corporate planning process, which is really getting into the nuts and bolts of what you're doing as the organisation. But I think there really isn't a typical day as the CFO. You're doing something different normally in a different geography.

Jason Napier - UBS: Right. Now in terms of momentum at the third quarter, you upgraded the outlook for top line for this year. No conversation with you would be complete without a 20-minute chat about Wealth. One of the harder questions we've been posed in recent months is what is the Wealth wallet doing? When you think about the growth rate of this business, it's always better to be a bad bank in a great industry than the other way around. What is the Wealth footprint in your markets growing at? And then we can talk about what you're doing to take share.

Manus Costello: Sure. So if you look at what various consultants tell you and market aggregators, Hong Kong and Singapore, which are our two largest markets, are growing at high single digit rate. So 8 or 9%, their forecast, they have been growing, their forecast will grow. It's been a little bit faster in the course of the last 12 months or so, but it's that kind of high single digit rate of growth in AUM that those markets are seeing.

On top of that, you've then got... so that's the AUM. On top of that, you've then got the monetisation of those AUM and clearly the course of the last year has been quite conducive to investors buying more products which have got more of a risk on nature to them. And those tend to be slightly higher margin products. So there's been, as we said very clearly in the first half of this year, the margin that we're earning on that AUM is somewhat elevated versus what we have done in the past and what we'd expect in the future.

But I think it's really important to ground any conversation about we are growing our net new money at around 16%, which is a tremendous number, but you need to place that in the context of a market that's growing nine or 10%. And so it's quite different to some other geographies.

Jason Napier - UBS: So there's a lot in there that's really very important. So revenue growth is well ahead of the net new money numbers. You are, I think interestingly really asking us to be wedded to revenues to AUM rather than just saying, "Listen, this is an incredibly strong transaction volume environment." So the fundamentals of the business do look grounded in the net new money that's coming in. How much beyond normal are those margins, do you think? Is it knowable in advance how much we might be over earning from that perspective?

Manus Costello: No, it's not knowable because paradigms can shift, but you can go back and look, we've got quite a long data set now to show, and we've represented the way we put the data. There's quite a long data set for you to look at in terms of what we're earning relative to our assets under management. And you can see over time, and we've talked about this ever since we started talking about the Wealth business in detail from a few years ago, that you can see those margins move up and down through different points of the cycle, and that's been the case consistently even in prior periods as well.

So what we said in the first half of this year is that we are at the top of, or slightly above the top end of that range in terms of the margins that we would typically expect to deliver on an annualised basis. And I don't think that's a surprise given that we've generated 33% income growth during the course of the first nine months of this year. We're targeting double-digit growth. We've delivered much more than that over the course of the last two or three years, but clearly that 33% growth is not something which we would underwrite for many years to come.

Jason Napier - UBS: Sure. Another component to your initial answer, which I think is important however, is that you are taking share and part of that it would appear was that you were early to invest and you've spent more releasing budgets from other bits of the bank in order to do that. Where are we on the sort of J-curve of payback, if you like, on all of that?

Manus Costello: I think it's not a J-curve as if we started and we're now hitting it. It's been something which has been ongoing. We accelerated, we announced a one and a half billion investment into our Wealth business back in '24, which is what Jason is mostly referring to, but that wasn't from a zero base. We'd already been investing into the business and so prior year investments, you're quite right, continue to yield benefits for us in terms of our capacity to grow net new money, our capacity to monetise that, our ability to improve our net promoter score with customers, for example, our ability to source new customers in new regions.

There's a whole series of investments which we have made and are continuing to make, which we think will underwrite growth for a number of years to come. And you're right that we've actively made choices. So we very specifically said there are some markets which are very good markets, but we don't see them as core to our strategy anymore. So you'd have seen that we've recently announced a sale to some of our retail operations in Bangladesh, for example, or in Ghana. Very good businesses, but just not core to our strategy anymore.

There are some other areas in our retail business where we have either been selling or running off some products, so in unsecured lending in particular, because we think we will get a better return on our risk weighted assets, a better return on our capital if we take that capital and invest it into the Wealth business, which is now of sufficient size that it can carry the business forward. So we have been actively recycling both costs and capital in a number of different ways and that process will continue.

Jason Napier - UBS: But we should be dissuaded from thinking 2026 is in some way a really big beneficiary over a big decision of the past.

