

Standard Chartered's Investor Event  
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*(Amended in places to improve accuracy and readability)*

**Delivered by:**

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**Jason Napier, UBS:** Thank you for having us here in Hong Kong and thank you for taking our questions. First of all, to Manus, and on behalf of the sell-side, congratulations. There's certainly hope for us. Manus, first, firstly for you, on the capital allocation piece that you were just describing, RWA growth is going to be a big focus, right? So, you've mentioned that about a third of capital generation goes to RWA growth, but then in the third bucket, you've also got RWA growth, and a lot of the income growth is balance-sheet-light. So, if you could be a little bit more precise about what you think maybe your footprint demands, or some other way to add colour on RWA outlook.

Then, Bill, for you, please, like really clear analytical framework for the way you think the world is moving. You use words like inevitable and inexorable. Could you talk about what that means for the balance between income growth and cost growth? You want to be ahead of everything. You want to be in the right places and invest it appropriately. How do you balance those factors in the delivery of jaws over the next three years and, indeed, over the next four?

**Bill Winters:** Yes, let me start with the second question, and then make a little bit of a tee-up question on the RWA comment. I know you directed that one to Manus, appropriately. Yes, we do have - analytical framework sounds a bit rigid, but I think we identified - we're going back years - some underlying trends, and we have been investing in that. We also understood, and you'll hear a lot about this from Noelle and Tanuj, that we needed to invest in our underlying infrastructure. If you're trying to optimise RoTE in the coming year, those aren't investments that you make, but we have.

Certainly, during that repositioning period, when income was flattish and costs were flattish, both down 1%, per Manus's slide, we definitely could have cut costs faster at the expense of the future. We definitely could have flattered income by not exiting those suboptimal RWAs, which would have had the unfortunate effect of not having that nice upward-sloping RoTE line over that period. So, maybe out of naivete, maybe out of confidence, maybe just because it's the right thing to do, we've been investing in the future all the way through. We're not going to stop now.

Now, we've got a more balanced payoff. The things that we've been investing in are paying off. So, it gets to 11.9% RoTE on the way to 15% and 18%. Obviously, a chunk of that also reflects stepped-up investment in Fit for Growth and other things. But we're not going to stop investing in the future. We are going to see an increasing amount of the fruits of our earlier labour flow to improving RoTE and EVA, which then takes me very quickly to RWAs.

Our RWAs have decreased significantly, but our balance sheet is more or less the same, i.e. density has decreased. So, we're finding very attractive ways to use our balance sheet in a higher-returning way. What we've always been focused on is returns, so optimised returns.

Of course, we have an eye to client franchise, and having gone through these RWA optimisation efforts at other banks - several of them, they're all called JP Morgan, but we kept on going through the same thing with different owners. You can go too fast. You can also go too slow. Then, you can get it just right. Only time will tell whether we got it just right, but it feels pretty good to us, in terms of pacing, a little bit slower than one might have liked, might explain why our share price went no place for the better part of five years. But we're definitely ending up in a good place. As the saying goes, all's well that ends well, not that we're done. Manus?

**Manus Costello:** Yes, it's not ended, Bill. It's just beginning. So, Jason, on the capital allocation framework, just to clarify, we're expecting 5% to 7% revenue growth, and what I was saying onstage was that our RWA growth, within our base case, will be below that 5% to 7%. That's what will drive the improvement in return on risk-weighted assets.

I was also saying that over the course of this timeframe, it is possible that there will be opportunities to deploy capital, which will take us above that 5% to 7%. If it can take us above that 5% to 7%, and if it meets our income return on risk-weighted asset hurdles, we will consider it. But just for the avoidance of doubt, that grey bar that you saw, the available capital, our planning assumption is that that will be delivered back by share buybacks. That's what we built into the model. We are not assuming any incremental RWA growth. We are simply retaining the ability to commit to that RWA growth, if it is EVA-generative and if it is the right thing to do for shareholders.

**Kunpeng Ma, China Securities:** Congratulations for this very strong guidance, and thank you so much for the very nice presentations just now. I also have two questions, the first for Manus. I'm so happy to see the exact numbers of the RoTE contribution from the two co-businesses, CIB and WRB. But can you give us a little bit more colour on the exact product categories or income categories of these RoTE contributions of these two businesses?

