

Standard Chartered's fourth quarter 2023 results presentation

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(Amended in places to improve accuracy and readability)

Slide 3 – Our strategy is driving success

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Good morning and good afternoon, everybody, and welcome to our full year 2023 results presentation. Today, we have two firsts: for the first time in my career at Standard Chartered, I'm joined by a new CFO, Diego De Giorgi, who succeeded Andy Halford at the start of the year, and for the first time since I became CEO in 2015, I'm pleased to say that we've hit our double-digit return on tangible equity target.

So first order of business, a very warm welcome to Diego. With over 30 years' experience in the global financial services sector, Diego brings with him a broad and unique skill set, and I very much look forward to working with him in the years ahead as we deliver the next phase of the group's strategy.

As we passed the double-digit RoTE milestone, I also want to recognize the immense contribution that Andy Halford made to that achievement. Andy joined the bank a year before I did and expertly navigated the group's course through some very, very difficult waters early in our partnership. Andy has been an invaluable member of the Management Team and a great partner for me and has been pivotal in getting the group to where it is today. I wish him the very best for his future.

As usual, I'll make some opening remarks, and Diego will take you through the numbers before we set out our plans for the next three years. And as usual, we will then both take your questions.

Our strong 2023 results are evidence that our strategy is working, delivering 13% income growth, disciplined cost control in an inflationary environment, and a prudent approach to risk management generated around a 240 basis point improvement in returns. This takes us above 10% RoTE for the first time since 2014. We've also made excellent progress in the strategic actions we announced in 2022. I'll talk more about this later, but I wanted to highlight a few specifics where delivery has been impactful in getting us to where we are today.

We took a deliberate decision to invest in Financial Markets and Wealth Management over the past several years, leveraging what we saw as distinct advantages for us. These investments leave us extremely well positioned, will drive income growth for years to come, and that growth is also somewhat less dependent on the interest rate environment. Whilst overall FM results were slightly down following a very strong 2022, Flow income was up 7% last year despite lower market volatility.

This income is supported by our investment in Rates and Credit products, digital platforms and cross-selling solutions. In Wealth Management, we've invested in relationship managers, products and platforms, building a wealth business of scale, which is the third largest wealth manager in Asia. With full reopening of some of our main Wealth markets at the beginning of 2023, we have seen over quarter of a million of new-to-bank Affluent clients.

We're monetising these new relationships at pace with Affluent net new money up \$29 billion, which is equivalent to around 11% annualised growth in Affluent assets under management. We remain fully focused on disciplined capital management. CCIB has delivered on its RWA returns and optimisation targets a year ahead of plan, and we have successfully embedded this discipline into BAU. Efficient capital management has given us the optionality and capacity to flex the balance sheet in support of an expected acceleration in client assets in a lower rate environment.

Our focus on capital-light business has, in part, led to a loan-loss rate below our through-the-cycle expectation in recent years. Now in doing all this, we've created a powerful equity generation engine, a full year dividend of 27 cents per share and a further \$1 billion share buyback we're announcing today brings total capital distributions to over \$5 billion since the 1st of January 2022, achieving our target almost a year ahead of schedule.

Lastly, after the usual seasonality in December, we've seen an encouraging start to 2024, particularly in Wealth and Financial Markets, supported by the investments we've made.

Slide 4 – Great execution on our 2022 strategic actions

Looking at the strategic scorecard in more detail. In 2022, we set out five actions that would help accelerate the delivery of double-digit RoTE. We've achieved several of these targets a year ahead of plan, and most others are well on track.

In 2023, CCIB delivered an income return on risk-weighted assets of 7.8%, having removed \$24 billion of low-returning RWA, ahead of target and time. We also grew Financial Institutions income to just short of our 50% target.

In CPBB, we achieved a 60% cost-to-income target one year ahead of plan as we progress towards the target \$500 million of structural expense savings. Around 85% of Retail transactions are now digitised end-to-end. We've done less well in growing the Mass Retail client base. In large part, this reflects a slower rollout of our Nexus platform in Indonesia. That said, in Nexus we've created an innovative digital platform, which gives us greater optionality as we explore how best to use this technology to grow our Mass market business.

Our other digital partnerships, for example, with Ant, and JD in China and Atome in Singapore are going from strength to strength. The Mass Retail business continues to act as a significant feeder for the Affluent segment with around 224,000 clients being upgraded this year. Nearly ahead of plan, China franchise operating profit is under \$100 million short of the target of \$1.4 billion. This is no mean feat, given the material profitability drag in the last two years of higher impairments in the China CRE sector and speaks to the robust health of our China business.

Our China franchise is not a proxy for China's domestic economy, but rather a proxy for the opening of China's capital and financial markets. Our strategy is to capture trade, investment and wealth flows and the Financial Markets activity that derive from this opening of China's economy. Consequently, for every \$1 we make in China onshore, we make about \$2 offshore. And this offshore income component is growing at a faster pace and a significantly higher returning compared to the domestic China income.

Having spent time in China over the past year, it is clear that in our focus areas, cross-border activity and new economy industries, activity levels are very robust and certainly much higher than the headlines in the West would suggest. We continue to invest in our China franchise, but moderated the pace given COVID impacts and levels of economic activity in some sectors.

The group has achieved 4% positive jaws in 2023, despite inflationary pressures and while maintaining our investment programme. We've achieved over two-thirds of our \$1.3 billion cost efficiencies target with one year to go. Our 60% cost-to-income ratio target is within reach, having achieved 63% in 2023. Generating enduring operating leverage is a central pillar of our strategy. And at the heart of the productivity programme, we will discuss shortly.

Slide 5 – Building on our achievements to deliver sustainably higher returns

As with all milestones, 10% RoTE is not the limit of our ambitions, but just the most recent point on our progression to returns in excess of our cost of capital. In my time with the bank, we've been increasing our RoTE on average by over 100 basis points per year, and we are as well positioned as we have ever been to increase RoTE targeting 12% in 2026.

As in past years, we will do this through income growth, expense discipline, ongoing transformation and active capital management. We have the right strategy in the right markets, and we have momentum. We will now build on that momentum to deliver sustainably higher returns. The financial framework we are presenting today is designed to do that. Through our hard work, focus and investment, we believe we have arrived at what we see as a virtuous circle. We generate consistent income growth across our markets and products, generating operational leverage, which allows us to further invest in growth. We will grow net interest income in 2024 and beyond as hedging, client asset growth and asset and liability mix benefits offset the expected reduction in interest rates.

Non NII growth will be powered by the significant investments we've made in Wealth and Financial Markets, which I mentioned earlier. We will accelerate our focus to simplify, standardise and digitise the group to our \$1.5 billion 3-year Fit for Growth programme, which, combined with a commitment to hold our cost below \$12 billion in 2026, will drive further operational leverage.

As Diego will elaborate, this is all about streamlining our processes, improving outcomes for our clients, colleagues and shareholders. We expect this to be transformational for the group, building on substantial foundations established in recent years. Taken together, these actions will generate higher returns and accrete capital. We will deliver substantial shareholder distributions over the period targeting at least \$5 billion of capital returns by 2026.

Consequently, we expect RoTE to increase steadily from 10%, targeting 12% in 2026 and to progress thereafter.

Now over to Diego to take you through the numbers.

Slide 7 – 4Q'23: Solid performance; 7% income growth

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

Hello, everyone. Thank you for joining today. I have already met some of you, and I'm looking forward to meeting more of you in the weeks ahead. Turning to the financials last year. In my remarks, I will be comparing year-on-year and speaking to constant currency unless stated otherwise.

The fourth quarter was robust with income up 7%. Net interest income was up 6% on further rate rises, and we achieved a net interest margin of 170 basis points.

Non NII grew 8%, but was down 19% quarter-on-quarter as we saw the usual seasonality in Financial Markets and Wealth Management. We managed costs well in the fourth quarter with operating expenses up 2% year-on-year, but lower quarter-on-quarter, delivering 5% positive jaws in the period.

Credit impairment was materially lower with a charge of just over \$60 million, reflecting much lower provisions in China commercial real estate relative to both the prior period and quarter.

We took a further \$153 million write-down in Restructuring relating to our associated investment in China Bohai Bank.

All in, a resilient fourth quarter with profits of \$1.1 billion, up 74%, which supported the delivery of our full year 2023 targets.

Slide 8 – FY'23: Strong performance; delivered double-digit returns

Turning to the full year. The headline is that we hit our double-digit return on tangible equity target, delivering 10.1% RoTE in 2023. Total income was up 13%. Adjusted net interest income grew 23%, and Non NII was up 2% as the continued recovery in Wealth Management was partly offset by lower Financial Markets. Expenses were up 8%, including further inflationary pressure and ongoing business

investments. These were partly funded by cost saves, and overall, we delivered 4% positive jaws for the year.

Credit impairments were more than \$300 million lower, reflecting reduced charges on our China CRE portfolio. Together, this generated underlying operating profit before tax of \$5.7 billion, up 27%. Our strong levels of profitability support a further \$1 billion share buyback, which we will take the pro forma CET1 ratio to 13.6%, back within our 13% to 14% target range.

Looking at trading momentum, as Bill mentioned, we are having an encouraging start to the year, especially in Wealth Management and Financial Markets.

Slide 9 – Rates benefit and strong WM in 4Q'23

Looking at product income more closely, we see a similar story to recent quarters. Cash management and Retail Deposits were the standards, up 83% and 74%, respectively, both benefiting from rising interest rates.