Manus Costello: Correct. Going back to what I said previously, we are outperforming on our net new money that we've set our targets for. We're outperforming on income, but that's not because there was a big glob of investment that went in at the beginning of '25, which is bearing fruit, no.

Jason Napier - UBS: Okay. Now some of the reinforcement of existing policies and new policies out of Hong Kong in particular, we have to ask what you're seeing on customer behaviour and what remediation, if any, you needed in terms of your processes, your approach, your go-to market strategy around Hong Kong.

Manus Costello: Look, there've been a number of different factors which have come through which have raised some questions for people. The truth is that for all of the noise that's been in the press and in the market, we delivered very similar new customer numbers in both the second quarter and the third quarter. Our net new money has remained very strong. You can see that our customers have remained active. So there hasn't been a material change.

We had to make some changes to, particularly in response to the initial decrees that came out around brokerage accounts and from the CSRC back in May, things like dealing with some zero account balances, things like ensuring client documentation is as it should be. From our perspective, those were very minor. I think you can see in the operation of the bank, it hasn't really had any impact on our performance. And actually, in many ways, the phrase which I keep coming back to is one which one of the Chinese regulators themselves came out with when they put these measures out there, which he said, "We are closing the side door, but opening the front door for wealth flows."

And we've always regarded ourselves obviously very much as a front door player. And so yes, we might have needed to make sure that the locks and bolts on the front door were perfectly attached, but they were, and the business has carried on very well.

Jason Napier - UBS: Okay. So finishing just off on Wealth and on that piece in particular, could you give a sense as to how material non-Hong Kong is in the growth story of Wealth writ large?

Manus Costello: Very material. And you can see we gave, I think it was back in '24 we gave geographic disclosure. Hong Kong and Singapore are our two biggest markets. Hong Kong is a little bigger than Singapore. Between them, they're about 60% of income with Hong Kong being slightly larger than Singapore. But I do think one of the factors and coming back to your relative wealth point about our business versus peers, one of the factors that we need to be well understood is that we do operate across a lot of different markets. Hong Kong, Singapore. Also, we have significant businesses in Korea, in Taiwan, in the UAE. And in the third quarter of this year, we had 11 markets which were growing at double digits. So sometimes this story is reduced to a Hong Kong, China story. That's very important for us. The global Chinese flow is about a third of our flow, but the other two thirds is doing really well as well. And we've seen very strong growth across a diversified set of markets and a diversified set of products.

Jason Napier - UBS: Yeah, you're right. Sometimes it does feel like the narratives condense Stan Chart into one product, one geography business, which it clearly is not.

Manus Costello: And certainly, when I speak to my colleagues across the WRB, the Wealth and Retail Banking business, they are busy opening wealth centers in Seoul, in Taipei, in Kuala Lumpur. Those businesses are growing very strongly as well.

Jason Napier - UBS: Right. Now one of the other bigger businesses in the group is obviously Global Markets. We don't feel terrifically confident that we can forecast it. Stan Chart over time actually has been, I think, unusually helpful in trying to separate flow from episodic. And there were previous terms about 15 years ago that we used to be given. Could you just talk perhaps a little bit about the sustainability of the growth that you're seeing there and in particular the extent to which it's a broader or better business than it used to be? Again, it's about part of what's driving Wealth is investment. Could you talk about what's driving Global Markets?

Manus Costello: There's a lot of investment that's going into Global Markets as well. I'm glad you find the flow versus episodic distinction helpful. That predated me, so I can't take any credit for that. But I do think it helps to focus people's minds on the largest piece of our business, three quarters of it typically, which is that flow income which we deliver from customers across both financial institutions and across corporates. If you go back, let's go back to 2015 when my boss took his job, that Markets business was dominated by the FX piece. There was some other bits of the business as well, but it was predominantly an FX business. What we've done over time is continue to grow the FX business, both in cash and in FX options as well, but also then build a much bigger Rates business. And what's been beneficial to us in that is that A, we've put the money into that business to grow it, but B, the markets that we operate in continue to grow.

So the geographies we operate in, I mean China would be the obvious example, have continued to issue more licenses for new products, have more liquid hedging instruments at different points on the yield curve. There is just more to trade and we've spent money investing in systems, et cetera, to enable us to trade that. And we've been growing our Rates business. As I said, we've showed that Rates has grown faster than FX over the course of the last period. If you go back and look at that flow business, it's grown at a double-digit rate. It's grown I think at a 12% CAGR over the last five years or so. So it really has been a business which has been growing sustainably well. This year it's more like 20%. It's been particularly strong and that is the fruit of some of the investments that we've made as well as a helpful market.