The second is for Bill, because this question is a bit rough, so I put it the second. So, as we have the guidance till 2030, so does this mean you're going to stay with us for the next four and a half years? Thank you.

**Bill Winters:** Let's go to Manus first, and I'll think about that second question, because it hadn't occurred to me that that might come up. Okay.

**Manus Costello:** So, thank you, Kunpeng, for the question. So, look, we don't give RoTE by product. I know some of you have asked for that in the past. It is complex to give RoTE by product, because the reality is that we look at our RoTE on a client basis and on a full relationship basis. So, looking by product is not right.

Hopefully, what you'll be able to take away from the presentation is that if you look at our CIB business, it, like the rest of the Group, will see its growth driven more likely by the engines of non-interest income. So, we would expect the Banking business, the Markets business to continue to grow more quickly. You've seen the good growth there. We think that will continue. Of course, within WRB, we expect to see our Wealth business continue to grow at a double-digit rate, as you'll hear from Judy a bit later on. But those are the trends that both underlie the Group, they underlie the improvement in RoTE within those divisions, and they're what we're comfortable in going forwards. I would just caveat that, because I'm now a CFO and I need to caveat things, but it is based on the current interest rate outlook, so we're using current curves for that. Of course, that could vary.

**Bill Winters:** To your second question, Kunpeng, am I going to be around to deliver this plan? Let me say what I'm going to do for sure. None of us can control perfectly our destiny from day to day. The number 1 is we're going to

take the team that you're going to see today and on Thursday, and that you're seeing from time to time, and continue to strengthen that as a team.

I think where we are right now - this is obviously my personal opinion, but where we are right now, especially with the addition of Manus as a CFO, it's the best team that I've had the pleasure of working with in Standard Chartered. I'm not saying that everyone is better than somebody else. I'm saying that as a team, it's exceptionally capable. This team, to different degrees, has been driving the improvement that we've had. I want to really lock that down.

Second is the delivery of this strategy. So, there's no major step-change in the strategy that we're laying out in these three days. What we're doing is taking a step back and saying the direction of travel that we've been undertaking and enjoying will carry on, but with the need for very, very significant ongoing modifications, in particular, as the state of the world changes, those external conditions. We think the strategy is quite clear. It's working for us. Really want to bed this down, and make sure that we're in an excellent position to deliver that 18% in 2030.

I can tell you, in 2030, if we're generating 18%, I'm not going to be doing high-fives with the team. I don't think that that's the potential of this Bank. But I'm not allowed to say that, because the slide says 18% by - around 18% by 2030. But this potential of this Bank is far greater. I want to do everything that I can to make sure we land that. We have, obviously, new members of the team, not least Manus, that I want to make sure are completely bedded down.

The final thing is, I would really like, when it's time for me to hang up the spurs or get my spurs hung up, that the next CEO comes from inside Standard Chartered. I can't control that. It won't be my choice. All I can do is prepare the team to the greatest extent possible, giving people the best opportunities. I think we have that talent inside our Bank. The Board will always, when they come to that, review the external marketplace, as we did for CFO, which is why we only announced this yesterday, whatever we might have thought the outcome was likely to be. So, I'm not taking anything away from what I think the Board will do.

But those are my objectives. Now, can I get that done in six months? Definitely not. Do I need 10 years? Definitely not. Somewhere in between.

**Chris Hallam, Goldman Sachs:** Just one question. It feels as though perhaps the core message so far is, you're sort of, in this event, asking shareholders to entrust you with a licence to redeploy additional capital into some growth opportunities, as and when they may become available. I suppose you kind of saw that a little bit already in Q1, and that would naturally cause a pivot in the way that capital is distributed versus invested.

With that in mind, it begs the question, how big is the growth runway you can see? Perhaps more importantly, as you get to 2030, and you've got the 18% target, when does that become a question of what you could do versus what you should do? Because you, the leadership team and the Board, need to think about, do we keep going and try and maximising returns, or is there a broadening of the product suite? Is there EVA opportunities that may be 17.5%, not 20%? So, where do you try and balance that RoTE maximisation versus what's right for the five-year forward in the business come 2030?