In Cash Management, we maintained pricing discipline and managed pass-through rates well to support margin expansion, notwithstanding lower average balances. In Retail Deposits, we saw both margin expansion and higher balances in part due to deposit campaigns across our major markets.

Mortgage income was down 62% reflecting our deliberate step back from new origination, given currently unattractive pricing dynamics with volumes falling by around \$6 billion.

Trade and Working Capital income was resilient, down just 1% despite headwinds from lower balances. This reflected subdued momentum in trade activity in some markets and customer preference for local currency financing in some products. This was partly offset by margin improvement as we focused on higher returning products.

The treasury loss of around \$900 million was mainly due to the impact of our hedging positions in a higher interest rate environment. This negative carry is more than offset by a corresponding increase in the net interest margin. Treasury also saw a drag from the cost of holding surplus liquidity during part of the year rather than it being deployed into client assets.

Slide 10 – NII growth supported by higher rates and pricing discipline

Adjusted net interest income increased 23%, driven by higher rates, with the net interest margin expanding 26 basis points to 167 basis points. Strong pricing discipline and pass-through rate management ensured the group captured the benefit of rising rates. This was partly offset by headwinds from ongoing CASA to TD migration and an adverse change in the mix between treasury and customer assets.

Average interest-earning assets of \$573 billion were up 1% or 7% excluding the impact of currency translation and our RWA optimisation initiatives.

Slide 11 – FM: Flow income continues to grow

Financial Markets income of \$5.1 billion was down 2%. However, adjusting for the non-repeat of \$244 million of gains on structured notes in 2022 income was up 3%. Product wise, Macro Trading was down 1% as lower FX and Commodities income was partly offset by a strong performance in Rates, where an expanded product offering allowed us to capture greater client wallet share.

Credit Markets was up 5% due to strong momentum in Structured and Project finance. Encouragingly, Flow income, which is over two-thirds of FM was resilient even in less volatile markets, growing 7% in the year. This growth in Flow income was partially offset by lower Episodic income due to subdued market volatility and lower issuance levels.

We saw similar trends in the fourth quarter with continued growth in Flow income up similar levels whilst Episodic income halved. Despite challenging conditions, we are now ranked the #1 in footprint G3 syndicated loan and bond issuance, and we gained significant wallet share in global FICC for financial institutions.

Slide 12 – WM: Strong growth in income and robust leading indicators

Wealth momentum was strong with income of \$1.9 billion, up 10%. Treasury products and Bancassurance were up 16% and 17%, respectively, while Managing Investments and Secured Wealth Lending were impacted by client deleveraging and margin compression.

Performance was broad-based as 3 of our 5 largest Wealth markets, Hong Kong, China and Taiwan, all grew income at double-digit rates. Two key leading indicators for future Wealth momentum deserves special mention. First, we onboarded over a quarter of a million new-to-bank Affluent clients in 2023, which equates to around 10% of our Affluent client base. New Affluent clients doubled in Hong Kong and Korea and grew well in China and Singapore.

Second, we have had the real success in monetising these new relationships and can do more as we look ahead. Affluent net new money was up 50% to \$29 billion, which is equivalent to around an 11% annual growth in Affluent assets under management. Importantly, around half of net new money was in Wealth products as opposed to deposits. As rates fall, we would expect our customers old and new to continue to shift assets from deposits into the broader Wealth products set.

The very high levels of new-to-bank Affluent customers and our success in monetising these new relationships was a strong tailwind in 2023, and we expect it to continue to accelerate. Client experience remains at the center of our Affluent proposition and is evident in our Net Promoter Scores, where we are ranked best-in-class in Priority banking across 9 key markets.

Slide 13 - Highly profitable growth in cross-border corridors

Turning to our cross-border business. We see our clients' supply chains and investment flows shifting and changing complexion. Cross-border income of nearly \$7 billion was up 31% and earns a return on risk-weighted assets of around 13%, which is at a meaningful premium to domestic business. Some corridors deserve special mention.

First, West to East flows where we connect to Western multinational corporations and financial institutions to our footprint markets in Asia and AME. This generated \$1 billion in income, up 32% in the ASEAN corridor and up 42% in the AME corridor. We're also well positioned to capture opportunities from supply chain reconfiguration in Asia, which is our biggest network engine overall, with intra-Asia income of \$2.2 billion, up 24%.

Last but not least, AME was our fastest-growing network region with income up 39% to \$0.9 billion, reflecting strong activity levels in the Middle East. We continue to invest across the corridors and are well positioned at both ends of the growing trade flows between our markets.

Slide 14 – 4% positive jaws in FY'23; 4Q'23 expenses broadly flat QoQ

Expenses were broadly flat quarter-on-quarter as we maintained cost discipline into the end of the year. Annual expenses of \$11 billion increased 8%, reflecting inflationary effects, ongoing investment and supporting business growth initiatives, such as new frontline staff and market expansion.

We continue investing at pace in FM and Wealth Management. These are the two big engines of Non NII income and will deliver sustainable growth in a lower interest rate environment. Investments were part funded by \$400 million of gross cost saves under the ongoing \$1.3 billion cost programme. Overall, we delivered 4% positive jaws in the year.

Slide 15 – Impairment down; portfolio remains resilient

Full year impairments of \$528 million were over \$300 million lower. This represented a 17 basis points loan-loss rate well below our through-the-cycle expectation of between 30 and 35 basis points.

China commercial real estate impairments of \$282 million were \$300 million lower and mostly related to top-ups on defaulted accounts, overlay movements and a very small number of new downgrades. We have reduced our exposure to China commercial real estate by around 40% since the end of 2021. The cover levels on defaulted accounts are high at 88%. And we retain a management overlay of just over \$140 million against further downside risks, given a sustainable recovery in prices and sales is yet to occur.

Our sovereign portfolio proved resilient with a net release of \$45 million in the year, reflecting recoveries of prior charges, and we continue to monitor this portfolio closely.

Retail impairments of \$354 million reflects normal flows into default and a slight uptick in delinquency trends across the year. An \$85 million charge in Ventures was primarily from portfolio growth and increased provisions in Mox where we have, as a consequence, tightened credit criteria and controls.

High-risk assets were up \$1.2 billion in the quarter. The \$1 billion increase in credit grade 12 accounts was substantially from a change in instrument on an existing sovereign exposure with no increase in risk. Early alerts were broadly stable in the quarter.

Slide 16 – Subdued demand for credit; stable deposit base

Touching briefly on the balance sheet. On an underlying basis, customer loans of \$287 billion were down 2% in the quarter and 1% in the year. We deliberately pulled back on new mortgage origination due to unfavorable pricing dynamics. Client demand for borrowing in a high interest rate environment was muted, but we expect the asset demand to pick up as rates drift lower. So far this year, for example, the CCIB book has started to see signs of growth as client activity has picked up.

Customer deposits were up \$10 billion in the quarter, following the success of deposit campaigns in CPBB. We were able to run off some more expensive treasury balances as we manage the LCR down to 145%, more in line with our historical average.

Slide 17 - Strong CET1; profit accretion enabling \$2.7bn distributions in FY'23

Lastly, turning to capital. Risk-weighted assets of \$244 billion were broadly flat in the year. Asset growth and mix changes of \$12 billion were offset by optimisation actions, of which \$10 billion were in CCIB. Negative credit migration principally related to sovereign downgrades led to nearly \$3 billion of additional RWA. Market RWA increased by just over \$4 billion due to portfolio growth and an increase in market volatility.

The CET1 ratio increased 10 basis points to 14.1% as we more than funded \$2.7 billion of ordinary shareholder distributions from accrued profits. The 20 basis points benefit on completion of the aviation sale was broadly offset by the 23 basis point impact of the Bohai impairments we took in the second half. We also saw 20 basis points gain from reserve movements as the rally in rates reduced losses on the fair value securities portfolio.

The new \$1 billion share buyback will take the pro forma CET1 ratio to 13.6% in the first quarter of 2024. So leaving a successful 2023 behind, let's now turn to the future.

Slide 19 – 2024-2026 financial framework

Our focus is on building on our double-digit RoTE and accelerating from here to deliver sustainably higher returns over the next 3 years. Let me take you through the financial framework that will guide the delivery of that outcome.

Income will increase in a 5% to 7% range over the next 3 years with 2024 income expected to be around the top of that range. In 2024, NII will grow to between \$10 billion and \$10.25 billion. Lower interest rates will be mainly offset by an expected low single-digit percentage increase in volumes and tailwinds from our hedging positions.

We are stepping up our focus on improving operational leverage and are committed to delivering positive income to cost jaws in each year. As Bill mentioned before, we are launching a new \$1.5 billion productivity and simplification programme we are calling Fit for Growth. This programme is designed to simplify, standardise and digitise the group to ensure we maximise the growth opportunity that is ahead of us.

Our loan-loss rate guidance is unchanged. We will maintain our disciplined approach to capital deployment with low single-digit percentage growth in RWA.

We currently expect the day 1 impact of Basel 3.1 to be no more than 5% of RWA, post management actions and pending clarification of the rules.

This financial framework will generate sufficient equity to support our plans to return at least \$5 billion of capital to shareholders.

In terms of returns, as Bill mentioned, our target is to steadily increase RoTE from 10%, targeting 12% in 2026 and to progress thereafter.

Now to look at some aspects of the new financial framework in a little more detail, beginning with net interest income.