But we do think that that trend of continuing to see the markets we operate in deepen their potential, us invest into that and critically continue to build our market share with the largest clients. When that comes together, you get the kind of outcome that we've seen. And one of the stats that I put out on the Q3 call, which I think is really interesting is in 2019 in our FM business, our Financial Markets business, only 14 of our top hundred clients and we earned revenue of more than $5 million per annum from. That will now be all hundred of our top hundred clients will earn more than [$5 million]. So that gives you an example of how what we've really done is have a better product offering. They're not the same hundred clients, but they'll be broadly the same hundred clients, but gone much deeper and demanded much more wallet share for the product that we've got.

Jason Napier - UBS: Yeah. And this is another area where the sort of 10-ish percent growth guide is being dwarfed by current performance.

Manus Costello: Yeah.

Jason Napier - UBS: I mean, is something structurally gone on in the environment or should we ready ourselves for some normalisation at some point? The kind of Jamie Dimon, not much could get better. We just don't know how long it stays like that.

Manus Costello: It's definitely been a good environment and the plans that we laid out in May don't underwrite 20% growth in the markets business. You can see that from our non-interest income, the implied non-interest income guide that we've given. We have made some specific hires and put some specific investments into some of our businesses, particularly things like our electronic platforms in FX and Rates. We have a platform called SC Markets, which we've been investing in and growing, and we've hired people around that in order to promote that platform. It obviously helps when you put investment into something and the market is conducive because then you get the double benefit of it, but that's the longer-term structural growth piece that we're seeing there. And I do think those opportunities in our market will continue to grow well. The topic you're probably about to come onto is the internationalisation of the RMB.

That is something where we are very well-placed to continue to grow. To give you a sense of the scale of that, five years ago, that was about 5% of our income in our Global Markets business. It's now 10% and rising. So it is genuinely adding to the overall growth rates that we see in the business and we are very well positioned in that.

Jason Napier - UBS: Yeah. I certainly think that the role of Hong Kong in the internationalisation of the currency and the trade balance is one of the most exciting things about the business.

Manus Costello: We agree.

Jason Napier - UBS: Yeah. Coming onto net interest income, this is not a model run through, I promise. But there was an upgrade to guidance, 4% for the year. HSBC earlier this week were talking about perhaps the first time ever seeing good debt demand everywhere. Debt demand across Asia has been poor for a really long time. What are you seeing?

Manus Costello: We did see very strong growth in the first nine months of the year. We did also caution that we don't think that will continue necessarily into the fourth quarter. So we happen to have a particularly strong third quarter, partly boosted by the fact that we booked some lending related to the Indian FCNR scheme. So the third quarter was particularly strong. However, we are continuing to see good demand for what we offer, what we do with customers. We're very selective. We're very focused on building an originate to distribute model. We've laid out targets about growing our distribution faster than our origination over the course of the next few years. And our CIB business is extremely focused on making sure that that engine keeps turning because as you know, our goal is to produce a bank which is broadly 50/50 net interest income versus non-interest income.

So we always have a mind to managing our balance sheet in the most effective way possible. But there is undoubtedly a generalised pickup in demand for capital, in demand for lending in both the retail side of things and in the corporate side of things. I don't think it's as strong as our third quarter made it look like, but it's definitely a positive operating backdrop.

Jason Napier - UBS: And I know it's devilishly difficult given the complexity and diversity of the group, should we say, but can you explain a generalised uptick in credit demand in unbelievably volatile geopolitical circumstances? Why is this happening?

Manus Costello: I think you can explain it in a number of different ways. Some of it might be related to a geopolitical circumstance that customers want to ensure that they are investing themselves into growing new facilities. I mean, one of the sources of demand that we see are China corporates, for example, wanting to build supply chains around the world, and not just China corporates, but international corporates. So as people diversify supply chains, that will create Capex demands and that will create a cycle. So I think that's one obvious point which speaks to our network strength. I do think, I mean, we don't have any sizeable domestic lending in the UK, but I know there's a lot of debate about the state of corporate lending growth in the UK. I do think there's an element of post-COVID or even a prolonged period of time when businesses have not invested, there's a natural pickup in that, which is the case.