**Bill Winters:** Yes, it's an excellent question, and it is definitely the framework that we're considering. We're already making RoTE versus EVA trade-off decisions. I mean, we've got a wealth business with a super-strong RoTE. It could go further and further. If there are - and Jean will talk about this. If there are opportunities to deploy capital around that opportunity to generate meaningful EVA, that may not take the RoTE from 35% to 45%, that's still good for shareholders.

So, the mindset is already there, in terms of the incremental decisions that we're taking. I think you're asking, at what point does that flip the centre of focus for the entire Group? We'll get there, and we'll be watching that very carefully. I think we've executed in a very disciplined way, and we will continue to execute in a very disciplined way.

**Manus Costello:** The driving focus will continue to be to grow income in excess of risk-weighted assets. So, let's not take away from that as a very important focus we want to look forward to. I would just add to Bill's comment, you mentioned Q1. I think the point about Q1 demonstrates that quite nicely. We grew income year-over-year significantly faster than we grew RWAs year-over-year. So, all we're saying is that we see tremendous opportunities within our footprint to generate very strong value, and we have opportunities to deploy our capital to do that, and we will do that in service of delivering that 15%, greater than 15% RoTE, and driving up towards 18%. I look forward to the debates about at what point we should stop and maximise on EVA, but we've got a way to go.

**Bill Winters:** Yes, we do. I want to get back, though, to when we talk about growth, we inevitably are first drawn to income growth and the areas of profitable income growth. One of the great enablers of our growth is going to be what we have done and are doing on the infrastructure side. We'll obviously talk about that in the context of transformation. The opportunity for us to take these really, really solid foundations - you're going to have to form your own views just how solid they are. We think they're exceptionally solid, at this point, and to be able to deploy capital, deploy resources quickly, and with supernormal profits, by virtue of the underlying infrastructure that we built.

You work at Goldman Sachs. You have a reputation as a firm for having done that for a long time. I won't say that that's a role model. I don't think we're that far away from being recognised as a player that can deliver a best-in-class infrastructure that allows very aggressive, tactical reallocation of business lines and capital. You'll form your own views how close we are to that, but we feel pretty good, and that's at the thrust of - the heart of what Noelle and Tanuj will be talking about. That will absolutely enable growth in ways that we couldn't have imagined growing five years ago, or maybe even three years ago.

**Ed Firth, KBW:** I suppose one area I was very interested in hearing about was financial institutions and non-bank financial institutions, and that seems to be a very big area of growth for you and emphasis. It's also an area where I think a number of regulators have expressed concerns. I guess there have been a number of market concerns about what's going on in some of those areas. So, I just wondered if you could give us a little more colour about what exact areas of growth you're seeing there, and what competitive advantages that you see that you have, and perhaps how you're navigating some of the risks that do seem to be out there? Thanks very much.

**Bill Winters:** That's great. Thanks for that question. Roberto will be talking about that in some detail when we get to the ClB section. But the non-bank financial institutions is a pretty broad swathe of activities. So, I think maybe at the beginning of your question, you probably had private credit in mind, and obviously, it's been a lot in the press. We think, and have thought for some time, that the extension of credit from things other than bank balance

sheets was absolutely inevitable. It happened in the US for decades. Now, it's happening in a slightly accelerated way. It happened more recently post-financial crisis in Europe and Asia.

But it's happening for good reasons, and we are leaning into it. But we're also leaning into it very cautiously. Jason, our Chief Risk Officer, is here, who will be available to answer these questions, if you want to get an offline perspective, as well. But we don't have a big proportion of our loan book to private credit companies. We don't provide a lot of back leverage to private credit portfolios. We do a bit of each. We do some subscription line to underlying funds.

Mostly what we do with the private credit companies is we originate credit and sell it to them. Sometimes we sell it clean, as in the way we bought it. Sometimes it gets restructured or sliced or diced in some way. But we do that because they've got a lower cost of capital than we do in some areas, or they're just a better bid for some other reason. That is something that I think is inexorable.