Slide 20 – Deliver income growth: NII expected to grow in 2024 and beyond

We expect net interest income to grow to between \$10 billion and \$10.25 billion in 2024, and continue to grow thereafter. This because of four reasons. First, the impact of lower rates. The slide shows the impact of rate movements implied by market forward curves weighted across our key footprint currencies. This reflects market expectations that not all currencies will follow the same path in terms of the magnitude or timing of rate cuts.

The IRRBB disclosures are not the best way to estimate the impact of interest rate movements on our NII as they assume an instant parallel shift across all currencies and a static balance sheet, neither of which are realistic assumptions. Instead, the rate we have provided you is more appropriate for our balance sheet and currency mix. On this basis, we expect a 51 basis point cut in currency weighted forward rates in 2024 based on forward curves from earlier this year.

Second, moving to our hedges. In February 2024, the last \$12.5 billion of our short-term income hedges expire and will be reinvested at higher yields. This delivers a mechanical benefit of around \$400 million in 2024 with a smaller benefit of \$100 million in 2025.

Looking further out, our structural hedges continue to provide long-term protection to net interest income, particularly if rates fall further than the market expects. On these first two points, we have included slides in the appendix that cover structural hedging, rate curve assumptions and the usual IRRBB sensitivity disclosures.

Thirdly, as client asset demand picks up in a lower rate environment, we expect to deliver low single-digit asset growth across our businesses. Near term, we expect this mainly in Trade and Credit Markets with CCPL increasing over time and Mortgages growing later in the 3-year period.

Fourth, there will be benefits deriving from our assets and liability mix. We expect higher yielding client assets to grow at a faster rate than treasury assets and to be a larger part of the overall mix.

On the liability side, in 2025 and 2026, lower rates should drive benefits from TD to CASA migration as the migration trend we have experienced in the recent past reverses.

Slide 21 – Deliver income growth: FM and WM two engines of Non NII

We have built two strong engines of growth of Non NII that will support our 5% to 7% total income target. This year, Non NII accounted for almost half of the group's income. Financial Markets and Wealth Management represent around 70% of Non NII. Both these businesses have achieved long-term growth rates of around 8%. And we have invested at pace in recent years in both transforming their complexion and these investments are paying off.

We have scaled these businesses, expanded our product offering and diversified our client base, making income more resilient through the cycle. In FM, we now have a diverse business with unrivaled access to an expertise in emerging markets and a very credible G10 capability. Over two-thirds of FM income is Flow, which has continued to grow even in less volatile markets. We have increased the velocity of our FM balance sheet through our originate-to-distribute model and the build-out of digital platforms to support an expanded Macro Trading product set.

Our expanded product capability, including carbon trading and Structured Finance makes us more relevant to our clients as they search for yield in a lower rate environment.

In Wealth Management, we are now top 3 in Asia, where growth in Affluent assets are expected to outpace the rest of the world. We now have a significant opportunity to monetise over a quarter of a million new-to-bank Affluent clients onboarded last year. Net new money flows of \$29 billion in 2023 were broadly split between Wealth products and Deposits and the mix will continue to shift towards Wealth product as rates come down.

Slide 22 - Improve operational leverage: Fit for Growth programme

To improve our operational leverage, we're going to address the complexity that slows us down at times to make better, quicker decisions and create capacity to reinvest in our business. We are embarking on a Fit for Growth programme to simplify, standardise and digitise our business and improve our organisational effectiveness to deliver \$1.5 billion in savings. Fit for Growth builds on the foundations of all the work we have done over the years. It will improve productivity and our client and employee experiences while creating future capacity to reinvest and grow in a sustainably profitable way.

We will back our ambition with a commitment to keep costs below \$12 billion in 2026, implying a cost growth CAGR of 3% over the 3 years. The cost to achieve such saves will be no more than \$1.5 billion with the largest impact being in 2025. To further bolster growth, we will reinvest some of the sales into return accretive opportunities in the later years of the programme, but only once the larger part of the saves have been delivered.

Lastly, we will assertively manage the cost base whatever the income outcome. We will maintain cost discipline and are targeting positive jaws in each year through 2026.

Slide 23 – Return substantial capital to shareholders

As we deliver strong income growth and improved operational leverage, we expect to generate levels of equity that will support substantial capital distributions. We have a demonstrable track record of delivering shareholder returns, including today's new \$1 billion share buyback and the 2023 dividend of 27 cents per share, we have returned \$5.5 billion to shareholders since January 2022, exceeding our 3-year shareholder distribution target in just 2 years.

We are confident we will experience no more than 5% RWA inflation from absorbing the day-1 impact of Basel 3.1 in July 2025. The rules here still need to be clarified and we will increase our mitigating actions as we know more.

Looking ahead, we intend to return at least a further \$5 billion to shareholders between 2024 and 2026 and continue to increase the full year dividend per share over time.

Slide 24 – RoTE increasing steadily from 10%, targeting 12% in 2026 and to progress thereafter

So to recap, we expect to deliver total income growth over the next 3 years of between 5% and 7%, with this year around the top of that range. Our new \$1.5 billion Fit for Growth programme will help ensure we deliver increased operational leverage, positive jaws and costs below \$12 billion in 2026.

We expect credit impairments to continue to normalise to a through-the-cycle expectation of 30 to 35 basis points. And RWAs will grow at a low single-digit percentage with a continued focus on returns discipline. This will result in RoTE increasing steadily from 10%, and we are targeting 12% in 2026 and for it to progress thereafter.

With that, back to Bill.

Slide 26 – Uniquely positioned and confident in the future

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Thanks, Diego. Looking ahead, the structural growth opportunities in our markets are compelling, and our strategy is increasingly aligned to these. Capturing them will deliver value for both our clients and the communities in which we operate. Our footprint is home to some of the fastest-growing markets in the world. GDP growth of around 5% in Asia for the next 3 years is around double the rate of growth in the U.S. and 5 times the rate in the Euro area, contributing two-thirds of global growth.

We're seeing a shifting of investment flows and global supply chains across our footprint, driven by geopolitical tensions, the search for post pandemic resilience and changing patterns of economic production and consumption. These trends will support our business for years to come as our unique global network allows us to capture many of them. We are present in twenty one Asian markets and are the only bank with a presence in all ASEAN markets.

As one of the largest international banks, we have a significant presence in Africa and across six markets in the Middle East. Having recently launched operations in Egypt, we've reinforced our commitment to the AME region, which is a unique calling card for our global client base.

The scale of wealth creation in Asia and Middle East is compelling, and our Asia wealth franchise is the third largest by AUM. Our three financial hubs in Hong Kong, UAE and Singapore are well positioned as super-connectors, capturing growth in cross-border wealth flows. And lastly, as climate risks continue to rise by 2030, there is a \$2.5 to \$3 trillion per year financing gap, and we are in a position to profitably address those needs.

So with multiple opportunities for growth in our footprint, which our strategy has successfully captured, we're now focused on turbocharging our business to deliver sustainably higher returns.

Slide 27 - CCIB: Driving growth in high-returning businesses

Turning to CCIB's plans in more detail. We will continue to increase our focus on two distinct client segments. First, global Multinational clients and their subsidiaries who have significant and expanding operations at our footprint. And second, our Financial Institutions clients who are looking to invest more in our markets or provide banking and other financial services there. Growth in business and wallet share in these client segments, which are more intensive users of our cross-border and Financial Markets

capabilities, will support 8% to 10% growth in both cross-border and Financial Institutions income. It's also worth remembering that cross-border income and Financial Institutions clients generate higher returns compared to domestic and corporate clients, respectively.

In terms of products, we'll target growing our Financing income by 8% to 10% through our originate to distribute model, targeting our sponsor and Financial Institutions clients with a broader product set. As part of that, we've entered an initial partnership with a major asset manager to jointly underwrite Global Credit product for subsequent distribution. We hope to enter further arrangements to leverage our own origination and that of others across key credit market segments around the world.

Following the tough market conditions in 2023, we expect to be able to grow Trade and Working Capital financing income between 6% to 8% by capturing market share through strategic partnerships and digital channels. As we deliver on our \$300 billion of Sustainable Financing commitment, building on our strengths in carbon markets adaptation finance, biodiversity and blended finance, we now expect to grow Sustainable Finance income to over \$1 billion by 2025.

Slide 28 - CPBB: Building on strengths in Affluent business

The CPBB team will build on the exceptional levels of new-to-bank Affluent clients and net new money that we saw last year with a target of growing affluent net new money flows by more than \$80 billion over the next 3 years.

We have particular expertise in international Wealth clients, including fast-growing examples such as Chinese clients looking to diversify away from domestic property or equity markets. We aim to add over 100,000 international Affluent clients taking this cohort to over 375,000 by 2026. We also expect our Mass Retail business to continue to provide a robust pipeline of new Affluent clients, targeting the up-tiering of a further 800,000 to 1 million clients across the continuum over the next 3 years.

And lastly, we'll continue to grow customer numbers and scale through our partnerships, with partnership assets growing to over \$3 billion by 2026.

Slide 29 – Ventures: Delivering profitability and driving returns accretion

In Ventures, we aim to convert the exceptional momentum in our two main digital banks, Mox & Trust, into sustainable profitability. Mox has grown to over 500,000 customers and is the leading Hong Kong digital bank for digital lending and digital Wealth. Trust in Singapore now has around 700,000 customers, just over a year after launch, making it one of the fastest-growing digital banks globally. It has 12% market penetration today, and we aim to become the fourth largest retail bank in Singapore by customer numbers this year.