And then of course you've got other cycles which are coming along, which are moving the whole world from what felt like a Capex light cycle to a Capex heavy cycle over the course of time. So I think a combination of those factors has come together. It's not as if there's suddenly a huge spike in real estate lending or suddenly a huge spike in any individual industry. It's more generalised.

Jason Napier - UBS: Thank you. One of the other things you did at Q3 was to sort of align the guide for costs this year with the strategic target of cost income.

Manus Costello: Yeah.

Jason Napier - UBS: That does imply you're going to have higher costs than before. What did shareholders get for that?

Manus Costello: So the way we had given the guidance previously was to give an absolute cost number and an income growth number, which mathematically will come out as a cost income ratio. So as we move-

Jason Napier - UBS: It's not that different.

Manus Costello: ... as we moved, the implied guidance was always for a 60% cost income ratio. It's just that we were more explicit about that in the third quarter. And you're right, the reason we wanted to be more explicit about it in the third quarter was because that's where we've set our longer-term guidance and our 2028 guidance is for 57% cost income ratio. So it made sense for us to be talking in those terms. The reason that things move higher in that way is, A, there is just an element of performance. So, we do have to pay people when revenues go

well. A portion of our income, not huge, but a portion of our wealth income, for example, is mechanically tied to comp and to costs.

But the more important piece is that it gives us the confidence, as we're performing well, to invest more in both things which will drive our growth and things which will improve our productivity. So, it's a question of having that confidence to move ahead with projects across the whole bank, WRB, CIB, the core of the bank, to invest when we're generating that strong revenue growth.

Jason Napier - UBS: I'd not also heard Bill be as clear that the sort of money that's gone into Fit for Growth this year is sort of a persistent theme for the bank. 600 million of spend this year could arguably give you 900 million lower costs next year, but it's not going to do that.

Is that about growth potential? Is it about there are so many things that could run more smoothly? Help us understand why you don't get a non-linear expansion in cost-income gains from here, given how much money is going into the business this year from that project.

Manus Costello: Fit for Growth, which was a three-year scheme that we've run, which will end in December, was a specific discrete scheme where we took CTA charges below the line initially. We've subsequently changed it and brought them above the line, but initially below the line, which had a certain set of criteria around that program. That program, as guided to and as expected, will end this year. And it's been a tremendous success, both in terms of what it's enabled us to deliver, but also what it's enabled us to learn about how to make our bank more efficient, how to make our customer experience better as well, because a lot of the stuff that we were doing there was helping to invest into the customer experience.

Now, that doesn't mean that you stop in '27, '28, '29, whenever. You keep on investing into the bank, you keep on investing to drive the top-line growth, you keep on investing to make sure you've got the best operating leverage you can get. We're moving from a discrete below-the-line three-year program to a program of continuous improvement as we make sure that we deliver. Against that, we're doing a 60% cost-income ratio this year. We've said we'll get to 57%. We've said we'll deliver positive jaws, and we've said that we'll do a RoTE of at least 15%. So, clearly there are important guardrails on us within which we're driving this, but it felt like the right time for us to just be much more explicit about how we were managing things.

Jason Napier - UBS: Yeah. I mean, on all of those numbers, unequivocally you get to very strong EPS growth. I mean, it is a high-growth bank on those pieces of guidance. Your predecessor spoke quite a lot about a very large piece of structured governance that went around for growth.

Manus Costello: Yeah.

Jason Napier - UBS: Does that live on? How does that sort of educate you on where to put the next restructuring sort of dollar in '27 and '28?

Manus Costello: A lot. The specific governance around Fit for Growth will fall away because that was to do with how you book the CTA, what the payoff profile of the exact project was, et cetera.

Jason Napier - UBS: Right.

Manus Costello: And so, there was a specific agreed set of criteria for something to go into that. But the kind of things which we have invested in are the kind of things that we can carry on investing in: better digital platforms in our wealth business or in our retail business to enable, for example, better mortgage processing times, better pricing times. There's more we can do there-

Jason Napier - UBS: Yes.

Manus Costello: ... but we've learned how to do that.

We invested in CIB, and we can still do a lot more here, into programs to make the documentation around our trade business more effective and more efficient.

We invested in the core of the bank in a platform which has reduced the number of systems that we have for dealing with third parties from 10 to 1, which reduces our onboarding time for third parties dramatically.