So, we've seen the mood music change in regulation. The US obviously has gone from seeking to add a material amount of capital to US bank requirements, but kind of back down to where they started. They haven't gone backwards. The UK and Europe have also stopped advancing the capital engine, as it were, but they haven't gone backwards. I don't think we're going to see big releases of capital by regulation, and I don't think we're going to see a big increase in cost of capital from the non-banks on the back of the credit cycle. They may converge a little bit, but it just makes sense for credit to reside in the hands of people that aren't carrying a lot of leverage, and that aren't undertaking a lot of maturity transformation. That's not a bad thing, as long as we can continue to originate credit and distribute it.

Insurance companies are kind of the same thing, but obviously under a different regulatory umbrella. But insurance companies have reasonably complex operational requirements, and we are, amongst many other things, an operational bank. So, we have very deep relationships with institutional asset managers, represented by many of the people in the room, insurance companies, pension funds directly, sovereign wealth funds globally, who need us for operational reasons, they need us for acquisition of assets, they need us for managing of risk associated with their portfolios in the markets where we operate.

We needed to build quite a strong service infrastructure around those non-bank institutions. We were very poor 14 years ago, and I've mentioned in this kind of grouping before, one of the very large asset managers in the world, happened to know the principals quite well, said to me on my first day in Standard Chartered, or in the first few days, we rank our broker-dealers, you're 17 out of 17, and frankly you're only in the list of rankings because we have to deal with you because of the markets where you operate. Otherwise, we wouldn't be talking to you at all. So, that's very helpful. But what do we need to do to get into your top three or five, excluding equity trading, which we don't do?

They said, oh, you're going to have to handle the inclusion of multiple funds for a particular trading strategy. You're going to have to cover the markets where we operate. You're going to have to have an account opening and compliance regime that doesn't incur massive amounts of brain cell loss every time we talk to you, et cetera. We invested very deliberately for years after that. We're now top one, two, three, always in the markets where we operate, and top three, four, five in G10, ex equity trading. Through operational improvement, and then the hard work and personal relationships developed by our relationship managers, but none of that came easy, but it was very deliberate.

But where did it start? We heard from customers what they wanted us to do, and then we did it, not different than what you'll hear from Judy. I'm not changing the subject, but the customer improvements, customer satisfaction improvements in Wealth Management, during Judy and Ben's and Mary's time running that function, have gone from bottom quartile to number one. It didn't happen because we had better products. It happened because we invested in customer service and customer satisfaction. So, for non-banks, being relevant, understanding what they want, originating product for them, providing the ancillary services that come along with that, and then continuing to grow.

Okay. Joseph.

**Joe Dickerson, Jefferies:** I thought it was very interesting, the point you made on the efficiencies that come from the liability surplus. So, this is the first question. What deposit growth have you assumed over this plan? Is it roughly in line with the income growth? Because there's clearly a very favourable trend coming from the mainland, particularly this year, in terms of deposit maturities and so forth, some of which could make their way south of the border. So, what's the deposit growth there, and could there be any scope to augment the 50 basis points?

Then, I'm sure this will come up in another session, but you mentioned in the release today the migration of some of the WRB clients into Mox. Across the franchise in WRB, what is the opportunity to, for lack of a better word, push clients or transition with them into digital banking? Is there a broader opportunity, in terms of ROE and income here for the Bank?

**Bill Winters:** Quickly on that, Judy's going to cover the second question very, very directly in her comments, so I'll save that for her. But you've seen a changing composition of our Retail business, obviously, the 70% up to 75% of income coming from affluent. But you've seen a very aggressive reshaping of our mass market portfolio, including the investments in the digital banks, but also the divestitures of a number of the mass market businesses across, in particular, our smaller markets, which is ongoing as we speak.

The migration of individual - you've also seen asset dispositions of unsecured loan books or asset pools in India, Korea, et cetera. We'll continue to optimise there. But then in Hong Kong and Singapore, you're seeing a migration of unsecured assets into the digital banks. Lower cost to serve, surplus deposits in those entities that can deploy effectively into those asset bases. This is all in the spirit of ongoing optimisation, but also recognising that in some very important markets like Hong Kong, mass market banking is very profitable. In its own right, we have a good position. We want to make sure that we grow that.

But again, I don't want to take too much away from what Judy's saying. But that sort of leads into the whole deposit question.