In the rest of the Ventures portfolio, we're making progress. We've launched 5 new ventures, including a digital asset base in UAE and Japan and profitably exited 2 investments. We're now serving nearly 600,000 new customers. We're targeting for the overall segment to be RoTE accretive by 2026.

Slide 30 - Strong progress towards our sustainability goals

Turning to the fourth pillar of the strategy we set out in 2021, Sustainability. The world will not achieve its net zero ambition without a significant investment into emerging markets, which represent one of the biggest opportunities to move at pace to low-carbon technologies. However, that transition needs to be just allowing those markets to meet global climate objectives without depriving them of their right to grow and prosper. Recognising that, we will mobilise \$300 billion of Sustainable Finance by 2030 and to date, had delivered \$87 billion against this commitment.

In doing so, we've grown our Sustainability asset pool by 16% with 85% of our use of proceeds assets located in Asia, Middle East and Africa. We continue to progress our broader sustainability agenda, including against our net-zero road map having announced absolute emissions reductions targets for the

oil and gas sector earlier this year. We've now set up emissions baselines and reduction targets in 11 of 12 high carbon emitting sectors defined by the net zero banking alliance.

As a result, our Sustainable Finance business has gone from strength to strength with income of \$720 million, up 42% this year, well on our way to deliver our 2025 target of above \$1 billion.

Slide 31 - Conclusion

So in summary, whilst pleased to have hit our double-digit RoTE target in 2023, we will now redouble our focus on the relentless march towards returns in excess of our cost of capital. Our unique franchise in the world's most dynamic markets gives us a strategic advantage and confidence that we can continue to grow even in a lower rate environment.

Our objective is to build on our achievements to date and the strong foundations that they have created for delivery of sustainably higher returns. To do that, we have to deliver strong income growth, particularly in higher returning businesses, improve operational leverage, making the group fit for growth and continue to grow shareholder distributions. As a result of all this, we expect RoTE to increase steadily from 10% to our target of 12% in 2026 and for it to continue to progress thereafter.

Question and Answer session

<<Operator>>

We will now go to our first question. And your first question comes from the line of Joseph Dickerson from Jefferies.

<<Joseph Dickerson - Head of European Banks Research, Research Division, Jefferies LLC>>

Congrats on a very clear set of targets for 2026. Two questions. How much of the trajectory to the 12% return on tangible do you believe is idiosyncratic? And how much do you believe requires improvement in the market backdrop or you could put it another way, how do you look at the revenue growth between idiosyncratic and macro? Maybe that's perhaps the better part of the question.

And then just in terms of the shareholder distribution target of greater than \$5 billion. You returned \$5.5 billion since 2022 at a lower return. Is the emphasis on greater than and what are the constraints there? Is it the \$1.5 billion cost to achieve plus 5% RWA inflation on Basel 3.1 mitigating some of that? Or is it just being conservative?

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Great. Thanks very much, Joseph. Thanks for the question. Thanks for the use of a sextasyllabic word right up front, trying to throw us on a Friday morning. But I get the point I think. the trajectory to 12%, what has to happen? We have to continue to do what we've been doing, which is to grow our income. Obviously, we've guided to top end of the 5% to 7% range in 2024 and then 5% to 7% thereafter. It's going to be driven by ongoing growth in our very strong Wealth and FM businesses.

The other Non NII businesses in Transaction Banking and Retail. And of course, it's going to be driven by what we've guided to, which is growing NII. How much of that is structural? I would say it's reasonably structural. But of course, key elements of that progression are market-sensitive, in particular, in Financial Markets and Wealth. But interesting to note, that we had good resumption of growth in the Wealth business in the second half of last year and through the fourth quarter. As we've indicated, we've had a good start to this year in Wealth, FM and other businesses. It's not because the market has been a super market. Obviously, our clients are probably disproportionately affected by sentiment in the Chinese equity market, China and Hong Kong, which has not been attractive at all.

So it gives me comfort that now with our diversified wealth platform, meaning Bancassurance, Fixed Income product, Credit product, Funds, single stocks, some alternatives, et cetera, that we can weather a fair amount of market up and down. The FM business clearly swings around. But again, it's really

important to note that we've been separating for a couple of years now for all of our shareholders, the Flow income versus the Episodic. The Flow income has been a really good, steady growth, 7% in the most recent period.

The Episodic has been more volatile, as we always said it would. So we had a relatively weak Episodic quarter, still positive, but well off the extraordinarily high levels from earlier in the year or in 2022. Is that idiosyncratic? Yes, to an extent, maybe by definition it's idiosyncratic, but have we demonstrated that we can generate good periods of Episodic income to complement that really, really steady flow income year after year after year? Yes, we have.

So I'd say it's largely structural, and I feel quite good about the income growth that goes to that. The cost management and Diego, who I'm going to hand to in a second, will for sure talk about Fit for growth. And the cost component of getting to a 12% plus, plus, plus RoTE that's just structural, but that's our structural, not market structural. We have opportunities to accelerate the transformation of our business, and we're going to do that.

And finally, you're quite right to point out that we've guided to \$5 billion of capital returns, in excess of, on the back of strong set of incremental guidance around returns and income and jaws growth. And obviously, like we did last time, we're going to do everything we can to beat that. We guided to \$5 billion over three years. We had \$5.5 billion in two. And we did that because we outperformed pretty much in every line of our underlying guidance, growth, cost and capital discipline. But we also know, as we go forward, that we have had unusually low loan impairments.

Now I know I've been sitting here for 5 or 6 years, saying that, it's not always been perfect, but we have consistently come in below what we consider to be a through-the-cycle number. Is that structural? Or is it idiosyncratic? Going back to your first question, a bit of both. I think we've structurally improved the quality of our underwriting position and the market has been benign for credit impairments, not in some horrible areas like China commercial real estate, but more broadly, yes.

And then as you point out, we've got Basel 3.1 coming in. I think we quite cautiously guided to a 5% inflation in RWAs. We don't know what the rules are. We've seen the consultation, we kind of mechanically go through the consultation and say, if that's what happens, and we don't do anything about it or we do just the minimum about it, it will get to 5%. But obviously, once the rules are clear, we will do something about it. And I would hope that we could come in below 5% RWA inflation, and we'll have to see what, if any, impact that optimisation or mitigating actions have on income. Very manageable in the overall scheme of things, as we've indicated throughout this whole Basel 3.1 progression. So yes, overall, I'd say that our 12% is substantially, but not entirely in our control. And capital returns, if we nail it, then as we have in the past, we could hope to increase that distribution number. Diego?

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

I would add just one thing. When we talk about using the full range of our CET1 range, we mean it. We've done it in the past. We've done it in 2022. We went to 13.2% pro forma for the share buyback, and we intend to use that dynamically as we say.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Operator, can we have the next question?

<<Operator>>

The next question comes from the line of Aman Rakkar from Barclays.

<<Amandeep Singh Rakkar - European Banks Analyst, Barclays Bank PLC>>

I had two questions on costs. Actually, one for each of you. First of all, Diego. Could you give us a bit more detail on the Fit for Growth restructuring programme and you're kind of alluding to addressing the various structural inefficiencies and complexities inherent in the business. So can you talk about exactly what they are? And is this around headcount? Are you looking to reverse some of the headcount inflation

that you guys have overseen over the last few years. I think we need more clarity and color on exactly what you're looking to address in the business?

And then a second one for Bill, interested in your broader reflection, on the structural inefficiency and complexities that are inherent in the business. This is a business that you've overseen as CEO since 2015. What is your reflection on the need to address these inefficiencies and complexities in your business? What's new in the approach that you and Diego are coming up with today? And why did we not actually just do this before?

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Thanks very much, Aman. Let me take the high-level question, and I'll pass it to Diego for the question that you directed towards him. In my time in the bank, we've gone from an initial period of, call it, clean-up. And part of the clean-up was dealing with really an extraordinarily large technology deficit. Meaning that we had quite a big obsolescence problem, and we had some really structural foundation layer work that needed to be done.

The deficit was closed relatively quickly because it would have been imprudent to do otherwise. The foundation layer which included things like migrating substantially to a single core banking system across the bank, migration of all of our HR and now financial systems on to a state-of-the-art SAP-based platform. That was work that we did pretty consistently over the past 5 or 6 years. And we've seen the results of that. We've been able to grow our expenses well below the rate of inflation consistently over 7 years, without major exits.

And we've had gross productivity saves, which have been substantial. We have reflected quite a bit on what we need to do now, let's call it the final push. And I don't want to suggest for a moment that there's ever an end to your technology evolution. Of course, the market has changed a lot during my time in the bank that we've gone from imagining the cloud to imagining having the bulk of our applications be cloud-based. I think we were probably one of the 2 or 3 most active and earliest banks in terms of cloud migration.

But now is the time for us to complete that task over the next 2, 3, 4, 5 years. We obviously built a few digital banks, Mox and Trust were the two that I commented on earlier, but we've got another dozen or so around the world and minority stakes in some really important ones in Korea, Taiwan and elsewhere.