These are things... none of them are particularly sexy... but they're things which will improve employee experience, improve customer experience, improve the efficiency of the bank, and which are repeatable things because there's lots of other areas that we can do that.

The common process, the common theme running through them, is some form of straight-through processing, is some form of automation, standardising, digitising, automating processes. We've started on that journey like most other banks. We've still got a long way to go.

Jason Napier - UBS: Lots to do. Last question on cost. From an external perspective, we often get these charts where you've got like, I don't know, 4, 5, 6% of opening costs saved in gross cost terms, and then a remarkably similar investment growth inflation performance bar.

What would you advise investors to do with the gross numbers? If you've spent 1.3 billion to save 1.3 billion, that's a slam-dunk argument. You should do that all day long. But if the nets tend to be up three or four of what utility are those gross costs saved numbers to-

Manus Costello: Well, look, I think the 1.3 for 1.3 will enable us to take the cost-income ratio from north of 63% down to 57, because those benefits that we're seeing, they're not just going to be realised in one year. A lot of what they do... In fact, in some circumstances, they don't actually save money. They just enable you to build an engine which can scale more effectively.

Jason Napier - UBS: With more leverage. Correct.

Manus Costello: So, you can do more leverage across that platform in a much more effective way, or you can serve customers better to take market share, or whatever.

So, it can be quite tricky, I understand, to take those numbers and think of them in that way. But I think our commitment has been to the cost-income ratio and also to the positive jaws that we're going to deliver. And this year, if you believe our guidance, we'll do 500 basis points of income-to-cost jaws, and we should continue, maybe not at that rate, but we should continue to deliver those positive jaws next year and the year after. And that's certainly what we're looking to achieve.

Jason Napier - UBS: Before I continue online, there's a question at the back. Can we get a microphone there please?

Participant: Thank you. For a sort of generalist investor without all of the specialist knowledge, how should a long-term generalist investor think about the opportunity to bring technology and AI to radically change the cost-income ratio or costs of a bank? Less about the sort of quarterly guidance, but over the next, say, five years?

Manus Costello: It's interesting that you choose a five-year timeframe because I do think it will be quite a long process. We are doing a lot and spending a lot, but the process for us to improve our processes and to be able to apply AI and to achieve the benefits of that will take some time to come.

I think you'll see cost-income ratios continue to improve. I think there will be a degree of competition, though, that will mean that some of those benefits don't drop through. I was having a conversation earlier on a related topic about digital assets, about Wealth, and the ability for wealth to scale using AI and more technologically driven solutions. The truth is that you're not going to be able to achieve an enormous margin expansion from doing that, because it will get competed away.

So, I think what it will enable us to do is to become more efficient, to deliver better RoTEs, but I don't think you should assume that competitive forces will mean that everything else stays the same and it drops through completely. And I do think it will be quite a long process. It's part of what helps us improve. It is part of what's helping us improve over time.

Participant: Can I just follow up with that? And if you are a relatively smaller bank... Obviously, you're a big, very important bank, but if you're not one of these great Goliaths, how does that impact the ability to deploy all of the technology? I'm thinking on the cost-save side, but also from the sort of security side?

Manus Costello: I would describe us as a Goliath in the markets in which we operate. So, where we are competing, we have plenty of capacity to invest into all of the areas that we need to make sure that we've got... We're the third-largest affluent wealth manager in Asia. We've got big market shares across two of our largest... or three or four of our largest markets in Asia. We have a large technology budget to invest centrally to improve both the core infrastructure of the bank and also things like cyber, which you're referring to as well.

There's always a demand to do more. People always want to see more, but I don't see any area that we're in at the moment where we are not able to compete in an arms race for capital to invest in the bank at the moment.

Jason Napier - UBS: Another question here.

Participant: Question from here. Thank you. Hi. Just a quick one on the dividend payout ratio, which is about 30% in aspiration. That appears to have sort of been 31%, or whatever it was, a few years ago. It's come down, going back up towards 30% by 2028, let's say.

Why the fiddliness around that, given your positive jaws, your well-capitalised, everything's going well? Why not a little bit more on the dividend? It's not a very high yield, and I just think it sends a very good business-confidence signal. So, I'm curious on your thoughts?