**Manus Costello:** Yes. You'll note, Joe, that we haven't put out loan growth targets or deposit growth targets for a reason, because we see those as outputs rather than inputs to what we're going to achieve, as we seek to move our business to improve return on risk-weighted assets going forwards. Your assumption about what underlies the plan will be broadly correct, and within that, you should assume, as I was implying on the slide, that our WRB base will grow somewhat faster than our CIB deposit base. But actually, on that slide, it may be worth just asking our Treasurer, Dan, who is here, Dan Hodge, if you want to say a couple of words about future expectations on how you think that will impact returns.

**Daniel Hodge:** [Yes, absolutely]. Thanks very much for the question. No, I completely agree with that. We're not giving overall targets for growth in the funded balance sheet, but it's very much a mix, the mix improvement, and so what we're saying is that the 50 basis points is coming from two areas. Firstly, the weighted average cost of funding of our liabilities is going to fall, and that's because we're actually growing all sources of funding. Don't get the impression we're starting to shrink [corporate cash wholesale]. We're growing them all, but we're growing the cheaper, more stable retail funding at a faster rate than the other sources of funding.

So, you get that mix enhancement. Because you're growing the more stable deposits at a faster rate, it means you actually need to hold less liquidity per dollar of funded balance sheet, and obviously, so the average Treasury asset's going to yield a lower spread, and that will lower NIM [than] the average commercial assets, so it's the combination of those things together that generates 50. Can we do more than 50? Obviously, we'd like to, and we constantly seek to try and optimise the balance sheet, and so the volume and the mix of our funding and what we do with that funding across our various legal entities.

**Bill Winters:** Thanks. Great.

**Andrew Coombs, Citi group:** I'd just like to come back to capital allocation. If I look at slide 35, your uses of capital over the last two years versus the indicative use of capital going forward, it is quite a marked step-change. You're obviously very heavily weighted towards buybacks. You're now talking about this third, a third, a third mix. So, just in terms of the RWA development from here, is it because you think you've already transitioned to a more capital-light and efficient model and there's less to do on RWA takeout, or is it because you see more opportunistic ways to deploy the RWAs going forward? I'm just trying to think of the gross parts of that RWA equation.

Then, the second part to it. I appreciate there's nothing inorganic in the plan, but at the same time, I think this is the first time I can remember you explicitly calling it out in the slides as a potential. So, can you just talk about high hurdle rate, where you think the obvious gaps in the franchise are, et cetera, et cetera?

**Bill Winters:** Let me start, and Manus will definitely fill in. We had \$80 billion of suboptimal RWAs when we started this. We're down into the - depending on how you look at it, the [\$9 billion to \$19 billion] range. Some of that is just stable. There's always going to be an in-and-out of clients that haven't generated strong returns over the past three years, but that we are happy to continue to invest in. So, we can definitely squeeze a bit more out of the low-returning RWAs, but that's just a matter of hygiene and ongoing discipline. I think it's very well-embedded. Roberto will talk about that. There's not a huge opportunity to expunge big chunks of RWAs in the ordinary course.

Obviously, we could divest things, and then some of the mass market retail divestitures are expunging some RWAs. They're not low-returning. They're high-returning, and we're getting paid a premium for those assets, as it happens. But that's not really the point.

The opportunities to deploy assets are quite interesting. Right now, obviously, we've had some mini-wobbles in the market, on the back of some of the private credit noise and a couple of frauds that have caused spreads to increase a bit, but spreads are still quite tight. So, the deployment opportunities are likely to be episodic and idiosyncratic. But we've got the capital to deploy there if we want, which is why we give ourselves some breathing room.

We're only going to deploy capital into RWAs if we're getting a good return. There's nothing that we have to do. So, those are just opportunities, and that's why Manus refers to available capital being deployable into a number of things, including RWA growth, if we can generate creative returns.

In terms of the inorganic, I think we went to great lengths - of course, everybody wants to know exactly what the criteria are, and we will know it when we see it, but we know that the bar for strategic relevance is very high. We spent a lot of time focusing our Bank into things where we see core competitive advantages, highly unlikely to deploy capital into something that isn't directly related to one of those core and tried-and-tested competitive advantages. We further said that we are very happy to buy back shares at anything like this price, because we see - we've guided you to an 18% return on tangible equity from 11.9%. We think that the market is pricing in something a lot closer to 11.9% than 18%.