And we learned a lot about how to create a bank from the bottom up through that process. And we're now in a position to deploy some of those learnings into the core bank into the mothership, as it were. And Diego is going to talk to this at length, I know. We have a real opportunity to drive a fundamental transformation of the way that we look at processes, not just end to end, always with the client in mind, but also horizontally. What are the shared services that we can introduce? What are the centers of excellence that we can develop to get that next substantial round of efficiency? And of course, in many cases, that means taking out existing infrastructure to replace it with something that's more fit for purpose, hence the cost to achieve. But yes, I'm actually extremely happy with the progress that we've made. I think it's inevitable, whether it's me sitting in the seat or somebody else, do you take the view that there's more that we can do. Let's get at it, let's get at it with vim and vigour. Diego?

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

So Fit for Growth addresses the complexities and inefficiencies that Bill has been talking about. And it's really important that we focus on the fact that it does that without affecting the revenue drivers of the business. On the contrary, it's built to really enhance and improve the profitability and the sustainable profitability of our businesses, the name is a good moniker. How does it do that? It enhances the experience of our clients. It enhances the experience of our colleagues, and it makes doing business with the bank easier. Three fundamental levers and one thing that runs across.

First, the reengineering of the core processes of the bank. It's a matter of leveraging the automation opportunities, the digital channels, you have seen in our previous plans to the point that Fit for Growth is a continuation of a path, an intensification of a path that the bank has taken in the past. You've seen

targets. We've had targets at times on straight through processing. We had targets in terms of automation and all of that will continue.

In order to do that, we need to deliver our services more efficiently, which is the second pillar of Fit for Growth. This bank has been at the forefront of right shoring. When did we establish the first? 30 years ago, okay. So when people didn't even call it that way, probably. But when we created that, we didn't know that at a certain point, we would have 14 units in 4 different countries. We can do more to create shared services, enterprise level services that cut across everything. And if there is one difference between our previous 1.3 billion productivity drive during the 2022 to 2024 plan and the current \$1.5 billion Fit for Growth is exactly as Bill alluded to before, to the fact of moving from looking at ourselves as siloes to looking ourselves horizontally. And that drives meaningful efficiencies that we are going to be working on in the years to come.

In order to do that, of course, one of the main levers, not the only one, but one of the main levers is technology. And so technology in the mantra of Fit for Growth means standardisation. We have a wide range of activities in a wide range of locations. And the objective is to offer standardised technology products to our people and to our clients in a way that makes us as efficient as possible. Now that means reducing the number of technology products and reducing the number of applications. We have some ambitious targets there that over time we will share with you.

And it also means improving the productivity of our engineers and make sure that they spend time where it matters the most, which is coding time. Throughout all of this, there is obviously an undercurrent of organisational design and the organisational structures and organisational designs evolve with time. For us, the heavy emphasis, as always, will be on the upskilling and reskilling of our people as the changes in technology lead inevitably to change in the composition of our workforce, I would say.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Good. Aman, I hope that satisfies. Operator, can we go to the next question, please?

<<Operator>>

And your next question comes from the line of Alastair Ryan, Bank of America.

<<Alastair William Ryan – Research Analyst, Bank of America>>

And just to echo Jo's comment. Thank you for the very clear plans, but of course, you have a call full of analysts, so you'd expect us to try and take them apart a bit. So into 2025, very modest loan growth, which I appreciate you face a high cost of capital and more hedging in place, but still, yield curves are downward sloping. So it feels like unless you're making more out of deposits or you've got higher yielding loans, net interest income is a bit of a struggle in 2025. So to get to 5% to 7% revenue growth, you need to be right at the top of your ranges on non interest income. So the question really is which of those pieces do you surprise positively to get into that range that you just set today?

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Yes. Great, Alastair. Thanks for the question. So there's a few moving pieces. Let's just do a quick recap of history. For the past, probably 8 years, but certainly, very specifically for the past 5 years, we've had a very substantial optimisation programme. Optimise means lots of different things. Obviously, it's had the effect of increasing our return on risk-weighted assets from under 2% to well over 7%, but it has involved a reduction in our loan balances and a reduction in RWAs associated with those.

Obviously, it has, to some extent, come at the expense of income, but obviously, it was contributing substantially to the improvement in returns. We're never done with the optimisation. The team is constantly reviewing every asset in the portfolio, every credit on our roster to determine whether we can get an adequate return from those clients for what we need to do to get that return. The optimisation will be ongoing. But the balance has clearly shifted from optimisation, weighing down the aggregate loan balance, hence NII to the growth part of our business, bolstering the NII to use that word.

So the first piece is we're going from down to up in terms of our approach to lending. The fact that it's happening at a time when some markets are actually quite attractive right now. It gives us an opportunity to shift the mix. And so when we look at some of the higher yielding asset categories, that we've substantially avoided, not entirely, you'll quickly point out that we took impairments against our China commercial real estate portfolio. But we're quite underweight commercial real estate in other markets. In fact, we were underweight in China as well, but it doesn't mean it doesn't hurt when it hits because it did.

We have been relatively underweight in leveraged finance outside of Asia, Middle East and Africa. We've been relatively underweight in unsecured consumer credit. These are all areas where we are actively investing to develop our capabilities to grow. These are higher yielding areas they'll contribute to some loan growth on the margin and will contribute to NII growth.

And then third, obviously, we have the benefit, both of the roll off of our existing short-term hedges, but also the opportunity now at higher yields to continue to introduce longer and bigger structural hedges, and that should support the NII even in the expected falling rate environment. So overall, yes, we're calling for NII growth because we're just well positioned for that in every way other than falling interest rates and that we partially mitigated. But Diego, I know you've been thinking about this one a lot.

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

So I think Bill has given you a very good tour d'horizon of the entire period. I'll stick for a second to the 2025 that was part of your question. Take whatever happens in 2024, take out the rolling out of the expiry of the larger part of the positive effects of the structural hedge, we indicated there is an additional effect in 2025.

Think of our hedges as protection against the untoward decreases in the interest rate environment. Think about the fact that asset classes start firing at different times in the cycle. And so certain of the asset classes will produce volume growth throughout the period. Certain will come in during later parts, and you mentioned 2025, we'll see whether in 2025, we see anything from mortgages in Hong Kong. But later on in the interest rate cycle, we'll certainly also end up going there. The asset mix continues to improve as more and more of these asset classes come in, we can increase the percentage of commercial assets in our asset mix and reduce the percentage of lower-yielding treasury assets.

As time goes by, in 2024, TD to CASA, in this case, migration limited, we'll see. As time accelerates and interest rates continue to decline, we'll see more of it. And I would say these are really the additional engines. That's how you should think about that. Obviously, always coupled with the fact that it's multiple engines of growth. We've been talking about NII because it's topical, but clearly, the Financial Markets and Wealth Management continue exactly along the lines of what Bill said.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Operator, can we go to the next question, please.

<<Operator>>

And your next question comes from the line of Andrew Coombs from Citi.

<<Andrew Philip Coombs – Director, Research Division, Citigroup Inc.>>

A couple of questions on Slide 52 for Diego, please, and then perhaps a broader one for Bill. Slide 52, you get the deposit mark pass-through and migration. You mentioned the successful deposit campaign driving the higher balances in CPBB, intrigued by whether that's a temporary campaign or something you're rolling out throughout this year as well? And then on the CCIB side, I think in your prepared remarks, you were still talking about CASA migration to time deposits, but if anything, it looks like it's already started to reverse, and it's quite a big move. So anything you want to say on that as well would be appreciated.

And then my broader question to Bill. If I look at Slide 33, the strategic targets for 2022 to 2024, there's plenty of ticks on the right-hand side, but the two crosses are on Affluent AUM and the number of Mass Retail customers. If I fast forward to your 2024 to 2026 strategic targets, you seem to drop the Mass

Retail target. Affluent has switched from being an AUM to a net new money target, but what gives you confidence in achieving that given what's played out over the past couple of years?

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Good. Thanks very much, Andrew. Let me just comment on the scorecard questions, and then we can dive into the detail on pass-through migration, et cetera.

The AUM target is probably the wrong target because, obviously, it's entirely market sensitive, markets are down, so AUM is down. The net new money that we generated over that period has been an extraordinarily exciting positive, and we feel sets us up very well for future growth. That's probably a better measure. So we just shifted. And so I think that's reasonably self-explanatory.

Mass retail, we set up twenty partnerships, of one description or other, a bunch of digital banks and then obviously, the organic efforts in our own main bank activities. And most of those have gone quite well. So a number of the partnerships that we set up across ASEAN markets have generated good growth. We've had ongoing good growth in China. We've added two new, very important partners in China with JD and WeChat Bank at Tencent.

The one that hasn't worked as well as Nexus. In Nexus, which is our Banking-as-a-Service model in Indonesia, which technically is excellent. It's completely embedded into the Bukalapak e-commerce platform. But we haven't had the customer growth on satisfactory terms. We had access to lots of customers, but not at the credit standards that we thought were appropriate or the return standards. The Nexus platform, because it's working so well, technically, we are rolling out in Malaysia. We're rolling it out to other platforms in Indonesia. And we're focusing as well on wallets as well as e-commerce platforms.

So I think that the technology investment that we made in that particular venture I'm quite excited about, but we didn't have the customer numbers. And we can say about lots of things, not just our venture space, but also in the main bank, that we have taken a test and learn approach. So we're doing lots of things. I would say most of them have been somewhere between a bit positive and very positive.

A few have been a bit negative. We made a few, I'd say big mistakes, but on very small numbers. And I would point to some of the loan-loss pickup that we had in Mox that we reported last year. Small numbers in the overall context of Standard Chartered, and learned a huge amount about our own approach to algorithmic credit scoring especially in a market where digital banking is new and where we're the most effective of them.