Manus Costello: It's a fair challenge, and we laid out our strategy for capital distribution and retention when we had our May event, where we said, broadly speaking, about a third of our capital will be for dividend, about a third will be for growth, and about a third will be available for us, most likely, for share buybacks. But we kind of blurred the lines a bit between them because we didn't want to lock ourselves into anything specifically. So, our payout ratio guidance is actually over 30%. So, we have given ourselves the capacity to take action in any way we see. We do hear from investors quite a lot about the dividend yield. I understand that it's something which is important to people, unsurprisingly, and it's something which we will consider, but we were quite... despite questioning from some analysts, we were quite careful not to lock ourselves into too specific a capital distribution policy when we presented in May. So, we do have flexibility.

Jason Napier - UBS: Here in the front, please.

Participant: Thank you, Manus, you said you want to convince Jason and the market on sustainability of your returns. So just on that, obviously the business is going well, you're in a lot of the right places in the world, but to the extent you're planning forward and net new money growth is exceptional, even relative to market, margins are improving, et cetera.

But if you were to be glass half empty, which of those businesses... You're bigger in some markets, you're relatively decentralised in others, et cetera. But where do you think, if you were planning on what you think you know versus what might change, do you think business-wise is unsustainably high at the moment, and you would actually almost exercise caution on a three-year view?

Manus Costello: So just take that back a step, first of all. So let's think about it from a credit risk perspective, first of all. We haven't had dramatic loan growth, not until this year. We haven't extended ourselves hugely in credit. We've improved the credit quality of the book quite materially. We're now 77% investment grade. We've reduced the proportion of our unsecured lending in our retail book quite materially. So I think we've taken a bunch of actions which have put the bank in a much stronger position to withstand a downturn in future, at least from a credit perspective.

We've also taken a bunch of actions which have focused the business much more in areas where I think we have the right to win. I've talked about some of the things we did in retail. In CIB as well, we've really focused in on the areas and the geographies and the network opportunity where we think we have the right to win. We've got rid of some of the smaller customers who weren't serving as well. Within that, we have moved to a more non-interest income than net interest income bias towards our revenues.

Of course, that means that at some point those non-interest income revenues, it's the tenor of the questions that Jason was asking previously, could be more volatile. In wealth, there will be a period at some point where markets are more volatile, where investors are much more interested in buying much lower risk products or putting their money in term deposits and not wanting to invest in certain wealth products. We've seen those in the past. We'll see them again in the future.

In Markets, we've had a very strong period. It's possible that there could be a period where things slow down in Markets. Obviously, despite not being an NII-driven institution, if rates were to drop very dramatically, we'd have some impact from that. I think what I really look at though as the kind of beating heart of what the bank is doing, if we have a couple of more challenging quarters in Wealth, that's fine. I want to see the franchise continue to grow. Are we still growing net new money? Are we still building more customers? Are we still building out our franchise in those markets?

Similarly, in our CIB business, there may be ups and downs because of net interest margin in our transaction bank. Are we growing operating accounts with customers, which mean that that franchise is growing, and again, in our Markets, in our Banking business? So when I look at those trends and I look at the things that we're keyed into, I actually think they are all very well-placed for the next five years. I think our balance sheet is very well-placed. I think inevitably there will be quarters of cyclical volatility at some point.

Jason Napier - UBS: Any more in the room? There you go.

Participant: No one else is asking one. This is slightly off the wall perhaps, but you've been in India, what, over 100 years?

Manus Costello: Yeah.

Participant: And I don't hear you speaking much about the wealth opportunity there. And you're still sort of viewed as a foreign bank, I appreciate, for certain rules, but again, your philosophy and outlook on that would be great.

Manus Costello: Yeah. We talked quite a lot about India in the third quarter actually because we had this FCNR scheme, which was repatriating dollars back onshore to India, which we were a tremendous participant in. The wealth market in India domestically is quite competitive. We do have a position there. We have been switching the nature of our business in India. So we have reduced the number of branches. We used to have over 100 branches which were more mass retail.

We've reduced that number down now to I think 50 or 60, and we're much more focused on fewer shinier wealth centers that we've got in India. I visited ones in Chennai, for example, which are completely different to the kind of mass market branch that we had in Chennai previously. That goal is to service a different kind of customer, in particular global Indians. And I think we have got a big push to ensure that we are serving those global Indians.