So, that's kind of a simple observation. We would love to own more and more of our shares. Something inorganic would have to exceed the financial returns and be strategically relevant. If we had something in mind, we could talk about it. We don't. So, beyond that, it becomes hypothetical.

**Manus Costello:** It may be the first time you've seen it on a slide, Andy, but it's not the first time that we've said it. It's a statement of what we've been saying previously. So, there's no change in our position. Just because it's on the slide, don't assume there's any change.

In direct answer to your question on RWAs, I think it's both, really. It is because, as Bill said, we've been very successful in driving down the level of sub-optimal RWAs that we've got on the Bank balance sheet. We still have more to do. We'll always have some sub-optimal, but we will continue to work on that. But that pool of sub-optimal is somewhat lower, and it's because we are more confident in the outlook. We are more confident in being able to see ways to deploy our capital.

But just to be clear again, deploying capital is not the objective. The objective is to maximise growth and returns. We will use the capital to do that in any way that we can. But we have regular conversations at a client level, at a business level, and at a Bank level about how we can make ourselves more efficient, both in our new business and in our existing business. So, deploying capital is not an end in its own. The end is driving the business forward in the maximum value-generating way possible.

**Guy Stebbings, BNP Paribas:** Another question on capital, but this time on the CET1 target, which you kept with 13% to 14%, which I guess was expected, but talked about more operating - perhaps more in the middle of that range on average, rather than slightly above it. I guess the context here is some US banks have obviously seen a reduction. We've had the Bank of England talk about changes, but without necessarily moving things materially, at this stage, in terms of the real core of requirements.

I guess I'm thinking out to 2030, and how much we think of that target as very much, it's going to stay there, or whether it was considered that you might tinker it more, or whether there's much you would need to see from the regulator before that target could be shifted down slightly. Thank you.

**Bill Winters:** We actually have a fair amount of capacity above our regulatory minimum. So, we have quite a large buffer. That's part of what gave us comfort going - being more actively dynamic throughout the 13% to 14% range. We just reset that verbiage around our capital range, so we're unlikely to change that anytime soon. But we are perfectly comfortable, as we've already demonstrated, going down into the bottom half of the range. It's not

because the world is a perfectly wonderful and peaceful place. There's plenty of scenarios that we could worry about. But we think that we've built in a resilience in our business that allows us to be just much more dynamic than we have been.

It'd be interesting, as you go out to 2030, and we imagine the kind of capital generation around an 18% return on tangible equity, and the business mix shift that we've indicated quite clearly, in my and in Manus's comments, and it will be very clear through the subsequent presentations, that structural business mix shift also makes the Bank much more resilient. Manus made the point about the lower risk profile of the Bank. A more resilient, bigger profitability buffer, and different mix shift, higher-quality mix shift business, may very well allow a structurally lower level of capital to be run.

It's not in our models. It's not something that we're guiding to. But when we're thinking about upside from here, that's certainly one source of upside, in terms of incremental capital returns. It just comes from the fact that we built a more resilient - we will have built a more resilient business.

**Manus Costello:** But it's not, just to clarify, that the assumption out to 2030 is the midpoint of the range. We continue to have that within our model.

**Kian Abouhossein, J.P. Morgan:** Yes, thanks for taking my question. One is on cost. You clearly outlined some further opportunity on cost. I'm just trying to see if you can unpack cost a little bit more, in terms of how you think about cost inflation, hiring, and the offsets around that. Then, the second question is a bit - and also platforms. I'm quite interested, are you done with back-office platform or middle-office platform, as the first investments to go?

Then, the second question is regarding more second order effects from the energy crisis that we're seeing, because you operate in a lot of countries which are energy deficit countries. I'm just wondering what risk you see in those countries, and how we should think about the risks going forward impacting you in particular.

**Bill Winters:** I'll give some quick answers, because we've got a whole section in transformation that Noelle and Tanuj are going to take us through. There's more platform investment to go, but we've broken the back of the - the major infrastructure is in place. We have some fill-in to do, including completing the rollout of our core banking platform to places like Korea and Taiwan, as the significant two remaining markets. I'd say that there is an obsessive cost focus. There is for me, and I know there is for Manus, but also from the rest of the management team, in terms of becoming a more productive company.