But this gives me confidence that we know how to grow this business and grow those numbers in a really sound profitable way. And the fact that our Management Team and our Board is prepared to try some stuff that isn't always going to work, but then really double down on the things that are gives me super confidence about our opportunities to grow that business. Why don't I pass to Diego to get into the other questions that you mentioned.

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

All right. So let me paint a little bit of a broad picture of the entire deposit environment. So first of all, you're right, we run campaigns at the end of the year, we always do. It's a particularly a Hong Kong thing, that is not something that is ongoing. What is ongoing is that, of course, we continue to drive towards an improvement of our liabilities mix because that is fundamental and drives efficiencies all across our numbers and allows us to be more profitable. Having said that, about the campaigns, we are quite happy with the results in the sense that we ended up growing deposits in CPBB by 12%.

And in Hong Kong, we gained something like 1 percentage point of market share. So all things considered, that is good. It's the right direction. It's in the direction of an improved liabilities mix.

Your point on CCIB, I wouldn't read much into it towards the end of the seasonality there. Towards the end of the year, this year was a case in point. We tend to have large inflows into those CASA, so not much change. If I zoom out for a second and I think about what's the path forward and you think about the

pass-through rates that we have seen on the way up. I would think of Retail as on a similar path on the way down. CCIB, still within probably that range, maybe towards the bottom end of the range from the point of view simply of increased competition. I would say these would be the key things.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Operator, can we take the next question?

<<Operator>>

We will now switch to web questions, and we will return to phone questions after. Gregg, over to you.

<<Company Representative>>

Thanks, Sharon. First question from Alastair over at Autonomous, 3-part question. First, please, could you give a little bit more color on the increase in CG12 exposures quarter-on-quarter and why there's no effective increase in risk? The second question FM has slipped over 4 quarters, while Wealth Management is about 11% of income, Mainland visitation may be plateauing. If these 2 areas are very important for income growth and jaws, can you add a little color on what should be improving in these two areas this year? And the third part of the question, could I just confirm that this is an aim to increase NII in both 2025 and 2026 sequentially?

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Good. Thanks very much, Alastair. On the CG12, Diego can give the rhyme and verse on our accounting treatment. But same risk sometimes gets classified as different things depending on the nature of the underlying risk, let's just say, repos versus loans or securities. So as these things flip around, we get some redesignations, but Diego will give rhyme and verse on this. I can tell you, I haven't lost any sleep over that particular increase in CG12.

The Wealth Management momentum and FM slower, let me take FM first. 2022 was a spectacular year for us and capping several years of strong growth to have come in more or less flat, or slightly down year-on-year is in a market environment that was less favorable without the same opportunities for the Episodic income that was characterised in 2022 as unusual. We share all this with you, I'm not sure most banks do.

I'm very happy the underlying Flow in FM continues to grow. And it doesn't grow because the markets are super friendly. It grows because we've got really good operational services, good linkages between Transaction Banking and FM, good, steady underlying customer hedging and Flow trading and very good technical capabilities to connect to our clients digitally and in a customer-friendly way.

And then when there are episodic opportunities, we're very good at seizing them. And they were a bit light in the fourth quarter of 2023 a little bit better in the early part of 2024, we'll see how that plays out. But I don't see this as anything other than a long-term positive trend.

Same with Wealth Management, the underlying demographics in our markets are just extremely attractive. And whether that's onshore savings in China or offshore savings in China, international banking, so dealing with customers that want to deal with us in markets other than their home market or across borders, these are huge growth opportunities for wealth coming out of India, wealth coming out of China, wealth coming out of the rest of Asia. And whether it finds its way into Hong Kong or Singapore or Dubai or London or Jersey, we're extremely well positioned to capture that.

So I think both those businesses represent really attractive long-term trends. Diego, maybe you can pick up the NII question as well.

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

So I'll take both. First, on the CG12 question. We thought of putting everything in the bullet point, but it would have taken half the page so we thought you would ask and we thought it would be more efficient. It's exactly as Bill said. It's part of a sovereign exposure. We used to hold it in bonds. We now hold it in reverse repos; shorter duration, no change in overall exposure in terms of credit. The difference is that

bonds are not captured in loans and advances, so they don't show up in the CG12 and reverse repos do. And hence, you see them there. So nothing there. And by the way, just of course, if there is a need to reassure you, but just to state the obvious whether they're in bonds or in reverse repos, there's ECLs and there is RWA treatment that takes care of making sure that the risk is equivalent. So that on the CG12 question.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Diego, did you have any other CG12 bonds lurking out there that we need to let everybody know about?

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

No. And if they were there, by the way, they would be ECL and RWA properly accounted. So it's all good. But we'll put another bullet point next time if there's a need. On the aim to grow NII in 2024 and 2026, I would say 3 things. We certainly have the ambition to do it. We have the levers to do it, which are the levers that we showed to you in the presentation.

I would point out that forecasting out to 2026 on something that is dependent on interest rates at a time when in the last 3.5 months since we last reported results, 1-year U.S. rates have gone 5, 3.8, 4.4 is a little bit of a difficult thing, but with those constraints, yes.

<<Unidentified Company Representative>>

Next question from the web comes from Gary Greenwood at Shore Capital. Will the \$1.5 billion of cost to achieve be taken below the line? Or with the operating costs? And therefore, is it excluded or included in your RoTE guidance?

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

Will I take it?

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Go ahead, Diego.

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

Very simple, below the line. It's a discrete programme. It's different. It's clearly identifiable and it will allow us in that way to report on our underlying business and make very clear what the benefits and the cost of the programme are.

<<Unidentified Company Representative>>

Final question from the web comes from Robin Down at HSBC. It's a 3-part question. First, could you give a little bit more color on what an encouraging start to the year means? I think you've already alluded to loan growth in CCIB, but does encouraging mean FM and Wealth Management revenues are up year-on-year.

Second part, I appreciate that the restructuring plans may not be fully formed from a bottom-up perspective. But could you perhaps give us a better idea of how the up to \$1.5 billion of CTA may be phased across the 3 years?

The third part of the question, finally, are there any numbers that you can share with us on your assumptions around the switchback from TD to CASA in 2025 and 2026. As part of this, I'm assuming the bulk of your TDs are less than 3 months duration, so presumably could move quite quickly on lower rates.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Good. I'll start off. Thanks, Robin, for the question. Encouraging means something between pretty good and awesome. And as I mentioned earlier, it is across the board. So it's all products, all markets, all regions have had a good start to the year. I'll turn to Diego for the restructuring assumptions and then obviously, TD-CASA migration.

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

So on the phasing of the cost to achieve, the way to think about it is that we're announcing it today, we're starting it today, and we get going. But clearly, 2024 will see the initial part of the investment and almost none of the benefits. The bulk of the cost will be incurred in 2025 with a tail in 2026. You should think of the benefits as ramping up during 2025 and 2026.

And of course, a large portion of these benefits will be permanent cost saves. They would be recurrent. They will be with us, and in terms of what we say, how we will think about the reinvestment into the business, which is a fundamental part of Fit for Growth because that's one of the objectives, that part we will decide as we bank the saves, and we will update you over time.

To your question on CASA to TD, you're right, definitely, our corporate time deposits tend to be in the 3 months region. Retail is a bit longer. It's more 3 to 6, that is the kind of time to repricing. I think we told you, we don't think there's CASA to TD migration in 2024 or not particularly. And we think it accelerates as interest rates continue to decline.

<<Unidentified Company Representative>>

That's questions from the web. Can I pass it back to you, Sharon.

<<Operator>>

And your next question comes from the line of Rob Noble from Deutsche Bank.

<<Robert Noble - Research Division, Deutsche Bank AG>>

Just a follow up on the migration, particularly within the Retail part. So I think we spent the whole rate rise cycle seeing betas and migration, lower than everybody expected. Why is the same inertia not applied in your thinking as rates go down. So why won't Retail customers just get lazy at the top of the cycle as well as at the bottom of the cycle as well?

And then secondly, just on ESG. So I just wanted to ask what your experience of ESG-related activities have been so far in terms of the opportunity, the profitability of those activities, return on RWA, how strict are you in terms of the products that you're lending into from a sustainability perspective? And what's the lost revenue from products that you don't like versus the gained revenue from ESG activities?

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Good. Thanks very much, Rob. Let me just take the ESG question and then we'll come back to the migration questions.

ESG obviously means a lot of things to us. So it starts with a compelling set of policies. We've tried to position ourselves as a thought and action leader in terms of working very, very, very proactively with our clients, on their own transition plans in the context of net zero. Obviously, with a keen focus on other aspects of ESG, including biodiversity, financial inclusion, et cetera.

But I think you're probably thinking more specifically about climate-related ESG. And that strategy of being a thought leader has put us in a very good position. We find ourselves arguably punching above our weight in terms of ability to influence different groups who are setting standards, whether those are disclosure standards or action standards. And we want to continue to remain in that position.

Part of the benefit of doing that is that we were quite relevant to our clients. They engage with us early on, and they're much more likely to come to us to find the solutions. And to go from \$0 to \$720 million of income in just a few years in a set of Sustainable Finance products is super exciting? This is clearly the fastest growing part of our Corporate Lending activities. And the fact that we have a long history in Structured Finance, Infrastructure Finance, Blended Finance, ECA finance, obviously, puts us in a good position.