Now, you don't just serve them in Singapore and in Dubai, you also have to serve them in Mumbai and in Chennai or wherever. And that's why we need to build out that whole infrastructure. But that global Indian piece on the wealth side is something where I think we can really compete very effectively and something we're putting a lot of investment into.

On the corporate side, we have been deepening our relationship with the largest Indian conglomerates. We have been helping them in a whole variety of capital raisings, in a whole variety of M&A transactions. It's a business which continues to go quite well for us. The macro goes up and down as you know, but it is definitely a franchise which is in a strong place and has got good growth opportunities for us.

Jason Napier - UBS: One of the questions brought up was around changes in the bank. And as you said, since 2015 at least, I think there's probably been a much more fundamental repositioning of the bank than many appreciate, not just the early investment in wealth and so on, but actually in where the RWAs are deployed and the return on RWAs that were acceptable under new management. So I think you deserve more credit than possibly you get for being early to a lot of trends. Digital assets is something you've spoken about more of than anyone I'm aware of, but Bill's been quite candid in the fact that he thinks digital assets are going to be very negative for treasury margins over time. Recently you bought in Zodia. There's a lot going on in that space. Do you want to just give us a two-minute coverage on what you've done and why you think this matters in the next few years please?

Manus Costello: I don't think I can give you a two-minute coverage on what we've done because there's far too much of it, but we have invested a lot both in our Ventures, things like Zodia where we're making equity investments, but also in our own fundamental capabilities to do digital asset custody, digital issuance, tokenised deposits, digital asset trading, crypto trading as well. There's a whole variety of different things where we think that as a G-SIB, we have a leading position to be able to offer those services to customers. And I think that that space will develop with customers over time and I think it will migrate towards G-SIBs or towards large, regulated banks.

Jason Napier - UBS: For regulatory safety reasons.

Manus Costello: Correct. Because if you have digital asset custody, partly because of customer reasons, partly because regulators will want to see it as well, there is a reason why people want to see the banks be a critical part or the critical part of the nodes of capital flows and capital security around the world. So we've invested in it because we think that a large amount of the natural transaction banking flow will go on chain over time.

That may take five years, that may take 50 years. It will take quite a long time for this to work its way through. I can tell you at the moment that the amount that we do on chain is very low. So the actual amount, the volume of transactions, there are certain schemes that are now picking up meaningful volume like the mBridge scheme in Hong Kong and China. But in general, the number of transactions we do on chain is still very low relative to regular fiat transactions.

The level of interest from customers is very high and will continue to grow, I think. And those customers will start to dip a toe in the water and start to realise the potential benefits of what they can do. For us, we need to make sure that we are continuing to defend our market share with that customer, that we are using this to propose new products to the customers that they may not have wanted to do before. So it will increase volume overall.

In the process of increasing that volume, that we increase our share because we've got the right set of products and the right set of understandings for that customer to deal with, and that we're able to cross-sell to earn our return on equity. So that process, in my view, it's highly unlikely to be a process which plays out over 12 months and sees volumes shoot up and margins collapse in a very quick period of time. This is a complicated process of banks, customers, regulators getting comfortable with the new technologies.

Jason Napier - UBS: And do you think it's like Wealth in the sense of being early was really quite important to how the business did? Or do you think fast-follower status, "This is the way we will plumb our modern banking"?

Manus Costello: I think in both of them. Being early helps, but it's definitely no guarantee of success. We weren't alone in investing in Wealth historically. I think we've had a bit more focus and I think our business has become now 75% focused on affluent, which has helped us. Similarly, we're not the only people investing in digital. It definitely helps with an initial period of getting a conversation with clients going, getting mind share, but it's absolutely no guarantee of future success now.

Jason Napier - UBS: Sure. Thank you. And with two minutes to go, one last question. If we are fortunate enough to have you back here a year from now, is there one thing that you'd like to change the market's mind on? Is there an area of execution that you really want to be able to say, "We nailed that over the last 12 months"?

Manus Costello: Look, I think coming back to the point that we were discussing previously, I really would like people to understand the sustainability of what we're delivering. I'd like people to focus on those longer-term trends that we have laid out our financial plan against and to understand that there's a multi-year runway for us to keep on growing here. So convincing more people, including all those in the room, that that's the runway that we're on is what I'd really like to achieve.

Jason Napier - UBS: Manus, thank you. Thanks everybody. Thanks so much.

Manus Costello: Thanks, Jason.