It's not about cost cutting, although that will be the result, for sure. It's about having a structurally more productive environment that is fit for future, given the financial markets and the financial infrastructure world that we're going into. It's design right in the first place, and then allow for genuine scale and growth with non-linear cost increases, far less.

But that's an obsessive focus, because we know that in this agentic commerce world and the digital money world, margins are coming down. Margins are always coming down in our business, but they will come down faster than in the core plumbing businesses in a completely AI-driven agentic world. We have to be ahead of that. So, there's an obsessive focus. I think we can win in that race. But obviously, we have to do that.

**Bill Winters:** On, geopolitical - yes, we watch very carefully. The global macro impact of structurally higher energy prices, obviously, it's driving inflation, which is leading to higher interest rates. We're seeing that in every market. We're seeing a pickup in inflation. Up to a point, that's a helpful thing for us.

Beyond that, it becomes, obviously, growth-suppressive and negative, and then we're looking at the particularly vulnerable parts of our footprint, where higher energy prices are taking what was, in many cases, a fragile recovery from the restructuring, post-COVID, increased inflation period, higher interest rates. A number of the markets in our footprint were beginning to recover. It's more challenging for them. We don't see anything that's flashing red, but there's plenty that's amber that we're watching, and calling that out along the way.

**Manus Costello:** Just to add on cost, look, we've given you our guidance for '26, which I should have made sure you'd seen the back of the pack, but that remains unchanged. We've given you the 2028 guidance, but really, we have a wonderful session coming up with Noelle and Tanuj to talk about those platforms more, so I'll leave it there.

**Perlie Mong, Bank of America:** Just a quick follow-up on cost. AI investments, it looks like a lot of your cost planning is based on productivity and probably helped by AI. I think it's probably fair to say that as a sector, we're still quite early in the AI investment cycle, just because of how quickly things have moved on. So, how are you thinking about that investment piece? I can't help but notice that Fit for Growth, we still have about a third left for that. So, how much of that would be potentially earmarked for AI type investments? So, that's number 1.

Number 2, very quickly on wealth, I don't think there is a debate that the wealth flows are coming, and coming thick and fast. But in terms of the channels it's coming, so far, we've seen a lot of growth from mass affluent, but it looks like a lot of people are now talking about the generational wealth transfers and family offices. So, how do you see the different segments of the wealth flows coming through? To tie that into the AUM, I've noticed that you've brought forward that net new money piece, which is about \$50 billion per year average now, which is actually quite similar to what you've done in the last five quarters, average.

Now, how do we think about the margin piece? Because if you're doing a similar amount of net new money mechanically, you would expect the fee income growth to slow down, but in Q1, we've seen 30% growth. So, how do we square that piece?

**Bill Winters:** We're going to kick the wealth question entirely to Judy. I think we've given the high level. You understand our conviction, and we'll get to that. We've not broken out an AI cost number, because having built the platform that Noelle will describe in just a few minutes, the AI is now embedded in everything that we do. Almost every process, almost every productivity program, almost every revenue investment has an AI component. It's almost meaningless at this point to say, what are we investing in AI? It was not meaningless to get the infrastructure layer right in the first place. That was a meaningful investment, but it's built at this point, and it's working. As Noelle will say, there's hundreds of models that are operating on that platform, and billions and billions and billions of tokens being processed in the various use cases.

So, AI will be centrally important to the productivity initiatives from here as well, both from a diagnostic perspective, identifying the inefficiencies and vulnerabilities, but also in automating process and removing burdensome - either human or machine - interventions that can now be done much more efficiently through a gen AI machine. Noelle and Tanuj are going to talk about that in some detail, so let's just save that for a few moments.

**Manus Costello:** On the Fit for Growth program, we remain committed to finishing it this year. The numbers are as we've guided to previously. We will stick to it. There's been no question of redirecting those funds into some other way. It's a discrete program, which we've talked about. You'll hear - and this is a good tee-up for the coffee break and the next session - about how we are turning the learnings from Fit for Growth into a muscle that we're using going forwards.

**Bill Winters:** That's great. There will be more time for interaction and more time for questions. You'll have all of our colleagues on the management team available during their presentations for some of the deep dive. So, let's carry on.