The returns on that income are as good as they are in the rest of the bank, in some cases, better, in particular, where we're able to demonstrate accelerated velocity of capital in the sector. It's becoming

competitive. So like everything else, we can have a super idea at the outset. It gets copied relatively quickly. So we have to continue to innovate. And we have been able to continue to innovate and we will.

Carbon markets have not kicked in, in a major way. It's something that I've focused on quite a bit personally, but also on behalf of the firm. It's going to happen. Here's my forecast. Carbon markets are going to be big, because the integrity council for the voluntary carbon markets have come up with standards, which are restoring confidence in that market. When we embed that into our financing capabilities, there's a whole other wave of opportunities to add value, make money.

So I'm feeling good about that and good about our positioning. We've been extraordinarily transparent. I don't know anybody else is setting targets and making disclosures where we are. And we do that because we're proud and because we want to set the target for ourselves to be ahead of the game. Happy as you can probably guess, I can wax lyrical about this stuff forever because I care a lot about it. But it's a good business for us. But Diego back to the real world of banking.

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

On the more boring mundane part of the question on the migration, well, a few things. First of all, history. We did see it in 1920. Cycles recur. Will this be fundamentally different? difficult to see. I think more importantly and driving to the strength of our business, CASA is really the default way that customers put money to work with us. And as yields go down, of course, TDs will become even less appealing to them. I'll give you an interesting statistic that I think points to this and points also to the strength of the Wealth Management business that Bill was alluding to before. Of the flows that we are seeing, the very good flows of new to bank and net new money that we have been seeing in the last quarter or two.

There are two interesting notable things, one that goes to your point, which is half of what comes in is deposits, and almost all of it is CASA, it's not TDs. And half of it is Wealth product, which is good because, of course, it's better for us, it's better for the clients, and we think it will continue to go in that direction. So that part is good. And in general, our Affluent client base is very attuned to this kind of rhythm. So we think that's what continues.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Great. Operator, another question?

<<Operator>>

And your next question comes from the line of Perlie Mong from KBW.

<<Perlie Mong - Research Division, Keefe, Bruyette & Woods Limited>>

Just two questions from me. The first one is on the income growth. So I believe your total income growth target is about 5% to 7% in the next couple of years. Just making an observation that two years ago, when you talked to us at a previous strategy update, you also talked about 5% to 7% underlying income growth with a 3% additional from rising rates. As it turned out, rates probably played more of a part of the income growth story than you might have expected at the time. So just how do you see the underlying growth dynamics now versus two years ago? And what could go better in a falling rate environment. So that's the first one.

And the second one is on asset mix. So noticing that in your remarks, you've talked about growing higher-yielding client assets as being one of the supports for NIM in the next couple of years. And also noticing that asset mix, especially in CCIB, is one of the reasons why RWAs came in a bit higher Q-on-Q. Just again, the observation that in the past couple of years and again going back to your previous strategy update, the delivery of lower RWAs, especially in CCIB, was very noteworthy. And it sounds like you're happy to grow RWAs now to support the top line. Is that a fair characterisation? In other words, is it fair to say that a lot of the lower-hanging fruit in terms of RWA optimisation is now complete?

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Good. Let me take a first pass of that, and I know Diego will have some color. We've never been RWA averse. We're just very returns inclined. And the consequence of that was that where we had lower

returning RWAs, one way or the other, we exited them. And in very few cases did that involve exiting a client, but it frequently involves exiting RWAs, i.e., reducing our lines or selling assets. And that has been a major area of focus for us. It was absolutely necessary, and it had a super impact in terms of our return on risk-weighted assets. We're now pretty much where we think we should be in aggregate.

As I mentioned earlier, always more optimisation opportunities and always more investment opportunities. But for us to have shed the amount of RWAs that we did while continuing to grow income means that we've obviously got some other things right along the way. To the extent that we're optimising less going forward, and there would be less outright reductions that's relative to years gone by, a key source of growth.

We, have built our confidence quite a bit about our ability to underwrite credit. And when you go back to 2015, 2016, the confidence wasn't so great that we had all the underwriting capabilities consistently in place. As we scraped off some of the crud, I think we realised that actually the core machine, was actually very good and that we had made some idiosyncratic mistakes to go back to that big word. And we've demonstrated through many years that we're not inclined to make those big mistakes. It is not to say we don't make mistakes because we make mistakes all the time.

Yes. So are we going to grow RWAs to support the top line? That's the plan if we can find RWAs that are accretive in terms of returns. And if there aren't, then we're going to find other ways to use our human capital and financial capital, including if as when necessary, returning it to shareholders, which we've shown no aversion to doing.

Maybe I'll turn to Diego to finish up the question. There was a lot of embedded questions about rates as well.

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

Yes. So I think on the asset mix, very little to add. I think we've said before today, and I think we are very happy to reiterate. We delivered over \$24 billion of optimisation in terms of RWAs on a target of \$22 billion with a year to spare. You are right, Perlie. I would agree with you. I'm not so sure that they were all low hanging fruits. I'm sure people worked very, very hard. I wasn't here to see it. But what is clear is that there are less of those opportunities going forward. That doesn't mean we're not going to take them.

But at this level of return on risk-weighted assets, and I would say the organisation truly operates thinking that way, we can go for volume in a profitable way.

On the income thing, you referred to the presentation a couple of years ago, I would say that the big difference that I observed from two years ago is we've invested a lot of money in our engines of growth of non net interest income. We have changed the complexion of the Financial Markets business and the Wealth Management business in ways that make them more profitable structurally that addresses more of the needs of our clients and make them better engines of growth for the future. Again, I don't want to be boring on the point of volatility. We'll see what happens with rates but we are not sitting here hoping for rates to go down. We are both working on that, and we are working on our engines on Non Net interest income growth.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Operator, can we take the next question?

<<Operator>>

Your next question comes from the line of James Invine from Societe Generale.

<<James Frederick Alexander Invine - Equity analyst - Société Générale>>

I've got two, please. The first is just your \$12 billion cost target, Diego, as you said, that implies a 3% average growth if you didn't have the \$1.5 billion worth of savings, then it would be more like a 7% average growth. So is that kind of what you consider to be the underlying inflation in your cost base in this kind of environment when you're growing loans by a low single-digit amount?

And then the second one is on Mox, just wondering if you could say a word more, please, on the change in the credit criteria. So specifically, is that going to affect Mox's growth going forward? And are you still expecting Mox to be profitable in 2024?

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Great. Thanks very much, James. So straight answer is yes, we expect to achieve profitability in 2024, so say over the course of 2024. We've had hundreds of, I call them experiments which sounds scientific, it's more 'test to learn', across our credit markets. In the case of Mox, we allowed a cohort of relatively low rated credit score customers into the pool. And without getting into all the gory detail, and as I say again, the numbers are material for Mox in the period, it is not material for Standard Chartered, really in the overall scheme of things.

But what we learned is when you're the first digital bank in a market and you're leading the way in terms of a digital lending product, you are going to be subject to some sort of adverse selection in terms of, I'd say, people who are knocking on Heaven's door or who are fraudsters. And we realised that after we accumulated some small loan balances, but with a high loss rate. And we immediately changed the underwriting standards and learned a lot. We don't think that customer segment is entirely unattractive, but it was unattractive the way that we underwrote. And so of course, we've taken those lessons learned and applied it not just the Mox, but to the other markets where we operate.

Interestingly, not relevant for Trust because the credit bureau and National ID system in Singapore, would have precluded us from engaging in the same learning experience in the first place or incurring the loss. More detail than probably the loss is worth, but I think it's important as Standard Chartered strikes out to venture into new areas where not just we haven't gone, but where the market hasn't gone yet. We're going to do it in a very cautious and prudent way. We're going to be very transparent about where we get it right and where we get it wrong. And we're going to learn and be better as we go forward.

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

Cost target?

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Go ahead.

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

I tried to think of a music reference, we are knocking on Heaven's door. I can't think of one that applies to the cost target, unfortunately. So I'll be drier on that. So on the cost target, thank you for the question because it offers me the opportunity to elaborate a little bit on that cost CAGR. You're right, we are exiting a period of more elevated inflation in terms of general inflation of costs.

I would say that our recurrent inflation of costs across our footprint is more in the 3% to 4% level. But more importantly, what I would like you to think about in terms of the CAGR is that it is going to be above the top end of the CAGR during the first year, during 2024 and then it will moderate and it will moderate very substantially, of course, to stay inside the 3% CAGR and definitely stay inside the \$12 billion cost target as the benefits from Fit for Growth, of course, starts also showing their very substantial effect.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Great. Thanks again, James. I think we probably have time for one more question or 2 or 3, depending on how much patience you have. Diego and I are happy to stay here all day. So operator, can we take the next question, please?

<<Operator>>

Your next question comes from the line of Matt Clark from Mediobanca.

<<Jonathan Matthew Balfour Clark – Equity Analyst, Mediobanca Group>>

It's a question on how you categorise your Financial Markets revenues. So is it unfair to think of the Episodic revenues as being a euphemism for prop trading and if that is unfair, maybe you could give some kind of real-world examples of the kind of revenues that get booked in that line.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

No, it's not a euphemism for prop trading because we don't do that. –On the Episodic, I can give some examples. There's an interesting product line called the Deal Contingent Forward. So we'll put on an FX hedge with a client who is engaged in a merger acquisition transaction. If the M&A deal goes through, the hedge pays off. If the M&A deal doesn't go through, it's terminated. You put hedges in place based on the underlying market risk and a continuous reassessment of likelihood of completion, call it merger arbitrage.

Obviously, we don't bet the ranch on any of those. But the payoffs when they work are very good. If they don't, you lose a little bit of money potentially. And that we would call Episodic because it's not part of our ordinary Flow business, although the transactions happen somewhat regularly.

When a currency has a major devaluation, if we ever had a breach of a peg, for example, and we have some embedded position, obviously, that could be either a gain or a loss, we would treat that as Episodic. Is it a prop trade? No. We're not positioning for a gain or positioning for a de-peg or whatever.

But frequently, through our own customer activities, we'll find that we are forced to take a position on one side or the other of a market, and we'll always do that in the way that we think is most prudent. And sometimes, we get an accidental gain and sometimes we get an accidental loss.

Now the fact that our Episodic income has been consistently positive means that the combination of those Episodic customer deals, which are episodic, combined with those episodic market events that are really somewhat exogenous, not just on balance, but consistently have been positive. It's not to say we can never lose money in that Episodic category. We just haven't for as long as we've been tracking it.

I hope that gives a bit of a sense of what it is, but definitely not prop trading.

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

I can't resist. Can I put in a growth plug into this? It's really low now, and it's driven by volatility, which we are not seeing a lot. It's driven as Bill's first example perfectly referred to by capital markets activity. Capital markets activity is clearly in the doldrums. It will pick up with the picking up of that, you will see it coming through in many ways through our accounts, but including in the Episodic line.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Next question, please.

<<Operator>>

And your next question comes from the line of Guy Stebbings from BNP Paribas.

<<Guy Stebbings - Executive Director, Equity Research, Exane BNP Paribas>>

I had one on rate sensitivity and one on cost. So thanks for the new disclosure on the hedge rate sensitivity by currency, it's very useful from our side. Can I just check, would it be fair to interpret Slide 20, the 50 basis points decline in rates in 2024 versus Q4, equating to \$0.3 billion, meaning we can sort of linearly extrapolate the FY'26 an additional 100 basis points implied move in rates that you show on the slide is implying \$600 million or so of pure rate headwinds beyond 2024 embedded in the guidance?

And then how do you sort of think about that relative to future hedge roll or potential growth in the notional? And then the question on cost was just really hoping to unpick statutory cost for 2026 a little bit more. I think in general, what you've done is very helpful, but getting a better sense on where statutory RoTE would be also useful. So just to check, if we take your sub \$12 billion in clean cost guide, apply a modest bank levy to it. And it sounds as though we shouldn't be expecting too much in terms of cost to achieve in 2026, given the peak in 2025. So should we be thinking about an all-in cost figure of pretty close to \$12.0 billion? Any help there would be useful.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Diego?

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

All right. So first on the hedge profile, your question on page 20. So we've given you our measure of currency-weighted forward rates based estimate with all of the caveats that I've already made twice, but I can't resist I'll make it a third time that these things are very, very volatile. So yes, you can take the differences between 2024/2025 and 2025/2026 and extrapolate an equivalent type of number. What I would caution you about is that the concept of linearity when we're talking about interest rates, it gets trumped by convexity. So careful on how you do it, it will require some assumptions from you, but by all means.

How does that affect our hedging strategy and how our hedge rolls. So we see our structural hedge as fundamentally put on in order to smooth volatility in terms of our net interest income, it protects us from more extreme outcomes we have an intention of continuing to grow it. We've grown it to \$16 billion last year. We want to grow it further. We've also pointed out to you that we think it grows slower at this stage, because there are some inherent limitations in terms of availability of instruments. In order to expand on that bullet to double-click it for a second, there are entire currencies in which we don't have availability of derivative instruments. And when we don't, we can still do things, but it requires us to do it through fair value through OCI and that introduces volatility in our capital. So we do it, but we do it carefully and considerably.

So yes, we will continue to grow our hedges just at a lower pace. On the structural costs, I would say that you read it as 3% cost CAGR. Higher in the first year, 2024, as indicated before in the answer to the previous question. Then tempering down, less than \$12 billion and positive jaws every year. That's what we manage for. So with those three things together, those give you the ingredients of where we're going to come out, I think.

<<Guy Stebbings - Executive Director, Equity Research, Exane BNP Paribas>>

That's very helpful. Maybe just check in terms of the cost to achieve in terms of the phasing of it. Should we expect quite a big step down in 2026 versus 2025?

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

Bulk is in 2025. The vast bulk is in 2025. It does step down in 2026. I will add, you would expect the CFO to do it, a little note of caution, it's February 2024 and the programme starts today. So with that, yes, you are right.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Operator, can we take the next question?

<<Operator>>

We will now take our final question for today. And your final question comes from the line of Gurpreet Sahi from Goldman Sachs.

<<Gurpreet Singh Sahi - Financial analyst, Goldman Sachs>>

Two, please. First is this central and other items. We have quite a big mix of central and others compared to other regional or global banks. Should we, as part of the programme also expected the P&L and balance sheet here to become smaller as a percent of overall group. Any thoughts there would be welcome. I know I'm not comparing apples-to-apples when I do that with other banks.

And second one is on the Wealth Management income. So with Hong Kong, Singapore, UAE, are we seeing with some, especially China, equity assets finding a bottom, if this is the true bottom? Then are we seeing on the ground any switch to Wealth products from Deposits, especially in this month? Any early read? And what would be then our expectation for Wealth Management income growth more for this to lead us into second half higher Wealth income versus first half? Or how would you see it?

<<Bill Winters – Group Chief Executive, Standard Chartered>>

Good. Thanks, Gurpreet. Diego is the master and owner of Central and other. So I'm going to turn to him shortly. But I will say, you're absolutely right. The way we've presented our Central and other segment, it's large. We include, for starters, all of our hedges as well as lots of other central costs and a fair amount of our capital cost in Central and other.

We are piloting internally, over the course of 2024, and we've indicated this in the past, so this is something that we intend to do, a new financial reporting framework that will allocate a lot of those central and other costs out as appropriate to different lines of business. And when we're comfortable that we've got it right, we'll share that with you as well as it becomes a new basis for external reporting at some point, which I think will give a little bit clearer picture around how each of our divisions is actually reporting, actually behaving and performing. And obviously, it will have the effect of a significant reduction in what otherwise is Central and other.

And that said, we do have a substantial treasury balance sheet. And that has nothing to do with financial reporting. That has to do with the way that we're running our business. But we would also hope that as we get back into growth mode in our loans and advances, that would be funded out of reduction in our central balance sheet. I know Diego will have thoughts on central and other, but just quickly on Wealth.

Probably the most encouraging thing about the way that our Wealth business has developed over the past several years is that we really have a broad diversity of products that our clients can buy, which is why we were relatively resilient during the very tough times in equity markets and have continued to perform well. So Bancassurance is a kind of re-entry product, Deposits are the initial re-entry products, and thankfully we've had big growth there. Bancassurance is a good re-entry product, so well understood and safe and sound. We've seen good migration into Fixed Income and Fixed Income funds.

We've seen the beginnings of migration into Equities and Equity Funds. We have not yet seen a material pickup in less liquid product that was gathering good momentum pre-COVID. But that has not fully re-engaged, but I'd say we're quite optimistic that, that will come back in over the next year or two and provide a good underlying source of growth for us.

As the third largest wealth manager in Asia, we are very well positioned to capture a broad range of flows from this mass Affluent client base. And we've got a good, meaningful and substantial Private Bank, which is right now, under-leveraged, under-invested and not growing as quickly in terms of income, but the underlying wealth flows, net new money, net new clients, are performing extremely well. So I'd say we remain quite optimistic about that business.

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

So on Central and others, while echoing Bill's point that we are working on ways to report it slightly differently, that hopefully would be helpful to this kind of discussions in the future, really two thoughts. There are really two fundamental components: one, asset mix improvement that we have referenced several times before, will drive a lower percentage of treasury assets. Our treasury assets live in Central and others while our customer assets live elsewhere, live in our businesses.

And the second thing is to the whole discussion on hedges, et cetera, as the short-term hedge rolls off, expires, and as rates go lower, we will have lower losses from treasury and that would be the other driver of Central and others.

<<Bill Winters – Group Chief Executive, Standard Chartered>>

So I think we're done with the Q&A. Thank you. I think we've probably gone a little bit over the time that we set out in the first place. But thank you very much for the questions. Just a final thought for me is that we're really quite happy with the progress that we're making. That's tempered by the recognition that we have so much further to go, so much further to go in terms of generating incremental returns, targeting 12% in 2026 is good progress. It's a continuation of this process that we've been on for my entire time with the bank, where we've been increasing RoTE by 1%, 1.5% every year.

Obviously, there have been a couple of ups and downs, in particular, around COVID. But it's a good steady progression, and we're not there, and lest you harbor any doubts about whether we're completely committed to driving this thing super hard, I hope we addressed some of those today. And the arrival of Diego, who has just been a great pleasure to have come in and challenge all of us is the best antidote to any kind of complacency that we could ever have expected or ever feared and give you dear shareholders and analysts, every confidence that we have every confidence we can deliver with all the energy that we put into this over the past several years, for many, many years to come.

So thanks again. Sorry for the little extra at the end, but it's important to capture just how committed we are to delivering these returns.

<<Diego De Giorgi – Group Chief Financial Officer, Standard Chartered>>

Thank you.